Chapter 20
Corporate Entrepreneurship
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
Corporate entrepreneurship is a term that is used to describe entrepreneurial activity within an existing business.
## Manager versus corporate entrepreneur

**Manager**
- Organising
- Planning
- Coordination
- Control
- Strong sense to report
- Apply managerial principles
- Strong sense of accountability

**Corporate entrepreneur**
- Vision
- Calculated Risks
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 assess 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:
  o Surveys of stakeholder opinions
  o New sales to new customers
  o Measurement of incidence
  o Increase in value of IP
  o Share-price premium
  o Employee retention
  o Collaborations and partnerships
  o Alignment between strategy and culture