



BlinkLane Consulting

Agile Corporate Entrepreneurship

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EXECUTIVE SUMMARY

WHY

Due to the fast-changing business environment and technical disruptions, organizations are demanding higher entrepreneurial skills to cope with uncertainty, risks and innovation.

HOW

After conducting a secondary research, this paper summarizes the main findings of previous papers on the added value of entrepreneurship and concludes recommendation on introducing Agile Corporate Entrepreneurship in large organizations as an opportunity to cope more successfully with the current business climate.

WHAT

In 1983, Miller proved that business leaders' way of thinking and behavior have the strongest influence on the company's success. Sarasvathy researched (2001) different types of leaders and found that there is a significant difference between entrepreneurs and managers. He states that entrepreneurs change their goals based on their given means, and managers adjust their means based on their set of goals. Therefore, entrepreneurs can deal better with change and uncertainty. Burns' research in 2011 supported this theory and concluded that entrepreneurs beside their ability to live with uncertainty and take greater risks are also characterized by their unique traits of autonomy, internal locus of control, opportunism, innovativeness and self-motivation. Therefore, large organizations are advised to have more people with entrepreneurial traits in order to deal more successfully with the fast-changing business climate. By introducing Agile Corporate Entrepreneurship in their organization, they can build a culture and infrastructure that supports entrepreneurship, collaboration, experimentation and innovation with the goal of reaching sustainable business and market growth.



INTRODUCTION

The Darwinian “survivor of the fittest” evolutionary theory, according to which “it is not the strongest or the most intelligent who will survive but those who can best adapt to change”, has never been more appropriate than at present time.

“It is not the strongest or the most intelligent who will survive but the one who is the most adaptable to change.”
(Leon Megginson, 1963)

In today's fast changing technological and business environment, people's and enterprises' ability to cope with change decides between success and failure. This is the reason why many large organizations that refused to change and innovate went bankrupt (e.g. Blockbusters and Kodak) and tech startups entrepreneurs who dared to disrupt the status quo became billionaires almost overnight (e.g. Facebook, Amazon, Google). As a result of the abundantly accessible Internet and information, the focus shifted from the production industry to the more service focused and IT industries (Horsaengchai and Mamedova, 2011). These businesses demand higher entrepreneurial skills due to the lack of uncertainty and risk

associated with new innovations and change in the environment. Therefore, entrepreneurship became even more frequently discussed and analyzed topic by academics.

ENTREPRENEURIAL ORIENTATION

In prior studies, entrepreneurial orientation was researched mostly on a company-level. A widely accepted and used definition of entrepreneurship is “a multidimensional concept encompassing the firm's actions relating to product-market and technological innovation, risk-taking and pro-activeness” (Miller, 1983). Beside uncertainty and innovation, another outcome of technological disruption and internationalization is that they continuously challenge the status quo and the power-structure of big firms, many times deconstructing them to smaller, more flexible units (agile way of working). This increases the need for intrapreneurship and corporate entrepreneurship as the smaller units often act as ‘startups’ within a large organization.

In 1983, Miller stated that the most influential factor in entrepreneurship is the personality of the company leader. As all processes



are reinforced by people, if business climate requires higher entrepreneurial orientation from organizations, decision-making professionals need to be able to think and act more entrepreneurially. This social capital is unique to each firm, largely invisible to competitors, and difficult for them to imitate (Galaskiewicz and Zaheer, 1999). Fortunately, researchers have recently been focusing on the concept of characteristics, attitudes and activities of entrepreneurs and its derivatives. Economists have associated entrepreneurs with innovation, whereas behaviorists have concentrated on the creative and intuitive characteristics of entrepreneurs. Thus, *what makes an entrepreneur entrepreneurial?*

Why are some people always one step ahead of the rest of us? This paper focuses on the entrepreneurial orientation of professionals and their ways of thinking, behaviors and methods of boosting entrepreneurship in agile organization in order to support coping successfully with uncertainty in the current business climate.

