

Intrapreneurship 2022/2023

Inhoud

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Lecture 1: the 'Why' and 'What'. How different from innovation + general management. Test whether measure is entrepreneurial or not

Lecture 2: Structuring the organization for CE and innovation. When you start working in a company: cannot affect structure

Lecture 3: Creating an intrapreneurial culture and community. Why is intrapreneurship important: fundamental question! Certain cultures are good/bad for intrapreneurship: see lecture 3

Lecture 4: Creating the ability to create and develop opportunities: ability to create opportunities and make it work

Lecture 5: Creating the ability to prioritize and realize opportunities: how prioritise which opportunity you invest in,

Lecture 6: Bringing it all together + practitioner testimonial. Want wild ideas, but also that inventors bear the consequences of their ideas

Lecture 1: The 'Why and What'

- Course learning objectives
 1. Understand and explain the core theories and models in the field of intrapreneurship;
 2. Evaluate the operations of existing companies with regard to intrapreneurship;
 3. Evaluate organizational characteristics and processes on how much they enable or constrain intrapreneurship;
 4. Identify ways to overcome obstacles to intrapreneurship.
- Different context/industries might change ways how you see intrapreneurship

Corporate Entrepreneurship and Innovation – the WHY

1. Companies and industries have been disrupted by new entrants and startups faster than ever
 - **Disruption theory** (Christensen)
 - **Creative destruction** (Schumpeter)
2. The dynamic that is driving the rise and fall of industries in the 21st century is ... entrepreneurship and innovation
3. The rise of “the entrepreneurial method”
 - Business model canvas (Osterwalder)
 - The Lean start-up (Ries)
 - The startup owner’s manual (Blank)

Corporate entrepreneurship and intrapreneurship is the same thing

Why this picture? Really explicates why: game for being most innovative and the fastest. Dogs are the startup. Elephants are the corporates. Being able to partake in the race. Ways of keeping up and their advantage. It's about the evolution of the organisation. Enables creativity. Communalities with managing creativity. Explanation about difference with innovation management later on

In certain point of time: constructed as innovative. **Disruption theory**: market can get disrupted when new technology comes into the market.

We do also see that because of the disruption people start to realise that intrapreneurship and innovation are very important

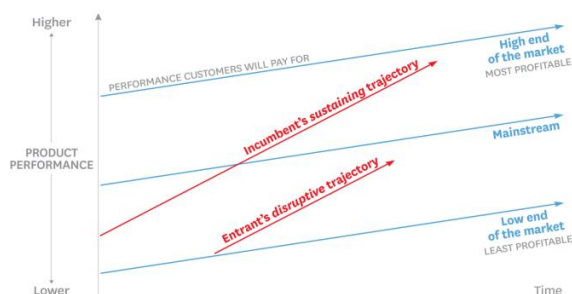


THE LARGEST COMPANIES BY MARKET CAP

The oil barons have been replaced by the whiz kids of Silicon Valley



• Disruption theory



A disruptive technology is a technology that changes the bases of competition by changing the performance metrics along which firms compete. Customer needs drive customers to seek certain benefits in the products they use and form the basis for customer choices between competing products. Benefits sought by customers determine which product attributes they value, and different

customer groups (i.e., market segments) may value different attributes.

- **Disruption changes parameters of success**
- New technology/ business model/ new way of doing things enters market from low end of market. P.e Netflix: looking at small laptop, but very accessible. Some people went out of business because of this. Uber is also an example: changed the way taxi's become more successful, but did not really lead to the disruption of the whole market

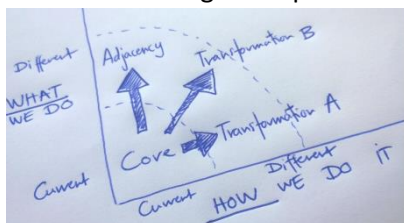
- P.e fridge. Before it: ice cutting industry. Cut ice and transported it to southern parts. Took a long time before fridge got adopted into the market and disrupted industry. First thing they used the fridge for is to preserve the ice they cut

Corporate entrepreneurship and innovation- why today?

- Nowadays:

- Many of the disruptors have become established incumbents – they know the disruption game. Destructors not sitting still: learning how to create innovations themselves + keep up
- The incumbents are not sitting still... they join 'the race for disruption' by embracing (reactively and proactively) environmental change
- The head runners are constantly transforming their companies
 - **Dual transformation:** changing what the company does, and how they do it
- Kodak very good example. Looked at quality picture as a parameter of success. But digital camera was very interesting for the customers. Kodak was once a massive company, now only a niche company. Many CEOs need to see different ways how to transform a company. How they transform their activities

- How? Through Intrapreneurship



You can change what you do and how you do it

Change what you do. P.e proctor and Gamble: often into new markets. marketed something new in same way. From core to adjacent activity

Johnson and Johnson from curing disease to prevent disease.

Fb to meta: them trying to go for one of those transformations.

Still trying to connect people in digital space, but different type of technology they work towards. -> transformation A, but a little B

What we do is same, but how they do it is different: transformation A

Transformation B: ford motor. Changing to service company and set up entire new unit to approach that. Is hardest and most riskiest

- When transform: need to focus on a niche where technology is valuable
- Dual transformation terminology
 - Possible strategic activities
 1. **Core:** A company continues doing what it was already doing in the same way, however they focus on optimizing efficiency or improving the product or service without changing the customer need/problem the product or service fulfils/solves.
 2. **Adjacent:** The company changes what customer needs/problems they fulfil/solve. However, the product, marketing and facilities are the same.
 3. **Transformation A:** The company changes the way it does business, but does not change what it sells. The customer need (that is being fulfilled) stays the same, but the business structure or approach changes.
 4. **Transition B:** The company changes what customer needs/problems they fulfil/solve. The company also changes the business structure. Both what the company does and how the company does it change.

- Intrapreneurship: both a challenge and necessary skill for future leaders
 - “{CE and innovation} has become a major strategic goal within organizations as they pursue significant competitive advantages.”
 - “The new leadership challenge is about promoting a new vision, fostering new possibilities, opening up new horizons, and inspiring others to unleash their entrepreneurial mindsets to create new venture concepts.”
 - “Over a 10-year period we observed 16 leaders whose companies have innovated repeatedly (Google, Pixar, Pfizer). We found that leading innovation is really about one thing: creating a context in which others are both willing and able to do the hard work of innovation.”

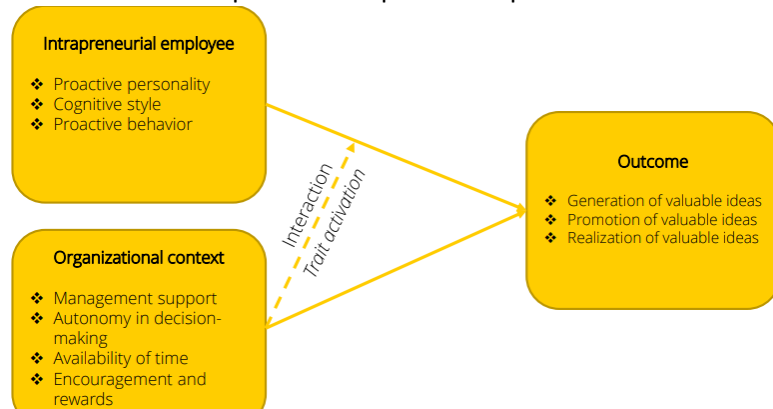
Corporate entrepreneurship & innovation – the WHAT

- Corporate entrepreneurship: a definition
 - **Corporate entrepreneurship** consists of “entrepreneurial behaviour inside established mid-sized and large organizations”
 - Corporate entrepreneurship are **formal or informal** activities aimed at creating **new businesses in established companies** through product and process innovations and market developments. These activities may take place at the corporate, division (business), functional or project levels, with the unifying objective of improving a company’s competitive position and financial performance. **Intrapreneurship: about formal + informal activities aimed at creating new technologies, can take place on corporate + individual level**
- Corporate entrepreneurship and firm performance
 - Corporate entrepreneurship has a positive effect on
 - Financial performance
 - **Improves strategic performance.** Strategic performance (learning capabilities, acquiring new skills and technologies, knowledge management)
 - “Organisations that engage in intrapreneurial activities are expected to achieve higher levels of growth and profitability than organizations that do not” **Companies who are intrapreneurial are most on top of the market**
- Corporate entrepreneurship vs intrapreneurship
 - Intrapreneurship and CE: two perspectives of the same phenomenon
 - “CE focuses on studying innovation behaviour at the level of the organisation, (often lacking the perspective of the individual intrapreneur”
 - “Intrapreneurship is about the implementation of innovations in organisations, where the adaption is initiated and wanted by an employee in a bottom-up way”
 - **For him; both are the same**
- Corporate entrepreneurship and innovation
 - **Corporate Innovation** is about the implementation of creative (original, realistic and valuable) ideas or opportunities in established companies
 - **Innovation: entirely new. Not every business opportunity is new, sometimes fill a gap in the market. Take existing product in new market gap. Not innovative, but finding new business opportunities**
 - **Corporate Entrepreneurship** are formal or informal activities aimed at creating new businesses in established companies
 - Corporate entrepreneurship can be innovation but is not necessarily always so.
 - Corporate entrepreneurship sets the context for innovation by providing the infrastructure needed to support and sustain innovation over time (Morris, 2008)

- Management versus corporate entrepreneurship

Manager	Corporate entrepreneur
Planner	Visionary
Strategist	Opportunity-seeker
Organizer	Creator
Director	Innovator
Staffer	Calculated risk-taker
Motivator	Resource leverager
Budgeter	Guerrilla thinker
Evaluator	Change agent
Coordinator	Adaptive implementer of new ideas
Supervisor	

- Fact or myth?
 - “All we have to do to become entrepreneurial is hiring people with the right intrapreneurial traits.” Hiring people with right intrapreneurial traits? In some companies you cannot use your traits because of organisational structure. You do need those people, but not super important. If management is slow, a problem. Motivation is important
- A model of corporate entrepreneurship



Intrapreneurial employee and organisational context are both important
 See which personality types tie in
 In terms of promotion: looks more at management support and whether employees have time to develop idea
 There is an interaction effect: if you don't have organisational context but have employees, don't

have a positive outcome

Outcome: generation of valuable ideas	Outcome: promotion of valuable ideas	Outcome: realization of valuable ideas
<u>Intrapreneurial employee</u> <ul style="list-style-type: none"> Proactive personality (++) Cognitive style (++) Proactive behaviour (++) <u>Organisational context</u> <ul style="list-style-type: none"> Autonomy in decision making (++) 	<u>Intrapreneurial employee</u> <ul style="list-style-type: none"> Proactive personality (++) Cognitive style (+) Proactive behaviour (++) <u>Organisational context</u> <ul style="list-style-type: none"> Management support (++) Availability of time (+) 	<u>Intrapreneurial employee</u> <ul style="list-style-type: none"> Proactive personality (++) Cognitive style (++) Proactive behaviour (++) <u>Organisational context</u> <ul style="list-style-type: none"> Management support (++) Availability of time (+)

- Four modes of corporate entrepreneurship
 - Two axes
 - Organizational ownership** = the primary ownership for the creation of new businesses (focused in a designated group or diffused across the organization)
 - Resource authority** = the dedication vs ad hoc nature of resource availability (is there a dedicated 'pot of resources' allocated to corporate entrepreneurship or is the budget provided ad hoc or via other business units?)

Four mode(l)s:

1. **Opportunist model** = no designated organizational ownership or resources, CE is based on the efforts and serendipity of project champions. Where companies try to start. Ownership is spread out to everyone. Most often happen in organisation who are not very structured
2. **Enabler model** = employees across the organization are willing to develop new concepts if they are given adequate support. Dedicated resources enable intrapreneurs to pursue opportunities. Employees still responsible, but dedicated pot of resources injected in business activities
3. **Advocate model** = the company assigns organizational ownership for the creation of new businesses to a specific unit, while intentionally providing no or moderate budget. The unit serves as evangelists and facilitates CE in conjunction with business units. Held few people accountable for realising entrepreneurship
4. **Producer model** = establishing a (sub-)organization or unit with significant dedicated funds and the main objective to encourage and support intrapreneurs. Few people who are held responsible and have dedicated amount of resources to invest
 - Creating context where they are entrepreneurial. Looking into how to organise entrepreneurship
 - Intrapreneurship: responsibility of selective number of people or entire organisation? Decision you need to make
 - Dedicated budget: every year there is a budget in store for investment. Culture is very important in ownership. Very theoretical framework. Sometimes combinations or gradations



The 'San Murcatto Winery Case'

The 'San Murcatto winery' is a wine cultivating and distributing organization, founded in 1823 in Bonfields in New-South Wales (Australia) by the renowned Murcatto family. For almost 200 years, the organization has grown and expanded its market to Europe with success. In the 21st century, the family has sold equity stake to a Private Equity (PE) Fund to finance further expansion and as a result of the new ownership division, management needs to report more extensively to their Board of Directors. In the past decade, the firm is faced with an increasing competitive market environment and has seen a strong decline in profits. Today, the CEO of the company is faced with her most difficult challenge yet: to turn around the organization so that it starts innovating in the products they create, the services they provide and in the markets they serve.

How? Through reshaping the way corporate entrepreneurship and innovation are supported and stimulated in the organization. On top of the decline in profits, a recent employee survey shows that: the employees of the organization are creative and have entrepreneurial spirits, but the structure, processes and culture of the organization are stifling any corporate entrepreneurial or innovative ideas and projects to see the light of day. The CEO has to present her 100-day action plan in 8 weeks to the board of directors. She therefore assembles her management team to solve this crisis of managerial crisis.

Losing innovativeness and market share and profitability. CEO and management board want to rethink way of managing intrapreneurship. Look at how they are currently operating and which problems they are facing. Found out that employees are entrepreneurial, but problem is that there is a backstabbing culture etc

Question 1: Do you consider the San Murcatto winery organization an innovative organization? Why or why not?

Only 3 products, few product introductions. Limited markets, no new markets. At some point they were innovative, first mover.

Question 2: Which type closest to the reality at San Murcatto winery according to you? Provide arguments why

- Framework to look at organisation and see which fits in best: Few departments may operate as advocate and some as opportunist. When there is no clear distinction, people don't know where to go to with their ideas. Not a lot happening in people coming up with new ideas. Not being held accountable. If they have focus thing, not going very well. Not a dedicated pot of resources they can put into. Budget is for management board to implement ideas
- Many levels, organisational ownership is focused. What triggered that? Lot of levels. 48 different positions for 100 people: complex. Diffused? Diffusion of responsibility: meaning of hierarchy

Question 3: List all the problems, barriers and issues that the San Murcatto organization is facing according to you. What are according to you the three central challenges or problems that the San Murcatto winery organization is facing in terms of CE and innovation?

1. Employees have low trust in supervisors. Hierarchy can have benefits, but in this case the low trust is harmful. Also low trust from supervisors (ties in with autonomy; if there is no trust, won't give them autonomy). Also low trust from peers (bad for teamwork)
2. No clear (innovation) strategy. What strategy is for creating new things. No strategy anymore. Before it was trying to be in markets no one was in before. Not much differentiation
3. Favouritism. Political game -> has to do with fairness. 'great place to work' if people are happy where they work: daring to experiment; be creative. If you let people be more creative, they can become very happy
4. No autonomy
5. Red tape
6. Values/ feeling of organisational identity
7. Communication: pointing fingers when things are going bad. Lot of formal communication. Formal boundaries can be bad for intrapreneurship. Communication can be instrument for getting intrapreneurship
8. No dedicated budget
9. No interdisciplinary teams

Entrepreneurial Orientation

- Elements of CE
 - How do organizations promote renewal and venturing? -> intrapreneurship
 - Renewal -> EO
 - Intensity of entrepreneurial behaviour
 - Takes key investment decisions
 - Allocates resources
 - Actively promotes CE (or not)
 - New ventures
 - Organisational processes
 - 3M: innovation strategy where 30% products being sold by them have to be generated in last 5 years -> force constant renewal
 - What is EO? Intensity you can look at entrepreneurial behaviour. How entrepreneurial are employees?

- EO a brief history
 - EO was originally developed in the 1980's by Danny Miller, Jeffrey Covin and Dennis Slevin with the idea to capture what it means for a firm to behave 'entrepreneurial'.
 - They did this by asking CEO's nine survey questions (three relating to innovativeness, three to proactiveness, and three to risk-taking).
 - Entrepreneurial firms are expected to score high on all three dimensions.
 - Right now, 2,725 papers referring to EO indexed in Scopus (about 400 papers being published on an annual basis right now = the largest research area within entrepreneurship, one of the largest research areas within management).
 - Why is EO so popular? **Weird concept: can be used to measure something, but is not really tangible.**
- Two dominant conceptualizations
 1. Miller/Covin & Slevin
 - **Three components** (innovativeness, risk-taking, proactiveness)
 - Components capture a combination of firm level behaviour (proactiveness and innovativeness) and managerial dispositions (risk-taking)
 - Components co-vary
 2. Lumpkin & Dess
 - **Five components** (innovativeness, risk-taking, proactiveness, autonomy, and competitiveness aggressiveness)
 - Captures the practices that managers use to act entrepreneurial (i.e., how managers/firms achieve new entry)
 - Looks at organizational configurations
- **Some says 3 criteria, other 5; he thinks 5 is best**
- Theoretical foundations
 - Why measure EO as a top-managers' orientation or managerial practices?
 - The process of opportunity identification
 - The process of opportunity creation
 - Upper echelons logic
 - Critique
 - Human capital (also see Lumpkin and Dess 2009)
 - Institutional theory versus upper echelons logic
- How to measure EO?
 - Surveys (self-reported [firm] behaviour)
 - Observe it from written texts
 - Observe it from firm-level outcomes
- The **dimensions of EO 5 central measures**
 1. **Innovativeness**
 - Innovativeness reflects a firm's tendency to engage in and support new ideas, novelty, experimentation, and creative processes that may result in new products, services, or technological processes. **Tendencies to do new things, having creative processes in place -> similar to innovation management**
 2. **Risk-taking**
 - Managers' proclivity to engage in risky projects and managers' preferences for bold versus cautious acts to achieve firm objectives.
 - Still refers to calculated strategic risks (such as, venturing into the unknown, committing a relatively large portion of assets, borrowing heavily) **If you don't try anything dangerous: no benefits**

3. Proactiveness

- Proactiveness is a forward-looking orientation and refers to "acting in anticipation of future problems, needs, or changes". Experimenting or developing new types of things. Lot of pressure. Do this even if you're not under pressure. Best moment to invest in intrapreneurship is when you are doing well

4. Autonomy

- The extent to which key-decision makers allow individuals and/or teams to bring forth ideas, a vision, and carry it through to completion
- Decision making autonomy versus strategic autonomy (also known as autonomy of goals. Very essential, one of the problems in case. People in entrepreneurial organisation: autonomy in decision making. Employees can decide where companies can grow into.

