Leveraging innovation & intrapreneurship as a source for organizational growth

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Leveraging innovation and intrapreneurship as a source for organizational growth

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Abstract

Purpose – Change is normal in a healthy economy, and is intrinsically driven by continued acquisition of new knowledge – both scientific and otherwise (Drucker, 1985). Continued acceleration of knowledge attainment provides context for what is arguably the twenty-first century's single most critical socioeconomic characteristic: rapid change and continuous disruption of the free market (Carlson and Wilmot, 2006). In this unstable landscape, even the most resilient and successful companies, despite applying sound business management principles, are not immune to gradual erosion of their positions of growth and dominance (Christensen and Raynor, 2003). The life span of the average organization is shrinking, and a mainstay of past generations – "lifetime employment" – is no longer the status quo (Carlson and Wilmot, 2006, pp. 34-35).

Design/methodology/approach – Employees who wish to become leaders in the twenty-first century must develop the capability to exploit opportunities generated by the external pace of change and turn those opportunities into growth avenues for their organizations. Employees who master this process, and adopt the behaviors that drive it, will find themselves highly desirable to employers and in possession of a new version of the lifetime employment guarantee that stems from continuously creating value for their organizations. By understanding the relationship between innovation and organizational growth, organizations can better cultivate and leverage the multifaceted role that intrapreneurs can play in understanding the market, delivering value to the customer and formulating strategy.

Findings – Many organizations do not have the human resource capacities needed to create new growth. Managers at most established organizations have focused by necessity mainly on current operations. Doing this allows them and their employees to develop operational skills for solving problems related primarily to quality and cost-control, or to process implementation – but not for starting new growth areas (Christensen and Raynor, 2003, p. 179). While managers' current responsibilities are important, this workload draws them away from focusing on new opportunities for the sake of monitoring current ones. The problems encountered and skills required for intrapreneurial action are very different from those needed to conduct "business as usual" operations; however, the capacity and skillset is critical to develop so that the organization as a whole can experience long-term growth. Therefore, organizations need intrapreneurial leaders who have learned and practiced these skills through experience – leaders who demonstrate not only a deep knowledge of their market and how to create new customer value, but also a sustained commitment to turning that knowledge into a real source of growth for their organization. Fortunately, there is incentive for both organizations and employees to progress in this direction.

Originality/value – Organizations will benefit from the longevity provided by new growth if they make efforts to promote and foster intrapreneurial behavior by their employees and managers. Managers and employees, in turn, will benefit by becoming leaders who find themselves more and more employable, as organizations shift to hiring people who possess intrapreneurial skills. The significant value here is that innovation facilitated by intrapreneurs practically enhances organizational growth overall. The result is a future of growth and opportunity for both individuals and organizations alike, in which both the knowledge and the passion of intrapreneurial leadership light the way through the unfamiliar business environment of the twenty-first century.

Keywords Innovation, Intrapreneurship, Organizational growth, Source renewal

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Introduction

Change is normal in a healthy economy, and is intrinsically driven by continued acquisition of new knowledge – both scientific and otherwise (Drucker, 1985). Continued acceleration of knowledge attainment provides context for what is arguably the twenty-first century's single most critical socioeconomic characteristic: rapid change and continuous disruption of the free market (Carlson and Wilmot, 2006). In this unstable landscape, even the most resilient and successful companies, despite applying sound business management principles, are not immune to gradual erosion of their positions of growth and dominance (Christensen and Raynor, 2003). The life span of the average organization is shrinking, and a mainstay of past generations – "lifetime employment" – is no longer the status quo (Carlson and Wilmot, 2006, pp. 34-35).

Traditional management philosophies tend to focus more on mitigating immediate challenges at the expense of anticipating future ones. In this new economy, however, establishing a position of sustained dominance over competitors increasingly requires organizations to devote substantive resources toward identifying novel growth avenues. Successful organizations are those that acclimate quickly by turning toward new employee archetypes: leaders who possess ideas for both organizational change and actual market transformation. To achieve organizational objectives, firms must focus on developing key competencies that support institutional renewal, including those relating to innovation *within* the enterprise: *intrapreneurship*.

Employees who wish to become leaders in the twenty-first century must develop the capability to exploit opportunities generated by the external pace of change and turn those opportunities into growth avenues for their organizations. Employees who master this process, and adopt the behaviors that drive it, will find themselves highly desirable to employers and in possession of a new version of the lifetime employment guarantee that stems from continuously creating value for their organizations. By understanding the relationship between innovation and organizational growth, organizations can better cultivate and leverage the multifaceted role that intrapreneurs can play in understanding the market, delivering value to the customer and formulating strategy.

Innovate for growth

Innovation in the marketplace is the introduction of something new or different that specifically increases value of customer–supplier interactions. Like any offering, an innovation's true value will be determined by customer activity. Thus, innovation can be defined as the process by which new customer value is created, shaped and delivered to the marketplace (Carlson and Wilmot, 2006). Alternatively, innovation can also be defined as a change to a customer's satisfaction because of a combination of resources in the marketplace in a manner consistent with an organization's mission (p. 33), whether that mission is generating a profit, advocating for a cause or meeting a budget.

Innovations are frequently new products or improvements to existing products, but they can also take other forms. In the nonprofit sector, for example, an innovation might be an improvement to the delivery of a service, or to fundraising techniques. It might also be an improvement to an internal process, such as financial tracking, project management or reporting standards, that allows the organization to offer improved services to a specific group of customers. Whether an innovation addresses external or internal environments, and regardless of its form, its goal is always to create value for the customer and meet the goals of the organization, ultimately providing additional value in the overall socioeconomic sphere.

