From Employees to Intrapreneurs

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Summary

This text is divided into two parts. The first suggests a visioning thinking framework to support intrapreneurial practice in organizations, and the second proposes a number of management practices to be applied by organizations wishing to promote intrapreneurship among their ranks.

Entrepreneurial action is visionary, while intrapreneurial action is “visioning”. It may be taken up and even encouraged by the visionary manager. This allows the central vision to progress or become broader. The author suggests that the introduction of “visionism” allows the organization to develop a culture where everyone is committed and progresses, hence permitting the organization itself to progress. A “visioning” framework is proposed. In short, visioning provides a framework for becoming more intrapreneurial, more innovative.

The management practices proposed to support intrapreneurship consist first in establishing certain intrapreneurial selection criteria for use during recruitment. It is suggested that organizations should establish a psychological contract with their old and new employees, where expected intrapreneurial behaviour is clearly expressed. Some tools are proposed, including the suggestion box, intrapreneurs’ clubs, spin-off practices and recovery periods during which no changes are implemented. It is also suggested that employee appraisals should include intrapreneurial criteria.
From Employees to Intrapreneurs

Is it possible to transform a business into a community of intrapreneurs? If so, how? If employees adopt intrapreneurial behaviour, will they stay with the company or decide instead to go into business for themselves? Are there models of intrapreneurial behaviour? What management practices are required to create an intrapreneurial culture? The following chapter will address these, and other, questions. It will begin by proposing a model of intrapreneurial practice identified from the study of organizations that have produced intrapreneurs, and will go on to examine some management practices favourable to the emergence of intrapreneurship.

Before beginning, however, it would be useful to consider the terms used in the text. The definitions of the two key terms – entrepreneur and intrapreneur – were taken from the work of one of the field’s great masters, Raymond W.Y. Kao. The entrepreneur is defined as “a person who undertakes a wealth-creating and value-adding process, through incubating ideas, assembling resources and making things happen” (Kao, 1995). Entrepreneurship is defined as “the process of doing something new (creative) and something different (innovative) for the purpose of creating wealth for the individual and adding value to society” (Kao, 1995). The intrapreneur is defined as a person who plays an entrepreneurial role in an organization.

In the first section of the chapter, we will look at some intrapreneurial models identified from a study of thirty private and public organizations known for their intrapreneurial behaviour. In the second section, we suggest a number of intrapreneurial practices.

Intrapreneurial Practice and “Visioner” Models

Following our research on entrepreneurs (Filion, 1990a), we also looked at the subject of intrapreneurial practice in organizations (Filion, 1990b). Our goal was to identify models that would form a basis for intrapreneurial action to make organizations more dynamic. Some of these models are presented in the pages that follow.

The Importance of Vision

Our research on entrepreneurs and intrapreneurs has shown that one feature shared by both groups is that they develop a guiding framework, or vision, of what is to be done. Entrepreneurs and intrapreneurs seem to move from conception to realization of a project by formulating visions to be put into action. This seems to be an ongoing process involving a series of actions, rather like an artist who puts together a set of elements on the canvas to form a whole picture. Perhaps a more accurate analogy would be a spider’s web – an intricate and infinite process of construction. The resulting framework continues to develop and may either reach gigantic proportions or continue to evolve indefinitely in a particular direction.

In fact, the development and implementation of visions are two of the main features of entrepreneurial and intrapreneurial action. It is difficult to imagine an innovative action that was not preceded by a certain amount of reflection or interiorization leading the author of the action to imagine and envision in a particular direction. To do something different, innovators must first identify what they want to do, visualize it, and then identify the best framework for bringing the innovation into being. Finally, they need the energy and will to set the process in motion.
One of the intrapreneurs studied for our research provides an excellent example. Heikki spent many years reading, travelling, thinking and wondering about what he could do to stimulate development in his country. In the end, it was his work at the Planning Department of his city’s university that led Heikki, a graduate in philosophy, to envision the potential role of a Research and Training Center linked to the university. He submitted the idea, and later became the Center’s manager. It took five years of intensive work to turn the Center into one of the driving forces behind his country’s development. The Center is particularly successful at recycling employees into entrepreneurs, and at helping developing countries.

The evolution of this particular intrapreneur can be divided into two distinct stages: developing the vision, and then realizing it. The first period involved much reading and reflection, while the second required a good deal of organizational work. In fact, the majority of successful entrepreneurs go through the same two stages. First, there is a commitment, manifested in the form of thinking. Ideas are then formed around a central focus, the vision, and finally, concrete action is taken. Some organizations encourage this process by having their managers alternate between line and staff functions.