5. Competitive aggressiveness

- Competitive aggressiveness refers to a firm's propensity to directly and intensely challenge its competitors to achieve entry or improve position, that is, to outperform industry rivals in the marketplace. Competitiveness aggressiveness is characterized by responsiveness, which may take the form of head-to-head confrontation. Company has ambition to be entrepreneurial. P.e Elon Musk

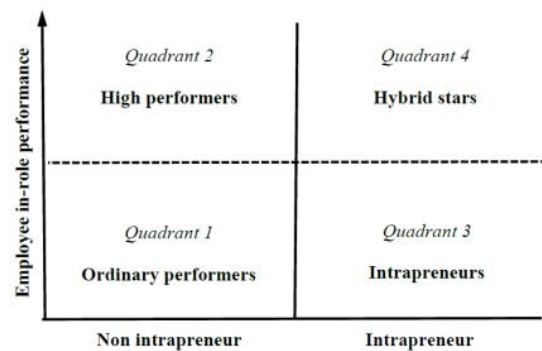
• Is EO beneficial for firms?

- 2009 EO meta-analysis by Rauch et al.
 - EO enhances financial performance regardless of firm size
 - Strongest effects on firm growth and profitability
- Most recent insights
 - EO mainly enhances variance in firm performance Can create a lot of variance in performance. Higher likelihood in things not going good. Why does a company wants to enhance variance? In unstable industry: want to be at top. That's what variance does. If you increase variance; chances of ending in the end of the curve is higher. Friction between general management and entrepreneurial management
 - Beneficial effects of EO are mainly due to innovativeness and proactiveness
 - EO is much more important for firm growth than for profitability
 - Lot of research. Especially looking at firm performance.. Don't want to be average company, wants to be at the top. Disruptions are happening faster and faster today. EO is really beneficial if you want to expand

• Reaping the maximum benefits of EO

- The extent to which EO enhances firm performance depends on
 - The extent to which a firms' structure is organic
 - The extent to which a firm operates in a high-tech market
 - The extent to which a firms' operating environment is characterized by uncertainty or turbulence
 - The extent to which a firm has access to financial capital
 - The extent to which a top management team adopts a transformational leadership style. Wants an organic structure: grows by nature, structure adapts in a flexible way
- Can also look at tendencies of people to be innovative

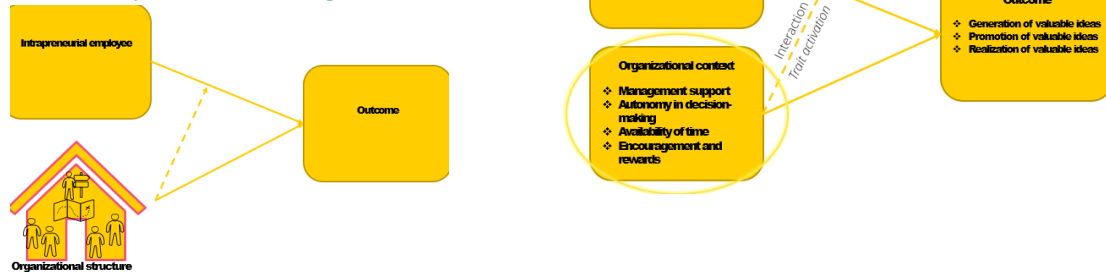
- What about lower-level employees?
 - Lower-level employees can display EO. This is usually referred to as **Individual-Level Entrepreneurial Orientation (IEO)**
 - IEO is “a tendency held by individual employees of the organization towards innovative, proactive, and risk-taking behaviours”
 - When entrepreneurial activities are commissioned by the organization, IEO enables an employee to work more effectively.
 - IEO can promote entrepreneurial behaviour in situations (crisis, unexpected event, opportunity) that call for an unplanned response .
 - IEO can then have positive and negative consequences for the employees’ performance (and the organization)
- IEO, intrapreneurship and work performance
 - **In-role performance** is: performing the duties and responsibilities associated with one’s assigned role
 - **Intrapreneurs** are: individual who develop agentic projects that may result in venturing or strategic renewal



Not all employees will be intrapreneurs. Also have high and low performers in current roles
 Very often a lot of diversity: try to evaluate this
 Hybrid stars: always want this, but usually tricky.
 Some more entrepreneurs, other high performers in regular tasks

Lecture 2: Organizational structures, ambidexterity and corporate venturing

- A model of corporate entrepreneurship
- **Entrepreneurial orientation: to measure how entrepreneurial an organisation is**



- Outline of the session
 1. Organizational structures: **which structures are best for stimulating intrapreneurship?**
 2. Ambidexterity: **important. Famous way to organise structure while developing new ideas**
 3. Corporate Venturing: **increasing popularity for intrapreneurship**
 4. Incubators

Organizational structures

Why do organizational structures exist?

1. To bring order and logic to company operations. **The larger a company gets, more difficult to not have a structure**
 2. To relay and distribute power and status proportionally. **Way that organisation grow: asymmetrical distribution of responsibility -> different ranks, different salaries**
 3. To coordinate communication and sharing of information. **Structure communication in the flow of information. How information flows is important to see how ideas are generated.**
 4. To organize 'separation': the ways decision-making authority is distributed, tasks are grouped and people are assigned to tasks: **trying to have units/business team separated so they can focus on a certain task**
 - To organize 'integration': the way in which people and functions are coordinated. **Want units to communicate. Decision of separation or integration is very important**
- Organizational structures
 - Organizational structures are persistent and pervasive in organizations. In their simplest form, they consist of:
 - **Horizontal layers** (departments, business units) **Different departments where each have certain products, etc**
 - **Vertical layers** (hierarchical layers). **How responsibility, power, authority is distributed**
 - "Organizational structures in today's society are becoming increasingly flatter, with decentralized structures, more organic processes and lean management approaches;... but organizational scholars point out that the pervasiveness of hierarchies and departments in organizations remain persistent to this day."
 - **Still a lot of levels remain in organisation even though they become flatter -> can be strength or weakness (to many layers: not easy to communicate with higher ups, information can get lost)**

- The structure **shapes an organization and its way of working in four ways:**

1. **Specialization:** concerned with the number and types of skills, capabilities or technologies used. It consists of a continuum between specializing in certain tasks vs providing a broad or total outcome. Can see how specialised certain units are. -> helps to shape differentialisation within an organisation
2. **Shape:** number of people forming departments at each hierarchical level
3. **Distribution of authority:** asymmetric distribution of power, status, responsibility over vertical levels
4. **Departmentalization:** the way people are distributed into departments
 - Functional, Product lines, Markets or customer segments, Wine: unit focus on retail, unit focus on horeca, etc, Geographic regions, Work flow processes.
 - Steep pyramid: little people on the top decide what people under them do. Can also have a pyramid with a broad base; little less levels
 - Creative units: think of new ideas until they have certain prototype

- The horizontal structure of organizations



Can be tricky to find this out of a company. Some don't know how many business units there are

- The vertical structure of organizations



Hierarchies are a very specific and unique kind of network.

Hierarchical structures in organizations representing the asymmetric distribution of authority

Hierarchical position consists of the relative power/status/responsibility an organizational member holds

Universities have also a hierarchy where people can move upwards
Hierarchy: network. People higher up have the authority and a lot of power. Has an effect in the way ideas will be shared, can also have an influence on the status. People can withhold ideas because of the distance between higher ups.

- Vertical structure: management roles and tasks

	Operating-Level Managers	Senior-Level Managers	Top-Level Managers
Key Role	Entrepreneur	Supportive coach	Institutional leader
Key Activities	Creating and pursuing growth opportunities for the business	Developing individuals and supporting their activities	Creating an overarching corporate purpose and ambition
	Attracting and developing resources and competencies	Linking dispersed knowledge, skills and best practices across units	Institutionalizing norms and values to support trust and cooperation
	Managing continuous performance improvement within unit	Managing tension between short-term performance and long-term ambition	Establishing a stretching opportunity horizon and performance standards

Roles are becoming a bit more grey zones. Traditionally: every level has different role

Senior level management should make connections between business units and make sure information is shared

Top level managers: More a role of the

visionary. There to focus intrapreneurship of employees

- Organizational structures for new product development

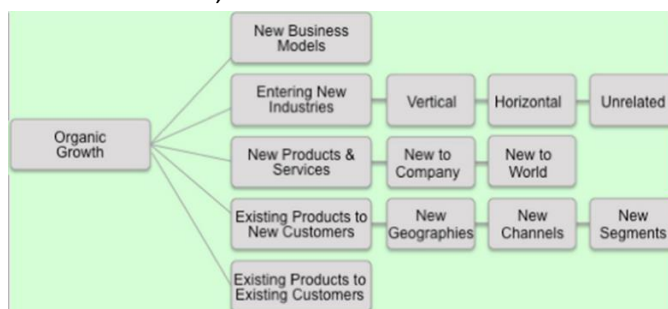
- Many ways to organize development projects:
 1. New product division (Large and self-sufficient division). Fundamental way of new product developments: new product division.
 2. New product department (Department within division) -> These two above are permanent solutions: part of organisation structure, will be there in the long term
 3. New product manager (One manager who is responsible for a new product)
 4. New product committee (permanent committee with diverse representation – crosses horizontal structure): permanent committee, but people within it can rotate. P.e. certain education program: has its own committee

5. Cross-functional project team (group set up for the duration of project within a department/unit); **time bound. Call in life for a certain period**
 6. Task force (temporary group with diverse representation): **temporary group. Like a product committee, but not permanent. If you need constant idea generation: constant are more interesting. Project team operates more as a startup**
- To decide, look at requirements:
 - Simple versus complexity required
 - Centralized versus decentralized
 - Formal versus informal
 - Autonomous versus integrated way of operating
 - Highly specialized versus generalists
 - Full-time versus temporary

Organizational structures over time

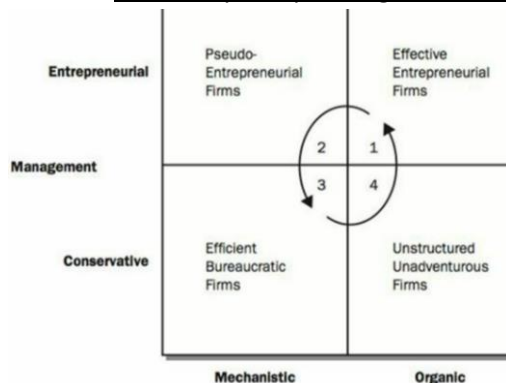
- Organizational structures evolve because of organizational life cycles, going from informal to formal structures and charts
- **Stages of organizational structure evolutions.** **Long list to show you how different organisation can be structured and which are the better or worse for intrapreneurship**
 - **Craft structure:** very task focused and is organized around skills (little admin and supervision) **p.e. bakery. People are all deemed at same level; no hierarchy.**
 - **Entrepreneurial structure:** vertical division of labour, the founder making the important decisions and providing direct support of other employees (highly informal, no middle management). **Vertical division of labour. Founders who employ few other people. Already one layer of hierarchy here. Still a simple structure**
 - **Administrative structure:** intermediate levels of supervision are put in place and hierarchy of authority more explicit. **More hierarchy. Happens for a reason. Jobs to be executed are more complex when the company grows**
 - **Technostructure:** planning and coordinating of work becomes standardized. **More standardisation of work**
 - **Divisional structure:** divisions are created as distinct entities that serve their own markets, segments – and which are governed by a head office. **P.e. Bakery which sells juice and organises parties. Need more divisions then, more horizontal layers. Distinction between more supervision and structuring**
 - **Matrix structure:** managers operate with dual or multiple reporting relationships (for instance product responsibility in a geographic region or working both in company- wide marketing and inside a major product development project). **What most organisations grows into. Universities are great example of this. Different levels of professors (vertical layers) and different faculties (horizontal layers) and also standardised rules on p.e. structuring exams etc**
 - **Administrative-, techno- and divisional structure:** Distinction between supervising work, designing work and splitting up work
- Organizational structures evolve because of their link with strategy
 - **Simple structure:**
 - Highly informal with coordination of tasks accomplished by direct supervision (entrepreneurial structure)
 - Little specialization, little formalization or integration
 - Works well in fragmented industries where competition is intense
 - All strategies determined at the top, innovation is driven by CEO
 - Too simple to address complex innovation portfolios or strategies

- **Machine bureaucracy:**
 - Mechanistic and rigid structure
 - Coordination of tasks through standardization (technostructure)
 - Power concentrated at the top and control flows down (administrative structure)
 - **Not great, very inflexible,...**
 - Works well in stable, predictable environments
- **Divisional**
 - Self-contained profit centres exist for producing and marketing different product lines or groups independently
 - Divisions tend to become more bureaucratic and standardized over time
 - Coordination over divisions and units is organized via interunit committees or infrastructures
 - **Danger: you will have so much separations of BU, that they will almost become separate companies. After time they can stop sharing with each other**
 - Least focused innovation strategy
 - Implementation of innovation projects dispersed and difficult to coordinate
 - Because of the departmentalization, innovations developed tend to become incremental over time
 - Not-invented-here syndrome at play
 - **Often not a lot of focus in its organisation. Every department goes its own way. if one has a big part of revenue: can become dominant in terms of decision making**
- **Organic:**
 - Limited hierarchy and flexible structure
 - Groups of trained specialists work cross-departments and multi-disciplinary
 - Power is decentralized and often linked to expertise (craft structure)
 - **Mostly a nice thing, evolve organisation based on needs or markets. People can communicate easily and ideas can be shared easily. Not separating people on speciality**
 - Bottom-up initiatives are driving innovation and the innovation strategy
 - Works well for developing more radical innovations if managed properly (Felin, 2016)
- **Why is organic growth important?**
 - A good indicator of how well management is using its internal resources
 - Whether employees and managers have skills and abilities to create successful new business, innovations or business renewal



If your organisation is growing organically: employees have skills to come up with new ideas
 Ekonomika great example of organisational structure

- Organizational structures over time
 - Morris & Kuratko suggest to use the concept of '**cycling**' to evolve an organization over time:
 - From cell 1 to cell 3: the company starts out as a highly entrepreneurial organization, but growth creates a need for controls, formalization of procedures, and the addition of hierarchy **Over time, evolve from cell 1 to cell 3. more bureaucratic type of organisation**
 - From cell 3 to cell 1: Over time, the company builds more bureaucracy and can become stagnant. A need arises to reinvigorate the company with new ideas, research insights, and innovation.
 - But: many companies get stuck back on their way and remain dysfunctional as a result



Suggest that organisations tend to evolve into a cycle Cell 4 so bureaucratic that you become rigid. Fail to get right business opportunities
Requires a lot of change management. Changing organisations and their structures are very difficult
Also important to think about exist strategies
Sometimes better to stop a certain organisation and start a new one if organisation is stuck. Can save a lot of time and resources

- So wait...what organizational structure...when?
 - Generally, it depends on the cycle that the company finds itself in, but also where the market, technology and industry are (dynamic perspective) and where the firms wants to be (strategy perspective)
 - But...should we not always be innovating to prevent or anticipate disruption?
 - Yes, to survive and thrive, an organization should always be look out for new opportunities and ambition to innovate (*think back to the dual transformation strategy in lecture 1: reinventing what the company does and how it does it*)
 - Depends on where companies find themselves within the cycle, depends on what context, which situations**
 - Always be innovating.**
 - At a certain point in time: do not have to become innovative**
 - Currently destructions are hitting firms faster**
- Organizational structures and innovation portfolio
 - Think of bucketing ideas, venture or innovation projects in a portfolio:
 - Kuratko & Morris:
 - Ray of light projects
 - Emerging potential projects
 - Mainstream projects

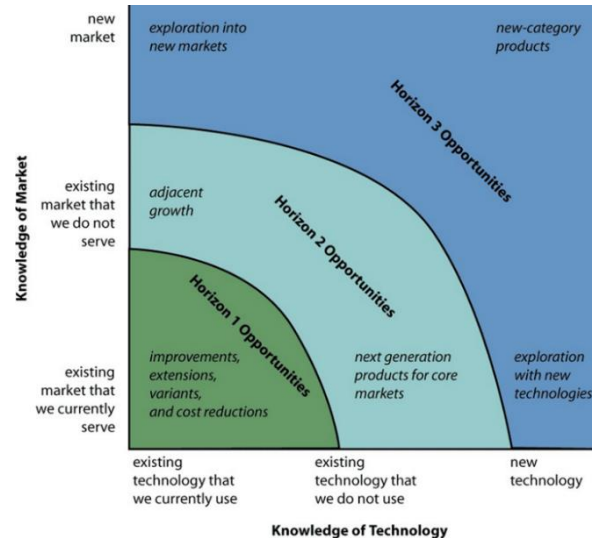
- **McKinsey's horizons of growth:**

- **Horizon 1:** improvements, extensions, variants, incremental and continuous innovation
- **Horizon 2:** extending existing business model and core capabilities to adjacent markets, customers or targets
- **Horizon 3:** new capabilities, new business, and exploration of new markets and customers. Serves to respond or anticipate disruptive opportunities.

