Entrepreneurs and Intrapreneurs in Corporations

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Corporations are essentially fascist and incompatible to democracy, says Noam Chomsky (1994). While they mimic human concerns — caring and altruism — they are ruthless in getting what they want. This trait in clinical terms as per the WHO guidelines qualifies a person to be called a psychopath. A recent Canadian documentary by Achbar, Abbott and Baken (2005) has called corporations psychopath. The general implication of this characterization of companies or corporations is in terms of their culture that essentially reflects the top-down control. The intrapreneurs who are typically defined as entrepreneurs within established organizations and described as intra-organizational revolutionaries — challenging the status quo and fighting to change the system from within thus being a cause of potential organizational friction — are not a natural fit in such cultures. Nevertheless, they are there driven by their internal locus of control, reinventing companies, transforming them, pushing them up to new highs — sometimes with and most of the times without the top management support.

CREATING INTRAPRENEURSHIP PARADIGM

Gifford Pinchot (1985), one of the originators of the term ‘intrapreneurship’ had observed that intrapreneurs are people who dream beyond their mundane domain of something unusual. Way back in 1990, an experiment was carried out in BPCL, Chennai that well illustrates this statement. It took place in an unlikely place—a project department of an established company—which hardly had any visibility even within the organization. It is just the dream of doing something unusual that propelled the people to do it.

A project is generally seen as a unique enterprise accomplished by the cross-functional team within a pre-determined cost, time, and quality parameters. This conception tends to make projects opaque in terms of the logic behind their work package formation and performance parameters. Consequently, it obviates the possibility of learning through successive executions. Projects may be unique at the aggregate level but, if they are decomposed, their constituent sub-systems do bear commonality across projects which can promise significant learning benefits to organizations. Project people take pride in project completion within the prescribed cost, time, and quality. But, in the absence of a scientific basis for setting these
parameters, the entire exercise becomes suspect. This was a classic fallacy in project management particularly in the public sector. Generally, in order to make projects attractive for approving authorities, PSUs tended to depress their cost and time estimates. The quality parameter never figured beyond project configuration and hence stayed just as a theoretical notion. Once approved, projects underwent several revisions of cost and time estimates which were then approved as fait accompli. Eventually, when projects were completed, they were assessed vis-à-vis the last approved cost and time parameters which, by design, were significantly cushioned to claim project success. This phenomenon ruled project management in the public sector which spent most resources of the country until 1990s.

The experiment envisaged embedding learning into project processes so as to overcome this fallacy and take project management to a successive superior plane. The task set comprised planning and execution of engineering projects such as setting up of oil storage depots and LPG bottling plants and laying of pipelines over the four states of South India. There were some 30-40 projects of varying sizes at any point in time at various stages of their PLCs. The established practice dealt with this task set by clustering projects on approximate criteria of geographical togetherness and load equalization and assigning them to project teams of three to four people. Project teams then did everything: designing, planning, scheduling, contracting, and execution at site. The teams assumed autonomy and only reported to the Head with practically no communication across them. While each followed the same template for planning and contracting, there was no comparability across the teams or projects. The construction was contracted-out to a set of contractors who had a long association with the company. The predominant concern was compliance with procedures so as to avoid adverse audit comments.

The dream was to transcend the stereotypes and achieve pure excellence. The requisite change was modelled using cybernetics principles which relied on the small orgasmic teams bound together by multiple information and feedback loops within a new cultural paradigm. The relative isolation of project department from the mainstream was used to create this paradigm of open, supportive, entrepreneurial, and ‘fun-and action-oriented’ culture. New artifacts, values, and assumptions substituted the old ones. It was a feat to create an antithetical paradigm of sub-culture within an established organization. With rudimentary resources, such as DOS and FoxBase platform and a single PC, the entire project management process right from budgeting to capitalization was automated with entirely in-house resources. It induced visible change in the working of people. The computerization initiative eliminated drudgery, enabled sophisticated analyses at every stage, created database, and provided scope for continual improvement. The orgasmic modular teams that handled project planning, sourcing, and execution — structurally interdependent and, therefore, in perpetual communication with each other — ensured continuous learning and consequently improved performance. Each person had a strategizing and intrapreneurial opportunity to excel. The excellence orientation and team spirit was so deeply internalized that soon the invisible department frustrated and demoralized others in every competition. The results in project management just created new benchmarks for the industry.

The most distinguishing feature of this exercise was absolute insularity from others. No support was sought nor expected from the top management. Only after the experiment began bearing results was it disclosed to the outside world. The organizational politics responded with skepticism. Following one of the presentations, the concerned Director visited the department to verify the facts and spent the entire day with the people hearing incredible stories. Unlike theoretical models, the experiment did not have a few select change agents and followed an approach that everyone was important, everybody had equal stake. Various fora that were created to establish new cultural paradigm were a near-perfect demonstration of authority neutralization. The experiment stressed on the assumption that every individual was capable of much more than his/her formal role and that he/she was willing to contribute and learn. For example, a peon, who was an office bearer of a vociferous staff union, managed many administrative tasks on the computer when most middle and senior level managers in the company did not know how to switch it on and the unions were generally opposed to computerization.