The more we look at what constitutes entrepreneurship and intrapreneurship, the more difficult it is to grasp the concepts without considering certain transcendent elements or guiding principles leading to action. Generally speaking, what is innovative is not the individual actions themselves, but the guiding principle that draws them into a cohesive whole and forms the basis for a process in which the vision becomes the unifying factor. It is usually here that the original or new aspect of the project lies.

Although the actions themselves may appear to be ordinary or to repeat something that has already been done, innovations can nevertheless be produced simply by organizing them in a different way and anchoring them to different starting points. It is this process that constitutes the innovation. This leads us to suggest that the development of a vision generally precedes, makes possible and facilitates innovation. This basic principle is easy to understand if we view entrepreneurial and intrapreneurial action as a set of visions that emerge, progress and change before finally being realized, although not always in the way that was originally intended.

Vision and Visions

There are three main categories of visions: emerging visions, central visions and complementary visions (Filion, 1990a). A central vision develops from emerging visions, and its realization and evolution depend on complementary visions. For example, entrepreneurs will accumulate a variety of experience and will often have several different jobs before launching a business based on a particular product or service. Over the years, they will develop several emerging visions – or ideas for products and services – until they find the idea (or emerging vision) that can be developed into a central vision. Once the central vision has been established, a whole series of concrete actions – or complementary visions - is required in order to make it happen. The complementary visions usually take the form of managerial activities, such as marketing, finance, operations management, information systems, human resources and so on, or may be related to any other sector within the organization. The relationship between the central vision, the emerging visions and the complementary visions is shown in Figure 1.
FIGURE 1
VISION AND VISIONS

Emerging visions

Emerging visions

CENTRAL VISION

Complementary visions

Complementary visions

Complementary visions
Intrapreneurs and entrepreneurs seem to go about the process of forming visions in much the same way. While entrepreneurs tend to focus on one central idea, intrapreneurs develop emerging visions and complementary visions that may not follow the same logic as the central vision (if one exists). They do, however, affect the central vision, and also influence the culture of the organization. They eventually create a climate or atmosphere in which people are allowed and even encouraged to do more than the minimum required, and where it is acceptable for employees to be committed to their jobs, as if the enterprise belonged to them. By committing themselves, individuals appropriate their roles, learn and continue to evolve within the organization.

Visionaries and “Visioners”

Entrepreneurs can be described as visionaries, or people who focus on the realization of a central vision. Intrapreneurs, on the other hand, are “visioners” – in other words, people who develop and realize emerging and complementary visions. Visionaries, with their central visions, often have to turn to other people for help with the complementary visions. In very small or start-up businesses, the visionaries themselves must supply most of the complementary visions. Later, they can turn to people in their relations networks, usually people they already know, for help. Eventually they will be able to take on employees, but despite this they must still be generalists who can turn their hands to practically anything. As the business expands, it will employ people to accomplish increasingly specific jobs, until it is in a position to hire specialists.

Whether the company is large or small, visionary managers, if they want to move forward, must surround themselves with visioners – in other words, people who can develop and realize complementary visions. In practice, this process occurs in one of the following ways: either the visionary identifies the complementary visions and then finds visioners to realize them (case 1), or the visionary identifies visioners who have developed skills in a particular field and brings them into the business to realize one or more complementary visions in that field (case 2). The process is shown in Figure 2.
FIGURE 2
VISIONARIES AND VISIONERS

VISIONARY
(OWNER-MANAGER)

CENTRAL VISION

1. COMPLEMENTARY VISIONS
   VISIONERS

2. VISIONERS
   COMPLEMENTARY VISIONS
It is therefore clear that the logic of visionary development involves the selection of appropriate “visioners” to realize the complementary visions required to promote the central vision.

“Visioners” and Visionaries

What interests us the most here is the reverse of the process described above. A visioner who introduces one or more emerging or complementary visions will have a direct reinforcing effect on the central vision, which in turn will allow the visionary to move forward. It is interesting to observe that, as long as intrapreneurs have not entered the visionary’s relations system in order to realize complementary visions identified by the visionary, they will continue to define the visions they themselves want to realize.

In this latter case, the visions take shape around the intrapreneur’s own relations system. Nevertheless, they will eventually have an effect on the main visionary that may be stimulating in one of two ways: either the complementary vision will be integrated directly into the central vision, reinforcing it, or it will not be integrated at all. If the latter occurs, it will obviously not create a synergy with the central vision. This is especially true of bureaucracies or organizations where no central vision exists (case 3).

