

HOW LARGE ENTERPRISES FIND THEIR ENTREPRENEURIAL DNA

- Entrepreneurship happens only in start-ups
- Entrepreneurship is an innate trait, not something that can be taught or coached
- Entrepreneurship is only about spinning off new companies



Such statements comprise the common lore around entrepreneurship. But these are premised on a fundamental lack of understanding of the term. Entrepreneurship represents the ability to find and solve grand challenges with unwavering commitment and zeal to surmount obstacles. It is not a product or privilege exclusive to start-ups, but a quality that large companies and even individuals can nourish.

Some of the most venerable Fortune 100 companies continue to pride themselves on their cultures of entrepreneurship. Lockheed Martin jealously guards its famous and now eponymous Skunkworks. Corning, founded in the early 19th century as a glassmaker, has thoroughly reinvented itself with entrepreneurial thinking and now manufactures technologically advanced fiber optics; Apple continues to woo the market

with new products and experiences, even as pundits argue that the company is at the end of the road of innovation and growth.

In the wake of technology-driven disruption of business models, large organizations the world over are trying to reinvent themselves by invoking the 'can-do' spirit that fills the offices of scrappy start-ups. This involves unearthing the entrepreneurial DNA in established and sometimes stodgy enterprises. But what is this entrepreneurial DNA? How does one find it? How does one establish it and cultivate it in a large organization?

Before finding the answers to these questions, it is important to examine, even if briefly, the different forms of entrepreneurship that exist today and some lessons we can learn from each of them.



Everyday Entrepreneurship

Everyday or Operational Entrepreneurship is about identifying and exploiting opportunities for value creation. It is not the prerogative of a chosen few in the organization, but needs to be ingrained across the board. Here are a few simple examples of Everyday Entrepreneurship:

- A team of HR professionals coming together to improve the first-day experience of employees
- A group of sales executives collaborating

to design an app that will help improve visibility into store performance metrics

- A software developer who writes scripts to help automate 80% of the system test cases

Needless to say, Everyday Entrepreneurship thrives in a culture that is driven by a spirit of experimentation, a reasonable tolerance for failure, and an earnest desire towards identifying the right problems that need to be solved. And such a culture, like any organizational culture, cannot be limited to pockets.



Divisional Entrepreneurship – A Focused Venture within an Organization

This is easier said than accomplished. Only a few companies such as IBM, Motorola, and Cargill have successfully established formal organizations within themselves to pursue business interests that lie outside their immediate horizon, and in turn have grown their topline.

To illustrate the case, let's take IBM. In 2000, it started the 'Emerging Business Opportunities' or EBOs to identify and go after business opportunities in the offing, even those that represented completely uncharted waters for the company. Project EBO was started at the behest of top management, in response to IBM's inveterate inability to leverage emerging business trends, sometimes despite having had a head-start. The leadership realized that it was essential to establish a systematic approach to identify and focus

on new business opportunities. A rigorous process was put in place and some of the star performers in the company were summoned to execute Project EBO. In order to acquire the status of an EBO, a potential business must fulfill a number of strict criteria: it must closely align to the company's strategy, leverage cross-business opportunities, explore new business models and capabilities, show billion dollar potential revenue within two to three years, hold explicit potential of market leadership, and profitably sustain itself. EBOs worked like a charm and reinstated IBM as a market leader.

Another lesson to note from the IBM success story is that frameworks, tools, and systems, along with senior management intervention are essential to instill a new culture in a short time frame. Corporate Entrepreneurship could very well be the shot in the arm for large organizations, which have become bureaucratic over time.

Corporate Venturing

Such Entrepreneurship is all about constantly exploring the frontiers of business and technology. America's DARPA – the Defense Advanced Research Projects Agency, which has fostered the creation of everything from the Internet and GPS to night-vision goggles and freeze-dried dinners is the epitome of breakthrough innovations in a sustained manner.

