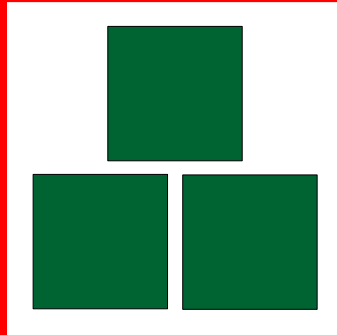


INTRAPRENEURSHIP - FOSTERING CHANGE WITHIN ESTABLISHED ENTERPRISES



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Intrapreneurship is a competency required to foster a culture of change within an enterprise so as to build sustainable advantage over time. The practice applies to developing and launching new products and/or services within established enterprises. It applies also to entering new markets, and building new or reengineering existing infrastructures.

An intrapreneur is an agent of change within an enterprise who takes risk to transform an innovative idea into value. Intrapreneurs are found in institutional enterprises and are the equivalent of entrepreneurs in entrepreneurial enterprises. Intrapreneurs can be appointed by management, but often emerge from within based upon a perceived need for change.

An entrepreneurial enterprise is not yet established as an ongoing concern; an institutional enterprise is established - the term refers to small, medium and large enterprises.

Entrepreneurial enterprises migrate through three broad waypoints: transforming an innovative idea into a product and/or service (as a venture); transforming a product and/or service into an entrepreneurial enterprise; and transforming an entrepreneurial enterprise into an institutional enterprise.

Institutional enterprises migrate through three broad waypoints iteratively: transforming an innovative idea into a product and/or service; integrating the product and/or service into the enterprise; and building sustainable advantage. Sustainable means being able to continue over time, either by developing, enhancing, or maintaining the current state, or by changing it. Advantage means favorable, superior, and beneficial.

For example, Microsoft is an institutionalized provider of office application and operating system software, but began as an entrepreneurial enterprise offering a BASIC programming language interpreter. The General Electric Company, one of the largest enterprises in the world, has its roots in Thomas Edison's laboratory.

Institutional enterprises must either innovate internally through the practice of intrapreneurship, or acquire entrepreneurial enterprises in order to survive. Entrepreneurial enterprises and intrapreneurial institutional enterprises usually have well-developed research and development capabilities; otherwise innovation has to be acquired from external sources in order for an institutional enterprise to remain competitive.

For example, even though IBM Corporation is an innovative institutional enterprise in its own right, it acquired Lotus Development Corporation in order to strengthen its position in client/server and collaborative software markets.

For example, Digital Equipment Corporation was an innovator of minicomputer products, but as it institutionalized, it struggled in the personal computer market. It was acquired by Compaq Computer Corporation, who in turn merged with The Hewlett-Packard Company.

The practice of intrapreneurship can result in the incubation of entrepreneurial enterprises, which can be spun off as either entrepreneurial or institutional enterprises. For example, Medco Health Solutions, Inc. is an institutional spin-off from Merck & Co., Inc.

Change is often unwelcome and unpopular. Change management can be highly controversial - the consequential internal politics can be highly risky for intrapreneurs.

Whereas new product and/or service ideas, and new market entry and infrastructure initiatives often originate in strategic planning exercises, new ideas come frequently from the "front-line." The front-line is the listening post to the marketplace, especially to customers, suppliers and employees at competitors. However, sometimes these ideas conflict with the views of the vested interests - often the middle-management layer. As a consequence, some intrapreneurs have to initiate change from the "grassroots" instead of in the "blue skies." Reengineering initiatives are usually very unpopular because when processes are redesigned, unnecessary activities are eliminated.

Intrapreneurs have to find internal sponsors for their ideas and initiatives who have political clout just like entrepreneurs have to find investors. In fact, even initiatives that were previously approved by top management can lose momentum over time, and be subject to cancellation.

Just like entrepreneurs, many intrapreneurs move on before their ideas are fully implemented (if at all) because they don't have the patience for the long time frames required to enact change in institutional enterprises. The enterpriship competencies of entrepreneurship, leadership, and management apply equally to intrapreneurs as they do to entrepreneurs.

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About Nigel A.L Brooks...

Nigel A.L Brooks is a management consultant to entrepreneurs, business enterprise owners, executives, and managers, and the enterprises they serve. He specializes in developing the entrepreneurial, leadership, and managerial competencies that build sustainable advantage from vision to value. He is an author and a frequent speaker.

He obtained his professional experience as a partner at Andersen Consulting (now Accenture, Ltd.), as a vice president at Booz Allen Hamilton, Inc. (now Booz and Company), as a senior vice president at the American Express Company, as president of Javazona Cafes, Inc., and as president of The Business Leadership Development Corporation. He has been a contributing editor for the Bank Administration Institute magazine, and has served on boards of entrepreneurial networks. He was educated at the University of Exeter, Devon, United Kingdom.

His clients are in the financial services, food services, high-tech, manufacturing and distribution, pharmaceuticals, oil and gas, professional services, retail and wholesale, transportation, and government industries.

He has experience in North and Latin America, Europe and Asia-Pacific.

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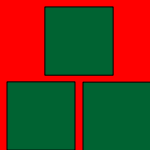
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