Chapter 20
Corporate Entrepreneurship

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Learning outcomes

- Define the term 'corporate entrepreneurship'
- Discuss the different forms of corporate entrepreneurship
- Discuss the corporate entrepreneurial life cycle
- Understand the concept entrepreneurial intensity and how it can be measured

Learning outcomes (cont.)

- Understand the role of a corporate entrepreneurship culture
- List the typical characteristics of the corporate entrepreneurs
- Explain the constraints placed on corporate entrepreneurship
- Explain how corporate entrepreneurship can be promoted in an organisation

Entrepreneurship
& NEW VENTURE MANAGEMENT

Corporate entrepreneurship

Corporate entrepreneurship is a term that is used to describe entrepreneurial activity within an existing business.

Manager versus corporate entrepreneur

Manager	**Corporate entrepreneur**
• Organising	• Vision
• Planning	• Calculated Risks
• Coordination	
• Control	
• Strong sense to report	
• Apply managerial principles	
• Strong sense of accountability	

Forms of corporate entrepreneurship

- **Corporate Venturing, which includes:**
  - o **Internal Venturing** – New business in existing firm
  - o **New Venturing** – New business added on existing business
- **Strategic Renewal**– redefine firm relationship with external environment

Corporate entrepreneurial cycle

The different stages a company goes through from being very creative (in early stages) to becoming very formal (as business grows into a thriving organisation) and settling in with products, services, processes and systems.

Corporate entrepreneurial intensity (CEI)

- The degree and frequency of entrepreneurial activity in an existing business

A company's CEI will vary according to :

- Internal (type of management structure in place; decision making routes, policies, rules and regulations in place)

- External factors (competition, government legislation, customer base) with which they need to deal

Corporate entrepreneurship culture

Basic beliefs and assumptions about what the company is

Corporate entrepreneurship culture

Steps to find, support and nurture a firm's own entrepreneurs:

1. Break the silos

2. Identify and foster talent

3. Create the right environment

   - **Open** to risk-taking; encourage trusting relationships; **build** skills and knowledge; **offer** management support; **permit** access to resources; **maintain** supportive organisational structure; **set** realistic performance goals

4. Continually asses the environment

Individual characteristics of the corporate entrepreneur

- Middleclass person
- Highly educated
- Some technical background
- Requires freedom
- Access to company resources
- Self-motivated
- Wants corporate recognition and rewards

Constraints on corporate entrepreneur

- Strategic direction

- Systems

- Structures

- Policies and procedures

Promoting corporate entrepreneurship

- Allow employees to experiment with low risk opportunities.

- Listen to new employees and young people.

- Recognise and reward employees for new innovations

- Provide a flow of capital

- Occasionally intentionally set unreasonable goals

Measuring instruments

- Miller & Friesen (1982) – self-administered 28 question questionnaire completed by owner/manager

Measuring instruments (cont.)

- Other aspects to measure corporate innovation:

  - Surveys of stakeholder opinions
  - New sales to new customers
  - Measurement of incidence
  - Increase in value of IP
  - Share-price premium
  - Employee retention
  - Collaborations and partnerships
  - Alignment between strategy and culture