Try to make sure you think about different categories of ideas. Ideas about new products, tapping into new market,.. Horizon opportunities. Different timelines to look at opportunities. Horizon 1: incremental type of ideas. 2: extending existing one. About what you need to develop in future,..

Mostly vague about horizon 3 because they don't want to share that kind of information

Can you have an organisation that deals with all 3 kinds or horizons?



- Each bucket requires a different structure

and way of operating! In other words, the organizational structure you need is *contingent* on the type of ideas, innovation or ventures you want to create

- But the suggestion of the horizon's growth model is to work on all horizon type of projects simultaneously? (e.g. both incrementally in existing core markets, as well as looking at radical innovation and business renewal in new, unestablished markets)
- So, how?

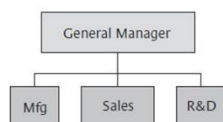
Ambidexterity

- **Very important way to look at organisational structures**

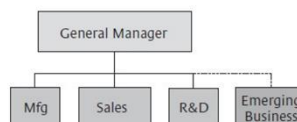
- Successful companies are "ambidextrous"

- Exploration of New Businesses
 - Adaptability
- Exploitation of Existing Businesses
 - Alignment
- Dual vision: look at existing business and how to improve it: exploitation and also looking at exploration type: exploring new type of ideas. Need a lot of elements. For exploitation you need a lot of alignment. For exploration you need the skill of adaptability.

Functional designs
integrate project teams into the existing organizational and management structure.

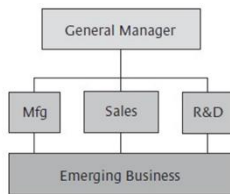


Unsupported teams
are set up outside the established organization and management hierarchy.

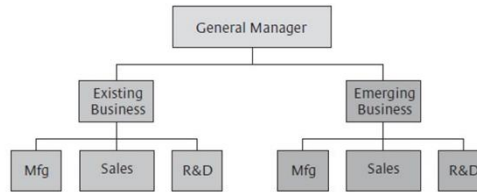


4 types of structures and how well it did in sustaining existing business while growing into a new kind of company. Emerging business element next to it as a separate department

Cross-functional teams
operate within the established organization but outside the existing management hierarchy.



Ambidextrous organizations
establish project teams that are structurally independent units, each having its own processes, structures, and cultures, but are integrated into the existing management hierarchy.



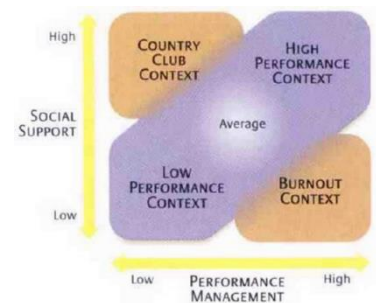
3one: cross functional teams: have project teams with people of different background
Ambidextrous: splits organisation in 2 parts; emerging side and different business for

exploration and exploitation. Mfg: manufacturing goods

- Successful companies are “ambidextrous”
 - Nine times more likely to create breakthrough products and processes – while sustaining existing business
 - 90% of ambidextrous organizations succeeded,
 - 25% of functional design,
 - 0 of the cross-functional design or unsupported team structures
 - Example:
 - USA Today: sustaining newspaper business, while starting new business as a digital cross- media content provider – units structurally separated apart from the top.
Newspaper company who knew they will be displaced digitally. Set up a BU for digital themselves while keeping the existing part. When digital became popular: focus shifted to digital
 - Ciba Vision: while sustaining existing business, autonomous units for six projects were created (with own R&D, finance and marketing functions and separated hiring, development and rewards). Each unit reported to the head of R&D who reported to the CEO (only)
 - Very important findings.

Types of ambidexterity: Ambidextrous can come in different forms

- **Structural ambidexterity:** structurally separating exploration and exploitation in the organization
- **Sequential ambidexterity:** temporal sequencing of exploitation and exploration. Company can switch from exploration to exploitation. Nice example: 20% free time of google for people to work on their ideas
- **Contextual ambidexterity:** the behavioural capacity to simultaneously demonstrate alignment and adaptability. Happens more on behaviour level. People can decide for themselves whether they want exploration or exploitation.
- Diagnosing contextual ambidexterity in organizations
 - **Social support** = support for entrepreneurial initiatives (available team, management support, rewards) and certainly no punishment for failure
 - **Performance management** = ambitious goals and holding people accountable for results (at least in the existing business)
 - Distinction between amount of social support for new ideas and
 - Burnout context: need to come up with lot of ideas and low social support



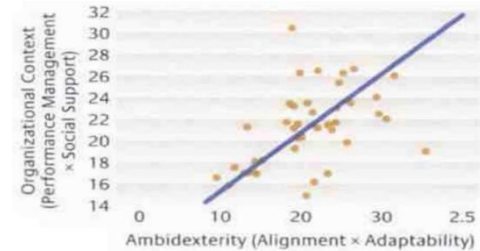
EVALUATE PERFORMANCE MANAGEMENT CONTEXT						
Managers in my organization...	Not at all		Neutral			very great extent
Set challenging/aggressive goals	1	2	3	4	5	6 7
Issue creative challenges to their people instead of narrowly defining tasks	1	2	3	4	5	6 7
Make a point of stretching their people	1	2	3	4	5	6 7
Use business goals and performance measures to run their businesses	1	2	3	4	5	6 7
Hold people accountable for their performances	1	2	3	4	5	6 7
Encourage and reward hard work through incentive compensation	1	2	3	4	5	6 7

EVALUATE SOCIAL SUPPORT CONTEXT						
Managers in my organization...	Not at all		Neutral			To a very great extent
Devote considerable effort to developing subordinates	1	2	3	4	5	6 7
Push decisions down to the lowest appropriate level	1	2	3	4	5	6 7
Have access to the information they need to make good decisions	1	2	3	4	5	6 7
Quickly replicate best practices across organizational boundaries	1	2	3	4	5	6 7
Treat failure in a good effort as a learning opportunity, not as something to be ashamed of	1	2	3	4	5	6 7
Are willing and able to take prudent risks	1	2	3	4	5	6 7

Average score for social support context _____

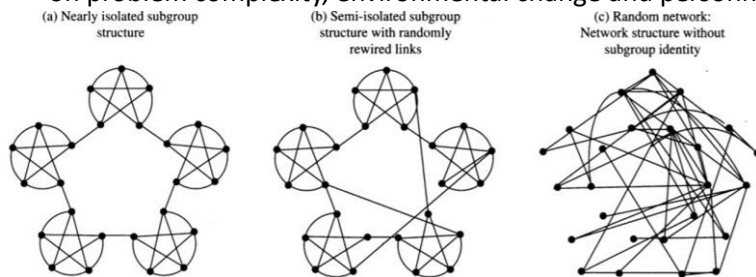
High performance context overlapping with ex.. organisations

- Diagnosing contextual ambidexterity in organizations
 - Empirical study of 4,195 individuals in 41 BUs
 - **Ambidexterity = alignment * adaptability**
 - Alignment = coordinating activities to improve current business
 - Adaptability = ability to move quickly towards new opportunities



Balancing two sides of ambidexterity – possible?

- Investigating organizational learning in interpersonal networks, Fang et al. (2010) simulated what type of organizational structures are 'ideal' in balancing exploration and exploitation, contingent on problem complexity, environmental change and personnel turnover



Paper looks into which one is best at stimulating exploration and exploitation. Networks within organisations

a) Separated BU working on their own thing. Very good in stimulating parallel learning: come up with

more diverse ideas and opportunities. Exploitation best in structure c. BU and hierarchy levels need to be well communicated

- Parallel isolated learning within each subgroup helps to nourish and preserve heterogeneity of ideas: allowing the organization to explore a wider set of ideas and opportunities and better preservation of knowledge
- Learning across groups enables exploitation by facilitating the rapid diffusion and assimilation of superior knowledge and expertise
 - ⇒ A balance between exploration and exploitation can therefore be achieved through organizational structure: through breaking down an organization into small semi-autonomous subunits with small fractions of cross-group links (e.g. weak ties)
- Need to have strong ties in business. Separation vs integration
- Strong tie: supervisors and subordinate, Weak tie: someone else you almost never get to work with and see you are working at same ideas. Weak ties: chancing counters you can have. Important to have weak ties for benefit of exploration?
- Whiskey room google: to talk to someone else. Totally random who walks in. different hierarchies, departments, teams etc. people get inspired and find solutions in ideas

Corporate Venturing

- Trying to stimulate innovation. Employees come up with certain ideas and you can leave them in a venture
- A practice whereby a company sets up a separate organizational unit (the corporate venturing unit) to invest in new technological and business opportunities arising within or outside the boundaries of the firm”
- Selling points: why engage in **corporate venturing (CV)**?
 - A better view of threats
 - Easier disengagement: **venture is time bound. Easier way to negotiate how long you want the venture to live**
 - If capital enters from multiple firms, then bigger investments can be made + risks spread out
 - Speeding up development and adoption cycles **Adoption cycles. Certain companies which are selling glasses and you have venture units developing lenses. Can make sure if venture is developed: can put in their products: will be sold faster. Speeds up adoption cycles**
 - Financial returns
 - Competitive advantage often rests on the skills and expertise of individuals
 - Especially on a disproportionately small percentage of whom constitute the innovative firepower of an organization: star performers
 - There is an increasing mobility of star performers to corporate venture spinouts
 - Instead of resisting this trend and rather than using resources and managerial talent to grow new businesses inside the organization, established companies should aim to create, sustain, and nurture a network of feeder firms, consisting of entrepreneurial firms, each busy colonizing new niches
 - **Very big deal in terms of talent management. Lot of people exited firms because they wanted to start their own business. Corporate venturing is great opportunity**

Success factors:

1. **Goal clarity and capabilities** it needs to deliver
 - Example: J&J set up a CVU with the goal of internally exploring opportunities and another CVU with the role of external explorer **CVU: corporate venture unit**
2. **Long-term commitment:** Corporate venture units are not there for short-term financial gains
3. **Critical mass:** similar to financial markets: spreading investments over many ventures takes out a lot of the risk. **Better to have certain amount of resource if you invest**
4. **Adjacency:** a corporate venture unit is more successful if the ventures focus on tech, products and markets that are adjacent to that of the parent firm
 - An alternative is “new leg venturing”, which concern CV in distant ventures. Research shows that firms in distressful situation typically do this to replace their weak core business, but rarely succeed. **New leg venturing: happens when companies are distressed**
 - **Internal and external exploring. Those entrepreneurs have different kind of needs**
5. A final success factors: **Autonomy of the corporate venture unit**
 - CVU's have failed because of the meddling of parent firms.
 - Autonomy can imply two things: dedicated budget and the right to make decisions
 - Janssen Pharmaceutica: no investment fund for CVU, needs to seek financial support from existing business units. **Almost no autonomy**
 - GlaxoSmithKline (GSK): separate investment for CVU, but CVU needs approval for initial investments
 - Unilever Ventures: own investment fund and decision-power to make initial and follow-up investments

- Too much autonomy can be dangerous though: there should remain a connection between the corporate venture unit and parent firm for spill over of knowledge through linkages
 - Business units helping with screening (GSK)
 - Business unit executives in the advisory board of the corporate venture unit
 - Co-investments of existing business units with the CVU (Alcatel-Lucent)
- Certain balance in autonomy. Full autonomy or no autonomy
- Ambidexterity: lot of adjacency between corporate venture and BU: interesting to keep closer to company. Making more autonomous is good in another case
- **Concluding remark: “Organizing corporate venturing implies managing a delicate balance between separation and integration with the parent firm”**
 - When a CVU invests in ventures that are dissimilar, separation should dominate
 - When a CVU invests in ventures that are strongly similar, integration should dominate
 - If you have venture and are disruptive threats: integrate venture in order to survive

Corporate venturing – when to spin in ?

- There are good reasons to spin out (separate) ventures: going back to the previous suggestion that established companies should aim to create, sustain, and nurture a network of feeder firms, consisting of entrepreneurial firms, each busy colonizing new niches. But when a venture’s activity becomes similar or relevant to the parent firm, integration should dominate
- Research demonstrates that spin-in acquisitions outperform nonspin-ins acquisitions by a sizable margin
 - More efficient integration process: not only because of processes and activities, but because the parent firm’s ability to handle the organizational and cultural disruptions that stem when ex-employees are reunified with other colleagues and the resulting knowledge exchange and organizational learning benefits
 - Less acquisition failure probability
 - More value creating

In-class assignment

Draw an organizational chart of Murcatto’s organization. E.g. an overview of the organizational structure depicting the departments and the hierarchical levels of the organization

How many vertical layers and how many departments? 4 departments: production, sales, marketing and R&D, 12. R&D does not have the same power. Other 3 are more powerful

Supporting functions: legal and HR: give services to different departments.

Agency: can work internally and externally. AD is a circle: not a pyramid. The 4 departments are built in a vertical way

Question A: Organizational (re)structuring: Do you consider the current organizational structure sufficiently stimulative for corporate entrepreneurship? If not, how would you restructure the organizational structure (e.g. hierarchical layers, departments)?

No, too many layers. Very vertical type of way. Very hard to communicate with each other.

Option 1: joined floors: people can meet each other on those floors -> tackles problem of physical separations, Option 2: less levels. How inform people on this? Junior and senior manager on same managerial level. Better to do it gradually; Option 3: department based on product. Can also look at markets: retail, horeca,.. Can also be based on work process; Option 4: structural ambidexterity: R&D only connected to CEO so you can have an ambidextrous organisation, advocate model, separating departments and take sales and marketing together. Also ambidextrous organisation; Option 5: corporate venture unit. Horizon 2 type of ideas: expanding business

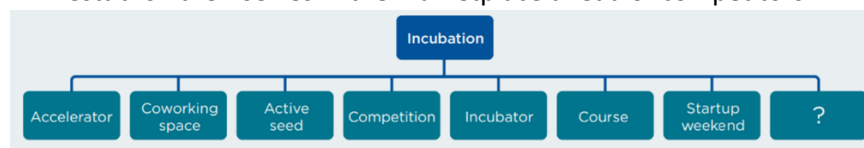
Question B: Spinning in ventures: There are currently four ventures that were started by 'ex-employees' of the Murcatto organization and that can be acquired by Murcatto as spin-in acquisitions: The Bee-hive Grapefruit company, Club de Château Neuf du Roi, WINE-TAP, WineCellar Maison Cabinets

There is a budget for acquiring two of the four ventures made available by the executive committee (if not used, it goes back to the committee). Which ventures would you deem valuable to acquire and integrate?

- B: exclusiviteit, secret invitation only venue, big network, D: kan wijnen aanbrenen bij mensen waarbij ze de kelder installeren
- Which one is most feasible and which one is most impactful? Wine tap.
- Subscription. P.e buy wine cellar cheap and get a 3 year subscription on bee hive
- Synergies between ventures/ between horeca segments
- Horizons. Timeline it will take the ventures to be widespread

Incubators

- Combines aspects of (structural) ambidexterity, corporate venturing and mingles it with traditional forms of entrepreneurial ventures (non-spinouts)
- "The distinguishing feature of an **incubator** is that it has mechanisms to foster partnerships among start-up teams and other successful ventures and startups."
 - Facilitating the flow of knowledge and talent across companies and the forging of marketing and technology relationships between them
 - Start-ups can network to obtain resources and partner with others quickly, allowing them to establish themselves in the marketplace ahead of competitors.