DIFFERENCE BETWEEN THE DEFINITION OF MANAGERS AND ENTREPRENEURS

There is no universally accepted definition of 'entrepreneur' and this term is in many cases misunderstood; therefore, both Sarasvathy (2001) and Burns (2011) made a distinction between owner-manager and entrepreneur for the purpose of clarification. Ownership of a venture is not necessary to be an entrepreneur and ownership does not automatically result in entrepreneurship. Professionals may play entrepreneurial roles without ever becoming business owner-managers, either by working within large corporations (as intrapreneurs or corporate entrepreneurs) or by becoming self-employed without creating a company. On the other hand, business (owner-)managers are not necessary entrepreneurs. They might not create companies, only buy them. They might not have vision, overall plan or specific goal of what they want to do with the organization. Moreover, some owner-managers do not develop new products or markets and remove themselves from the day to day management (Filion, 1997).



According to Burns, entrepreneurs “can be described in terms of their character, judged by their actions and one of the major factors differentiating them from owner-managers is the degree of innovation they practice.” Furthermore, he proposed that entrepreneurs possess all owner-manager personality traits; however, they have some additional unique qualities. These unique qualities are the following:

- need for independence/autonomy
- internal locus of control/self-confidence
- ability to live with uncertainty and take greater risks
- opportunism/pro-activeness
- innovativeness/visionary with flair
- self-motivation

AUTONOMY consists of all the independent action by an individual or team aimed at bringing forth a business or vision and carrying it through to completion.

INTERNAL LOCUS OF CONTROL is entrepreneurs’ (many times unjustified) belief in controlling their own destiny and in the future of their ideas even in a case of extreme uncertainty. They discount fate and

luck and they consider success only as a result of their effort and act of taking advantage of opportunities.

RISK TAKING means making decisions and taking action without certain knowledge of probable outcomes; some undertakings may also involve making substantial resources in the process of venturing forward.

OPOPORTUNISM is a pro-active and forward-looking perspective, a characteristic of seeking out opportunities and acting quickly and decisively to make the most out of it in anticipation of future demand. Pro-activeness focuses on the incremental approach of learning by doing.

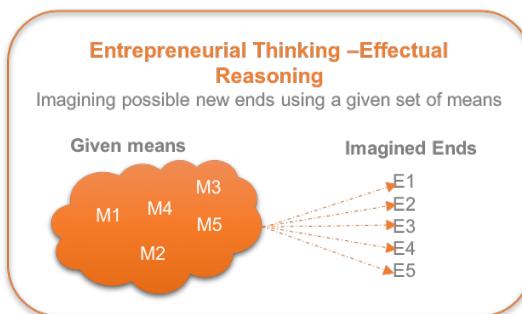
INNOVATIVENESS describes visionary people who are willing to introduce newness and novelty at the right place and at the right time through experimentation and creative processes aimed at creating new products and services and exploiting opportunity to grow businesses.

SELF-MOTIVATION is an entrepreneurs’ intrinsic drive for achievement resulting in commitment and determination towards success.



DIFFERENCE BETWEEN THE THINKING OF MANAGERS AND ENTREPRENEURS

Sarasvathy (2001) researched the differences between how entrepreneurs and managers think.

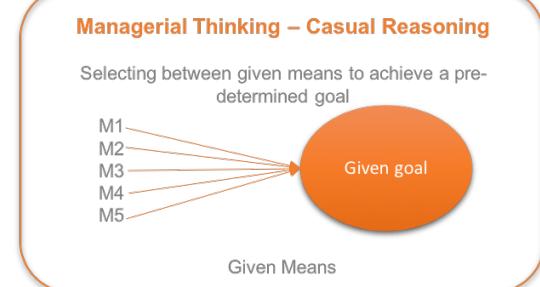


Entrepreneurs' goals are broad and evolve based on personal strengths and resources; therefore, they market their products or services as quickly and as cheaply as possible; thereby, following the principle of 'affordable loss'.

