

# Intrapreneuring – How To Run A Skunkworks Project

It would normally be better, faster or cheaper if the resources of your organisation supported your project. But sometimes the system fails and you have to tip-toe around it in order to do the right thing. Drawing on years of experience and research into case studies, Martin Tate shows the way to run a much-needed project without official support – and sometimes in the face of official disapproval.

## Introduction & definitions

The *Intrapreneur* is a term coined by Gifford Pinchot for those who take hands-on responsibility for creating innovation within a large organisation.<sup>1</sup>

The idea was influenced by a suggestion in *The Economist* that corporations should devolve into becoming ‘confederations of entrepreneurs’.<sup>2</sup>

The term often adopted for an unofficial development project is a *Skunkworks*. This is named after a Lockheed plant in California – known for ‘stealthy’ innovation.

This document will allow you to understand your project and – if that is the best approach – make it successfully ‘skunky’. The first part introduces the principles, the checklist at the end is an assessment, design or selection tool.

## Examples

The following products were developed unofficially inside large organisations until they could demonstrate success:

- 3M’s Post-it Notes;
- Audi’s Quattro;
- Du Pont’s Kevlar;
- IBM’s first PC;
- Lockheed’s SR-71 Blackbird spy plane and Stealth Fighter;
- Lamborghini’s restyled Miura;
- the Ford Mustang.

## Principles

### Like the customer

The more you like the customer, the better the organisation will be about how to serve their needs.

Intrapreneurs start without a natural power base. Their source of authority is not from above, but their vision and ability to get others to follow it.

Rely on ‘moral authority’. Good intrapreneurs ‘always manage to convey the sense that a project has greater significance than simply a personal ideology. One reason people tolerate them is that successful intrapreneurs are almost never power hungry, even though they may appear to be.’<sup>3</sup>

### Use techniques that build commitment

You can create commitment within projects by drawing upon lessons from high commitment situations such as crisis management, religious cults and military or political associations.

*"Beside every big gate, there is a little door."  
Hungarian Proverb*

The seven important guidelines to build commitment to your project are:

- individuals should join of their own free will;
- to exploit (or create) uncertainty;
- joining should require an effort from the individual;
- acts of commitment should be public;
- demonstrate and encourage active involvement;
- start with small commitments and build up;
- have clear messages and lines of communication.<sup>4</sup>

### **Identify corporate resources**

Use the freedoms of the organisation, such as resources or people who you can consult.

- “Most people are really their own stumbling blocks because they don’t use the freedom they have”. [Art Fry, inventor of Post-it Notes within 3M.]
- “In any bureaucracy, there are lots of freedoms – only they don’t tell you about that, you have to find them for yourself.” [Hulki Aldikacti, the Pontiac Fiero intrapreneur.]

### **Start small projects & build up**

An extravagant launch is not necessarily the best approach. A sudden challenge to the status quo is likely to be met with instant, automatic resistance. Instead small, inconsequential requests have been shown to begin a ‘momentum of compliance’ that slowly undermines the status quo and builds a new commitment.<sup>5</sup>

Rather than promote the wonders of your project, under-promise and over-deliver. This will help your credibility, make you appear an insignificant threat and allow you to ‘discover’ greater potential later. It also avoids starting the corporate ‘impatience clock’.

If your idea involves multiple products, get one profitable quickly. Even if the new project is losing money overall, the winning product resets the impatience clock.

Show results rather than ideas. Success is the best argument.

### **Learn quickly from your mistakes**

Innovation involves mistakes, and never goes to plan. Learn from the mistakes – each mistake is a step closer to understanding how it works.

### **Do any job**

Do any job necessary to make your project successful, regardless of your job description.<sup>6</sup>

### **Find & honour your sponsors**

Once you are sure of the idea, the next step is to find a sponsor. ‘It is almost impossible to develop and lead a new intracorporate business and at the same time protect your political flanks.’<sup>7</sup>

Good sponsors are not ordinary executives. They have unusual courage and desire to see innovation.

The most straightforward way to attract a sponsor is to listen to what they say. When you hear a wish that strikes a chord in you, work out how to deliver it.

### **Maintain low visibility**

When you start something new, it is almost as if the corporation had an immune system that detects anything not part of the status quo. Avoid triggering it – lull this immune system into ignoring you.

Work underground. Resist the urge to tell everyone about your ideas until you’ve tested them and have developed the implementation plan.

*Picture an elephant marching through the jungle. Big, powerful and capable of huge work. But noisy & easily felled by a single shot or well-placed trap. Contrast this to a column of soldier ants. Moving an equivalent mass, but harder to stop.*

## Manage the senior approvals process

If high-level approval is needed, it is important to have a direct relationship between doer and approver. Avoid the loss of understanding as the idea passes through multiple levels – get face-to-face with decision-makers.

Bernie Loomis, the intrapreneur behind Hot Wheels and Star Wars toys has a general rule for breaking the rules. “Announce what you are going to do, but don’t wait for permission.”