- Incubation and venture lifecycle
 - When they are the most useful for the venture
- Johnson & Johnson Innovation: JLINX and JLABS
 - JLINX
 - JLABS:
 - Look at slides for the rest of exercise

		Course	Startup Weekend	Coworking space	Competition	Accelerator	Incubator	Active seed
Pre-startup	Aspiration							
	Intention							
	Business model discovery							
Startup								
Early-stage venture								
Later-stage venture								

N.B: Darker colour indicates areas most commonly associated with a startup programme, lighter indicates common areas and white is uncommon

- How cooperation can use corporate venturing and incubator together
- 2 types of deals. Hands on (take equity stake in venture) or hands off (ventures in JLABS with no equity stake) 4/5 ventures in incubators and then you need to leave the venture
- Turning out to be working very well, Often gain value themselves from that

Lecture 3: Creating an entrepreneurial and innovative organizational culture

- Structures are prohibiting intrapreneurship to happen, but cannot get rid of them. Always a downside to a way of structuring your organisation.
- Organisational culture and whether it is stimulating intrapreneurship or not.
- Creative crisis at Ubisoft
 - Internal shock:
 - Becoming too rigid and inflexible
 - Losing its creative edge. Creative crisis
 - External shock:
 - The cancellation of a potential blockbuster
 - Reason: lack of originality and lack of strategic differentiation
 - Had to do with inside of organisation

Ubisoft's turnaround based on two principles

- Principle 1: **'Fail faster'**
 - Practice in some of the most iconic creative firms such as IDEO
 - Implicitly expresses the possibility of generating ideas and being listened to – and to locally validate or invalidate ideas in the team (a first informal gate)
 - Putting ideas faster to the test -> highlights that failure is fine. We can experiment
- Principle 2: **'Follow the fun'**
 - Refocussing the purpose of the collective group on a shared goal. Refocus purpose on simple concept: videogames can be fun. How they put into practice: organise tournaments where employees gather to test out new products and compete in small tournament videogames setting. Gets people talking
 - Why fun here? Because video games are supposed to be fun to play (action: organizing weekly tournaments among colleagues)
- Results?
 - A buzz was created that made people talk about and discuss video game projects, reinforcing the culture of games – this in turn facilitated support, recognition and validation from peers AND higher management
 - (Re)instating the fundament behind Ubisoft's business: games have to be fun
 - From employees to president – everyone is a competent evaluator of the value of games (e.g. activating the wisdom of the crowd)
 - → Sounds awesome! But what if you are not a video game company? What if you are not a videogame company? If you sell semiconductors less fun to do this
 - Done in informal way. anyone can join events and talk to each other without barriers
- Outline
 1. The creative employee
 2. The role of HR
 3. Creating a CE culture
 4. Building a CE organization: the architect's perspective
 - How you can create culture to stimulate intrapreneurship with you employees

The role of (the creative) individuals in the organization

- **Creative personality traits** of the corporate entrepreneur Characteristics an intrapreneur should have
 1. **Achievement motivation**
 2. **Internal locus of control:** likes to be in control about a venture
 3. **Calculated risk-taking**
 4. **Tolerance for ambiguity:** some people don't like it that it is not clear
 5. **Autonomy:** very important for intrapreneurs
- Motivation model for corporate entrepreneurial behaviour



Old conceptual model. Very simple but stood the test of time. Peoples motivation to be intrapreneurial is a number of things
 Sounds logical, but lots of mistakes in real organisation against this
 Are you valuing intrapreneurial people? If you don't value it, people

- won't behave like that -> very simple, but lot of organisations not great at this
 - Importance rating: cash check if you are valued needs to be sufficient. Best kind of rewards are not monetary, but internal kind of drivers
 - How much reward do I get in return?
- Do you need to provide job security to intrapreneurs?
 - Entrepreneurs with no job security vs high level of security: if they get a lot of equity from ventures: more entrepreneurial
 - One person who is very motivated, comes up with lot of ideas but they always fail. Do you let that person go or not? If they are engaging in entrepreneurial activities and they get fired (punished), then other people will not try to be intrapreneurial, because they saw the consequences. Do not want to reward people for behaviour you don't want
- Management roles and tasks in function of structure

	Operating level managers	Senior level managers	Top level managers
Key role	Entrepreneur	Supportive coach	Institutional leader
Key activities	Creating and pursuing growth opportunities for the business	Developing individuals and supporting their activities	Creating an overarching corporate purpose and ambition
	Attracting and developing resources and competencies	Linking dispersed knowledge, skills and best practices across units	Institutionalizing norms and values to support trust and cooperation
	Managing continuous performance improvement within unit	Managing tension between short-term performance and long-term ambition	Establishing a stretching opportunity horizon and performance standards

- **Operating-level manager**

Activities	Attitude/traits	Skills/abilities	Knowledge/experience
Creating growth opportunities for the business	Creative, intuitive	Ability to recognize potential + make commitments	Knowledge of technologies, competition and customers
Attracting and developing resources and competencies	Persuasive, engaging	Ability to motivate + drive people	Knowledge of internal and external resources
Managing continuous performance improvement within unit	Competitive, persistent	Ability to sustain energy around demanding objectives	Understanding of business operations

- Attitudes, skills and abilities you want for each level of managers
- Base line: creative intuitive, looking for new opportunities are operating level managers

- **Senior-level manager**

Activities	Attitude/traits	Skills/abilities	Knowledge/experience
Developing individuals and supporting their activities	Supportive, patient	Ability to delegate, develop, empower	Knowledge of people and knowing how to influence them
Linking dispersed knowledge and best practices across units	Integrative, flexible	Ability to develop relationships and build teams	Understanding of interpersonal dynamics among diverse groups
Managing short-term and long-term pressures	Perceptive, demanding	Ability to reconcile differences	Understanding how to link short-term priorities and long-term goals

- More of a grey zone nowadays. Sometimes a senior level managers who need to coach employees and train new managers

- **Top-level manager**

Activities	Attitude/traits	Skills/abilities	Knowledge/experience
Creating an overarching corporate purpose and ambition	Insightful, inspiring	Ability to combine insight with motivational challenges	Broad knowledge of different companies, its businesses and operations
Building a context of trust and cooperation	Open-minded, fair	Ability to inspire belief in the institution	Understanding of the firm's structures, processes and cultures
Setting long-term horizons and short-term performance standards	Challenging, stretching	Ability to create an exciting and demanding work environment	Grounded understanding of the company and its operations

The role of human resource management

- **How HR can stimulate intrapreneurship in an organisation**

- **HRM practices and incentives**

- How those 5 can be used to create a more entrepreneurial organisation

- **HRM practices to stimulate intrapreneurship**

- 1. Recruitment and Selection**

- Focus on traits of intrapreneurs
- Reliance on internal and external candidates

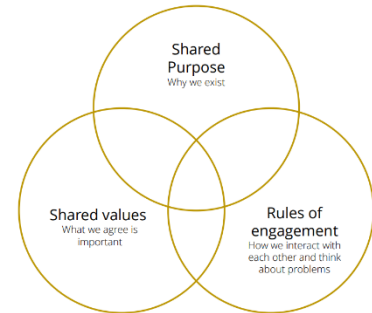


2. **Job Planning and Design**
 - Results-oriented job design
 - Jobs that are broad in scope
 - High employee involvement in designing jobs
3. **Performance Appraisal**
 - Include innovation and risk criteria
 - Results-driven versus process focus
 - Emphasis on effectiveness over efficiency
 - Reflects tolerance of failure
 - How do you evaluate people on their performance. If you want them to be more entrepreneurial: KPI's in performance reviews
4. **Training and Development**
 - Exposure to new trends and technologies (trend watching)
 - Emphasis on entrepreneurial skills. Important to create an entrepreneurial organization: need people with the right skills-> want to train people to be more entrepreneurial
 - Intrapreneurial bootcamps (cf. Alcatel- Lucent case) Alcatel: intrapreneurial bootcamps: are forced to present ideas in different stages.
5. **Compensation and Rewards**
 - Emphasizes long-term process
 - Merit- and incentive-based
 - Significant rewards
 - Incentivize people in right ways
 - If you give tasks on certain days: do this this on this day is not good for entrepreneurs: do not need pressure: do not need to look at how they get to goal; most important is that goal is reached. Hire managers who are also able to deal with intrapreneurs: want to get results
 - Jobs that are broad in scope: don't want to get a job design of 100 pages: wants to give flexibility to fill in function themselves
 - Organization filled with engineers might need some extra training. Economics students mostly learned it during their studies
- Financial reward: Cash or stocks?
 - Financial awards are not often given like this. Financial awards are not often sought after from intrapreneurs.
 - Universities: best teacher awards or best PHD dissertation. Sometimes a cash prize, but was not the goal of those people.
- Non-financial reward: Innovator of the month
 - Good idea? Depends on which organisation you are in. P.e. AbInbev might work. Creates status and competition
 - Credibility is very important. The more meaningful you make it, the better. P.e. innovator of the month can get a speedier process to a promotion
- Principles to guide the use of award programs. Five principles:
 1. Deliver recognition and reward in an open and publicized way; if not public, recognition loses impact. People needs to see which kind of behaviour gets rewarded
 2. Timing is crucial. Reward contributions close to the time an achievement is realized. Needs to be close in time with what a person does and the reward
 3. Strive for a clear and well communicated connection between accomplishments and awards. Clear connection between, reward and accomplishment
 4. Follow up on the recognition or award. Reinforce it in meetings and in newsletters. Utrecht: give feather to employees who did something good, did not follow up so it's not meaningful

5. Emphasize success but also provide recognition for innovative efforts that failed. Very often society is focused on celebrating the wins, but forget to emphasise that there are many failures. See example car
 - Question in Utrecht: coming up for rewards for companies to create a great entrepreneurial culture. Not about giving them something: wants to connect reward with accomplishments
- Celebrating productive failures @ Tata Nano
 - Created car that was very minimal in terms of dashboard design. Basic music system, created entire newspaper around it and in ads. They showed their failures in that newspaper. Ways to emphasise what happens behind the scenes. Lessons behind failures
- Dealing with failures
 - Recovering from failure typically leads to a constructed image within the intrapreneur of why it failed (creating valuable learnings), but it can also be accompanied by negative emotions.
 - A **restoration orientation** can also occur: where the employee moves on quickly or distracts oneself from thinking about the failure event, instead focusing on secondary causes of stress (and/or the negative emotions themselves) instead of the cause (the why) of the failure event.
 - HRM can support their employees through the grief- recovery process though:
 1. Creating employees' self-efficacy at coping with failure -> In every PHD job description: one of the criteria that you have to deal with certain type of failures. Need to be responsible for that. For entrepreneurial company: important that employees can handle failure. Intrapreneurs need to learn for their failures. You need to slow down the restoration process so they learn from it
 2. Setting up self-help support groups or counselling sessions with HR (example: PhD f***-up nights) fuck up nights: counselling group where people share worst stories ever -> very important to talk about it so you can learn from it
 3. Use rituals for assisting in grief recovery process (parties, picnics and dinners commemorating the failed project, department, unit) -> Closing down party when they failed getting a new product into a market
- The role of HRM
 - What is the difference between strong and weaker entrepreneurial companies in terms of HRM?
 - Designed jobs with multiple career ladders rather than single. Single career ladder: analyst/consultant/director. Also career ladders to other positions. Grow into different kind of roles. Business schools are more flexible: more than 1 career ladder. Multiple career pads.
 - Engage new employees in extensive socialization. More entrepreneurial companies: new employees more socialisation.
 - High level of involvement in appraisal process by employees themselves
 - Appraisal based on long-term performance, risk-taking and innovativeness on the job
 - Training programs are long-term focused and always ongoing given on the group level, but catering to individual needs
 - Rewards & incentives have a longer-term performance orientation
 - Job security emphasized over high pay. Job security important. Intrapreneurs like to be entrepreneurial and have the security. This is a difference between intrapreneur and entrepreneurs.
 - "HRM practices are (or should be) a reflection of a company's culture"

Creating an entrepreneurial and innovative culture

- How to develop an entrepreneurial/innovative culture?
 - **Organizational culture** = an organization's basic beliefs and assumptions about what the company is about, how its members should behave, and how it defines itself in relation to its external environment.
 - *"The ongoing process of corporate entrepreneurship becomes rooted in the company personality"* (e.g. culture) – it can therefore be measured by looking at the entrepreneurial orientation
 - Similarly, **subcultures** can arise and transform within the larger culture of an organization: typically, in line with *separation* by organizational structures
 - About the identity of a company. If you don't define a culture. There is going to be formed one by opinion of the masses. You cannot enforce a culture on a company, but can influence it
 - By creating a willingness to innovate



1) Shared purpose

- Shared purpose defines the **"who we are"**
- Why relevant? A shared purpose can align the identity, the actions and decisions of the organizational members regardless of the organizational structure and roles (*"culture eats strategy for breakfast"*) **The smaller the company, the more specific your ambition**
- Many examples:
 - Volkswagen: "Becoming the leading automaker" Pixar: "To make great films with great people"
 - TED Talks: "To spread ideas" LinkedIn: "To connect the world's professionals to make them more productive and successful."
 - Netflix: "To entertain the world", HBO: "Home to shows that everyone is talking about". **Netflix is about scale, HBO has a product type of vision: wants to create great content**
 - AB-Inbev: "to be the Best Beer Company Bringing People Together For a Better World!" Heineken: "We Brew the Joy of True Togetherness to inspire a better world."

2) Shared values

- Shared values for CE and innovation. Shared values defines **"what is most important to us"**
- Based on qualitative research of various leading innovative companies, **4 basic type of values**
 1. **Bold ambition:** wanting to take on uniquely complex challenges that conventional ideas cannot overcome. **You are going somewhere that requires everyone to be entrepreneurial**
 - Volkswagen: being at 3rd position in the market, VW set the goal in 2008 to become the leading car maker in ten years (which they did in 2017)
 - Nissan: ambition called "vision zero" which aims to zero traffic accidents involving Nissan vehicles Honda: bring 'well-to-wheel' CO2 emissions down to zero
 2. **Collaboration:** achieving a bold ambition cannot be done solo, but requires collaboration
Pentagram (design firm): equal pay, no seniors or junior partners, decisions by consensus.
IDEO (design and innovation firm): use of multidisciplinary teams without power rankings. **If you want to get there you have to work together**
 3. **Learning:** people's willingness to go through the multiple iterations required to tackle a complex problem and fulfill the bold ambition **If you work here than one of our values is that you keep learning as well**
 - Accenture (consultancy): Use of post-graduation education

- Vlerick Business School: a) teambuilding events transformed for peer learning and inspiration events (employee-to- employee) and b) increased involvement of students in teaching programs
- 4. **Responsibility:** sense of obligation and feeling bound to live up to quality standards
 - Pentagram (design firm): Managers in the firm were equal, but every month the performance statements of each manager's unit are presented to the board of shareholders. "You did not want to be at the bottom of the list. If you were, you knew your colleagues would help you and support you in the next months."

3) Rules of engagement

- Purpose and shared values are not sufficient: there are still tension that can exist (also because of the bold ambition and shared values)
 - How can you hold people accountable for monthly financial performance and expect them to experiment with high-risk, uncertain innovation projects or ventures?
 - How can you install fully autonomous teams and expect them to deliver projects in line with the bold ambition?
 - This is where '**Rules of engagement**' come in. These rules are different at many organizations, but Hill et al. (2014) uncovered a few patterns in innovative organizations that befall into two categories. Formal and informal rules or norms about
 1. How people in the group interact
 2. How people in the group think
1. **Rules about how people in the group interact:**
 - **Mutual trust:** the belief that everyone in the organization is driven by intentions based on the group's purpose and shared value
 - Critical because: It encourages members to take calculated risks when they explore new ideas, It allows them to live with and learn from inevitable missteps
 - **Mutual respect:** organizational members all consider each other competent, even though each brings different abilities and strengths
 - Critical because: It fosters the listening, openness and transparency that are necessary for collaboration and risk-taking, People will only volunteer and suggest ideas when they feel that their talents are recognized and utilized. **Mensen met andere background: op dezelfde manier behandelen. Een ingenieur moet een marketing persoon ook respecteren ook al brengt die niet hetzelfde level van kennis naar de tafel**
 - **Mutual influence:** the expectation and reality that everyone in the organization has the potential to influence outcomes and even decision-making
 - Critical, because without the feeling of influence over outcomes, it is impossible to hold people accountable for the outcomes
 2. **Rules about how people in the group think**
 1. Permission to question everything: innovation and CE requires the creating of a portfolio of ideas/ventures/projects that need to be tested, refined and selected. Ideas come in all shapes and sizes, so there should be a permission to question anything
 2. Be data-driven: putting a portfolio of ideas/ventures/projects to the test. Innovation requires a process of trial and error and collecting data can help you keep an objective view over the progress of ideas
 3. See the whole: innovation requires all members of an organization to keep in mind the bigger picture, not optimizing only one part. The best solutions are the ones that combine disparate approaches, tackle problems holistically and combine an organization's activities

- How people interact and think: example of Pentagon design studio
 - Pentagon is a multi-disciplinary, independently-owned design studio, consisting of partners who are all practicing designers, and who work collaboratively or independently. purpose is to show the social power of design in solving problems. Design is seen as 'a calling'.
 - Each partner is selected through an **extensive prospective procedure**, showcasing their competence, skill and strong professional reputation (perception of competence for mutual trust and respect). Before admission, the partner has to go to every office and meet with every other partner face-to-face. Each partner has to cast a vote to allow the candidate to become a partner and the vote has to be unanimous (mutual influence).
 - All partners have different talents and skills but are **paid equally** (mutual respect). This variety of backgrounds means that everyone has an equal say during decision-making (mutual influence). Partners are required to be at all meetings, they must present their work and discuss and challenge each other's work (permission to question everything). Ensuring everyone to be there and be active ensures that the full picture is being maintained (see the whole)
 - Partners are **reviewed on their monthly performance** (data-driven) and get peer assessments. The peer reviews and feedback are challenging and can challenge existing approaches, forcing people to go out of their comfort zone (permission to question everything). Inferior performance can lead to forced departure from the firm and is based on concrete KPI's (data-driven).
- Sounds easy?
 - Setting up an intrapreneurial or innovative culture is often misunderstood or underestimated!
 - Pitfall 1: Too vague or unclear shared purpose, values and rules of engagement
 - Pitfall 2: Shared purpose, values or rules of engagement are defined, but not implemented or supported
 - Pitfall 3: Creating a CE or innovation culture requires balancing tensions
 - 1. Tolerance for failure but no tolerance for incompetence: exploring risky ideas that ultimately fail is fine, but mediocre technical skills, sloppy thinking, bad work habits, and poor management are not
 - *Amazon* ranks employees on a forced curve,
 - *Google* is employee-friendly, but has rigorous application and performance management systems
 - Directors at *Pixar* who cannot get projects on track are replaced
 - 2. Psychologically safe, but brutally candid: a two-way street. If it is safe for you to criticize my ideas, it must also be safe for me to criticize your ideas regardless of whether a person is higher or lower in the organization
 - Eisenhower's statement to his generals: "I consider it the duty of anyone who sees a flaw in this plan not to hesitate to say so. I have no sympathy with anyone, whatever his station, who will not brook criticism. We are here to get the best possible results."
 - 3. Collaboration, but with individual accountability
 - *Pentagon* uses consensus, but that is not possible for many organizational structures or when fast decision-making is required
 - At *Pixar*, the director receives feedback from various sources, but he or she chooses which to internalize and use. If they fail, they get replaced

