**Lecture 25**

**Intrapreneurship**

Entrepreneurship within an existing business.The development within a corporation of internal markets, or autonomous or semi-autonomous business units, that produce products, services, or technologies in a unique way.

Intrapreneurship combines the innovative nature of entrepreneurship with the security of working within an employer’s fold.

An opportunity for corporate managers to take initiative and try new ideas. An internal corporate venture (ICV) is also known as intrapreneurship.

Intrapreneurs are also known as Corporate Commandoes.

Intrapreneurship is based on the concept of using entrepreneurial skills within an established firm by encouraging innovation by employees. These employees can use start-up business techniques within a firm (large, medium, or small) to create new products or services from existing products or services, or create new synergistic products or services for the company.This is accomplished by allowing and fostering non-traditional thinking and by encouraging and supporting the use of “out of the box thinking” within the firm.

**Models of Corporate Entrepreneurship**

**Administrative Model:**

It is based on cross functional team from the departments of finance, marketing, production, planning and control, research and development, some individual from top secretariat moderating the discussion to align the functions of all departments.

**Opportunistic Model:**

Organizations tend to rely on their employees to explore new opportunities. The opportunist model works well only in trusting corporate cultures that are open to experimentation and have diverse social networks behind the official hierarchy. Without this type of environment, good ideas can easily fall through organizational cracks or receive insufficient funding.

**Acquisitive Model:**

It relates with merger and acquisition of firms to improve the quality of work performed by different organizations.

**Imitative Model:**

It is based on the imitating the practices of different firms to improve the quality of an individual organization

**Incubative Model:**

Organizations set up teams. These are assigned task to explore most feasible ideas relevant to their organization. They come up with the prototypes, get them tested from customers, get feedback from suppliers and supply chain management. The whole process is kept under care till the product is officially launched.

**Compensation of Intrapreneurs**

There are three levels to retain the intrapreneurs within an organization:

**Traditional Model:** Intrapreneurs are offered with a promotion, bonus, spacious office, car etc.

**Strategic Business Unit (SBU):** An independent unit formed within an organization for intrapreneurs to manage all the activities related to the product launched by the team. SBUs within a single organization compete with one another in addition to competing with other organizations. Intrapreneurs are the managers of their own SBUs

**Corporate Spin Off:** It is an example of a sister organization registered as a separate business but majority of the shares are held by the parent organization. The parent organization remains the major supplier or customer of these sister organizations

**Skills of a Successful Intrapreneur**

It takes a unique set of skills beyond **creativity** in order to become a successful intrapreneur. An intrapreneur must be willing to take some **risks** at sharing and pushing a unique idea, have the **perseverance** to wait for senior management’s final approval to create and launch a product or service, and possess the **drive to see the idea through** to fruition, no matter what.

**Barriers to Intrapreneurs and Corporate Entrepreneurs**

* Corporate Bureaucracy: Individuals in the top management
* Internal Product Competition
* Competing demand for resources
* Resistance to change
* Absence of internal venture capitalist for guidance
* Employees’ lack of ownership reduces commitment
* Environment not free to creative people compared with entrepreneurial environment

**Benefits of Intrapreneurship**

* The right to appoint oneself as an intrapreneur.
* The right to stay with the venture
* The right to make decisions
* The right to appropriate corporate slack
* The right to start small