"According to the effectuation logic, you can maintain control by taking small steps in one direction instead of working towards long-term goals with unpredictable outcomes. By approaching decision making this way you can avoid investing time or money that you are not actually willing to lose." (Sarasvathy, 2001)

They prefer to 'learning by doing' and partner with stakeholders. They often use 'effectual reasoning', which means that they do not begin with a specific goal but the starting

point of any of their thoughts or actions is their given means. For example, who they are, what and whom they know or have at their disposal; and their goals emerge contingently over time. This is reinforced by their usually above average opportunity recognition skills and diverse imagination.



On the contrary, managers and strategic thinkers use 'casual' and 'creative casual reasoning' respectively. These start with a given set of means and seek the optimal and logical way to achieve a pre-determined goal.



The difference between managers and strategic thinkers is that the latter are able to introduce new means beside the given ones. In practicality, casual rationality requires a detailed plan from the manager to get



access to the needed resources and to attain the pre-determined goals. That is very much contrary to the previously discussed effectual reasoning (entrepreneurial thinking), which starts with the ability of the entrepreneur and continues with the creative management of available resources in order to discover new goals.

WHAT ARE THE FIRST STEPS TOWARDS AGILE CORPORATE ENTREPRENEURSHIP?

Step 1: Understand Agile Corporate Entrepreneurship

David Slocum (2017) summarized the essence and necessity of entrepreneurial thinking in Agile Corporate Entrepreneurship nearly perfectly in his Forbes.com article:

“Agile corporate entrepreneurship employs openness, imagination, and adaptability to unleash the full potential of people, experimentation, learning, and collaboration. To achieve and sustain meaningful innovation and transformation in corporate settings, leaders must know how and when to sense, analyze and respond to dynamic situations and diverse people, and to learn from their actions. This requires greater flexibility, iteration, and

speed than many of these leaders or their organizations have previously exercised.”

Step 2: Become a Lean-Agile Enterprise

Introducing lean-agile principles and frameworks at corporate organizations can help to create an entrepreneurial culture and to facilitate processes focused on addressing business opportunities and challenges in the shortest sustainable lead time. The right framework and set of common practices create the supporting environment that inspires professionals to stretch out towards effectual reasoning (a.k.a. entrepreneurial thinking). This is the reason why it is not surprising that most large organizations are already busy in one way or another with organizational transformation, mainly introducing and/or scaling the agile way of working, moving towards lean enterprise and introducing design thinking and lean startup principles.

By adopting the Agile Manifesto (2001), corporations prioritize the following principles in their strategies:

- People over processes and tools
- Working prototypes over excessive documentation



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- Respond to change rather than follow a plan
 - Customer collaboration over rigid contracts

These principles enable organizations to utilize the existing and more predictable markets through efficient operations and explore uncertain and potentially high-growth business opportunities. Because the latter requires an attitude of accepting failure and short-cycled learning loops, it forces management to analyze and respond creatively and strategically to uncertain and shifting situations. Therefore, they need to think and act like entrepreneurs do. By reassuring employees of not being punished when their ideas fail, large organizations enable them to look for new opportunities.

Step 3: Enable through education

Despite the fact that entrepreneurial orientation is partly genetic, some skills can be studied and trained. Most managers and teams do not have a clear overview of their means, therefore, mapping out their core values and attributes can help discover opportunities for innovation and creativity. With exercises like value, competence and network mapping, one can learn his or her uniqueness and given means. Large

organizations can provide these kind workshops to inspire and challenge a new way of thinking from managers.