Established organizations compete against each other in this process, continually producing innovations to garner a market advantage. According to Christensen and Raynor (2003), these innovations generally produce added value for the most attractive group of customers in the market – those willing to sacrifice more for improvements to existing products and services (p. 34). Most organizations tend to leverage their existing footholds in the market, exploiting current processes and structures to maintain strong margins with minimal risk (p. 51). In other words, businesses feel secure investing resources into strategies proven to produce results, supported by innovative ideas emerging from various levels of an organization (pp. 10-11). Competitors looking for equivalent growth will rally to move just as quickly; thus, organizations tend to focus most resources exclusively on their current, most valuable customers. While these *sustaining innovations* are an essential component for growth, organizations that exclusively rely on them can be less likely to allocate resources to new growth platforms, thus exposing themselves to market disruptions (Christensen and Raynor, 2003, p. 40). This dedicated yet myopic focus on current trends is of particular concern to nonprofit and public service organizations, which can focus on mission fulfillment as an absolute moral imperative so much so that they may fail in their response to relevant social and economic shifts (Drucker 1985, pp. 179-180). Mitigating exposure to increasingly frequent cycles of market disruption therefore requires organizations to allocate a more equitable portion of resources toward ensuring a dominant role in redefining market trajectories through *disruptive innovation*.

For established institutions, disruptive innovations create new markets that bring customer value to those not accounted for in an organization's current strategies. However, because established institutions traditionally focus by necessity on sustained innovation to maintain dominance, disruptive innovations tend to occur most with new organizations that are free from the pressures and limitations imposed on their long-standing competitors (Christensen and Raynor, 2003). As new entrepreneurial ventures mature, however, they too are driven to leverage initial disruptive innovations toward iterative, sustained innovations like adding new features, functions or accessories to the original disruptive innovation. Eventually, though, every new venture reaches a point in which it is vulnerable to market disruption by the next entrepreneur. Therefore, mature organizations that desire long-term growth must become proactive and commit substantive resources to engage in disruptive innovation of their own. Continual sustained innovations are not enough to remain competitive. Instead, organizations must out-innovate the entrepreneurs; they must make their own market obsolete (Olson and Bosserman, 1984, p. 54). This requires engaging in *corporate entrepreneurship* or, in other words, contending with independent entrepreneurs in novel markets to create new customer value.

Because senior and middle managers are primarily responsible for maintaining current market position through sustainable innovations, organizations must come to value those employees and managers who are willing to lead disruptive innovation within their organizations from below. These employees – *intrapreneurs*– work to elevate their ideas to the organizational level and turn them into marketable realities in the same way that independent entrepreneurs turn their disruptive ideas into a new market foothold. They think and act as "intra-corporate entrepreneurs" (Pinchot, 1985, p. 12) and, when appropriately supported by their organization, drive the continuous growth essential to thrive within the accelerating cycles of market disruption. In this way, from a growth and improvement standpoint, intrapreneurship has a positive and practical influence on the organization (Felicio *et al.*, 2012), and thus should be supported at the organizational level.

Intrapreneurs drive innovation

Most employees innovate to some extent within their own roles, generally in the form of incremental improvements or adjustments in response to challenges or barriers they encounter in the course of executing their normal duties. In contrast, intrapreneurs move beyond the incremental and reactive tendencies of the mundane, and even beyond examining only their own roles. Instead, intrapreneurs exhibit the same behaviors and actions of independent entrepreneurs to develop substantive innovations for the benefit of their current organizations (Pinchot, 1985, p. 7).

To do this, intrapreneurs search for opportunities that are meaningful to their organization as a whole, as opposed to only one functional area (De Jong and Wennekers, 2008). They drive disruptive innovation from the bottom up by proactively and deliberately seeking growth opportunities, creating new customer value and leading the way to operationalize the new venture. Intrapreneurs are intrinsically motivated to experiment with new products, services, production methods or management practices. While mindful of the status quo, intrapreneurs intentionally think outside or beyond it, therefore positioning themselves to create new business platforms for their organizations (De Jong and Wennekers, 2008).

Despite their proactive and flexible behaviors, intrapreneurial managers lack the full freedom of independent entrepreneurs. Intrapreneurial managers face distinct challenges directly related to their organizations' current structures or strategies, including limits on decision-making and resource allocation. Ultimately, unlike the independent entrepreneur, intrapreneurial managers do not have access to the same rewards of innovation, such as ownership (Pinchot, 1985).

However, intrapreneurial managers can balance these limitations with certain advantages independent entrepreneurs lack, which, if leveraged effectively, position the intrapreneur for a significant competitive advantage. The institution can provide a source of funding, talented human capital, existing systems and processes, access to technology and information not available to entrepreneurs. Large organizations can also provide an intrinsic reputation of demonstrated success and brand recognition that, in the eyes of potential customers, provides a significant advantage (Pinchot, 1985). Finally, intrapreneurs also have a potential market already available in the form of the organization itself. By focusing on organizational processes and structures, an intrapreneur can create internal customer value that essentially translates into a new market.

As a leadership quality, intrapreneurship combines the proactive and innovative behaviors exhibited by traditional roles, amplified by a true entrepreneurial spirit and tempered with a basis in traditional management philosophies (De Jong and Wennekers, 2008). Considering the limitations and structural differences imposed on intrapreneurship, it can be classified as a middle ground between that of traditional management philosophies and independent entrepreneurship (Hisrich, 1990). Thus, intrapreneurs are employees who have learned to think and act as entrepreneurs, but who have the distinct advantage of also being able to leverage their current positions.

