Evoking Entrepreneurial Culture Through Strategic Experiments

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Organizational culture implies and progressively dictates the practices, etiquette and behaviors that would be embraced as instrumental or those that would be detrimental to a firm's evolution. Organizational DNA represents the definition of processes, structure, systems and people capability which can—paradoxically—act as obstacles to enabling an organizational culture that fosters entrepreneurship. This paper provides insights to top level management on how to evoke a more entrepreneurial culture by recognizing activities that exist within the boundaries and often underneath the corporate radar. It does so by outlining three main challenges adopted from a compelling framework for strategic innovations.

Within the confines of any organizational system there exists a unique, homogenous mode of conduct which is ubiquitously called 'culture' in the business domain. It is culture that acts as a 'control system' which operates unconsciously and institutionalizes values and assumptions that dominate organizational DNA. It is culture that could also, as research suggests, influence the degree of competitive advantage derived from innovation, team cohesiveness and consistent alignment of operations against high employee morale. Within this domain, the term 'entrepreneurial culture' titillates the corporate agenda towards embracing major change initiatives that aim to reengineer organizational DNA in an attempt to combat inertia, but which can potentially, especially in the case of large corporations, create many subcultures which might overlap and contradict each other. The purpose of such change initiatives and reengineering practices is aimed at empowering employees to think beyond their jobs and begin to understand their role in contributing to the greater organizational goal. Whilst everyone can appreciate that entrepreneurs in general rarely come from business schools and instead emanate from diverse fields such as mathematics, biology, arts and engineering, it is imperative that top level management consider the various contingencies in entrepreneurial activities that may be brewing within the confines of the organization or even from customers who are ensconced through a process of co-creation. This viewpoint was conceptualized when Steve Jobs proclaimed during his 2010 iPad release that

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"It's in Apple's DNA that technology alone is not enough. It's technology married with liberal arts, married with the humanities which yields the results that make our hearts sing."

So how can management firstly identify the various types of entrepreneurial activity that could potentially be at play internally? In answering that—we must understand that in the current highly integrated, globalized and dynamic corporate environment—entrepreneurs actually inhabit the hidden spaces in between, amongst and across organizations. An article entitled "Virtual Entrepreneurship", by Image5 LLC Principal Ray Symmes, summates these as Entrepreneur, Intrapreneur, Interpreneur and Extrapreneur. The purpose of this paper is to recognize that the individual characteristics defining these types of risk takers can be ensconced as a microcosm for the corporate enterprise in an attempt to influence an entrepreneurial culture.

As we are all familiar with the first variant (Entrepreneur), the Intrapreneur—coined by Gifford Pinchot nearly 20 years ago—refers to risk takers inside organizations who cultivate resources and employ innovative methodologies in an assertive attempt to improve organizational effectiveness, efficiency or performance. They can potentially emerge from a task force and operate as a team and flourish with the support of management to create sub-businesses within the greater organizational ecosystem. The Interpreneur, on the other hand, would represent a team that creates new ventures across organizations utilizing complementary resources. The parent entity or a top level management team of directors would dictate a specific ROI to be achieved by the new venture. An interpreneurial venture would therefore require not only unconditional support from the executive management team but also a clear set of principles and rules to be successful within the organization.

This builds into the next term of Extrapreneur which is distinctly attributable to a business pursuit which emanates with an open agenda that is across organizations or systems and of which its mission is to create value from separate but common competencies. An extrapreneurial pursuit would involve the utilization of organizational DNA and financial resources from the core entity, which is then appropriated to the new venture with specific business objectives.

So now that we have identified the variants of entrepreneurial pursuits, it must be noted that they each incorporate innovation, risk and implementation. They can also persist individually in an enterprise or amalgamate as a process that evolves through various stages, after which it establishes itself as the entrepreneurial paradigm. However, given the recognition of these types of activities which can often be endemic to specific corporate structures, how can executive management endorse an agenda that sets the imperative for entrepreneurial culture to emerge? It is a known fact that many attempts at creating the right environment, fostering the correct talent, breaking all the silos that inhibit innovation and implementing measurable metrics often fail at realizing the intended benefits. Whilst this has been the subject of various academic papers, case studies and management literature, there is a specific framework I appreciated which is extensively detailed in Vijay Govindarajan and Chris Trimbles' excellent book titled 10 Rules for Strategic Innovations: From Idea to Execution, which forms the basis for my suggestions that follow.