4. Flat but strong leadership: lack of hierarchy does not mean lack of leadership. Flat structures are hard for leaders as they need the capacity to articulate the purpose and long-term strategies while being adept at dealing with technical and operational issues
 - Steve Jobs: strong, long-term visions and maniacally focus on technical and design issues
 - Sergio Marchionne (Fiat, Chrysler): moved his office to the engineering floor and was renowned for eye for detail and for pushing decision-making to his employees
5. Willingness to experiment but highly disciplined: not working randomly, but having transparent and clear-cut criteria on whether to move forward, modify or kill an idea
 - Flagship Pioneering (a science-based venture creating firm): use 'killer experiments' to test and maximize the probability of uncovering the flaws of an idea, keeping testing as short as possible to avoid the sunk cost effect. Sticking to failing ideas or programs is seen as the worst crime. Employees are evaluated on starting successful ventures, not spending time on keeping them alive
 - Google's 20% rule: Google kills 20% time - First, Google began to require that engineers get approval from management to take 20% time in order to work on independent projects, a marked departure from the company's previous policy of making 20% time a right of all Googlers. Recently, Google's upper management has clamped down even further, by strongly discouraging managers from approving any 20% projects at all. Managers are judged on the productivity of their teams—Google has a highly developed internal analytics team that measures all employees' productivity—and the level of productivity that teams are expected to deliver assumes that employees are working on their primary responsibilities 100% of the time.
 - They stopped because they were paying the free time
6. Giving time and resources to innovate while speeding up innovation cycles
 - Example: 3M
 - Installed the 15% free time rule for employees to explore ideas in 1948 (nearly 118 thousand patented products as a result) – approach mimicked by Google and Hewlett-Packard
 - Fixed percentage invested in R&D every year (5-6%) high above the industry's average
 - 30/4 rule: 30% of profit should derive from new products launched in the past four years
 - They push that employees try their ideas first by themselves before they put it in the program

In-class assignment of today

The San Murcatto organization is lacking a clear organizational culture that guides, stimulates and supports the employees' entrepreneurial and innovative activities. Formulate the organizational culture you envision for San Murcatto

How? By writing a formal letter addressed to the employees (max 2 pages). This letter should include the following: Your shared purpose (who we are), Your shared values (what we value the most), The new rules of engagement (how people are supposed to interact and think)

- Good points in letters
 1. Start by addressing problem
 2. Family values: comes back often: cohesive and also has an hierarchy aspect
 3. Follow ups, idea boxes, bootcamps, specific and concrete ideas
 4. Repeat values

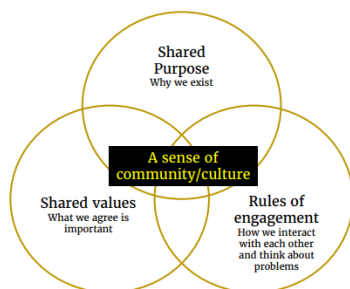
- 5. The simpler the message, the more it will stick
- 6. Owning your mistakes by apologising
- Culture is difficult to force

Building a CE organization: the architect perspective

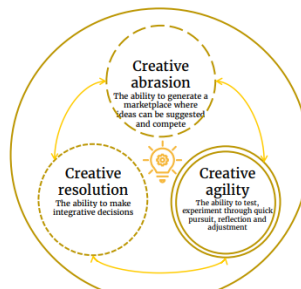
- Key lessons of today
 - The role of HRM practices should reinforce and shape the culture of an organization
 - Job planning and design
 - Recruitment
 - Performance appraisals
 - Rewards and incentives
 - Training and development
 - Creating an innovative or CE culture? Create a sense of community based on
 - Shared purpose: who we are
 - Shared values: what matters most to us
 - Rules of engagement: how employees should think and interact
 - Creating a culture requires you to deal with tensions:
 - Affirm the individual and the group
 - Giving support and confrontation
 - Stimulating experimentation/celebrating failures, but holding people accountability
 - Stimulate the individual intrapreneur and collective collaboration
 - Behaviour at the office is influenced (and can therefore be manipulated) by physical structure, stimuli and symbolic artefacts. It affects types of communication (coordination, information, inspiration)

Lecture 4: Creating the ability to innovate – part I: generating and elaborating ideas

- How intrapreneurship can be stimulated. Managing flows for ideas, new business opportunities. Generation and elaboration of ideas. How will you find ideas worth pursuing and how can you learn people to develop them further.
- Outline
 - **1: Creating the ability to innovate.** Culture: willingness to be intrapreneurial, here: ability
 - **2: The Idea journey:** how idea flows within an organisation
 - **3: Creative abrasion**
 - **4: Creative agility**
 - **Spotting new ideas and develop into success**
- How to create an entrepreneurial and innovative organisation?



Creating the willingness to do the hard work of corporate entrepreneurship and innovation

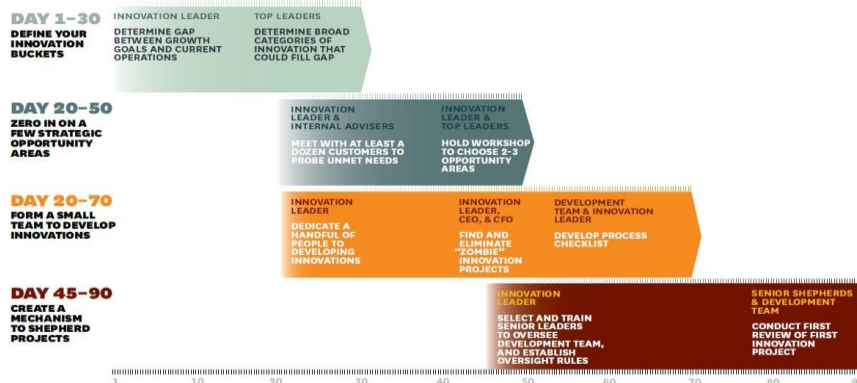


Creating the ability to do the hard work of corporate entrepreneurship and innovation

Expand model with ability.
Willingness seen last week
Agility: how test ideas, develop, experiment with them

- Build an innovation engine – Harvard Business Review

BUILDING A MINIMUM VIABLE INNOVATION SYSTEM THE FIRST 90 DAYS

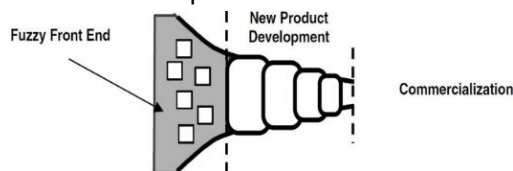


If we have a company and want to make sure that people can be intrapreneurial -> end up with this article: minimal viable innovation system in 90 days. Nice timeline here

- **Day 10-30**
 - Step 1: Define your ideas into two buckets: Ideas that extend today's business, Ideas that generate new growth. **Idea selection: select few ideas to develop**
 - Step 2: Fill the buckets with ideas and (ongoing) creative projects accordingly
- **Day 20-50**
 - Zero in on a few strategic opportunities How? Idea selection.
 - Author's suggestion: Make senior management identify and select a handful of ideas/opportunities that will become developed. **Small dedicated innovation or intrapreneurial team**
- **Day 20-70**
 - Form a small, dedicated team to develop the ideas
 - Free up resources for this team, Allow team learning-by-doing
 - Actively follow up ideas and projects with process checklists

- **Day 45-90**
 - Create a mechanism (or routine) to shepherd projects
 - You have a dedicated innovation team. Make it learn and grow in experience
 - Form a group of senior leaders/managers who have the autonomy to start, stop or redirect the projects
 - You want to scale up the MVIS? Rewire it back to the organization!
 - **Makes sure it becomes an idea**
- Build an innovation engine (HBR style) – a few reflections
 1. Starts with strategy
 - Defines the strategic areas to focus on
 - Separates the buckets of ideas
 - Stresses senior management involvement at critical decision points
 - **Starts with strategy and separating ideas with different potential.**
 2. Organized for efficiency
 - Quick turn-around from concept to product
 3. Clear assignment of roles
 - **Everyone knows their responsibility**
 - **Very hands on. Few reflections possible. Hands on: clear. Easy to explain**
 4. Idea selection happens early-on
 - Vulnerable to idea selection errors
 - What happens to ideas that are rejected?
 5. One team represents the entire innovation power of the organisation
 - One team responsible for the development, no involvement of the idea contributors themselves? -> **much risk: can lack expertise in certain domains and not accept ideas.**
 6. Why would employees suggest their own ideas?
 - E.g. those that they value highly and would like to develop themselves
 - Risk that the proposed ideas by employees outside of the innovation team are those that are less valuable
 7. Not-invented here syndrome
 - **Not invented here syndrome: if a team develops idea and you were not part of process: say that you are not really proud of it etc.**
 - **Downsides:**
 - **Management team hesitant about new ideas: not good. In the end: always forget few ideas and lose peoples motivation.**
 - **Why would you develop ideas if some other team is going to develop it and take credit. Why would I?**

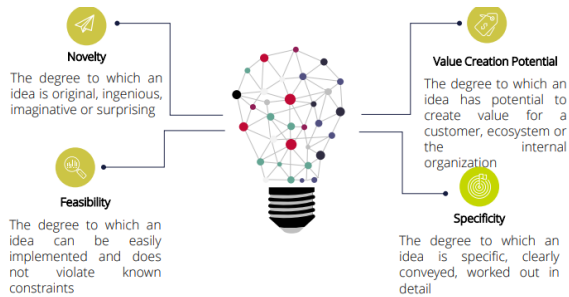
- The innovation process



Fuzzy front end: trying to see which ideas are there and put it into funnel system: not time and resources to develop every idea. Want to zero in on a few ideas. How many is depended on industry/sector etc

Idea journey

- Important thing to understand how strategic opportunities go through an organisation
- What is a creative idea?



Important to understand

Value creation: internal or external value. Can also be improving internal processes

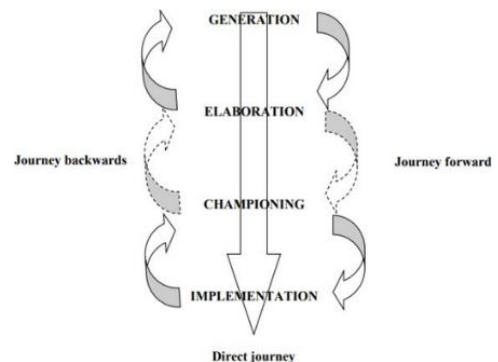
Feasibility: can you do it? Time travelling by example cannot be done (yet)

Specificity: easily forgotten: how detailed can you describe your idea. The more detailed, the more creative

Novelty is often fixed. 3 other aspects often evolve

- The idea journey

1. **Idea generation:** the process of generating different creative ideas and ~~selecting~~ suggesting the most promising one **Selecting is crossed out. Suggesting is important**
2. **Idea elaboration:** the process of systematically evaluating the novel idea's potential and further clarifying and developing it
3. **Idea championing:** the active promotion of the novel idea, aimed at obtaining the green light for pushing it forward and consequently attaining the resources to implement it: **if you have entrepreneur and have startup pitch. People need to find resources/ support withing organisations to get ideas from the ground**
4. **Idea implementation:** the process of converting an idea into a tangible outcome that can subsequently be diffused and adopted
 - Very nice paper written on this about how ideas flow through organisations. 4 phases
 - **Idea selection:** the process of evaluating ideas on their novelty, feasibility and value/potential and consequently deciding to continue the idea or abandoning it
 - Fifth part, but cannot be placed below. Happens constantly throughout these 4 phases



The idea journey – advertising	The idea journey – patenting	The idea journey – thesis writing
Idea generation: Coming up with core idea for the ad, prior to or during brainstorming session Idea elaboration: Development of concept of the ad: key message, look and feel, catchphrase, etc. Idea championing: Presentation of elaborated concept internally/ to the client. The client could endorse idea and express that they want to carry on. Idea implementation: Realization of the advertising campaign across different media: detailed images for posters + magazine ads, fully produced video ad, specific images	Idea generation: Coming up with core idea for new product/process/ technology that can be patent protected Idea elaboration: Researching existing patents Lab tests and prototyping to test viability and feasibility of idea Idea championing: Submission of application to national patent's office Idea implementation: Realization and industrial production of product/ process protected by the patent	Idea generation: Coming up with core idea for the thesis, including research question Idea elaboration: Development of extended abstract or first draft Idea championing: Submission of thesis proposal/ draft to supervisor or second reader or external experts. Getting feedback and encouragement from supervisor Idea implementation: Writing full thesis; iterating from first draft to final paper

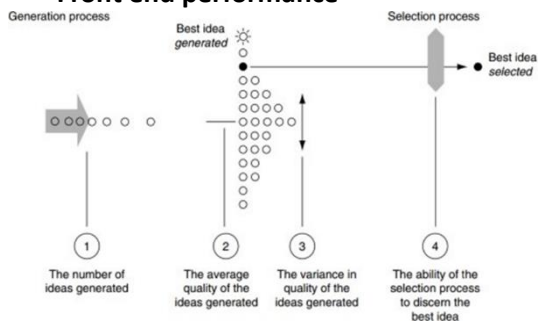
and viral videos for online media, etc. Idea selection: Creatives or internal ad agency colleagues deciding what core ideas to take forward and which to leave behind Client deciding to realize the ad or not	Idea selection: Making decision to file for patent or not. Receiving decision of patent office that patent is granted	Idea selection: Receiving decision on thesis proposal from supervisor and second reader and/or receiving decision from supervisor on final draft and decision to submit thesis or withdraw.
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- Social network drivers in the idea journey

Idea generation	The process of generating different creative ideas + suggesting most promising	Requires cognitive flexibility + creative thinking skills	Facilitated most optimally by weak ties
Idea elaboration	The process of systematically evaluating the idea's potential and further clarifying + developing it	Requires feedback + emotional support	Facilitated most optimally by weak ties
Idea championing	The active promotion of idea, aimed at obtaining green light for pushing it forward and consequently attaining resources to implement it	Requires influence + legitimization	Facilitated most optimally by strong ties
Idea implementation	The process of converting idea into tangible outcome that can subsequently be diffused + adopted	Requires communication + shared purpose	Facilitated most optimally by strong ties
Idea selection	<i>Formal and informal moments that a person decides to continue an idea or stop it</i>	<i>Requires understanding of shared purpose, quality standards and norms and rules of engagement</i>	<i>Undocumented in research. general assumption is: for idea to pass all selection moments, should build legitimization in organization</i>

- Different social network types are different drivers
- Stimulated by strong ties: championing
- Implementation: about execution and trying to implement ideas efficiently and effectively
- Do need social network to get ideas selected. Need to test out ideas with different people within company

- Front end performance



Looking for certain KPI's

Mostly overview from ideas perspective

First thing: wants to find as much ideas as possible.

Larger the set of ideas: more likely to have outliers and more likely to have diverse context. In general management overlook variance: need to find outliers

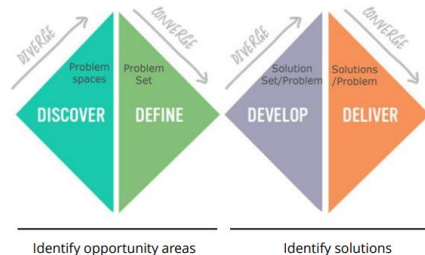
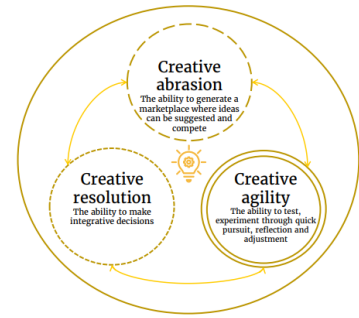
4) What is best idea generated

Discern: being able to accurately predict

Absolute vs relative evaluation: checklist with values is one approach. Other is to place 2 ideas side by side and see which one is going to be most creative

1) Creative abrasion

- How do we create ability for people to develop and generate ideas, Setting up marketplace
- Creating the ability to innovate
- Creative abrasion
 - **Abrasion** = the process of two or more substances rubbing each together and creating sparks
 - **Creative abrasion** = “the ability to develop ‘a marketplace’ where rich diverse ideas come to light and compete
 - It is about
 - ⇒ Generating discourse about new ideas **People talk about ideas**
 - ⇒ Creating debate and conflicting views in a safe environment and with respectful interaction (e.g. why rules of engagement are important!)
 - ⇒ Ideas should compete – because not all ideas are worth pursuing (limited nature of resources, people and time) **Different ideas: need to find out which ones are the best**
 - But where to find the spark? Where can ideas come from?
 - **Create marketplace for ideas. Where they are sold and discussed and talked about**
- Idea generation starts with a problem/opportunity and ends with solutions/ideas

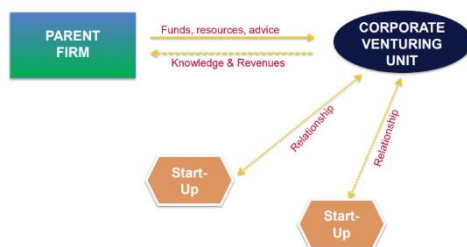


Double diamond process

Try to start with formulating problems or challenges
Need to think about what kind of problems/opportunities and zoom in on a few
Converge into a few

Inspiration

- Inspiration: Follow important trends
 - Where marketing units come to play. Following trends. Look outside and spot those
- Inspiration: Observe your customer
 - Focus groups etc. to find inspiration easily
- Inspiration: Monitor and invest in corporate ventures



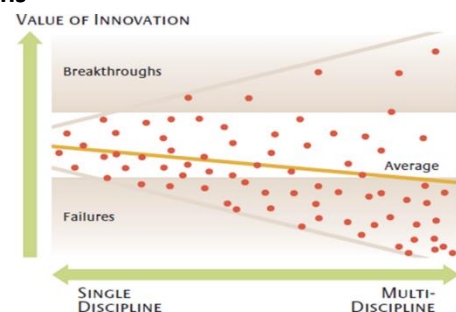
Also have eyes on what different ventures are doing
Inspiration about what you can do

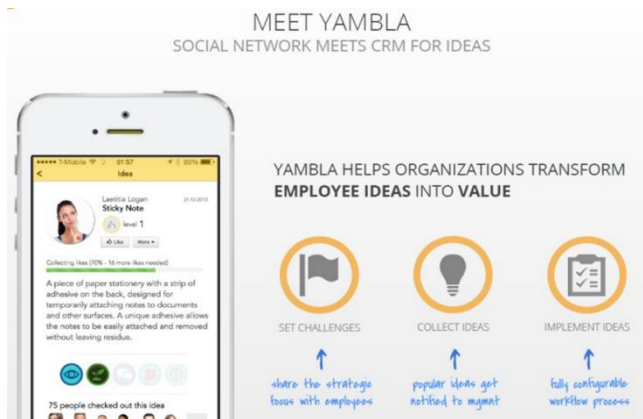
- Inspiration: Patent mining
 - The esp@cenet database contains more than 65 million patent documents
 - **Patents. Look at patent databases to see latest patents in industry. Nice source of data**