There is little consensus among researchers on the motivations that trigger the transformation of an employee into an intrapreneurial leader. Many hypotheses focus on personal attributes (e.g. work ethic, educational level, risk tolerance) built through the influences of family, education and past work. Others focus on alternative sources of reward such as the personal satisfaction, or psychological ownership as a key motivator (Seshadri and Tripathy, 2006; Kolchin and Hyclak, 1987), an idea perhaps particularly relevant in the nonprofit context. In contrast, other hypotheses have found little basis for this as a significant indicator of intrapreneurial behavior (De Jong and Wennekers, 2008). Despite a lack of consensus about motivating factors, researchers do universally acknowledge one point: intrapreneurs successfully balance vision with action. Ideas are necessary for successful intrapreneurship, but not successful on their own. The accompanying ability to execute those ideas – founded in a basis of process-driven skills to make ideas work – is what distinguishes the intrapreneur (Olson and Bosserman, 1984, p. 53; De Jong and Wennekers, 2008). Pinchot (1985) takes this a step further in arguing that vision actually *includes* action, rather than precipitates action. He defines vision as having two parts: the "intuitive discovery of a potential business pattern" and "the crucial work of business planning" (p. 126). Intrapreneurs will envision the complete "working model of all aspects of the business being created and the steps needed to make them happen" (Pinchot, 1985, p. 40).

This ability to bring the innovative idea to fruition is what makes intrapreneurship a valued capacity for employees who desire to lead from the bottom. A key part of developing this capacity is learning to balance creativity with analysis. Intrapreneurs use both sides of their mind, exhibiting tendencies toward both insight and logic (Pinchot, 1985; Drucker, 1985). They rely as much on instinct as they do on detailed, quantitative analysis (Burch, 1986, p. 16) and can be either intuitive and rational – or both – as situations demand (Olson and Bosserman, 1984; Pinchot, 1985).

Early stages in innovation processes tend to favor more creative and intuitive thinking, while later planning stages are dominated by rational thought and execution (Olson and Bosserman, 1984, pp. 54-55). The overall process is not sequential, but instead alternates between these two states with frequent overlap in activities (De Jong and Wennekers, 2008; Pinchot, 1985, p. 126). The successful intrapreneurial leader must balance both, and safeguard against relying too heavily on one mode of thought over the other.

Understanding and diagnosing the market

Successful intrapreneurship begins by recognizing an opportunity that could become a disruptive foothold for the organization. As disruptive innovations create customer value by addressing unmet customer needs, intrapreneurship requires that leaders have the ability to uncover those needs and identify the factors that influence non-consumption. Intrapreneurial leaders build this capacity by working to gain what Carlson and Wilmot (2006) call a deep knowledge of the market ecosystem. They prefer doing their own market research (Pinchot, 1985), and commit to understanding the market in every way possible, both through disciplined analysis of its changes and patterns, and through direct observation and interaction. They do not sit back and wait for inspiration to strike; they adopt a practice that Drucker (1985) calls "purposeful innovation" (p. 34). While the solitary "bright idea" does occur occasionally and its role in innovation should not be dismissed (Drucker, 1985), the vast majority of socioeconomic innovations are the result of leaders applying their hearts and minds to understanding the market environment and its customers. Intrapreneurs actively search for the problems and challenges that suggest unmet customer needs, seeing them not as problems to be solved, but as opportunities to establish new customer value where it previously did not exist. Furthermore, deep knowledge of the market aids intrapreneurs through the innovation process, serving as a guide to asking insightful questions and making sound decisions on how to deliver the best customer value. Market knowledge is therefore the critical starting point for any leader who wants to develop intrapreneurial skills.

Drucker (1985) believes that the best approach to building market knowledge is to engage in the systematic study of change. The entrepreneur, he writes, "always searches for change, responds to it, and exploits it as an opportunity" (Drucker, 1985, p. 28). Drucker theorizes that changes in the social and economic spheres reveal symptoms of underlying problems in the delivery of customer value, and "diagnosing" these changes reveals shifts in customer needs or the inadequacy of current value offerings. By continually monitoring seven specific sources of such change, or *change fonts*, intrapreneurial leaders uncover opportunities for new or different resource combinations, or more productive representations of customer value, that might lead to a disruptive foothold for the organization (Drucker, 1985). Four of these change fonts reside within the industry or organization: an unexpected failure, success or outside event; an incongruity between economic realities or between customer perceptions and organizational efforts; a need or missing link within a process; and a change in the structure of the industry or market.

The remaining sources are external and are usually associated with broader socioeconomic change: shifts in population demographic measures; changes in the perception or mood of a population; and new scientific or nonscientific knowledge (Drucker, 1985, p. 35). While overlap between fonts exists to a certain extent, they can each be parsed for their own analysis, guided by specific questions and considerations (Drucker, 1985). Overall, successful intrapreneurial leaders engage in what Drucker calls *change font analytics* to position their organization to better identify changes that impact customer value.

However, even Drucker (1985, p. 135) recognizes that this disciplined study must move out into the market itself. He characterizes innovation as both conceptual *and* perceptual, and stresses that intrapreneurial leaders must look at both data and people to not only analyze the numbers but also to make inferences about customer needs, values and expectations (p. 135). The vast majority of innovation theories agree on this point. Unmet customer needs are the critical factors in creating new customer value, and thus, Pinchot (1985, p. 119) stresses that the most impactful innovations will address the most strongly felt customer needs. Similarly, Carlson and Wilmot (2006) believe that "selecting an important unmet customer and market need at the right time is the critical starting point for all success" (p. 51).

Unfortunately, traditional marketing studies tend to segment the market based on customer and product attributes, which yields little useful information on customer needs (Christensen and Raynor, 2003). One person might have different *reasons* for their needs that change depending on the circumstance, and different people might have different needs in the same circumstance. To address the inadequacies in this market research, Christensen and Raynor (2003) suggest that intrapreneurial leaders segment markets based on the circumstances in which people use a service or product. In their view, leaders should view market research as an exercise in determining the "specific jobs that people – your potential customers – are trying to get done in their lives" (p. 75). In this way, the most successful innovators look at the nuances of customer behavior and attempt to determine the motivation behind it (Kelley and Littman, 2001, p. 37). Intrapreneurial leaders understand their customers not as aggregates of attributes, but as real people *experiencing* a need.