Step 4: Champion your intrapreneurs

In addition, corporate leaders need to recognize and champion entrepreneurial actions of their people in order to set a good example and boost motivation. Sharing the common vision, educating on internal locus of control and applying trust in the abilities and professional opinion of employees are the keys to enable anybody in a corporate environment to become an intrapreneur. Intrapreneurs are the most important change agents of entrepreneurship as they behave like entrepreneurs within large organizations by integrating risk-taking and innovation approaches and practicing reward and motivational techniques.

“Intrapreneurs are dreamers who do. Those who take hands-on responsibility for creating innovation of any kind, within a business.” (Pinchot, 1984)

Intrapreneurship helps organizations generate new business growth through implementing the startup practices within a large organization, producing valued innovation and



suggesting change with caution. Intrapreneurs are busy with continuous improvement of intrapreneurial strategies targeting opportunistic market growth, creating an entrepreneurial mindset and infrastructure within the company and taking on leadership roles to drive sustainable organizational growth.

Step 5: Give time to change!

Adopting a new mindset and changing organizational behavior is a long change management process and one of the most difficult leadership challenges. As Peter Ducker wrote it in 2002, “Culture Eats Strategy for Breakfast”, because an organization’s culture represents its deepest values, beliefs and habits. Changing this is a large-scale undertaking that usually lasts a long time. But if the goal is clearly defined, the reasons for change are well explained and the management is patient and supporting, any organization can introduce Corporate Agile Entrepreneurship in its culture.



SUMMARY

To sum up, there is a growing need for managing uncertainty better within big organization due to external changes driven by technological innovation. Entrepreneurial thinking and behavior cope better with uncertainty, risks and innovation than traditional managerial thinking, because entrepreneurs use effectual reasoning, always adjusting their goals according to their given means. Agile Corporate Entrepreneurship introduces a new company culture and infrastructure that fosters intrapreneurship and entrepreneurial actions of any employee; pro-activeness, experimentation, collaboration, innovation and educated risk-taking. However, it requires a serious transformation of the traditional way of management to agile leadership. This can be done by understanding Agile Corporate Entrepreneurship, putting lean-agile processes in place, recognizing and supporting intrapreneurs and understanding change management in terms of complexity and time.



PERSONAL REFLECTION

Agile Corporate Entrepreneurship might not solve all corporate challenges and it is definitely difficult to introduce in an organization that has been working bureaucratically for decades. Agile Corporate Entrepreneurship is a transformation process, that takes time, dedication and willingness to fail and learn. This process will probably never completely come to an end, because entrepreneurial thinking is evolving daily and creates new opportunities for improvement. This is the reason why all of the newest and most successful organizations keep being heavily invested in nurturing and growing their entrepreneurship ecosystems. Thus, old-fashion bureaucratic corporates better join in now and realize real change in the way of their work, otherwise in a fraction of time they will become the next extinct showcase of business history and soon all MBA students will study their companies as the new 'KODAK business case'.

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BLINKLANE CONSULTING

BlinkLane Consulting is an advisory firm founded in 2007. In the last decade we have evolved together with our clients. We continuously innovate our services to keep delivering the value our clients need in order to deal with today's and future challenges. We help our clients increasing business value from IT investments, act more agile and innovative and transform their organizations for the future. In 2018, we will focus on the following themes:

- Digital Transformation
- Organizational Agility
- Strategic Sourcing
- Innovation & Venturing

THE AUTHOR

Kitty Makra is an organizational transformation and innovation consultant. She has 6+ years of experience in managing the incubation phase of data-driven customized IT solutions. She has co-founded several startups and strategic alliances. She holds an international master's degree in Change Management of TIAS School for Business and Society and attained her Bachelor's in Business Studies with focus on Chinese Business Relations at Oxford Brooks University.

Kitty is known for her entrepreneurial mindset and creative solution-oriented attitude. She is driven to introduce her takeaways of the startup world to corporates. She is motivated by working on business model innovation and challenging Lean-Agile transformation projects. She is passionate about meaningful inventions and innovations with the focus on creating better businesses.



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