Idea generation

- Idea generation: **Brainstorming**
 - Optimal length of a brainstorm session?
 - Elements of a perfect brainstorm:
 - Well-articulated problem description
 - Warm-up exercises at the start of the brainstorm

- Playful rules. 'No but' cannot be said, only 'yes and'...
 - Go for quantity (100 ideas for a one hour session)
 - Encourage wild ideas
 - Get physical: Sketching, crude prototypes
- People can get stuck because they like certain idea: need to move on from that and delve in and try to make novel connections. Moving around can help creative thinking
- Off-site brainstorm sessions? Good idea or not?
 - On site or off site brainstorming
 - Outside is better? Moving is also very good. Thing is that if you are doing this on a structural way. people will associate creativity with being somewhere else. Wants to see this as a routine. Universities are good at this. P.e. agora is a kind of meeting room.
- Idea generation: **multidisciplinary in organizations & teams**
 - Multidisciplinary: what is functional and cultural background. Has an effect in way they influence idea generation, for creative outliers, multidisciplinary teams are great. Single discipline teams: average quality of innovation is higher, but variance not.
 - When passionate, diverse people collaborate, differences, disagreement and conflict are inevitable
 - This is desirable. Because in a marketplace for ideas, you need competition to re-iterate your idea and find better approaches NOT interpersonal conflicts, but intellectual conflicts (e.g. not opposing each other but opposing ideas) People have clashing perspectives.
 - Two tensions:
 1. Between **individual vs group** identity
 - The fundamental tension between wanting to belong (group identity) and wanting to be unique (individual identity)
 - Holds true for the individual in a team, but also for the subgroup within the organization
 2. Between **support and confrontation**
 - How to encourage team members to support one another
 - While simultaneously encouraging them to provoke and challenge each other
 - How to **balance**?
 - To build a community/culture in which individuals feel physically safe to be unique but where there is a strong sense of 'we'. Tension: want people with shared common group identity, but also want people to be diverse.
 - "We all fail or succeed together." The role of a leader is to remind the members about their shared purpose and values You want people to support each other, but also have conflicting debates. Can have debates more easily if there are conflicts
- Collecting ideas from employees
 - Before: the 'idea' suggestion box
 - Idea box where in much companies. What went bad in many companies. Often used as a complaint box or nothing happened with the box
 - Nowadays: idea suggestion platforms
 - Has been replaced by a digital platform that solves previous issues



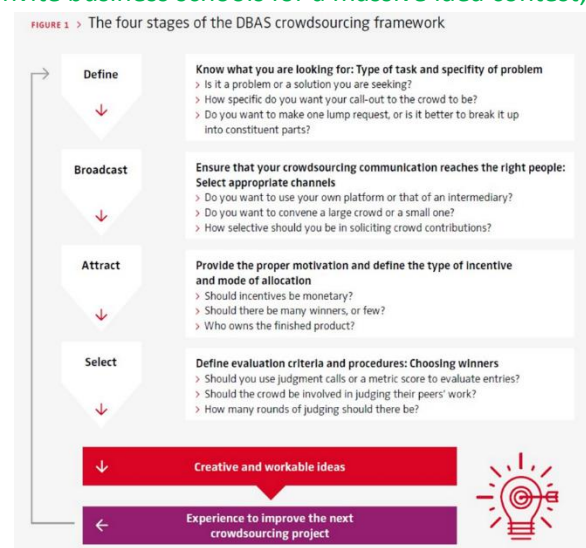


Yambla is similar as Facebook in terms of dashboard. Adapt platform to every client they work for

Can also see where idea is in idea journey
Can see which ideas are developed within organisation

Still need people to submit ideas -> idea contest

- Enter the idea contest – definition and exposition
 - “A competitive process where ideas are generated and submitted in response to a call for ideas, and where the ideas are elaborated, evaluated and filtered out, until the most promising ideas remain.” - Terwiesch & Ulrich (2009) **Idea contest: competitive process where ideas are submitted by employees and filtered until most promising ideas remain**
 - Many firms are organizing idea contests to find and select new ideas
 - Adidas’s idea competition, Innocentive, Threadless’s t-shirt design competition, IBM’s innovation jam, Dell’s idea storm, Swarovski’s jewellery design competition, L’Oreal Brandstorm competition, Ericsson’s idea boxes, AB-Inbev’s Sharktank Challenge, Engineering Consult’s idea exchange, Accenture Innovation Challenges
 - Sharktank challenge: **Ab inbev. Similar setup with lot of competition between ideas** Artois: **3 winning team who have to develop ideas further, Still organising this yearly. Jury members from all over world.** L’oréal brandstorm: **Has been doing this for more than 30 years. Every year a challenge and open up the world to invite business schools for a massive idea contest, Experience lot of networking**
- Dahlander, L., & Piezunka, H. (2020). Why crowdsourcing fails. Journal of Organization Design, 9(1), 1-9.
 - **Application of crowdsourcing; can happen internally or externally**
 - **Attract: about incentives. Symbolic, monetary**
 - **What we often see, if you can present to senior management while you are young: very great opportunity**
- Study: How idea contest design affects idea generation?
 - Data collection
 - 37 idea contests organized and supported by the Yambla Idea Management Software Platform
 - For each ‘idea contest’ case, we mapped:
 - Their idea generation outcome
 - How they were designed (challenge formulation, promotion campaign, rewards used, feedback system,...)
 - Data analysis
 - Qualitative comparative analysis
 - Case study method



- Looking at how idea contests are formed

- How to design idea contests to improve idea generation performance

Condition	Dichotomization/Calibration	Mean	St. Dev.
Challenge formulation	0 – if well-specified challenges are used 1 – if general, unrestricted call for ideas are used	0.473	0.506
Idea soliciting period	0 – if idea sharing can happen continuously 1 – if idea sharing is time-bound	0.342	0.481
Promotional communication	0 – if no effort is done to promote the launch of the idea contest 1 – if considerable effort is done to promote the idea contest (posters, invitation emails, websites, blogs, video, presentation, keynote,...)	0.312	0.471
Rewards	0 – if no specific rewards are given 1 – if rewards are given to the winning ideas (recognition, resources, budget, cash prizes, ...)	0.526	0.506
Administrator feedback	0 – if there is low feedback interactivity (below 25 th percentile) 1 – if there is a lot of feedback interactivity (above 75 th percentile) (direct method of calibration)	0.311	0.211
Ideas per capita (outcome)	0 – if below 0.19 (below the 25 th percentile) 1 – if above 0.95 (above the 75 th percentile) Between 0 and 0.5 if below 0.42 (50 th percentile) Between 0.5 and 1 if above 0.42 (50 th percentile)	0.941	2.02

Case study where they mapped how design was done

Is there an administrative feedback team: whenever you submit something: can receive feedback to improve idea

- A qualitative comparative analysis of 37 cases: configurations

- Lot of firms bad at generating ideas

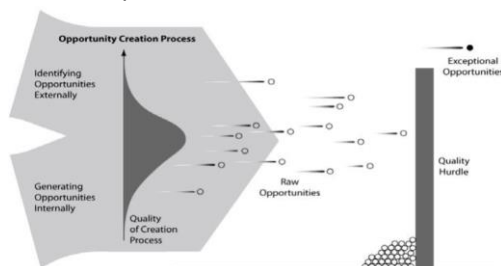
Config.	Broad call for ideas	Temporary idea soliciting period	Promotional communication	Rewards	Administrator feedback	High performance	Low performance	CaseID
Config. A	0	0	1	0	0	0	1	11
Config. B	0	1	0	1	0	0	0	37
Config. C	0	1	1	1	0	0	0	15, 36B
Config. D	1	0	0	0	0	0	0	1, 5, 6, 8
Config. E	1	0	0	1	0	0	1	12, 36A
Config. F	1	1	0	1	0	0	1	29
Config. G	0	0	0	0	1	0	1	4, 16, 20, 25, 32, 31B
Config. H	0	0	0	1	1	0	0	24, 26, 30, 22
Config. I	0	1	0	0	1	0	1	35
Config. J	0	1	0	1	1	0	0	31A, 7A, 7B, 7C
Config. K	1	0	1	1	1	0	0	21
Config. L	1	0	0	0	1	0	0	2, 3, 13, 28
Config. M	1	0	0	1	1	1	0	10, 23
Config. N	1	0	1	0	1	1	0	17

- How to design idea contests to improve idea generation performance?

- Using a broad call for ideas together with having an administrator team in place actively giving feedback to all ideas together appear in every idea contest that performs well in idea generation. **You need enough ideas. Otherwise quality is not great**
 - Furthermore, because of the administrator team actively giving feedback, others in the organisation or crowd will also tend to give feedback
- Having a considerable promotional communication, a temporary idea soliciting period and rewards to attract participants function as substitutes. **Temporary idea soliciting period: restricted amount of time to submit ideas. Very often time bound alternatives creates more momentum.**
- Lack of promotional communication, especially when not having a broad call for ideas and administrator feedback, always resulted in idea generation failure: **idea generation is not going to happen**
 - Don't need to have all 3 in place

- Idea contests– objectives?

- To generate ideas
- To select the most promising ideas (based on relative quality)
- To develop, elaborate, refine and test ideas?

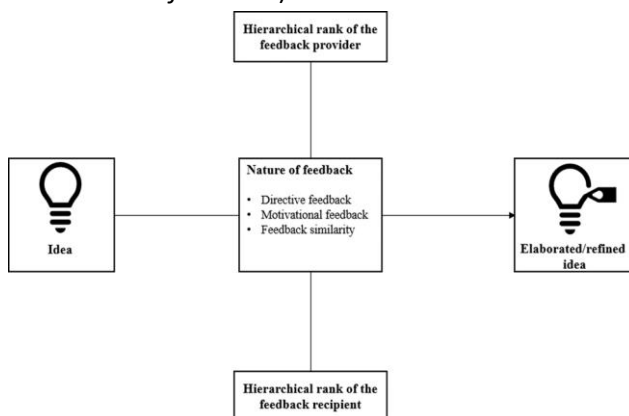


Generating ideas and filtering out relevant ones
Use this to develop and elaborate developed ideas

- Research setting: the Accenture Innovation Challenges
 - We looked at how people there shared feedback with each other, After submitting idea getting feedback from peers, subordinates etc. Big thing. Also invite a lot of their clients and partners there to show innovativeness of their employees
- Flavr
 - Flavr: buy meals from hobbychefs, in 2014 food sharing platforms were not a big thing. Nowadays it's different, Doesn't exist anymore nowadays
- What type of feedback is going to help to develop ideas

Motivational feedback	Directive feedback
"Excellent idea!" "I would love to have an app/service like this!" "Looking forward to see/experience this in reality" "Nice. I would dream of having spinning courses on the train"	"This idea could be combined with the smart refrigerator" "Where would you generate your revenues? Would you ask the airline companies a fee or rather charge the customers using this application?" "Think further than only monetary terms. It could have its role in the rising sharing economy."

- A study on the Accenture Innovation Challenges
 - Focus: the **role of feedback** during idea development in the idea contests. Key take-aways
 - Directive feedback positively affects development of ideas
 - No significant relationship found for motivational feedback
 - Feedback similarity is found to positively affect idea development
 - Hierarchical rank of feedback provider is found to + moderate idea development. A higher hierarchical rank of feedback provider is found to + moderate idea quality
 - Hierarchical rank of feedback recipient is not found to positively moderate idea development. Hierarchical rank feedback recipient does not moderate idea quality (*no matter where you are in organizational hierarchy, ideas can benefit from constructive feedback*)



People are repeating parts of feedback given by someone else. Have 12 levels in hierarchy. Feedback of higher ups are more likely to be implemented and who are using feedback? Directive feedback helps to improve the idea. Motivational feedback did not have this effect. If multiple people point out the same thing: see that they can change that aspect. People higher up who give feedback: higher idea development. If you get feedback: idea can be developed further

- **Winning ideas don't always shine first**
- Idea contest at Accenture ran for 5 months. Promotional video was only the last day. Idea generation on platform and gathering feedback. Very hard predicting in beginning which ideas were going to win. Brightest ideas in beginning is not necessarily brightest in the end

In-class assignment of today

Now that the organization is being restructured and you have shared the newly envisioned organizational culture to your employees, it is time to get started with soliciting (collecting) ideas from your employees! **In-class assignment:** You are tasked with setting up an idea contest where employees are invited to suggest and develop ideas. HOW are you going to set up this idea contest to generate plenty of ideas and get employees to elaborate ideas and champion each other's ideas?

Specify the challenges or call for ideas you will use. How are you going to promote the idea contest?

- Challenges in certain sectors. Strategy also comes into play by specifying challenges. If you don't have success in first one. They stop generating ideas for the next one.
- Promote: flyers, email, platforms, still need offline means. Inviting people by letter, etc.

How are you going to reward/incentive employees to suggest ideas and participate?

- Reward and incentivise people in winery? Ownership autonomy. Promotion, certain reward linked to this. Higher job performance evaluation. Incentivise participation? Winning teams can become jury in next idea contest
- Employee engagement awards: contest made into a tv show. Even if they don't win, idea can still be realised. What for the winners? Always combine cash prize with something else. Innovator of the month/ entrepreneur of the month. Access to exclusive training program. Flemish PhD cup: can win training voucher: can get professional development at business school/media training,...

How are you going to ensure that employees can give feedback?

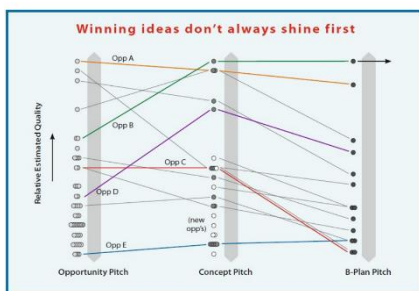
- Not a good idea to let top management make all evaluations, Feedback giver: taking a mentoring role is also nice, needs to be incentivised -> administrative feedback team is important. If one person already gives feedback, easier to join

What is the name of your idea contest?

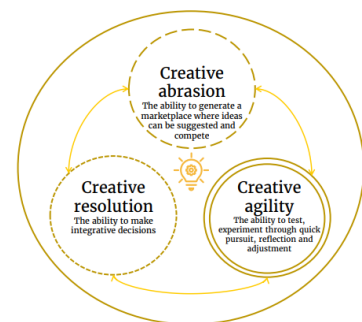
- Who in panel? Clients, but also having clients submit their challenges to the organisation

2) Creative agility

- Creating the ability to innovate
- Ideas can evolve a lot during the innovation process



Need process after generation to expand ideas etc



- Creative agility
 - **Agility** = marked by ready ability to move with quick easy grace and to having a quick and resourceful character. Ways of planning and doing work in which it is understood that making changes as they are needed.
 - **Creative agility** = “the ability to develop and test different options, learn from the process and outcomes, to elaborate, refine and shape the idea, and to try this again – and again and again” A track you have to get through, needs to see which ideas can get to the end of the track
 - It concerns the organizational ability to
 - Pursue new ideas quickly and proactively through multiple experiments
 - Reflect on and analyse the outcomes of experiments and tests
 - Adjust subsequent actions and choices based on what they've learned
 - A typical process looks like this: pursue – reflect – adjust – pursue – reflect – adjust – pursue – reflect – adjust – pursue - ... (e.g. requiring many iterations)
 - Have focus groups, try to have prototypes, try to look at projections, try to have a question session. Wants to reflect on outcomes and adjust ideas multiple times
- One possible approach: **Idea management platforms** → easy way to get feedback from other employees on ideas

- Another approach: apply agile practices Agile practices can be seen as very strict or very broad
 - Initiated in software development
 - Agile here stands for incremental, allowing teams to develop projects in small increments
 - A small cross-functional team (3-9 people) are formed and empowered to work on a project. **Wants to have small interdisciplinary teams**
 - Its members break the highest-ranked tasks into small modules, decide how much work the team will take on and how to accomplish it, develop a clear definition of “done,” and then start building working versions of the product in short cycles known as sprints.
 - Scrum master (**responsible for speeding up things**) in place to facilitate and guide the process and progress.
 - Daily ‘stand-up’ meetings to review progress and roadblocks: **have shorter meetings**
 - Testing small working prototypes (often with customers for short periods of time).
 - If customers or tests are positive, quick development of prototype
 - Intended to
 - Boost energy and motivation of (IT) teams
 - Speed up idea development **and to keep energy of the team high**
- So, **how to foster creative agility?**
 1. Pursue new ideas quickly and proactively by striking a balance between having short moments of planning and extended periods of improvisation/experimentation
 2. The more and faster a group can test ideas, the faster it can learn
 3. Reflect on experiments: a simple review does not suffice. Use post-action analysis, actively gather data, information and feedback. **Try to get as much feedback as possible**
 4. Adjust subsequent actions + choices: after reflection, stipulate action or decision. Leaving idea in ‘pause’ will kill it – force subsequent actions (initiating new iteration, deciding to implement /scale/kill the idea) **remain in evaluation + nothing happens -> team loses focus**
- Balancing two tensions:
 1. Between **learning & development vs performance**
 - Learning and development are necessary to achieve superior outcomes– but ultimately, the outcomes is what matters. It is about encouraging people to think outside the box, but also holding them accountable for the results
 2. Between **structure and improvisation/experimentation**
 - Improvisation/experimentation is necessary to widen the scope of search for alternative approaches, heightening the quality of ideas. Structured processes can help speed up the innovation process
- **Ideas need time to shine, but needs to perform, difficult to balance. Depends on industry: pharmaceuticals: longer process. Try to be faster + more effective. Leaves room for experiments and out of the box thinking. Intrapreneurs can sometimes get too caught up in what’s happening.**