This level of market understanding cannot be gained from a desk in the corner office or from structured focus groups; it requires getting out into the very spaces that customers occupy, physically observing exactly what people are attempting to accomplish in specific circumstances and then asking them to explain (Christensen and Raynor, 2003, p. 79). Leaders must learn to empathize with their customers (Carlson and Wilmot, 2008, p. 27) and to develop the ability not only to *know about* them but also to *understand* them. At the award-winning design firm IDEO, their innovators call this going to "the source" (Kelley and Littman, 2001). Carlson and Wilmot's theory (2006), pp. 120-121) focuses on the customers themselves as free experts and consultants in that they are "the best source of information about whether [a] value proposition is on the right track". Intrapreneurs do not need to hire big consulting firms or conduct expensive market studies. Surveys and formal studies can certainly help, but it is deliberate engagement with customers that yields the best results.

Intrapreneurs work to understand exactly what motivates customers in certain circumstances; they put themselves in the shoes of their potential customers to understand the needs they have and the obstacles they face when attempting to satisfy those needs (Carlson and Wilmot, 2008). They watch potential customers, carefully observing them as they use products, navigate processes or utilize services. During the observation process, intrapreneurs can then note real frustrations and ask clarifying questions, so they can then apply the "job to be done" lens to better understand customers' wants and needs and devise creative solutions (Christensen and Raynor, 2003).

This ability to understand the market and potential customers is a deep and meaningful skill that requires a mindset of constant awareness. An opportunity for innovation can manifest itself anywhere and everywhere, and the best intrapreneurial leaders open their minds and eyes to the world around them as much as possible. They move through routine daily activities with their senses and intuitions tuned, even unconsciously perhaps, to "picking up" the signal of an opportunity at any time. The leaders at IDEO like to say – pun intended – that "innovation begins with an eye" (Kelley and Littman, 2001, p. 28). This involves not just *looking* at people or situations, however, but *attempting to view them differently*. IDEO employees continually observe, attempting to view every circumstance in a new and different way, often even keeping notes on their own needs and expectations as a customer (Kelley and Littman, 2001), in addition to observing the actions and behaviors displayed by the people around them. The innovators at IDEO have produced many of their biggest successes by becoming better observers of people and processes, "simply by taking stock of [the] environment" around them (Kelley and Littman, 2001, p. 42). They observe carefully in both planned and unplanned situations. Intrapreneurial leaders learn to think loosely and ambiguously; they approach things in an unstructured way and search for new ways of grouping and connecting pieces of previously unrelated information (Olson and Bosserman, 1984, p. 54) and honing their abilities to think "outside the box" to recombine information in meaningful new ways (De Jong and Wennekers, 2008). Successful intrapreneurs continually deconstruct and reconstruct the world around them, always looking for new disruptive growth opportunities to pursue.

Define innovative customer value

The process of building deep knowledge of the market ecosystem can take years (Carlson and Wilmot, 2006). As intrapreneurial leaders acquire this knowledge, and as unmet customer needs become apparent, they begin to formulate solutions that address those needs. The goal is always to *create* customer value, not simply to identify good starting points. Innovation requires an idea for a unique approach that the organization can take to meet customer needs and provide the most customer value. Because disruptive innovations often compete against non-consumption, maximizing customer value is an important goal for intrapreneurs. The customer value they create must be enough to entice customers into accepting value that they otherwise would not, and thus, intrapreneurial leaders attempt to define the *best* solution relative to the current options (Christensen and Raynor, 2003; Carlson and Wilmot, 2006). This goal is especially important in the nonprofit sector, where organizations often function to change their customers' behaviors, discouraging some (i.e. smoking) or motivating others (i.e. cancer screening or donations). Without a unique idea to address the market need, intrapreneurs are simply problem-solving managers. Instead, intrapreneurs must "focus on opportunities instead of problems" (Olson and Bosserman, 1984, p. 54), and commit to finding the best possible approach for exploiting an opportunity in a way that produces a disruptive foothold for their organization. The approach might be a groundbreaking invention or a modest adjustment to the business model or resource combinations, and it might address either external or internal processes; regardless, the most important factor is that it contributes customer value that does not currently exist (Carlson and Wilmot, 2006).

Intrapreneurial leaders therefore put very careful thought into defining their innovation. The process of innovation is a process of creating customer value, so at some point, intrapreneurs must quantify and define this value. They must be able to explain the customer need, the unique approach for meeting that need and the reasons why this approach is the best possible option. Intrapreneurs often begin writing a business plan for this purpose, but in his guidelines, Pinchot (1985) recommends that intrapreneurs do not commit too early to a plan that is too specific. Carlson and Wilmot (2006) offer a better approach, which encourages intrapreneurs to define their innovation as an initial value proposition. A value proposition is not a full business plan, so it gives intrapreneurs more flexibility to evolve along with their ideas, but it does address the foundations of a good business plan (p. 98). A value proposition is simply the intrapreneur's attempt to define customer value in terms of the four major factors: need, approach, benefits and competitors. Specifically, the value proposition should explain the customer and market need, the unique approach for addressing that need, the estimated benefits per costs provided by that approach and, finally, how those benefits are better than the alternatives provided by either non-consumption or by other organizations in the market. While it is tempting to focus the most energy on explaining the unique approach, Carlson and Wilmot (2006, p. 90) stress that the first iteration of the value proposition should emphasize the players who make up the overall "market ecosystem": the customers and their needs, and the competition. At this early stage, there are too many unknown questions about whether the suggested approach is the best strategy, which can make it difficult for many intrapreneurs to produce an initial value statement. However, if they focus on their knowledge of the market instead of defending their approach, they can create an initial proposition that will later help them address questions about the viability of the approach in a more substantive way.

