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Innovation management best practices

In celebration of the intrapreneur[1]
By Harvey Schachter

Entrepreneurs have become modern heroes. We celebrate them for creating and commercializing wondrous products or services that change our lives and keep the economy humming.

But that misses some important facts about innovation, according to Kaihan Krippendorff, founder of Outthinker strategy consultancy. He looked at the 30 top innovations of the past three decades identified by Wharton Business School and found that only eight came from entrepreneurs while 22 were conceived by employees of firms – intrapreneurs, not entrepreneurs.

And while the entrepreneurial myth tells us innovations are developed after creation by one person or a small team only seven of the 30 were developed in that way. Most transformative innovations come to life when a larger community forms around the idea to develop it. Finally, only two of the innovations were commercialized by the original creators.

Interestingly, more than 50 per cent of the time –16 out of the 30 innovations – the innovator lost control of the product and competitors in existing firms took over. "Then, through a battle of players seeking to commercialize the innovation, the innovation scales," he writes in *Driving Innovation from Within* (https://cup.columbia.edu/book/driving-innovation-from-within/9780231189521). "New ventures don't scale innovations; competitors do."

He says that forces us to rethink innovation. We are all waiting for the next entrepreneurial big idea from a fledgling company when in fact existing corporations are where we should be focused. More to the point, we should be celebrating intrapreneurs instead of treating them as a rarity.

Here are four factors that he argues gives internal innovators a big advantage:
- They have scale that entrepreneurs cannot easily match.
- They have access to multiple capabilities under one roof, tapping technology and experts from across the organization.
- They can take advantage of resources their company has to invest while entrepreneurs have to continually raise funds.
- They can diversify risk, making many bets rather than just clinging to one prized innovation.

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Entrepreneurs tend to be innovative, market aware, and proactive – willing to act autonomously. He says internal innovators share those attributes but add to it a strategic approach to risk, political acumen to make things happen in their organization, and strong intrinsic motivation since unlike entrepreneurs they won't make heaps of money if their idea succeeds.

Many intrapreneurs flop, of course. Looking at the difference between successful and unsuccessful ones he came up with seven barriers, some within the individuals and some within the organizations. First, many lack sufficient intent, abandoning their original impulse fairly easily. Second, most employees do not understand what kinds of innovations their organizations need; he points to a study that found fewer than 55 per cent of middle managers can name even two of their company's strategic priorities. Also, internal innovators too often fixate on a few or even one idea rather than continuing to come up with a flow of possibilities – a portfolio of options -- for their bosses to consider.

Moving to organizational factors, he notes that innovative ideas can be disruptive to a company's current business model and so the effort ends up inhibited or blocked. Established organizations often create a catch-22 for intrapreneurs, demanding they prove an idea will work before they can take action when they need to take action to prove it will work. Corporations also hamper internal innovation by the nature of their structure – silos, a tendency to act slowly and a preference for results to learning. "Successful innovators recognize that pursuing new ideas often requires the opposite; they pull together a cross-silo team that runs at a rapid pace and is geared towards learning, rather than delivering results," he writes.

Finally, the political environment can be a stumbling block in many organizations. He says successful internal innovators figure out how to create "islands of freedom" from which they can access the talent, structures and leadership support needed to push ahead. Intrapreneurs need to be skilled political leaders, deft at bringing coalitions together and maneuvering through the barriers cited by Mr. Krippendorff. In some ways, they fit the mould Stanford University professor Debra Meyerson identified in her 2001 book *Tempered Radicals*: Cautious and committed catalysts who keep going and slowly make a difference. They are eager to rock the boat but also eager to stay within.

We need to celebrate them as well as the brash, bold entrepreneurs who usually garner the magazine covers and invitations to speak at business schools.

Cannonballs

McKinsey & Company found of the 50 most value-creating roles in an organization, only 10 per cent report directly to the CEO. Sixty per cent are two levels below, 10 per cent even farther down, and interestingly 10 per cent are roles that don't even exist.

Columbia Business School professor Rita McGrath says (https://www.hmhbooks.com/shop/books/Seeing-Around-Corners/9780358018971) the problem in corporations is not coming up with ideas but fighting through the bureaucracy to get the necessary approvals. Adobe's Kickbox program is a kit for intrapreneurs on how to push creative ideas, including a $1,000 prepaid credit card to start experimenting, on the premise that the $1 million invested in the Kickbox program could lead to 1,000 bets for the company of $1,000.

Disney CEO Robert Iger says (https://www.leadershipnow.com/leadingblog/2019/10/robert_igers_20_leadership_les.html) good leadership isn't being indispensable but about helping others be prepared to step into your shoes.