Key lessons of today’s session

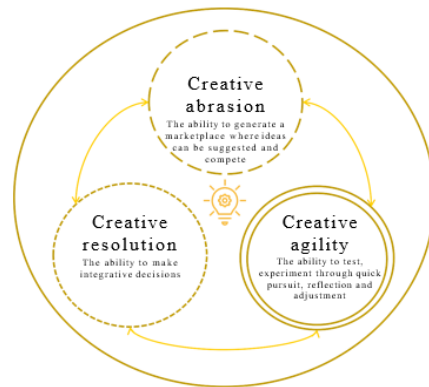
- **Building an innovation engine begins with strategy – what ideas do you want to look for?**
 - **Build an innovation engine in 90 days – the HBR approach**
- **Creating an ability to innovate starts with managing creative abrasion and creative agility**
- **Winning ideas need time to shine – they need resources, time to be developed, to get feedback,...**
e.g.: they have to undergo an ‘idea journey’
- **Idea contest are a powerful instrument to get employees engaged in the creative process of an organisation, but it is not always straight-forward to manage it**
- **Strategy: which types of ideas you want, Create marketplace and create creative agility, Winning ideas need time to shine -> think about managing process. Employees engaged in generation of ideas**

Lecture 5: Creating the ability to innovate – part II: Idea selection and realization

- Outline
 1. Creative resolve: try realise ideas by being very resolved about which one you want to select
 2. Greenlighting ideas
 3. Realizing ideas: How do they help you to realize ideas
 4. Guest testimonial

3) Creative resolution

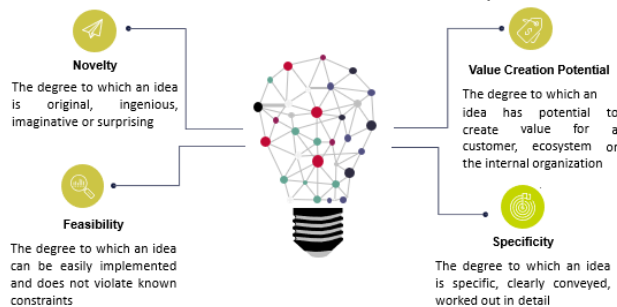
- Third part of the framework to create an ability to create ideas and new business ventures
- Creating the ability to innovate –part II
- Creative resolution
 - **Resolution** = to reach a firm decision about something
 - Synonyms: Resolve, Determination
 - **Creative resolution** = “the ability to make integrative selection decisions”
 - Integrative because idea selection should be directed towards integration (idea realization)
 - Selection because it is about deciding what ideas to select and which to reject.
 - Decisions come in many forms: individual decisions, group decisions, organizational decisions,...
- Should we only select ideas that we can realise or should we dream bigger and pursue ideas we are not able to realise? Don't have to limit yourself to making realistic idea; can dream. If we are KUL by example and are creating courses should we invest in ideas to launch courses to the moon? Probably not, don't have the technology etc. you need to pick the ideas you are able to realise **at some point**. Need to realise, not having people think about ideas and realise nothing.
- Sometimes you have to communicate if inventions are not useful. Can be that it is not useful for your organisation, but is useful for another one
- **Creative resolve: Balancing two tensions:**
 1. Between **Patience vs Urgency**
 - You need to give employees and teams the necessary time to develop and test ideas, but you also want to have a speedy innovation process to keep ahead in the innovation game. Ideas need time to grow + evolve and reach full potential, but on the other hand; want a speedy process. You also want intrapreneurs to stay motivated and to progress. If you can make progress really fast: keep momentum going
 2. Between **Bottom-up Initiative vs Top-Down Direction**
 - Strategy is typically communicated top-down, which focuses the activities of the organization. But creative ideas most often come up bottom-up.
 - Unlocking bottom-up initiatives and ideas is key to becoming innovative, but an organization cannot survive if anyone and everything works on anything
 - Top-levels management are responsible for the long-term focus of an organization and need to make sure employees are on the same page.
 - Tension between bottom up and top down. Strategic focus is mostly determined at the top. Where organisation will evolve to, what future of organisation is. On the other side: potential is from within organisation: employees.



- Disrupting theory: certain disruption often comes outside from your industry; not only focus on your own industry!
- Clash between timelines. Consultancy firms: join and work for certain years and then leave for something else. Wants people to build something that is valuable in the long term

1) Greenlighting ideas

- First part within creative resolution
- Recall: how to measure idea creativity



You can also use these criteria to evaluate ideas

Idea quality = Feasibility + Value Creation Potential + Specificity

Idea creativity = Novelty + Idea quality

Often have a list of criteria in line with these 4
If you have to pitch somewhere and know criteria beforehand; always need to test novelty.

- Within organizations – involve the crowd in the innovation process
 - To generate and suggest ideas
 - To develop, elaborate and refine ideas To give feedback to ideas
 - To select ideas?
- Good idea or bad idea?
 - Good idea to involve crowd in selecting ideas? Include in selection, but to a lesser extent so they are motivated. Don't always need it. Happens more at top down level.
 - Idea contest with jury panel who select 2 out of sample of ideas and a popularity vote where another idea gets selected. Try to invite other people than only top management or just clients or something
 - Logistically difficult to handle if you want to evolve everyone, and there are a lot of biases that could happen. Imagine that you work in largest departments and has a lot of influence etc -> more likely to be selected by the crowd

In-class assignment of today

As a consequence of the new organizational culture and your recent organized idea contest, there are many ideas being suggested by the San Murcatto employees. A list of ideas has appeared in the case (or can be downloaded separately from Blackboard). These ideas have not been reviewed yet, nor has any decision been made to continue them.

→ How would you set up the idea selection process to evaluate these ideas?

Be concrete on the evaluation criteria and the evaluation procedure

Panel? Voting? Using platforms to create feasibility and transparency

As a consequence of the new organizational culture and your recent organized idea contest, there are many ideas being suggested by the San Murcatto employees. A list of ideas has appeared in the case (or can be downloaded separately from Blackboard). These ideas have not been reviewed yet, nor has any decision been made to continue them.

→ Looking at the list of ideas, are you happy with the result? What ideas would you certainly kill? Are there ideas that you would certainly continue?

3 things you absolutely want to develop: 003 Robot?: need to build certain competences and technologies: new strategic direction if you implement, 017 varying wine labels: good if you think long term. Can be a collectible item. 021 Murcatto limited edition fits the brand and company. It's a family brand. 030 Cloning wine grapes

Not: 004 Coffee machine: not an idea just a suggestion. Almost always happens in an idea contest that that is suggested, 020 wine cans: upcoming trend in wine industry. What they do with it ties in with their strategy. If they go into retail: take into account. For fancy restaurants not a great idea -> strategic fits, 024 employee party: not very clear and not fitting with organisation, 027 Non-alcoholic: not original; already exists. Not great in terms of novelty. But there can be a big impact if they do it, 029: can be expensive to get him

How do you handle combining idea? Difficult in idea contest. From a top down perspective it is obvious to mix ideas. Do need to talk to the people who developed ideas and see whether they want to collaborate

Greenlighting ideas (continued)

2) Idea selection biases

- Can be that idea implementation will be covered in next lecture

1. Idea selection biases: **work relationships**

- Various studies have shown that organizational employees are biased when selecting ideas
- People favour:
 - Ideas from colleagues they know intimately, **Work relationships can bias people when they are evaluating others ideas**
 - Ideas from colleagues that work in the same department,
 - Ideas from themselves (self-selection): **when they do brainstorming workshops and start selecting: people still tend to push own ideas. Very natural, but bit of a bias. Something to take care of or think about when evaluating ideas.**

2. Idea selection biases: **locations and organization**

- Based on the evaluation of 10.000 different idea proposals generated by 50.000 employees working in several hundred sites in over 60 countries, the following biases were found
 - **Country bias:** managers prefer ideas that are suggested by employees who work in the same country (between 7-16% more likely)
 - **Site bias:** managers prefer ideas that are suggested by employees from the same site where they work (between 10- 50%)
 - **Business unit bias:** managers prefer ideas that are suggested by employees from the same business unit (3% more likely)
 - **Size of the organization:** the larger a business unit is, the more likely that managers are accustomed to delegating or attributing responsibility and will therefore not reject ideas right away. **Large department: hierarchical relationship. Managers way less involved in development. Different than when they need to help developing themselves.**

3. Idea selection biases: **idea format**

- Based on the evaluation of 10.000 different idea proposals generated by 50.000 employees working in several hundred sites in over 60 countries, the following biases were found:
 - Length of the proposal: the optimal length is 250 words, but depends on the organizational context. **Length is depending on context/industry**
 - Tone of the proposal: highlighting an upside of an idea was evaluated better (10-15%) than those who did not. **If you use positive word; more likely positively evaluated**
- **Weaknesses of ideas better to be put in positive light. Put action point on a weakness**

4. Idea selection biases: **novelty**

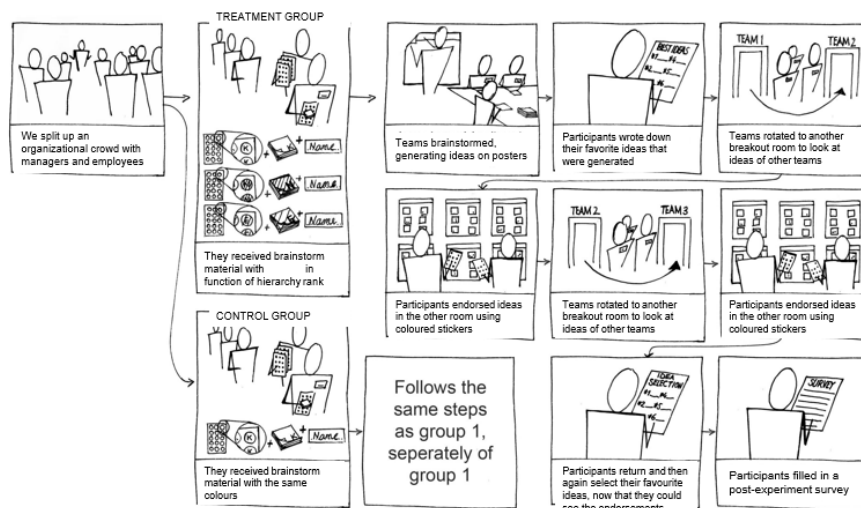
- Building on a multi-source, multi method study of R&D projects evaluation:
 - Organizations are biased against (too much) novelty
 - Projects with intermediate levels of novelty were most likely to be funded **Bias against novelty within organisations. Certain degree is appreciated. If you look at novelty of ideas. Most novel are mostly not in top 3 because they might not be realistic etc**
 - High panel workload reduces panel preference for novelty in selection. **Overworked people will be biased against original and novel work**
 - Diversity of panel expertise and a shared location between panel and applicant increases preference for novelty.
 - But panels have been found to be painstakingly non-diverse **Panels are mostly not diverse. Most from senior level and mostly not people outside of the organisation**

5. Idea selection biases: **sequence effect**

- If a previous idea or project receives positive evaluation or funding allocation, the likelihood for the next idea or project to become positively evaluated decreases (and vice-versa). **After ideas that are mediocre and bad, going to evaluate average higher**
- This holds true for individuals and panels. **Panels also have this effect: thinking about how to randomise sequences. Correct essays: always go back to the beginning essay after you correct the others so you can see how high you graded in the beginning**

6. Idea selection biases: **hierarchy**

- The more hierarchical levels an organization has, the less likely that a manager will declare an idea to be promising. Hierarchical presence in teams:
 - People were found to be less likely to suggest ideas when a high-level hierarchy member is present
 - People were less likely to self-select their own ideas when a high-level hierarchy member is present
- High-hierarchical members were found to dominate group discussion (speak the most), suggest the first ideas. The first suggested ideas in a brainstorm are most likely the ones selected
- **First idea suggested is picked the most**
- A field experiment on hierarchical endorsements and idea selection
 - When selecting an idea, people in organizations typically interact with each other
 - A discrepancy can exist between members positioned at different levels in the organizational hierarchy
 - What we examined: how idea selection decisions are adjusted in light of endorsements given by members of certain high hierarchical ranks
 - This activity is termed as 'hierarchical endorsements'
 - Adjustments of decisions are investigated as either hold decisions (endorsements confirm initial evaluation) or shift decisions (selecting previously unconsidered ideas because of the endorsements)
 - Generally, extant theory predicts that high-hierarchy endorsements will be favoured because of three reasons:
 - A. Perception of higher competence
 - B. Attest of future support to develop or champion the idea
 - C. Acts of deference to please superiors or to influence oneself upwards in the hierarchy



Idea endorsement: whenever you have selection of ideas people prefer certain ideas: endorsements. If you have different people in organisation and endorse ideas, how will it affect evaluation? Will people endorse ideas higher or lower in the organisation? If someone higher up endorses idea: more likely to get more

resources for your idea

2 groups with brainstorm material. Gave post its and stickers with colour. In treatment group: gave people certain colours linked to their function (lower or higher up in organisation). Went back to own breakout and saw which ideas were endorsed. In control group there was no difference in colour

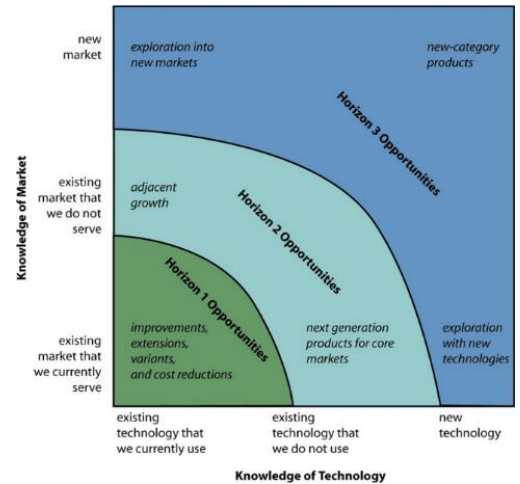
- We compared whether 'high hierarchy endorsed ideas' were more likely to be selected than 'non-high hierarchy endorsed ideas' using a *comparison of means* and *coarsened exact matching* (for control and treatment group separately)
 1. Hierarchical endorsements can affect individual's selection decision, as a significant effect is found in the treatment group but not in the control group
 2. Hierarchical endorsements speak most strongly to those already at a high level in the organizational hierarchy
 3. Hierarchical endorsements influence idea selection decisions mainly through affirming initial idea selection judgements (hold decisions)
 - We see that hierarchy endorsement positively predicts idea selection, but is not the case for everyone, only people higher up in hierarchy cared about the colour meaning
 - Hold decisions: wanted to see if endorsements were leading them to change their mind: this is not the case. Just a supportive function to like the idea more. Hierarchical: group think: wanted other high up people to like ideas they liked
 - Hierarchy bias on top of hierarchy. If they all think about same thing and not new perspective: pitfall to neglect certain opportunities. Need to take out endorsement effect to avoid this and make it anonymous
- Idea selection biases: **what can we do?**
 - Before selection:
 - Asking employees to answer certain standard questions when submitting their idea
 - Remove names and organizational demographics. If you blind selection process: not easy to contact generator of ideas etc to work together.
 - Standardize submissions: Same thesis template: not take into account look
 - E.g. make comparisons easier on idea level
 - Make people aware of the bias
 - Higher up in hierarchy: not always open to suggestions -> reason why hierarchy is not great for innovation etc

- During selection:
 - Diverse selection panels: age diversity, having people of different units, external people
 - Use crowdsourcing principles: maybe the wisdom of the crowd can outperform or complement expert panels? Wisdom of the crowd to support or advise evaluation
 - Use a workshop approach: instead of blind panel evaluation, workshops can be used where people discuss and give feedback to ideas, eventually collectively deciding what ideas to select
 - Stage head-to-head comparisons. Head to head comparison: put ideas next to each other to determine winner
 - Leave it up chance: some organizations are randomly selecting ideas or projects (they are not optimal, but have benefit of fairness and efficiency)
 - Combine ideas where possible
- After selection
 - Provide feedback on proposals
 - Recall the Accenture idea contest study: ideas that receive feedback are more likely to become realized
 - Giving rejections to ideas with feedback was found to lead to more subsequent idea submissions: will lead to more ideas later on and they will be of better quality

3) How to manage idea selections

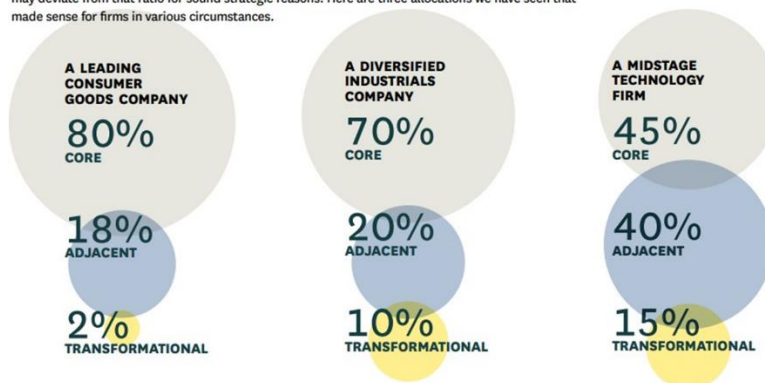
- How to manage idea selections: **make combinations**
 - What makes a good screening procedure?
 - Efficiency – cheap and fast assessment of ideas
 - Accuracy – in-depth analysis of ideas
 - Overcome tension between efficiency and accuracy by evaluating ideas in different subsequent rounds
 - Round 1: Stress efficiency
 - Short description (elevator pitch) of your idea
 - Round 2: Balance efficiency and accuracy
 - Business model canvas (1 page) of your idea
 - Round 3: Stress accuracy
 - Business (opportunity) plan and presentation for senior management
 - Efficiency: if you have lot of ideas, fast selection of most promising. The farther in the process the more accurate the selection needs to become
- How to manage idea selection: **use of stages**
 1. Size of the funnel
 - Based on industry standards
 - Pharma industry: 10.000 compounds needed for one medicine
 - Film industry: 500 pitches for one new feature film
 2. Use of cascade or whirlpool model
 - Cascade = linear flow of ideas
 - Whirlpools = comebacks or second chances
 - Example: in American Idol contestants who were eliminated in an early round can return the next for another try
 - How we can try to structure that
 - Context: different amount of ideas to be selected
 - More time to evaluate ideas more, but can be nice to give a second chance

- How to manage idea selection: **use of categories**
 - Different ideas have different timelines, needs and procedures!
 - Think of bucketing ideas, venture or innovation projects
 - Following a portfolio-based approach



- Different ambitions, different desired ideas, different budgets

On average, high-performing firms direct 70% of their innovation resources to enhancements of core offerings, 20% to adjacent opportunities, and 10% to transformational initiatives. But individual firms may deviate from that ratio for sound strategic reasons. Here are three allocations we have seen that made sense for firms in various circumstances.