Essentially, the authors insightfully endorse the use of 'strategic experiments' as a basis for leveraging core capabilities from a 'CoreCo' and transpose, appropriate and adopt them within 'NewCo'—a business that exists complementarily with the core enterprise and one that has been

created as a result of the strategic experiment. This is also established as a strategic innovation and manifests as innovation in process or product but always involves unproven business models. Whilst this begs the question as to why would a company try something so risky, demanding and complex, the authors have included detailed case studies with their analysis and overview of the 10 rules with empirical and theoretical basis for their framework. Our interest lies in the mechanics of the 10 rules together with the concepts of CoreCo and NewCo that could be seen as useful microcosms for the cultivation of entrepreneurial culture through a controlled, maturity model type of initiative. The first insight which is useful from a corporate entrepreneurship perspective is the three high level challenges that are labeled as the Forgetting Challenge, the Borrowing Challenge and the Learning Challenge. It can be conjectured that when applied at an organizational level and when properly institutionalized through change agents and task force teams, the three challenges would act as a road map for the types of entrepreneurial activities previously mentioned and most importantly, transform the corporate culture to break through the grips of organizational inertia.

The Forgetting Challenge—as the authors describe—relates to activities, procedures and systems that transgress the established framework that the enterprise has in place to deal with problem solving and business development. The core success formula or business definition in this respect must be forgotten. Basic answers to questions such as how does the enterprise deliver value or what value does the enterprise provide must be dismissed. The application for our purpose here is that by endorsing a forgetting challenge, employees of an organization are stimulated towards challenging assumptions and thus embrace the need to innovate around processes. Whilst this may be counterintuitive, it could be incubated in a team of individuals that is firstly recognized. Such may include the aspiring intrapreneur individually or a team that could form as a task force to firstly identify subjects for the forgetting challenge, whether it be something defined in existing process or elements of the product development cycle altogether. For example, software companies often engage in product development through a rigid life cycle in a self-perpetuating maturity model. Whilst the majority of inputs into this system would come from the external environment, an organization that employs the forgetting challenge would stimulate internal and external stakeholders through serendipitous brainstorming process through a custom wiki, social or knowledge management platform. The very assumptions behind the development cycle could be challenged and hence 'forgotten'. Questions that could be pondered include how the strategic experiment (or attempt at creating New Co) differs from CoreCo in business model, capabilities and metrics. Whilst there are a multitude of suggestions that exist in the business domain on how to effectively brainstorm around innovation, the key to instigating the entrepreneurial imperative is to understand the mechanics of the broader mandate which is in this instance defined as the 'forgetting challenge' as the starting point for the recommendations that follow.

Whilst the forgetting challenge is important in concept, it is futile when it exists independent of the borrowing challenge. The authors of the said book, Govindarajan and Trimble, delineate the importance of borrowing CoreCo's assets such as existing customer relationships, distribution channels, supply networks, brands, economic and manufacturing capacity together

with expertise in a variety of technologies. The logic here is that whilst the forgetting challenge stimulates the entrepreneurial mindset, it is the rigidity of the borrowing challenge that ensures that the pursuit is not lost in an abyss of complexity and that key assets that have defined the success of NewCo are transplanted within the context of the strategic experiment. It is important that when this process initiate, the focus is cast on the strategic experiment, and that any emergent properties such as subcultures as quickly addressed as these could hinder the agenda altogether and the organizational teams might end up burning out. Now we might ponder that this is all great in theory and such a pursuit would consume scarce resources and create potential tensions especially at the prospect of NewCo cannibalizing Core Co's revenues and the status quo associated with nervousness that such activities might damage crucial CoreCo assets such as brands or customer relationships. This can be managed with communication strategies that educate stakeholders on the purpose behind the borrowing challenge with specific reference to NewCo acting as a microcosm for cultural change.

The final concept is attributed as the learning challenge which is equally as important as the incentive that drives entrepreneurial pursuits altogether. This concept ties in intrinsically to organizational learning which has attracted a great deal of energy and investment over the years. However, in this context, the crux of the learning challenge does not focus on knowledge management or dissemination but on the task of improving an ability to predict NewCo's performance which, after all, will determine whether the strategic experiment is a success or a failure. It's crucial that if the forgetting and borrowing challenges are conceived in theory and practice, the management team also endorses an iterative feedback cycle that constantly evaluates what the authors call the 'critical unknown'. These are contingencies that relate to market growth, competition, technology and profitability. In this respect, the imperative shifts to scientific models could be employed to evaluate the strategic experiment, given that the learning environment is far from ideal. Tools such as theory-focused planning are excellent and justifiable reference points in contexts in which accountability to numbers works well.

So now that I have explained the various types of entrepreneurial activities that could exist within the confines of an organization and also outlined the essence of the forgetting, borrowing and learning challenges, the onus really lies on the top level management to recognize and set the agenda for strategic experiments. By acknowledging the three challenges, the top level management would be better equipped at setting the cultural imperative on everyone in the organization, and you do not have to be a middle level executive to take advantage of this at all. ⊛

References

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