Let us turn to another example. Peter was an accountant with a large gas utility for nearly ten years before moving into sales. Two years later, he proposed the creation of a distribution center for gas-driven household appliances. The project was accepted by the CEO and the board of directors, and became the utility’s main diversification. The appliance and sales distribution center run by Peter employs 31 people, and even today constitutes the utility’s main activity in a non-regulated sector. This particular complementary vision fitted perfectly into the general trend towards diversification resulting from the CEO’s central vision at the time. It could have influenced the central vision and triggered other diversifications, but it did not. Why? There are several possible reasons, including the turnover of senior managers, the utility’s bureaucratic culture, and so on.

If the organization is led by a visionary, the complementary or emerging visions will probably be taken up. In this case, the central vision will either evolve more quickly or broaden its scope, leading the main visionary, or senior manager, to readjust the central vision in order to integrate these unexpected but nevertheless attractive elements (case 4). The process is shown in Figure 3.
FIGURE 3
VISIONERS AND VISIONARIES

VISIONERS

COMPLEMENTARY VISIONS

CENTRAL VISION

MANAGERS

MANAGERS

CENTRAL VISION
Another example is perhaps useful here. Gerry began his career working on the streets with problem teenagers. He eventually became coordinator of the external rehabilitation service in a residential center. Over the next fourteen years his job description changed six times. He himself proposed several innovations, some of which were the first of their kind in his country – for example, organized on-the-scene intervention, as well as "out-clinic" rehabilitation. When we met him, Gerry talked about believing in what he did, and of going further and more deeply into it; in other words, of committing himself in order to progress. For that, he needed to envision. He had been identified as an intrapreneur and a "visioner" by the people who ran the organization, and was assigned jobs that allowed the management to develop and broaden the scope of its vision of the institution’s role.

To sum up, intrapreneurs identify then visualize the ideas they would like to put into action. These ideas can usually be classified as being different from the central vision, since they touch on elements that are not always essential for the organization, but which, once carried out, will contribute to, simplify or improve the realization of the central vision. An example would be the foreman who introduces a new way of doing a particular job, thus reducing costs and allowing greater automation of the manufacturing process, or the sales manager who identifies a new market or new potential customers.

Introducing “Visioning”

“Visioning”, or the discovery, development and realization of visions, can apply just as easily at board level as at any other level in the enterprise. The “visioner” introduces it from the bottom up, while the visionary does so from the top down. Departmental managers who have developed visioning cultures can often be found in large corporations or in the public sector. What this in fact means is that the system reproduced within the organization resembles the liberalism present in society as a whole, but within certain parameters. Pushed to its limit, this type of organization can be likened to a group of subcontractors clustered around a central core. The vision, mission and objectives of each “visioner” must be continually negotiated and renegotiated, as would be the case in a process of management by objectives.

“Visioning” can be introduced from the bottom up or from the top down. It can infiltrate upwards or downwards. This means that lines of communication must be established between the different levels of the organization, so that exchanges can take place on the subject of the visions and their progression. This communication allows on-going monitoring of the tangible development of the visions, and an assessment of their complementarity (see Figure 4).
FIGURE 4
VISIONISM AND ORGANIZATION

Emerging visions

CENTRAL VISION

Complementary visions

Commitment → Communication → Progression
“Visioning” can be accelerating or circumpolar. It is accelerating when the complementary visions desired or realized by the “visioners” make the central vision evolve – in other words, when they fit directly into its logic. The accelerating effects, which may range from cruising speed to high speed, will depend on the number and scope of the complementary visions generated (Figure 5).
At the age of 28, Maurice accepted his first leadership role in the social services field. Some years later, when he was general manager of a social services center, he completely turned around what most people looked on as a lost cause. Through his leadership, the people involved took over the organization and made it progress dynamically in the direction of the vision the senior executives had developed by common agreement. He took over the management of the center at a time when everyone was demotivated and nothing was happening. First, he was able to involve his relations system in a vision, and then steer it in the same direction as that vision.

In taking over the general management, Maurice changed from a “visioner” to a visionary. His action resembles that shown in Figure 1, Case 2: the action of a visionary who involves visioners in the process. The visioners who work with him resemble those in Figure 4, Case 3, but more particularly Case 4, since the leader is a visioner who has become a visionary, and who is interested in supporting and involving the people who envision. He steers the process in a particular direction and speeds it up. Once it has reached a certain level, he will start the same thing over again, somewhere else, because, to use his own words, he likes to be where the action is.