It is widely held that DARPA's success is near impossible to clone in large organizations. Characterized by three coveted tenets – taking on grand challenges, creating world-class “special forces” teams, and maintaining significant autonomy from its parent organization – DARPA's model is challenging to replicate, but certainly not off-limits for large organizations. Motorola has successfully deployed the DARPA model in its Advanced Technology and Projects (ATAP) group – or the “Mad Science” department. Instituted within Motorola in 2012, ATAP's famous inventions include the highly customizable Moto X phone and a modular phone with 3-D printed parts. With murmurs about ATAP diversifying into other areas, including digital tattoos and sensor pills, it is no surprise that Google chose to retain ATAP while selling Motorola Mobility to the Chinese electronics major, Lenovo, early last year.

Entrepreneurship by Acquisition

The world of technology is filled with brilliant innovators, whose products or services stand to create huge new markets. That is when larger enterprises, sitting on significant cash hoards, swoop in and acquire the innovative start-up – usually with a codicil which dictates that the start-up's autonomy and entrepreneurial culture be preserved at all costs.

The social media giant Facebook, for instance, acquired Oculus Rift for \$2 B. Facebook believed that beyond playing first-person shooters and flying spaceships, the virtual reality device could reinvent meetings, messaging, social events, and more. Facebook was willing to place a big bet and make the acquisition. Likewise, Facebook paid over \$19 B for WhatsApp because they saw immense value in the messaging service.

Facebook is demonstrating that it is willing to pay a premium and take a risk with firms that are sometimes unproven or untested. The value of these acquisitions are based on a vision of the synergies to be realized between the two firms and the time-to-market advantage the acquisition creates. However, these are big bets and could go wrong as well. Success in such acquisitions depends on how well the acquiring company executes on the vision for the product and how smoothly the two companies integrate. In many cases, like in the case of Oculus Rift, the acquirer may let the acquired company retain independent operations.



A Holistic Approach to Finding the Entrepreneurial DNA

While the existing forms of entrepreneurship discussed so far have achieved various degrees of success, none of them suffices by itself to transform an organization into a truly entrepreneurial one. Everyday Entrepreneurship may, over time, be relegated to incremental innovations; Divisional Entrepreneurship and Corporate Venturing will only create niche success stories, excluding the rest of the organization; acquiring an entrepreneurial venture will also be wrought with similar issues, including inadequate cultural integration between the two companies.

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The Right Business Focus

Examining thriving startups and similar ventures reveals that a healthy balance across four key dimensions of business is instrumental to their success. An organization with highly motivated and talented employees can do little if the overall business focus is not balanced across these dimensions:

- **Desirability:** Insatiable curiosity to know what is desirable for one's customer along with a problem-finding mindset, and not merely a problem-solving one, is an important aspect of entrepreneurship. Mark Zuckerberg sensed an individual's innate need of self-expression and provided an enticing platform to fulfil it, in the most creative way. Even after exponential success, he has been

relentlessly pursuing the possibilities of getting even closer to what may be most desirable for his customers.

- **Viability:** While the successful stories of entrepreneurship are celebrated, the ventures that fail are lost to the world. Many of them fail not for dearth of great ideas or inadequate engineering prowess, but for the lack of financial viability of the solution. The supersonic Concorde, considered an engineering marvel, exemplifies this. Pioneering the 'supercruise' capability, among many other technologies, the Concorde traversed flight routes in less than half the time taken by other aircrafts. But its operations had to be shut down in 2003 as it became financially unviable. Ironically, the competence of assessing the financial viability of new ideas could become their Achilles Heel.
- **Feasibility:** The technical feasibility of realizing an entrepreneurial dream need not be limiting. Establishing the viability of such dreams requires deep competence in the relevant domain. Apple is dreaming up its new car and has already started to hire from the best auto companies to help design it.
- **Leadership:** In the absence of strong leadership, desirability, viability, and feasibility will fall short and may even be at conflict with each other. Tech wizards and Google founders Larry Page and Sergey Brin hired Eric Schmidt, who had the competency to establish a large organization by bringing together these apparently disparate competencies.

As organizations envisage their teams to unleash entrepreneurship, it is critical to ensure that the teams working on key problems leverage the complementing competencies of Desirability, Viability, and Feasibility.