**AN INSTANCE OF ENTREPRENEURSHIP**

In contrast to this unacknowledged instance of intrapreneurship, a much publicized organization-wide change was undertaken a decade and half later. The advent of globalization impelled companies to rethink their practices. A massive exercise was launched by the top
management with the help of a foreign firm. The methodology employed comprised co-creation of vision, establishing current reality, identifying gaps between the vision and the current reality, and finally evolving an action plan to bridge the gap. The process involved a cross-section of people all over the organization undergoing a series of workshops. The exercise indeed galvanized the entire organization. The most important factor behind the exercise, however, was the visible top management sponsorship. An elaborate change management process was carried out with the help of coaches who were selected and trained by the consultant. These coaches carried out three level programmes: At the first level was the learning programme called Foundations in Organization Learning (FOL); at the second level, it comprised team processes through the programme — Visionary Leadership and Planning Programmes (VLP); and, at the third level, it was facilitation of Business and Process Council meetings by coaches. This exercise resulted in a restructured organization comprising six SBUs that ostensibly focused on their customers and the support entities in place of the functional ‘silos’ in the old structure. The new structure was glued with various councils for corporate coherence. Later, the same change process was extended to ERP implementation which marked a complete transformation of the company.

What is common in these two examples is that both aspired for radical transformation inspired by a dream to do things different. Beyond this, however, both differed in every possible respect. The fundamental difference stemmed from their characteristics: the first case of the change in project organization was entrepreneurship whereas the second one, viz., that of restructuring the organization was entrepreneurship. Looking at the sheer business requirement, one of the foremost entrepreneurial tasks should be to provide for intrapreneurship in the organization.

THE PARADOX OF CORPORATIONS

Intrapreneurship may be said to be more important than entrepreneurship. Because while entrepreneurship creates organizations, it is intrapreneurship that drives them to glory. Why do scores of companies fail and close down every year? The reason is not entrepreneurship but the lack of intrapreneurship in managers in such companies who could not save them from collapse. In the dynamic world that we live in, the companies falter with outdated business models conceived by their entrepreneurs. It is intrapreneurs who set them right and go on reinventing organizations. However, intrapreneurs are not always welcomed in organizations. That is the paradox of organizations. The established organizations develop inertia, love stability, and have people at the realm who ensure it. It is rare that mavericks with intrapreneurial streak reach the top. Intrapreneurial traits are not compatible with the demands of stability. The dictates of most organizations would be that the intrapreneur should ask for permission before attempting to create a desired future. Intrapreneurs know that if they seek permission, they would not get it. Instead, they would sap their ideas of all vitality through official channels and render them useless. The intrapreneurs, therefore, would not ask for permission; they would prefer to act first as the first case illustrated.

I have come across a company which illustrates the relative importance of entrepreneurship and intrapreneurship. This company was promoted by big names in the public sector at the instance of the government as one of the measures to deregulate the oil industry. As the government is wont to do, it not only specified the business model but also dictated the architecture of the company. None of the promoters had willed for it but to demonstrate compliance, they put in money and cajoled others to pay. The company was formed in the private sector but the MD was taken from one of the PSUs at a salary which was nearly three times his previous one. A few people were recruited from the market but most came from the PSUs on deputation. The company functioned for eight years and executed three projects under three JVCs at a total cost of over Rs. 14 billion. Right through these eight long years, there were repeated signals about the unviability of the business model but everybody chose to stay in a compliance mode. With the change in the government, the parent companies began scheming against their own child and engineered a policy change that reversed the premise on which the company was formed. Even then it could not bestir the management of the company out of its compliance mode. The company could be easily revived with just a slight redefinition of its mission and tinkering with its business model. When the resources were locked, the new MD who was brought in to close the company struggled to bypass the closure process and revive the company but none would listen to him. The lack of intrapreneurship had driven the company to death. But, what caused the
lack of intrapreneurship is the real question. The caselets discussed in this paper illustrate that the top management initiatives are not intrapreneurial in nature as intrapreneurship is the domain of the people in the organization. The blue-eyed boys of the establishment are not necessarily intrapreneurs. Organizational politics is the biggest enemy of intrapreneurship and congenial culture is its biggest catalyst.

REFERENCES


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*Effective innovations start small. They are not grandiose. They try to do one specific thing. It may be to enable a moving vehicle to draw electric power while it runs along rails – the innovation that makes possible the electric streetcar. Or it may be as elementary as putting the same number of matches into a matchbox (it used to be fifty), which made possible the automatic filling of matchboxes and gave the Swedish originators of the idea a world monopoly on matches for almost half a century. Grandiose ideas, plans that aim at revolutionizing an industry, are unlikely to work.*

*Peter Drucker*