Visioning is circumpolar when it involves emerging visions that are not always directly linked to the central vision, but that can be grafted onto it to broaden its scope and allow the organization to occupy a bigger space around the central vision (Figure 6).
Pierre took over the general management of a rehabilitation center. Originally employed on a
two-year contract to set up a “sheltered workshop” employing disabled people, he has continued
ever since to develop new services. The workshop, which had less than twenty employees when
he arrived, now has more than a hundred. The original vision has broadened in scope to such an
extent that the workshop has spawned a number of subsidiaries, one of which, the Multi-
Resources Assessment Center, is the first of its kind in the country to be involved in assessing
the human, technical and financial performance of businesses. Pierre has created a culture where
visioning takes place, where everyone feels committed, and where new ideas are encouraged.

The central vision has expanded horizontally to encompass a number of products or services,
rather than developing around a single product or service only. This can partly be explained by
the fact that Pierre’s team supplies both emerging and complementary visions. The organization
does not want to become too big in its sectors, so that it is not identified as an aggressive
competitor. The strategy chosen is typical of circumpolar visioning, where emphasis is placed
on emerging visions revolving around the central vision. The central vision is broadened in
scope by the development of different, often unrelated activities, rather than being directed
towards a single field. However, all the activities are held together by a single thread, in this
case the employment of disabled people. Like Maurice, Pierre has changed from a visioner to a
visionary. He recognizes people who envision, and knows how important they are for the
organization. A great deal could be said about the contribution made by the visioners in Pierre’s
team.

Visioning Practice

One of the characteristics of intrapreneurs is their ability to differentiate themselves, and anyone
who wishes to employ an intrapreneur should be aware of this. Intrapreneurs have almost all had
experiences at some point in their lives that have placed them outside the norm.

Mary, a community center nurse, left North America went to live in London for a year with a
friend when she was 20 years old. In the 1950s, this caused something of a scandal among the
residents of the village where she lived. The same originality continued to emerge in her
professional life. For example, when she gave a physical anatomy course to the nurses at a
Montreal hospital, she opted for an active approach: with the help of the hospital’s butcher, who
supplied hearts, bones, lungs and so on, ordered directly from the abattoir, she was able to give
an extremely realistic course.

At the hospital where she now works, she applies equally dynamic methods in her prenatal
courses, using the electronic media. She gives her public courses on the radio at midday,
because the institution refused to allow her to do so during her working hours (8 a.m. to midday,
1:30 p.m. to 5 p.m.), telling her she was paid to give her courses in the hospital classroom. Her
radio broadcasts have become extremely popular. If only her listeners only knew that she was
doing this in her lunch hour because her employer would not allow her to be absent during
working hours! Not only that, but she has also developed teaching methods for her courses that
are completely outside the norms of the conservative hospital environment in which she works.

One of the characteristics of intrapreneurs seems to be that they perceive themselves as serving a
client rather than as part of the organizational apparatus. Accordingly, they give themselves the
role of defining what they think should be the mission of their sector, depending on what they perceive as the needs of their client. They are similar to entrepreneurs, in that they trust their intuition and do what they think is needed to give a good service or do the job for which they were hired, often in spite of the inflexible nature of the rules of big organizations.

This inclination to define what they think they should do emerges even more clearly when they are working in environments where roles and missions have not been clearly defined. Although such a situation might provide an excuse for some people to take things easy, for intrapreneurs it provides a wonderful opportunity to liberate their energy and express their creativity in the direction they themselves choose. Again, intrapreneurs are similar to entrepreneurs in this respect: intrapreneurs can define, structure and successfully operate an unstructured activity sector within an organization, while entrepreneurs do the same thing with their businesses in the external environment. In both cases, the same visioning process seems to operate. However, the level of risk is certainly not the same.

The president of a major British multinational asked Graham, a senior manager well known for his intrapreneurial activities, to create SCOTBIC (Scottish Business in the Community). The SCOTBIC concept called for a series of centers throughout Scotland with the mission of promoting entrepreneurial activities. They were to be funded by big business, central government and local government. It was supposed to be Graham’s last mission, since he was in his late 50s and intended to retire once the organization was on its feet. In the space of a few years, he created 31 centers.

A typical aspect of this particular intrapreneur is his innovative spirit and his constant desire to do new things. It was this that led him to play a leadership role throughout his career. Why was Graham such a good leader? There are several possible explanations, but one major element underlies them all: Graham is committed and able to visualize what he wants to achieve. During the years in which he was creating SCOTBIC, he had to motivate large numbers of people to commit themselves to achieving an entrepreneurial vision in their respective communities. He too changed from a visioner to a visionary, and his leadership allowed him to identify and place at least 31 “visioners” who agreed to manage the new centers.