## Create versions of business plans

If required to create a formal business plan, have two versions. The official version should be complete but vague in its details. The more detailed version should be for the intrapreneurial team only.

You should not show your plan to people that don’t need to see it.

## Managing risk for the people involved

Work at *Decision Research*, a company studying risk management strategies, suggests that people are more likely to accept risks if they perceive them to be undertaken voluntarily, controllable, understandable and equally distributed. Conversely, they are less willing to take risks that they don’t understand and that are unfairly distributed.<sup>8</sup>

## Enter performance competitions

Encourage, or enter, contests between competing ideas. If two teams compete it is more likely the best design or idea will win.

## Create the team from the right people

Members should not expect the red carpet treatment, because they are defying conventions. They should be intrapreneurs in their own right. ‘They too must take risks and suffer the indignities of a commitment to a sometimes unpopular cause.’<sup>9</sup>

Do not over-promise when recruiting. Promise a chance to share the dirty work and long hours, as well as in the glory.

Focus on what you are building. Discuss the product and its effect on the customer, not on personalities.

## Rate your project – or design it

You can use the checklist that follows to assess your proposal. Or to design your ‘set of initiatives’ (a less threatening word than ‘project’ or ‘programme’) to score a large number of *Yes* responses against the criteria below. Or to profile different initiatives and choose the one that is most likely to succeed.

## Customer

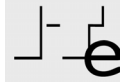
- The will to change exists in the customer.
- The initiative proves you understand the customer objectives.
- There is a high ratio of benefit-to-cost.
- The idea will get to profitability quickly.

## Risk

- Participants undertake risk voluntarily.
- Risk is fairly spread between supplier and customer.
- The initiative will fix a high-profile problem.

## People

- The initiative avoids mediocrity.
- The ideas or techniques are exciting.
- You have identified the correct people to involve.
- Your plan recognises factional interests.
- You have made realistic promises to those you courted – but still gained their commitment.
- The initiative creates heroes or champions.



Martin Tate

IT & Process Consultant

Decision Evaluation & IT Evaluation Ltd

+44 (0) 1772 752704

[martin.tate@itevaluation.co.uk](mailto:martin.tate@itevaluation.co.uk)

[www.itevaluation.co.uk](http://www.itevaluation.co.uk)

## Covert operations

- The initiative changes the system from within.
- The initiative can progress quietly until successful.
- Commitment is needed from a small number of people.
- Commitment is needed from a small number of departments or divisions.
- You will expand an existing framework, group or process (rather than creating new ones).
- The initiative does not rely on another initiative's success.
- A budget for the initiative exists.
- The initiative does not need capital approval.
- You can develop prototype products or services using existing company resources.

## Senior management

- Your initiative is respectful of management.
- The initiative does not threaten the internal Establishment.
- The approach has visible and senior sponsorship.
- The initiative will impress the ultimate owners of the business.

## Personal & organisational development

- Your initiative builds personal relationships between silos.
- The work develops people skills in technicians.
- The work develops technical skills in business staff.
- The initiative embeds knowledge/practice in processes.

## Moral authority

- The approach is ethical and helps the weak.
- The initiative rewards responsible behaviours.
- The initiative is obviously for the corporate good.
- The initiative will enlist help from a strong critic.
- The initiative uses external benchmarks.

## Concluding

Most organisations accept innovation is essential to survival. Most claim their best asset is their people. However 'the system' often stifles innovation and demotivates the people. Sometimes, this means responsibility and loyalty to the organisation necessitates you circumventing the system to reduce the impact of its deficiencies.

## References

<sup>1</sup> Gifford Pinchot III (1985) Intrapreneuring: Why you don't have to leave the corporation to become an entrepreneur, ISBN 0060153059

<sup>2</sup> Norman Macrae (25 December 1976) The Coming Entrepreneurial Revolution, *The Economist*, p 42

<sup>3</sup> Intrapreneuring, p 177.

<sup>4</sup> Rachel Burgess & Suzanne Turner (2001) Creating Commitment For Competitive Advantage, *Warwick Manufacturing Group Research Paper*.

<sup>5</sup> S H Schwartz (1970) Elicitation of moral obligation and self-sacrificing behaviour: An experimental study of bone marrow donation. *Journal Of Personality And Social Psychology*, 15, p 283-293.

<sup>6</sup> Intrapreneuring, p 22 (*The Intrapreneur's 10 Commandments*).

<sup>7</sup> Intrapreneuring, p 143.

<sup>8</sup> Kjell Nordström & Jonas Ridderstråle (2000) Funky Business: Talent Makes Capital Dance, ISBN 0273645919, p 196.

<sup>9</sup> Intrapreneuring, p 187.

IT Evaluation and Decision Evaluation advise blue-chip boards such as Castrol, DaimlerChrysler, LEGO & Turtle Wax. They specialise in formal decision-making and improving management processes including IT procurement. Contact Martin Tate with queries on this article, for seminar details or for an initial meeting about project effectiveness.