Aside from the value proposition, intrapreneurial leaders must consider several other questions when deciding whether, and how, to pursue a given opportunity. First, they should assess how the innovation matches their own skills and experience, as well as the needs and mission of their organization (Pinchot, 1985; Carlson and Wilmot, 2006). Good intrapreneurs opt for innovations that are rooted in their own knowledge and experience, so they can match their skills with specific need areas (Pinchot, 1985, pp. 121-122). They must also be willing to commit to their choice, and should choose something they find to be worth their time and effort (Carlson and Wilmot, 2006, p. 63). In addition, Carlson and Wilmot (2006) note that employees will not be successful intrapreneurs if they try to work against an organization's overall mission; the innovation must fit with the organization's values and goals. For example, intrapreneurs should not pursue billion-dollar initiatives if their organizations are small nonprofits with limited resources, small operating budgets and little access to the necessary capital (Carlson and Wilmot, 2006, p. 62). To increase the likelihood of organizational buy-in, Pinchot (1985, pp. 120-121) recommends that intrapreneurs make a reasonable estimate of the impact of the innovation on the organization's bottom line and then consider any proprietary advantage that might contribute to defining the benefits of a particular approach over the competition.

Second, intrapreneurs must also consider whether the innovation will withstand changes or developments long enough to establish a disruptive foothold (Carlson and Wilmot, 2006). An innovation that rapidly becomes obsolete will not produce new growth for an organization. Assessment of a firm's innovation potential in large part can be dependent on its current life cycle stage, and valuation methodologies can vary between theoretical and practical approaches (Buchmann, 2015).

Finally, an innovation will fail if it cannot be placed in the market. The resources, technology, infrastructure and knowledge must all be available, and cost-effective enough, to produce the desired result (Carlson and Wilmot, 2006). Confirming each of these critical factors indicates an idea capable of shifting the market, creating growth and producing meaningful long-term results.

Becoming the innovation champion

The initial stages of intrapreneurship tend to be solo activities, but when intrapreneurs turn to planning their innovation, the process very quickly becomes an exercise in leadership (Pinchot, 1985). The process of developing an innovation into a realistic and successful source of growth is a major project involving many activities and many people. Like every project, it needs a champion, a leader who takes full responsibility for keeping every person and every action aligned and moving forward as part of the vision (Carlson and Wilmot, 2006). The question – "Am I willing to be the innovation champion?" – seems deceptively simple, but its answer has the potential to be a major deal-breaker, so much so that Carlson and Wilmot (2006, p. 164) consider it one of the five essential disciplines of innovation. Without a project champion, the chance for success is almost zero, so they recommend that an innovation process not be started if no one is willing to step into this role: "no champion, no project, no exception". Pinchot (1985, pp. 45-46) recognized this need for steady, committed leadership as well, suggesting that intrapreneurs consider how dedicated they can be, and whether the success at the end is worth the price they will pay for that dedication. To see an innovation through to the end, intrapreneurs must be willing to take charge; put in the work necessary to persevere through obstacles, failures and unexpected events; and be prepared to address the "funding, bureaucratic, political, human, and technical challenges" that they will encounter along the way (Carlson and Wilmot, 2006, p. 157). The dedication required is immense, and the employee who wishes to be an intrapreneur must commit fully to this leadership role. One way firms can mitigate the demands of innovation is to leverage a portfolio that is a blend of low-hanging and high-hanging initiatives, so that they are better positioned with a tenable balance of value and risk (Newman, 2016).

Accepting the call to be the innovation champion is an acknowledgment on the part of the intrapreneur that the vision now requires the support and involvement of other people. As the champion, the intrapreneur rallies others within the organization around his or her vision to both build trust and make it clear that the project is aligned with the organization's mission and values. Intrapreneurs act not as a subversive force but rather as the energy that fuels the enthusiasm of others (Carlson and Wilmot, 2006, p. 163). Their commitment to the organization enables them to form necessary strategic alliances, such as securing the trust and support of a partner or sponsor. Pinchot (1985) includes identifying a sponsor as a significant activity for the intrapreneur, and Carlson and Wilmot (2006, p. 162) note that almost all innovation champions rely on a partner to help successfully launch their idea. Both Pinchot (1985) and Carlson and Wilmot (2006) stress that the right partner should be highly competent and play a functional role, providing assistance to the intrapreneur on all aspects of planning and execution. Sponsors "help the intrapreneur think through and execute his intraprise" (Pinchot, 1985, p. 147). They should serve as the source of any additional business or organizational knowledge the intrapreneur needs. They can help navigate the internal politics of the organization as the "antidote to the bureaucratic inertia of the corporation" (Pinchot, 1985, p. 159), and secure the basic resources needed during the planning process (Carlson and Wilmot, 2006, p. 111). The partner could be anyone within the organization whose goals align with the intrapreneurial vision, but it should always be someone who is willing to support intrapreneurs in their effort to lead as the innovation champion.

Even with a sponsor or partner, the innovation champion must still form and lead a strong innovation team. Pinchot (1985, p. 184) found that strong innovation teams are predictive of marketplace success, and as such are a good test of intrapreneurs and their dedication to the vision. Similarly, the leaders at IDEO dismiss the idea of the "lone genius", and believe that teams are the key to any project success. As a result, they build their entire innovation method around high-performing groups known as "hot teams" (Kelley and Littman, 2001). Individuals in a hot team represent intelligence collected, and successful intrapreneurs build relationships that unite these various sources of knowledge until the team becomes the innovative genius (Carlson and Wilmot, 2006). Hot teams are cross-functional, composed of individuals from different disciplines and with complementary skills. Recruiting a team with a powerful dynamic is not easy when the project involves so many unknowns, but the energy that motivates hot teams comes from the individual members' passion for the project (Kelley and Littman, 2001, p. 73). Therefore, intrapreneurs should recruit team members not based on rank or function but based on commitment to the vision. Thus, the initial value proposition can be a powerful recruiting tool, as it will draw in those who are excited about the chance to be part of crafting the vision and who see a role they can play in the process. As innovation champions, intrapreneurial leaders must be the "critical catalysts and facilitators" who motivate each team member to be the champion of his or her own role (Carlson and Wilmot, 2006, pp. 164-165). Individual team members must also "be intrapreneurs in their own right", sharing in the risks and the work (Pinchot, 1985, p. 187), while the innovation champion calls on his/her team-leading abilities to unite all members into a high-performing group.