The characteristics described above were observed in all the successful entrepreneurs and intrapreneurs studied in the research. Other elements also appeared in certain cases. For example, envy has been suggested as a motivating factor by some authors, and this seems to be true for some entrepreneurs. However, it is much less visible among intrapreneurs.

The relations system is one of the key elements explaining the entrepreneurial and intrapreneurial processes. For entrepreneurs, the relations system is situated both inside and outside the enterprise, while for intrapreneurs, it is situated mainly inside the enterprise. In fact, the process is closely linked to the development and realization of visions, and in both cases the relations system seems to explain what works and what does not work, especially in terms of realization. Individuals, in selecting and creating their relations systems, have to target the right level: not too high and not too low, but just right for generating synergy.
Intrapreneuring: “Visioning” in Action

Over the years, many companies grow and become anonymous or more formalized. They lose the spirit and culture of the founding entrepreneur. In other cases, they are state-owned enterprises governed by fairly rigid standards where it is not easy to stimulate the intrapreneurial spirit and practice.

It is here that “visioning” action is especially important. Employees and managers who want to continue to operate at a certain level of efficiency and effectiveness must develop their own frameworks for action. All too often, the guidelines provided by the organizations are nothing more than general statements of mission and objectives, and directives that are not always easy to put into practice. If employees and managers want to continue to give meaning to what they do, they must establish a “visioning” framework. This requires a minimum level of awareness and responsibility for the role they think they must play to be effective and to progress.

The development of a “visioning” framework should make it easier to achieve an innovative, customer-oriented form of progress, since it causes the individuals concerned to question and appraise what is done, according to the expectations and needs of the customers. Figure 7 shows the main elements of a “visioning” framework.
FIGURE 7
VISIONING FRAMEWORK

Commitment

Customer

Innovation scenarios

VISION

Implementation strategy

Support relations
The content obviously varies from one sector to another, but should in principle follow the steps suggested. In the next few pages, we will comment briefly on these steps, which should be fairly self-explanatory. A point to bear in mind is that in some cases the customer may be inside the organization. For example, for people working in information systems, the customer would be the organization’s other departments.

To implement these steps, intrapreneurs must have analytical skills as well as the capacity to imagine. Moreover, for managers to be “visioners”, they must appropriate and interiorize their sector as though it were their own business. The commitment at each step must be real. Support relations will also be needed, although not necessarily the same ones at each step.

**Conditions of “Visioning” Action**

Intrapreneurs are people who can bring change to organizations. One of the major problems encountered by those we studied was risk management. When should the change be introduced, and how far will the organization be able to absorb it?

To minimize the risk of failure, a “visioning” framework must be instituted, in the form of a few highly motivated relations who are willing to support the change. In reality, it is best if the preparation and implementation of visions does not take place in a vacuum. If the company leader is a visionary entrepreneur, there are likely to be several “visioning” intrapreneurs in the organization, and they will be required to excel by developing and realizing complementary visions, often very quickly.

In fact, in this type of context “visioners” generally encounter much less resistance and seem to develop complementary visions that are closely linked to the central vision. If the company leader is not a visionary entrepreneur, however, or if the organization is governed by bureaucratic rules because of its size, then the intrapreneurs would do better to introduce their visions and develop a relations system that can become involved in the visioning process.

Involving elements of resistance in the “visioning” process is one way of ensuring that the change is gradually accepted and introduced. If several “visioning” processes are introduced into an organization, the risk of rejection or resistance to change will be reduced. “Visioning” action will eventually encourage visionary action, and vice-versa. While companies led by visionaries need “visioners” to realize complementary visions, it is also true that the presence of several “visioners” may well stimulate the creation of a more entrepreneurial visionary culture at management level.

To sum up, it is important for “visioners” to formulate a framework for action that includes all the following elements:

- Developing a vision;
- Supporting people who have visions;
- Organizing support relations;
- Cultivating a “visionist” climate;
- Ensuring that visions progress;
- Assessing what has been achieved.
In fact, for “visioning” action to take place and be maintained, a “visionist” culture is required. One of the conditions for achieving this is the creation of a relations system. Although during the incubation period individuals may be required to think and isolate themselves for short periods, generally speaking it seems to be difficult for people working alone, without support relations, to succeed.