The Right Environment

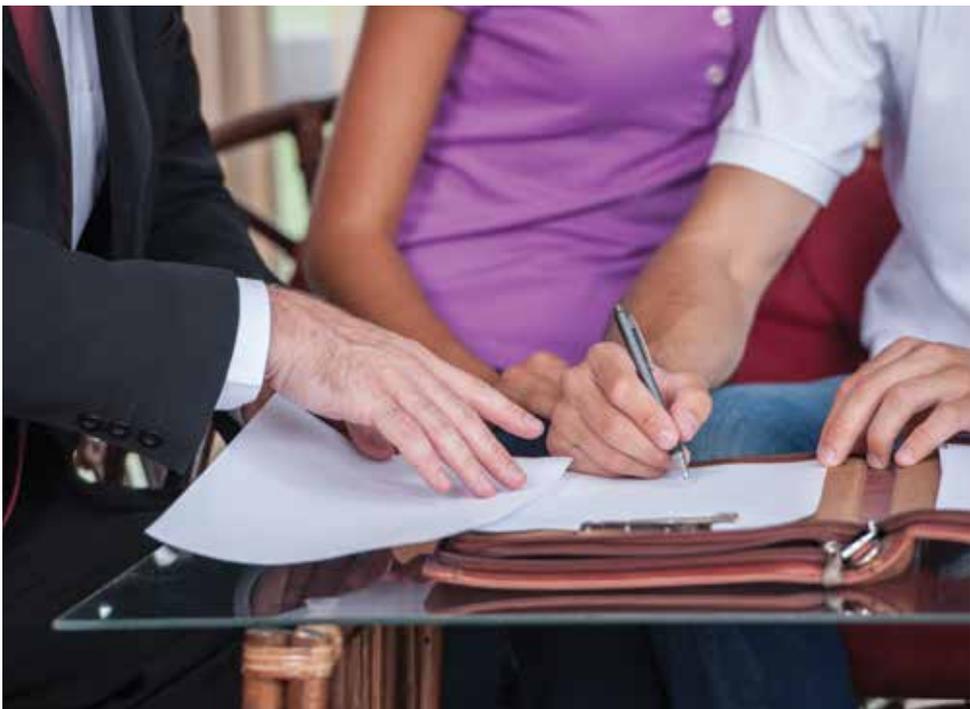
- **Networks:** Two decades ago, buoyed by scores of Harvard and MIT engineering graduates, Boston, and its Route 128 corridor, was the poster-child of technological entrepreneurship. Yet, the Silicon Valley has since eclipsed the New England city.

Can you pack the right number of technology companies, graduate students, and adequate venture capital into a square kilometer of fancy office space and – voilà – have an innovation cluster on your hands?

Saudi Arabia is trying to do so: It spent \$10 billion on the new King Abdullah University, which the country's leaders hope will spawn a center of tech-fueled innovation. London created Tech City in 2010 by offering extensive tax breaks to companies and attracting more than \$160 million in venture capital. Even Russia is getting into the act. Skolkovo City also sprung up in 2010 with \$2.5 billion in government funding. It includes a 900-acre technology center and a university designed by staff at MIT. But none of these are on track to beat a Silicon Valley. The

reason is the entrepreneurial network in the Valley. The Silicon Valley has an open network in which people learn and talk about possibilities. It is an environment where people are on a mission to solving complex problems of today. It is also surprising that most organizations also speak to their competitors about game-changing innovations they are working on – without sharing trade secrets. The success of the valley springs from this complex environment of dreaming, learning, sharing, and competing.

- **Excitement:** Entrepreneurs are individuals who are passionate about a mission. Their loyalty lies only with this mission. This is contrary to the traditional view of a corporation where the individual is expected to be loyal to the company. Entrepreneurs yearn for the excitement of a mission, a purpose, and a goal that is dear to them. Large organizations today must focus on creating an environment of excitement for the entrepreneurial employee. This is a knotty task, as the degrees of passion and commitment vary from individual to individual. It is, however, important to recognize this and establish mechanisms to harness the strengths of every individual.



- **Space:** Don't underestimate the role of the physical environment— especially the workspace. The most innovative companies in Silicon Valley are rethinking workspaces to encourage face-to-face interactions. Google's new campus is designed such that chance encounters are frequent. Very recently, Facebook unveiled its new Menlo Park office where nearly 3,000 employees will sit in a single space to work collaboratively. Traditionally hierarchical, Samsung announced earlier this year that it will introduce vast outdoor mingling areas. A couple of years ago, Yahoo mandated, albeit infamously, its mobile workers to station themselves in its offices because, in the words of CEO Marissa Mayer, "(employees) they're more collaborative and innovative when they're together".