Collaborate for improvement

"If at first you don't succeed, try, try again". This proverb is the motto of the intrapreneur. When it comes to innovation, however, failure can be expensive and costly for the organization. Intrapreneurs do everything possible to decrease risks and increase the likelihood of success. They undertake deliberate planning intended to maximize customer value and demonstrate that value in a compelling innovation plan. "Rarely does an idea for a new-growth business emerge fully formed from an innovative employee's head", write Christensen and Raynor (2003, p. 9), and "no matter how well articulated a concept or insight might be, it must be shaped and modified, often significantly, as it gets fleshed out into a business plan". Intrapreneurial strategies that jump directly from original ideas to full business plans and then implementation usually fail, as the lack of preparation results in money being spent on the wrong things (Carlson and Wilmot, 2006, p. 123). When this happens, innovators start with the right beginning – a great idea – but meet the wrong end in failing to take the time to examine their approach for weaknesses, problems or threats, thus increasing the risk of error and, ultimately, failure. An established organization needs an incentive to divert money from sustaining current markets. Without a thought-out approach, innovations may appear risky, and will therefore not earn the support of senior managers and executives. Successful intrapreneurs stay focused on their vision to create new customer value, and accept that the preparation process is itself part of that vision. In essence, they trust the process more than they trust the idea, and they go where the process takes them.

Once intrapreneurs do arrive at a business plan, its traditional value as merely a communication tool used to win funding or gain corporate support is only a fraction of its value to the intrapreneur (Pinchot, 1985). The business plan can also help guide the intrapreneur through the planning process, ensuring that all critical and relevant issues have been addressed. The process of creating the business plan is actually more important than the business plan itself in that the process forces the intrapreneurial team to clarify and refine its thinking. Thinking and questioning and experimenting is what reveals the successful way forward (Pinchot, 1985). Intrapreneurs should keep the early version of the plan flexible, using the value proposition as a starting point from which they can develop a full plan (Carlson and Wilmot, 2006). The planning process thus becomes a process of refining the value proposition. Carlson and Wilmot (2006) have found that success is more likely if innovators engage in an iterative development process that incorporates new information in each successive version. This method compounds ideas and allows intrapreneurs to improve the customer value exponentially, but it requires seeking feedback and ideas from as many sources as possible – experts, colleagues, friends, spouses, customer, anyone who is willing – and then synthesizing those disparate thoughts into the best solution (Carlson and Wilmot, 2006, p. 119). In other words, planning the new venture is a collaborative effort that relies on the power of collective thinking to create the innovation plan and reduce the risk inherent in innovation (Carlson and Wilmot, 2006).

Drucker (1985, p. 29) notes that intrapreneurship is risky only when entrepreneurs have little idea of how to proceed, when they "lack methodology" and violate established business principles. He argues that, theoretically, entrepreneurial action is actually less risky when the opportunity is one that clearly calls for innovation (p. 28). The same is true for intrapreneurs, but only if they are willing to accept the mini-failures that will inevitably happen over the course of planning. Intrapreneurial leaders approach the planning process as a significant learning experience, a method of professional development that trains them to be better innovators (Carlson and Wilmot, 2006; Pinchot, 1985). Recognizing the dyadic effect of learning and intrapreneurship can result in improved performance and increased capacities (Hasse *et al.*, 2015). Intrapreneurs are flexible and adaptive and see failure as invariably connected to learning. Failure, perhaps more than success, is a source of valuable feedback and information that will refine and transform the value proposition. They embrace a "fail early and fail often" strategy. The design teams at IDEO understand this, and even have a saying that sums it up: "Fail often to succeed sooner" (Kelley and Littman, 2001, p. 232).

Of course, intrapreneurship does involve accepting *some* risk, but like entrepreneurs, intrapreneurs are mostly moderate risk-takers (Hisrich, 1990). They eliminate risk whenever possible, preferring to suffer through the learning experience of an early failure than waste critical resources by implementing a flawed plan. Again, the purpose of the value proposition is to guide the intrapreneur in answering critical questions that mitigate the amount of risk and increase value in the vision (Carlson and Wilmot, 2006, p. 123). Minimum risk and maximum value result from synthesizing as much information as possible repeatedly to illuminate the correct business strategy (Carlson and Wilmot, 2006). Successful intrapreneurs are willing to accept early failures to make sure the emerging strategy is the right one.

Intrapreneurs utilize a variety of strategies during the business planning process to help solve problems, answer questions and test ideas. One of these is prototyping, a tactic that IDEO has mastered. Prototyping is active work that involves drawing, modeling, mapping, building and acting out customer experiences or videotaping scenarios – anything that will help put the unique approach into a concrete and visible form and make its contribution to customer value more clear. It helps break larger problems down into more manageable pieces so that "little critical problems [can be resolved] one by one" (Kelley and Littman, 2001, p. 106). Is a process lacking one key step or two? Can a single new product feature satisfy multiple customer needs, or will two separate features be required? Does the innovation *really* satisfy the customer need without inconvenience? These are all big questions, but experimenting with different iterations of a prototype as part of the value proposition ensures that customer needs will be met through the proposed approach. Using prototyping to solve smaller problems and "[explore] the borders of an idea" (p. 109) to see how far they can be pushed helps the innovation team solve bigger problems more quickly, improve the whole project and arrive at the best chance of turning the idea into something that resonates in the market (p. 117).