**Intrapreneurial Levels**

Intrapreneurial practice can be divided into several different levels. Here, we propose five: vegetative, kindly, committed, innovative and visionary. At the vegetative level are the employees and managers whose commitment is minimal. To be intrapreneurial, individuals must have a high level of commitment to what they do, and should at least be able to keep up with the action. The effect of this will be to reduce resistance to change. While kindly managers and employees think about things in order to do better, committed individuals interiorize them to accomplish them perfectly. This is the achievement of quality.

Innovative individuals are able to introduce new methods, while visionaries involve the other four types in their own actions to create an organizational culture in which everyone is part of a process and feels committed and willing to excel in order to help realize the vision. As individuals move from one level to the next, they increase their intellectual commitment to what they do. And today, in an era where quality is so important, concepts are needed to reinforce the practice of quality and incorporate it in the organization culture. The concept of vision – “visioner” – visionary can provide considerable support in this respect.

**Summary Reflection**

Visioning appears to provide a framework or process that helps individuals become more intrapreneurial and innovative. A framework in which people develop and try to realize visions encourages them to review their jobs, think about what they do, question its meaning, and prepare their action more thoroughly. In applying the visioning approach, some will breathe new life and new meaning into what they do. The framework is a stimulus that encourages them to learn and progress constantly. It helps them pay more attention to the customer, while becoming an integral part of the organization. In fact, it helps them appropriate the organization and make it more dynamic. Intrapreneurs can use the framework to learn their lessons, progress and – who knows – move on from being “visioners” to being visionaries!

The models presented here can be used to establish a reference framework for innovation. From this standpoint, they can be seen as models of bottom-up organizational change. They are not widely discussed in the literature on management, and they can only be applied if organizations evolve in the same way as societies, from autocratic power to the expression of freedom – or at least, certain forms of freedom. And freedom, if it is to avoid disintegrating into anarchy, must be expressed within certain rules and frameworks. Hence, practices can be introduced to facilitate and even stimulate the bottom-up organizational change initiated by the intrapreneur. It is this aspect that will be addressed in the second part of the chapter.
Management Practices to Encourage Intrapreneurship

We can say that intrapreneurs are people who play an entrepreneurial role within organizations. They are similar to entrepreneurs, except that their personal risk is much lower, because they are using the company’s money and resources, rather than their own. If they succeed, they will generally benefit from their success, at least in part. If they fail, they will lose their reputations and their capacity to convince other people in the organization to support them in future projects. They work in organizational systems where they have less power than entrepreneurs because, as they do not own the company, they must follow rules and guidelines over which they often have no control.

In the following pages, we will suggest some management practices that may encourage intrapreneurial expression and behaviour within organizations.

Employee Selection

Almost all the managers questioned during our research who said they were dissatisfied with the level of intrapreneurial behaviour in their organizations were working in contexts where intrapreneurial behaviour had not been used as a criterion for employee selection and recruitment. In many cases, the managers had joined the company after the employees had been hired. Their individual units and sometimes the company as a whole were already finding it difficult to maintain the pace. In other cases, they had been involved in the selection process but had not considered this criterion, either through negligence or because they were worried that entrepreneurial people would not stay with the organization. However, they all realized in the end that organizations without intrapreneurs will eventually die – just like societies without entrepreneurs.

Obviously, repetitive jobs, such as production line work or form reviewing in a government department, require fewer creative and entrepreneurial characteristics than others. In fact, the more the enterprise has been structured around a mechanical paradigm, the more its human beings tend to be used as extensions of machines. The more the enterprise has been structured around a technological paradigm, however, the greater the creative and entrepreneurial contribution required of its human component. In any case, as things stand today, almost every position in a modern organization should be considered individually, and at least one intrapreneurial recruitment criterion should be identified for it.

There are different levels of entrepreneurial and intrapreneurial behaviour. Organizations must know how to recruit people with the right level of intrapreneurial expression for the job in question. It is often useful to establish a slightly higher intrapreneurial level for the selection criterion than is needed for the job the person will be required to do.

In other words, it is better for the organization to construct a human resources portfolio with a higher as opposed to a lower intrapreneurial level. Once this has been done, the people concerned will need challenges that are greater than those offered by their level and by the type of organization for which they work. It is because of this that the organization will perform well. In smaller companies, however, care must be taken to avoid recruiting overly intrapreneurial
people who may subsequently leave and launch a competitive business of their own, threatening the long-term survival of the original company. The more a company grows, the greater the need to hire intrapreneurial people in order to keep up with the entrepreneurial culture of the founding entrepreneur. In larger companies, more emphasis should be given to intrapreneurial criteria in the hiring process, especially at the managerial level.