Juxtaposing teams of different disciplines is another way to encourage collaborative interactions. Design and consulting firm, IDEO - like several other top notch design firms - has built interdisciplinary work into its DNA; Stanford Design School has shown that open and unfinished project space helps designers, business strategists, and programmers to develop novel ideas and ways of working.

- **Processes:** There is no silver bullet to make a conventional organization entrepreneurial. Only a holistic approach - encompassing leadership interventions, governance and enablement mechanisms, rewards and recognition programs, and an open atmosphere of networking and collaboration - can crystallize it. That's correct, all the way or no way. Any partial approach will only transform pockets in the organization, and may alienate the rest.

But all this needs to be done while ensuring that the regular business, which is the reason for existence, is not compromised. Google, Facebook, and LinkedIn are by no means start-ups. They have long crossed that phase. They are large, global corporations, which

have successfully established mechanisms to meet the duality of constantly renewing the existing businesses, while simultaneously focusing on exploring new areas of growth and disruption.

The Right Approach to Finding Problems

Entrepreneurship is not merely about finding solutions to existing problems, but also about finding the right problems to solve. Design Thinking, which has been leveraged by designers for many years now, provides an empathy-led, customer-centric method for enterprises to discover the real problems facing end-users. Design Thinking is also a methodical approach to increasing the creative confidence of employees who are operating in an environment filled with ambiguity as well as opportunity. Design Thinking introduces tools to break the shackles on imagination, and build conviction by moving quickly in small steps, by learning from failures, and by building on successes. When a person has creative confidence, she is not only able to leverage her domain knowledge, but is also able to articulate a vision, engage rapidly with stakeholders, make quick decisions, and succeed in new opportunities without being discouraged by early failures.

At Infosys we have embarked on a unique journey of embracing Design Thinking as a fundamental way of doing business – every consultant rethinks how she can deliver breakthrough value to customers, every developer rethinks the way she writes code, every employee in finance/accounts rethinks how every interaction with employees can be made delightful. We are also conducting Design Thinking workshops for our clients.

Based on our work across industries, we believe that every organization needs a unifying approach that helps drive the cultural change, with an underlying energy of excitement and enthusiasm, coupled with leadership commitment towards change.



Road to the Entrepreneurial Holy Grail

In the end, finding your organization's entrepreneurial DNA is a journey that is not only about solving the business problems of today but also about ensuring that the firm flourishes amidst business disruptions that are yet to happen. There is no single formula that will work like magic for all - every organization needs to discover the solution for itself. However, this solution must encompass the aforementioned **Right Business Focus, Right Environment and Right Approach to Finding Problems.**

Authors



Kishor Gummaraju

Vice President and Head of Retail, Consumer Packaged Goods, and Logistics practice, Infosys Management Consulting

With 22+ years of industry experience, Kishor is a veteran in driving the Transformation Agenda of customers with industry-specific solutions and service offerings. He has also been responsible for establishing the Strategic Insights practice at Infosys, focused on delivering services for business insights leveraging advanced analytics.

Kishor has worked with retailers and CPG companies across the value chain, including marketing, sales, supply chain, and finance. At Infosys, he has played an important role in developing innovations and leading go-to-market solutions. He has published several papers on topics relevant to the industry domain, and is a speaker at several industry forums. His passion and area of focus is to help organizations drive their digital transformation agenda.



Phil Freegard

Partner, Business Consulting, Infosys

Phil Freegard is Head of Digital Transformation practice with the Infosys Management Consulting practice. With a Design Agency background, Phil has worked in the digital industry for 15 years, across a wide range of Insurance, Banking, and Retail clients. Phil has a special interest in creating value for customers through digital channels, and in customer-centric experience design. He leads the Design Thinking approach within Insurance and Banking at Infosys. Phil has worked with clients in the USA and Europe and across Retail, Telecommunications, Banking, and Insurance; a digital subject matter expert, he supports clients with their experience strategies and Omni-channel technology implementations.

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