Again, the success of the iteration process lies in gathering as many ideas as possible to maximize customer value and improve the value proposition. The leaders at IDEO believe strongly in brainstorming as a serious tool for generating large volumes of ideas quickly, and despite the playful atmosphere it creates, the teams have very firm rules about how brainstorming takes place (p. 56). Brainstorming sessions begin with a clearly defined goal or problem to solve, one that looks outward to the creation of customer value. The team may use a session, for example, to develop alternative approaches for meeting a customer need. These alternative approaches then could be compared against the original idea to make sure that the best approach, the one that creates the most customer value, is ultimately used. Participants are encouraged to share any and all ideas, no matter how crazy, and facilitators should stifle any attempt to start debates or critiques about ideas (Kelley and Littman, 2001). The goal of these sessions is quantity, not quality, of ideas. Later, the ideas produced are evaluated and tested to gauge impact on customer value. Effective brainstorming meetings also follow a "build and jump" approach, in which participants build on each other's ideas instead of attacking them (Kelley and Littman, 2001, pp. 58-59; Pinchot, 1985, pp. 102-103). This approach involves letting team members' imaginations run wild as a collective "idea engine", and can even include drawings or sketches as rough beginnings of a prototype (Kelley and Littman, 2001, pp. 55-56). Good brainstorming results in more inspiration, more ideas and more customer value created – and infuses the team with energy, optimism and enthusiasm. This quick generation of ideas can help the team out of a rut when the innovation process has stalled.

Even with great brainstorming, though, the innovation team cannot hope to quickly improve the value proposition on its own. Intrapreneurial leaders should find systematic ways to capitalize on the knowledge of a broader network of business and industry experts to create maximum customer value (Carlson and Wilmot, 2006, p. 103). Carlson and his company utilize a series of structured recurring meetings called "Watering Holes", which are "multidisciplinary, collaborative environment[s]" that bring together innovation teams, internal and external experts and participants from a wide variety of functional areas, specifically for the purpose of creating customer value and improving the value proposition. In Watering Holes, innovation teams have a safe learning environment in which to share current iterations of their value proposition. They can receive specific feedback from the gathered experts on how to make the proposition more accurate, compelling and concise. Between meetings, the intrapreneur and his or her team work with their sponsor to improve the customer value based on the feedback, and then conduct additional market research or prototyping if needed. Over time, this collaborative process creates better iterations of the value proposition, until the winning business strategy becomes clear, and the team can turn to proposing the actual innovation plan (Carlson and Wilmot, 2006). Of course, many intrapreneurs do not have access to an existing system of Watering Holes, but the model is a useful one that intrapreneurs and their sponsors could easily imitate and use to propel the vision forward. Meetings like these can help intrapreneurs reduce the risk and uncertainty associated with their proposition, and can also serve as a practical way to bring executives or senior managers into the discussion at the right point.

Searching for the right strategy

The collaborative process of shaping customer value propels the intrapreneurial team into more advanced stages of planning, and as the value proposition is refined, intrapreneurial leaders can begin developing a full business plan with their team. By including senior management in some of the feedback sessions during the iteration process, intrapreneurs can lay the groundwork for further communication about their plan. Pinchot (1985, p. 131) identifies this sort of "pre-selling" as a way of building favorable disposition for the project among the organization's executives and senior managers. Rather than presenting the idea to management for the first time as a full business plan, intrapreneurs should work to engage key executives in the vision creation process. They can also utilize shorter summary statements such as a one-minute "elevator pitch" to introduce their idea to supervisors and managers and grab their attention and curiosity (Carlson and Wilmot, 2006, p. 129). Doing this allows intrapreneurs to align their vision with the organization early in the planning process and to demonstrate that they understand how the organization's resources, processes and values affect resource allocation and decision-making (Christensen and Raynor, 2003). As a result, by the time a complete innovation plan is ready, senior management has likely already begun to form an initial decision about granting approval (Pinchot, 1985, p. 131). Engaging with executives and senior managers early on actually gives intrapreneurs more flexibility in preparing a business plan. Intrapreneurial innovation plans can often be shorter and simpler than the business plans developed by independent entrepreneurs who seek extensive venture capital (p. 131). As innovation champions, intrapreneurs must sell their idea to the key players at the company who make resource decisions, but they can use this need for organizational alignment to their advantage.

For intrapreneurs, the later phases of business planning are often the most difficult part of the entire innovation process. These phases require a strong grasp of the realities of business planning. The work involved tests the intrapreneur's commitment to the vision, and specifically to the action of turning the vision into a business reality. However, intrapreneurs can continue to utilize structured feedback sessions, as the value proposition is incorporated into a more complete innovation plan (Carlson and Wilmot, 2006), and with time and practice, they will hone their business planning skills and develop a viable innovation plan. The innovation plan itself has no set format or formula, and different theories suggest different models and ideas about its length, structure, amount of detail and what to include. Pinchot (1985, p. 131) recommends that intrapreneurs choose a format and length that best fits the organization, keeping in mind that business plans can be as vague or as detailed as necessary, given the circumstances and the level of familiarity management has with the project. Carlson and Wilmot (2006) agree and note that a good business plan can be as simple as a few presentation slides. Padding the plan to justify a certain approach only results in a higher quantity of pages, with little quality added to the idea contained therein. The best innovation plans are simple documents that add critical details – benchmarks and goals, risk-mitigation plan, business model, marketing and sales plan, etc. – to the value proposition (Carlson and Wilmot, 2003). Any additional information might also address the structure of the new business (i.e. whether to operate as an independent unit or to spin-off a subsidiary) as well as financial projections (Pinchot, 1985). In other words, the business plan not only defines the customer value as developed in the value proposition but also lays out the complete business strategy for getting that value to the market.