On the other hand, it is inevitable that some intrapreneurs will go on to become extrapreneurs and start their own businesses. This stimulates the entrepreneurial culture of the larger organization, and enables it to recruit other people with equally high intrapreneurial capacities. A certain amount of staff turnover is not in itself a bad thing. It allows new elements to be brought in. It is better to have a more intrapreneurial human resources portfolio, at the risk of losing some people, than to have a less motivated organization because intrapreneurial people are not hired in case they decide to leave later.

There are ways of distinguishing between intrapreneurial and entrepreneurial criteria. Research in the field of entrepreneurship has shown that models have a significant impact on the culture and self-awareness of entrepreneurs. The more entrepreneurial models a person has in his or her family or larger circle, the greater the possibility that he or she will go on to become an entrepreneur. We also know that certain ethnic groups, families and regions tend to generate more entrepreneurs than others. Immigrants are more likely to become entrepreneurs than the native citizens of their country of adoption. In the recruitment and selection process, a few well-placed projection questions will soon reveal the long-term goals of the candidate.

Although the selection process can play a major role in establishing an intrapreneurial culture, the psychological contract established between the new employee and the organization is equally important in determining what will happen in the future.

**Psychological Contract**

When entrepreneurs employ people, they establish a psychological contract to govern what each party expects of the other. The contract forms the basis on which the relationship between the employer and the new employee is built. It establishes self-space for each party, and defines the error entitlement that is acceptable to both sides.

Sometimes, entrepreneurs will use more intrapreneurial selection criteria and a more intrapreneurial psychological contract for certain areas of the organization. They may also establish complementarity by recruiting some people who are more entrepreneurial than others. The self-space established by the initial psychological contract will usually expand as the actions of the new employee increase the amount of trust that can be placed in him or her.

If initial selection is based on at least one intrapreneurial criterion, and if the psychological contract also has some intrapreneurial guidelines, the organization will obviously have a better chance of generating intrapreneurial behaviour among its employees. If the reverse is true, and a new leader tries to transform a lifeless organization, a new psychological contract will be required for the people in place. The leader will need to offer intrapreneurial training to produce more intrapreneurial behaviours and attitudes and a more intrapreneurial organization culture. Some excellent methods of doing this include real-life cases, simulations and role-playing.
Intrapreneurial Tools

The introduction and maintenance of intrapreneurial practices can be stimulated by a set of change support tools. If company leaders want to develop an intrapreneurial culture and intrapreneurial practices, they must act accordingly. In the following paragraphs we suggest tools that may be useful in doing this. Some are traditional, while others are more avant-garde.

The first, and certainly the oldest, best known and most practical, is the suggestion box. Although not unanimously approved, it nevertheless deserves consideration. There are many variations on this theme. A well-managed suggestion box will produce results. The rules must be clearly stated, applied fairly for everyone by a committee of at least three people, and the employees whose suggestions are retained should receive a worthwhile reward – we suggest 50% of the amounts saved during the first two years of implementation.

We suggest that 10% of the total receivable value should be paid to the employee as soon as the suggestion is retained. The rest can be paid in two instalments, at the end of each of the first two years of implementation. In almost every case, successful suggestions will change the financial forecasts, either positively or negatively, depending on a set of factors not anticipated when the study is carried out. Delaying payment with the possibility of adjusting it if the results are not as anticipated will maintain the proposer’s motivation to ensure that the implementation is a success. In many cases, the original suggestion will have to be modified en route.

A second tool is the entrepreneurs’ club, or the intrapreneurs’ club as it is called in some organizations. This is a way of giving public recognition to people who play an intrapreneurial role by introducing a change, an innovation or a new element into the organization. New members receive a cheque for $1,000 or more, at a gala dinner held once a year, when their membership becomes official. A short five- or ten-minute video is shown, illustrating their contribution. At the same time, a press release is sent out and a special edition of the company newsletter is produced, with photographs of successful employees and a brief description of their innovations.

Membership usually lasts one or two years, although in some companies it lasts a lifetime. Club members are invited once a month, or more frequently in some cases, to present their innovations and describe how they went about proposing them and obtaining acceptance, at meetings of the company’s different departments. In some companies, club members and former members are invited to act as mentors for other employees who wish to propose innovations. All these activities not only help generate acceptance of innovation and change, but also create a dynamic that stimulates them. Again, it is important for the rules to be known to everyone and applied rigorously and fairly. A club such as this exists at Bell Canada, and its dynamic effects on the organization have been considerable.

A third tool is based on the well known 3M system. At 3M, any employee can suggest a new product. Feasibility studies may be carried out, and if the company decides to launch the product, the person who proposed it is rewarded. Some companies have gone even further than 3M, and have introduced networking systems to encourage their employees to go into business. Examples include Thomson in France, and Alcan in Canada.
Why go so far? What do these companies stand to gain?

All the cases studied involved very large companies that needed a combination of many different elements to maintain or generate an intrapreneurial culture and intrapreneurial practices. Some of these companies have introduced annual venture creation competitions, where the winners receive a bonus of between $10,000 and $25,000. In addition, their salaries are paid for the first six months or one year after they leave the company, to enable them to survive the initial period in business for themselves.

The winning projects are often closely related to the main organization’s activities. In reality, most of those selected involve subcontracting. Some large firms even guarantee to buy the subcontracted product or service for up to a year, to help the newly created company to become established. It is in its interest to do so, because in many cases such projects allow it to reduce its costs substantially, and hence to improve its competitive edge.

In some cases, the projects involve taking over a division that has become unprofitable. In other cases, they involve market niches that the organization does not want to lose to a competitor. Some large firms go so far as to create risk capital corporations that allow them to enter into permanent or temporary partnerships with the new entrepreneurs. The activities generated by the competition, its ups and downs, and the presence of the new entrepreneurs all help create an entrepreneurial culture both inside and outside the company.

This can have quite significant effects in regions where large firms are essentially alone. These effects become even clearer during negotiation of collective agreements, for example, because the image of the firm tends to be more positive in the community. As there are more entrepreneurs and small businesses in the community, it also means that more elements from the community are able to defend the entrepreneurial spirit and ideology.

A fourth type of tool is the recovery period. Some of the fastest growing of the hundred or so successful enterprises we studied over a 20-year period in more than 30 countries had introduced such a practice. Every three years, for a period of one year, the enterprise implements no new suggestions. During that year, management spends two days a week listening to people who come to make one-hour presentations on their innovation projects, usually with the help of audio-visual materials.

This practice was introduced to give the personnel time to recover, and also to maintain their motivation to suggest changes and innovations. In most cases, the people who make the suggestion also implement it. During the implementation periods, they work very long hours, in the evenings and on weekends, and sometimes even during their vacation. The company had observed that, over the years, these highly motivated people made fewer suggestions. They were tired. They were under pressure to spend more time with their families.

The recovery period generates a thirst for change. It also leaves more time to prepare and plan the economic aspect of implementing the selected innovations. For example, in the case of new product development, it leaves time to carry out more complete market surveys and to check what has been done in other countries or on other continents. The Pareto curve applies almost everywhere to almost everything. We estimate that 10% - 20% of the people suggest 80% - 90%
of the innovations implemented in an organization. A recovery period is a way of encouraging prolific innovators to keep on innovating.

Many other intrapreneurship support tools can also be introduced through training and learning activities. Good examples are monthly conferences at which people such as university professors, consultants, entrepreneurs and intrapreneurs talk about the different dimensions of entrepreneurship, and different entrepreneurial practices. It is up to each individual company to establish its own intrapreneurial plan every year.

**Appraisal Using Intrapreneurial Criteria**

Here, personnel appraisals are carried out using intrapreneurial criteria. Although there may be different levels, the criteria should be known to everyone. The human resources appraisal criteria determine the rules of the game that shape entrepreneurial cultures. Not only should intrapreneurial activities and behaviours be recognized, but they must also be valued. This is vital if they are to persist within the organization.

**Conclusion**

Raymond Kao has often written that man is the image of his environment. He has also opened our minds to the fact that organizations could do much more to generate an intrapreneurial spirit. In reality, they do not have a choice. If they want to survive, they must be intrapreneurial. However, it is difficult to make sweeping changes to the organizational culture and behaviour without changing a certain number of people.

To be intrapreneurial, organizations must establish formal structures that reflect their informal structures. In intrapreneurial organizations, communication must be open and easy. They become places where ideas are generated. On the other hand, a certain amount of friction will also be created. It is difficult to generate new ideas without arousing some resistance to change, and hence some friction. Resistance to change increases with age. It is also rooted more deeply in people who stay in the same jobs for more than five or ten years.

Intrapreneurial organizations are those that reward success and minimize error. Organizations that place too much emphasis on mistakes kill the desire to act. It is better to reward success than to punish error. Organizations that place too much emphasis on error are often perceived as offering very little potential for growth, and thus fewer chances of promotion. And they end up in this situation because of the culture they develop.

In this chapter, we have presented a systemic thinking and visionary approach to intrapreneurial action. A few days of training a year for all organization members, using this approach, can actually transform an organization. We must always remember that thinking comes before action.
Bibliography