Unfortunately, innovation plans are still a "best guess" at the deliberate strategy that will actually establish a successful disruptive foothold. As a result, intrapreneurial leaders often shape a strategy for their new growth initiative around the current capabilities of the organization, usually the processes and resources that are successful at running its core, mainstream business (Christensen and Raynor, 2003, p. 184). Doing this, however, can cause new ventures to fail, because what constitutes a capability for the organization under normal circumstances can often become a disability when attempting to create disruption (p. 178). Organizational context is important, and the business planning must consider whether the organization's capabilities – its resources, processes and values – are sufficient for the new venture. If not, business planning must grapple with how to create new capabilities that are sufficient. While resources are tangible people and things that the company has (or needs) to implement in the new venture, processes are "patterns of interaction, coordination, communication and decision making" through which employees convert those tangible resources into actual customer value. In established organizations, values – or the standards used to prioritize actions and decisions (Christensen and Raynor, 2003) – dominate decisions about funding and thus about resource allocation and subsequent ideas. Unfortunately, established organizations usually value and prioritize the growth of margins in the core business.

With this inherent bias in the resource allocation process, how can intrapreneurs determine whether a strategy utilizing current capabilities or one that creates new capabilities is the right way to proceed? How can they both reduce risk and earn the funding needed initially, as well as more significant investment later? Christensen and Raynor (2003, p. 221) recommend that intrapreneurs *not* adopt a deliberate strategy too early. Many organizations fail, they note, not for lack of ideas, but because they spend too many resources pushing a deliberate strategy through instead of paying attention to emerging trends and patterns that indicate what the best strategy is. A strategy almost never follows a simple and sequential course from formulation to implementation, and although intrapreneurs must start with some direction in mind:

> […] research suggests that in over 90 per cent of all successful new businesses, historically, the strategy that founders had deliberately decided to pursue was *not* the strategy that ultimately led to the business's success (pp. 220-221).

Instead, intrapreneurs should utilize what Christensen and Raynor (2003, pp. 215-126) call an *emergent strategy* or an *emergent process*. An emergent strategy, true to its name, emerges from within the new business as the effects of day-to-day decisions accumulate and helps identify the best strategy when there is reason to believe that the current strategy of an organization might not be effective for establishing a successful disruption. An emergent strategy tests and develops a strategy as it is implemented. Insights into predictors and consequences associated with levels of intrapreneurship and alternative constructs provide additional understanding into more effective models of intrapreneurship (Bostjan, 2007, p. 216). Once an effective strategy becomes clear from the patterns that emerge, it can be improved and formalized into a more deliberate strategy oriented at growing the new business.

The natural pace of real-world trial-and-error is too slow and haphazard to produce a winning strategy in a sufficient amount of time. (Christensen and Raynor, 2003, p. 236). Intrapreneurs need to be patient for growth, but impatient for profits when it comes to a new disruptive venture. To justify reallocating resources from current growth platforms to new ones, Christensen and Raynor (2003) stress that managers must be certain that the new venture can support itself without subsidization by the core, mainstream business. Otherwise, the core business will not produce the growth necessary for the new venture, and the burden of growth will fall on the new venture too soon, which will in turn push the new venture into a deliberate strategy before the viability of the current strategy is fully known. Controlling the cost structure to prioritize the new market base can help with this, but intrapreneurs must also make the emergent strategy faster and more purposeful

(Christensen and Raynor, 2003, p. 227). Christensen and Raynor (2003) use a method called discovery-driven planning to accomplish this. Similar to the iteration process previously utilized to refine the value proposition, discovery-driven planning pushes strategy development forward more quickly, so that obstacles can be known and addressed much sooner. Discovery-driven planning reverses the decision-making process and focuses on determining whether assumptions about the strategy are actually true (Christensen and Raynor, 2003). It starts with making targeted financial projections, and then identifying what assumptions about the future or the market must be true to meet those projected margins. The intrapreneur can then implement a trial plan (not a full strategic plan) with minimal cost structure and some seed funding to test whether those assumptions are reasonable and true. If so, then the strategy can be funded with a more significant investment. If not, the team can revisit the plan to determine what must be improved to meet targeted financial projects before additional money is spent.

Future scope of study

Intrapreneurial capabilities demonstrably and practically enhance organizational growth through innovation. However, there is limited understanding regarding the way in which leaders are able to drive intrapreneurial capabilities deep into the organization through training and development. From a human resource analytics standpoint, there is value in exploring needed intrapreneurial competencies and in understanding how best to measure them and enhance their development over time.

Conclusion

Many organizations do not have the human resource capacities needed to create new growth. Managers at most established organizations have focused by necessity mainly on current operations. Doing this allows them and their employees to develop operational skills for solving problems related primarily to quality and cost-control, or to process implementation – but not for starting new growth areas (Christensen and Raynor, 2003, p. 179). While managers' current responsibilities are important, this workload draws them away from focusing on new opportunities for the sake of monitoring current ones. The problems encountered and skills required for intrapreneurial action are very different from those needed to conduct "business as usual" operations; however, the capacity and skillset is critical to develop so that the organization as a whole can experience long-term growth. Therefore, organizations need intrapreneurial leaders who have learned and practiced these skills through experience – leaders who demonstrate not only a deep knowledge of their market and how to create new customer value, but also a sustained commitment to turning that knowledge into a real source of growth for their organization. Fortunately, there is incentive for both organizations and employees to progress in this direction. Organizations will benefit from the longevity provided by new growth if they make efforts to promote and foster intrapreneurial behavior by their employees and managers. Managers and employees, in turn, will benefit by becoming leaders who find themselves more and more employable, as organizations shift to hiring people who possess intrapreneurial skills. The significant value here is that innovation facilitated by intrapreneurs practically enhances organizational growth overall. The result is a future of growth and opportunity for both individuals and organizations alike, in which both the knowledge and the passion of intrapreneurial leadership light the way through the unfamiliar business environment of the twenty-first century.

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