Companies looking at how much ideas they try to find to fill informational portfolio
 1 successful tv format can turn organisation around in terms of success. P.e. the voice

Key lessons of today's session

- Creative resolve is the organizational ability to make integrative selection decisions about ideas
- Idea selection decisions are influenced by a wide variety of potential biases
 - Related to content & format
 - Related to relationships
 - Related to organizational structure (size, hierarchy, department)
- You first need to be conscious of them, before you can deal with them (not necessary/possible to eradicate them all)
- Realizing ideas is about legitimizing ideas, getting commitment, resources and champions

Lecture 6: idea implementation and bringing it all together

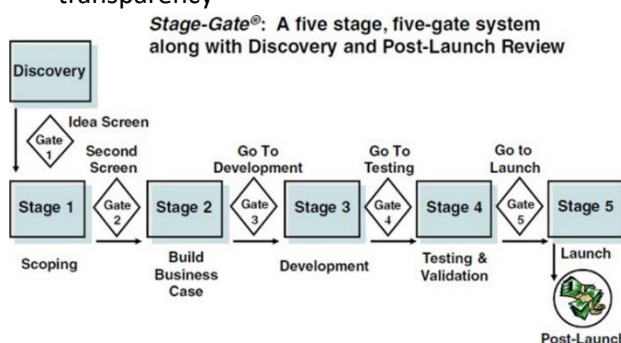
- Outline of this session
 1. Idea implementation: **how role of champions can help to realise ideas and which processes**
 2. Building an intrapreneurial organization – architectural perspective: **ties in with few parts**
 3. Innovative nudging: **trying to shape employees to be more entrepreneurial**
 4. Managing tensions in intrapreneurship (conclusion of the course). **Tension between being creative and productive**
 5. Addendum: AI and intrapreneurship – a clash or a match? **How ai will impact intrapreneurship**

Realizing ideas

- **Implementation within organisation or commercialisation**

Stage-gate process

- Introduced by Robert Cooper in 2004
- A stage-gate process is a conceptual & operational map for moving new product projects from idea to launch
- It consists of a series of stages and gates
 - **Stages** = where the project team undertakes the developmental work
 - **Gates** = where go/kill decisions are made to continue to invest resources (human effort, time, funding) in the project
- Stage-gate systems have become a common and widespread approach to develop and realize new products/services/projects/innovations by improving efficiency, effectiveness and transparency



To guide implementation process

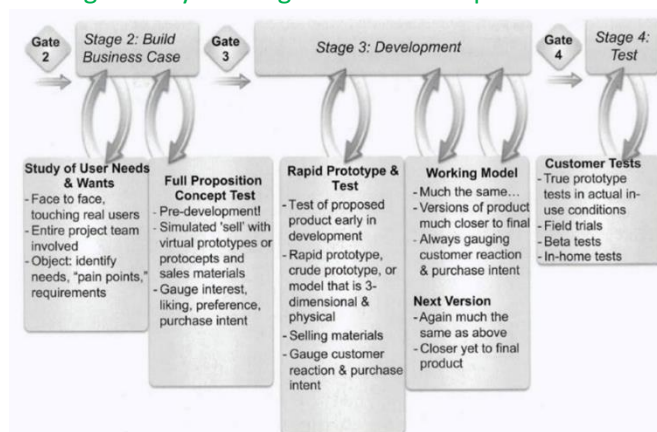
Stage gate is adaptable to different organisations. Idea generation happens before the stage gate

Idea elaboration comes into play here. When you reach a gate: idea gets evaluated through a number of criteria. Brings a lot of structure to the process and creates a lot of transparency/speeds up the process of creation and brings

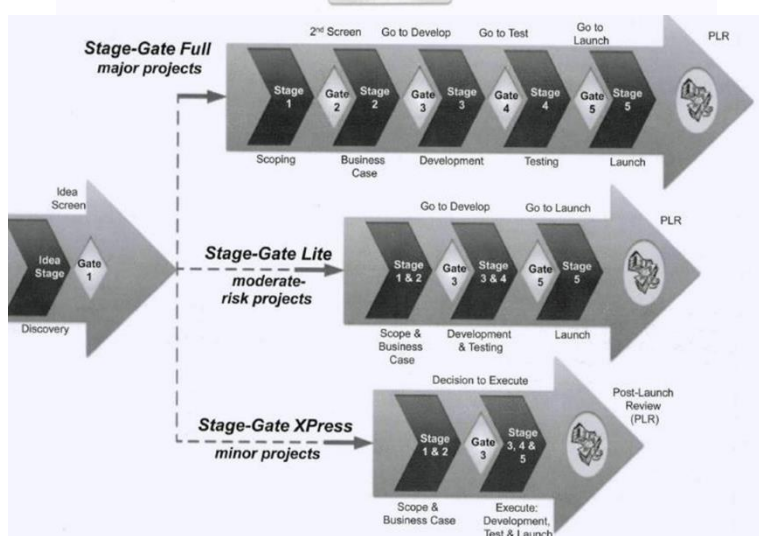
up a level of standardisation

- The process is so popular and useful, because it is not a rigid process (e.g. it is adaptable):
 - You can change the number of phases/gates
 - Not every project has to go through every stage (necessarily)
 - Not every project has to go through every gate (necessarily)
 - Phases and Gates can be strict or optional
 - **You can also have gate which are optional. P.e. making a prototype**
- A few common errors or pitfalls when using **stage-gate systems** (Cooper, 2008)
 1. Gates with no teeth.
 - “Projects are like express trains, speeding down the track, slowing down at the occasional station [gate], but never stopping. Once an idea gets improved, it never gets killed.” **milestones which are not holding ideas back: ideas who meet the end without improving**
 2. Hollow decisions at the gates: no resources are committed at the gate review meetings

3. Who are the gatekeepers? There is a need to define the governance role of gatekeeping
 - In some organizations, senior managers typically feel like they should be gatekeepers and will act as such. **When there are no gatekeepers: senior management fill in this role. In many organisation also project managers step in when senior management is not involved. Who is best choice? Can be combination of project management and senior.**
 - In some organizations, project managers act as gatekeepers because of the lack of senior management involvement
4. Gatekeeper mismanagement
 - Executive pet projects
 - Non-availability or last-minute gate meeting cancellations by gatekeepers (who later complain that the project is late)
 - Non-decisions in gate meeting
 - Decisions by executive edict - the assumption that a single person holds all the authority
 - Go/kill decisions based on opinion or own interest instead of objective information or assessment
- Stage-gate process – the next generation
 - Cooper (2014) suggests that the next gen of Stage-Gate Systems should be triple A
 1. Adaptive and flexible: incorporating spiral or iterative development cycles
 2. Agile: use of sprints, scrums
 3. Accelerated: focused on speeding up the development process
 - **Stage gate processes are becoming more adaptable**
 - **Agile: easy to integrate within the phases**



Moreover, stage-gate systems can be scaled and become context specific to the type of ideas or innovation ambitions (!!!)



Incremental one might need less phases of development than a more radical type of idea

- Getting your ideas realized – **the role of champions**
 - Based on a study of the idea management platform of Renault found
 1. Getting (actual) commitment of other employees heightens the likelihood for ideas to become realized **Often people say they are going to commit, but not actually do it. This is why actual is between brackets**
 2. Giving commitment to the ideas of others will increase the commitment you receive for your ideas
 3. This findings become stronger for highly novel and feasible ideas
 - To get ideas realized in an organization, it needs to garner support from its organizational members (!) **Role of champions: critical to get realised: need commitment of other people**
 - Championing can occur in a variety of ways: formal, informal, verbal, non-verbal, private, public,...
 - But it matters who champions:
 - Recall: the social network drivers of the idea journey
 - The tendency of a manager for implementing an idea is affected by the manager's motivation, felt obligation, perceived control in relation to the implementation. **If managers are also involved with implementing ideas: will look at ideas differently -> more critical: positive thing. Involved in creating success and impact with this**
 - The position of a person who acts as a champion will strengthen or weaken the outcome of championing
 - It concerns power (the influence over resources and decision-making) and status (the respect given by others to a certain person) that an employee holds in the organization. **Power and status has to do with hierarchy. Depends on industry. P.e. consultancy: the higher you go, the more resources you have.**
 - Public endorsement of an idea by an employee of high-status can heighten the status of the employee being endorsed. **The more public the endorsement: the more people who pick it up**
 - Endorsements of ideas by an employee of high-hierarchical position can heighten the likelihood of an idea being selected
- Generation and realization of ideas – two different things **Generation: does not want hierarchy to interfere too much**

Idea creation	Idea realization
<p>Idea generation is most often bottom-up, but can be done by anyone in the organization</p> <p>Idea elaboration can be done by anyone</p> <ul style="list-style-type: none"> • Recall the Accenture idea contest study • Directive feedback stimulates idea elaboration no matter of the hierarchical position of the feedback provider <p>Hierarchy can stifle creativity and idea generation</p> <p>Flat organizational structures and multidisciplinary teams generate better creative outcomes (more exceptional ideas)</p>	<p>Most influence on idea selection and championing is in the hands of people with the most power and status in the organization</p> <p>Power and status in an organization are typically linked to hierarchical positions, but also to divisions, departments or business units or to profit shares</p> <ul style="list-style-type: none"> • Imagine the director of the 100 employee-sized department vs the director of the 10 employee-sized department • Imagine the director of the largest profit centre of an organization vs the director of the administration unit, where no immediate profits are made <p>A well-functioning organizational structure should put people with more knowledge, expertise and experience in positions of higher influence</p> <p>To get your ideas realized, an idea should become legitimized and endorsed by those in influential positions</p>

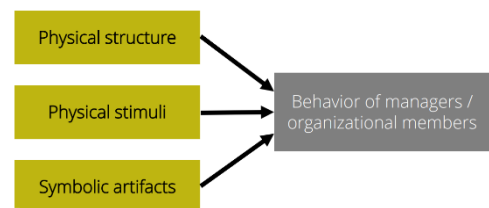
Building an intrapreneurial organization: the architect perspective

- Idea implementation: p.e. idea contests, workshops, getting people together to talk about ideas
- How do office spaces and architecture affect intrapreneurship?
 - Mad Men (1960) – open plan office
 - Dominant way then to try to build office spaces. Downside: noise, peer pressure, intrusions (people will talk to you easily).
 - The ‘action office’ (1970 – 1980)
 - Better? Improvement in sense of less noise and intrusion, but bit more separated
 - The ‘cubicle’ (1980’s)
 - “Reviled by workers, demonized by designers, disowned by its very creator, [the cubicle] still claims the largest share of office furniture sales - \$3 billion or so a year -and has outlived every ‘office of the future’ meant to replace it...”
 - Still many offices working like this. Downside? Claustrophobic, lot of noise
 - The virtual office
 - Introduced in 1994
 - Nobody has their own personal desk
 - Grab your laptop and claim your seat!
 - Reminds of library. Downside: may come in and not have a spot left. Cannot leave stuff. Many people still claim the same spot which they like
 - Today: the ‘networking office’
 - Ambition? “to part the sea of cubicles and encourage sociability — without going nuts”
 - Combination: certain degrees of openness and open environments

Physical setting parameters influencing creative behaviour in the office

1) Physical structure

- **Open versus closed offices**
 - Claimed benefits of open office space
 - Interaction, communication, efficiency, productivity
 - Actual findings with respect to open office space
 - Lower employee satisfaction and motivation
 - Noise, Loss of privacy, (Visual) distraction, Disturbances, Reduced efficiency
- **Building design and physical location**
 - Peer interaction leads to new ideas
 - Driven by physical distance, central location, and high traffic areas. Distance can be floor related. Multiple buildings will have a big effect in how people will interact
 - People don’t go far from desk and dislike using the phone
 - Management needs to stay in touch with the organization
 - Top management often located in isolation of the rest (top floor). Management mostly based on top floor: creates distance.
 - Size of the building
 - Campus structure better for interaction than office tower
 - Atrium increases accessibility and stimulates exchange



2) Physical stimuli

- **Remove stimuli that cause distractions** Some stimuli: positive effect, others lead to distractions
 - Reduce the frequency of interruptions
- **Introduce stimuli that cue desired responses**
 - (Visually) show others when you are available
- **Blocking out physical stimuli**
 - Offer isolated spaces for thinking work

3) Symbolic artifacts

1. Professional image cues

- Office and furnishings signal professional image
 - Administrative
 - Design is built around efficiency and access to information
 - Client-centered
 - Office design should confirm individual's professional status and take care of clients need for comfort, security and confidentiality
 - Creative
 - Stimulate individuals to design their own unique office environment to enhance comfort and imagination
 - How professional or creative is furnishing? Indicates certain image in how they see themselves
 - Creative: design or co design their own office space

2. Status cues

- Furnishings are usually synonymous with rank in the hierarchy
 - Office size, office location, furniture, window or not

3. Task effective cues

- Tidiness of office: tidiness might not be linked to entrepreneurial and creative people

4. Aesthetic cues

- Office design affects recruitment, satisfaction & turnover

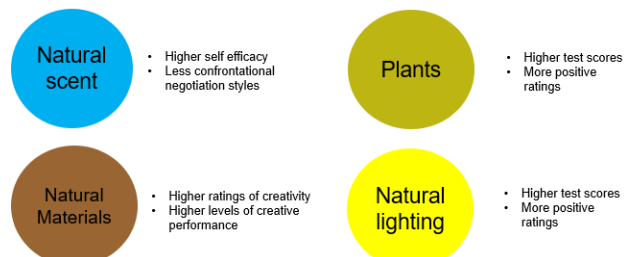
• Defining who are these people by just looking at their offices

• Nature-like ambient surroundings

- Has been linked to higher levels of creativity
- Want people to talk about ideas and have friction, but does not want conflict

• Office tidiness and impressions of its occupants

- Tidy office
 - Sincerity, intelligence, ambition, calmness
- Moderately tidy or messy office
 - Friendliness, organization, openness
- Messy office
 - Activity, kindness, sociability



- Effects of barriers and enclosures

<p>Less intrusions and overstimulation</p> <ul style="list-style-type: none"> Concentration "Thinking work" <p>More confidentiality</p> <ul style="list-style-type: none"> More (honest) feedback <p>More informal interactions</p> <ul style="list-style-type: none"> No fear of disturbing co-workers <p>Positive effect of status signals</p> <ul style="list-style-type: none"> In organizations that desire stratification of the work force with managers that value status as part of workplace identity 	<p>Less visual information</p> <ul style="list-style-type: none"> Sources of intrusive noise Sources for seeking help <p>Inhibits collaboration that requires fast decision making</p> <ul style="list-style-type: none"> Constant reconfiguration "War room" <p>Lower perception of task significance and identity</p> <p>Negative effect of status signals</p> <ul style="list-style-type: none"> Especially in organizations that want to support collaboration and feedback across job levels and ranks
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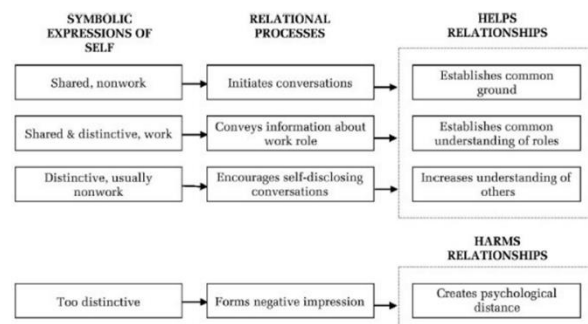
- Benefits in having barriers and enclosures: left: psychological space of safety, informal interactions are often the ones who inspire you to come up with new ideas
- Downside: right: less visual cues to go and ask for help. Effect of status signal: can create feeling of usefulness
- Personalized desk
 - Personalised good idea? Yes, feel more at home,..
 - Same about clothing. People dress in same way, but own flavour
 - Virtual office: cannot have personalised office space. Clear advantages with image signals
- Personalization of the office: What can we derive from the personalization (or lack thereof) of someone's office space ?

1. Symbols of the (extended) self

- Personal distinctiveness** (example: 'I am a math wiz' or 'I am artistic', 'I am a dad/mom')
- Social distinctiveness** (example: 'I am an accountant' or 'I am a marketeer') or similarity (example: Star Wars trinkets to show that many within the team have a tech background)
- Hierarchy and status** (example: 'I am your boss', 'I am the manager', 'I am the employee of the month', 'honorary prizes, trophies, education degrees...')

2. Symbols of relationships

- Clothing, uniforms: Suits for managers and consultants.
Airplanes: pilots have certain uniform, the casual look of Silicon valley tech startups



3. Symbols and self-regulation

- Related to the ambitions and desired end goals of a person
- Symbols can be used to remind themselves of their goals

4. Symbols and emotions

- Symbols, just like brands, can spill over emotions or values
- Wearing an appropriate dress or outfit can evoke a comfortable emotional state that facilitates their role performance (Example: a pilot's outfit makes it easier to step into the role of command and control of the aeroplane) **'battle dress': dress where you are confident in and are feeling good. Just worried about what you are going to say and not what you are wearing**

- Personalization of work areas and symbol display

<p>Affirms workplace and professional identities</p> <ul style="list-style-type: none"> • Status and rank • Distinctiveness and uniqueness • Signalling personal traits <p>Improves mood and reduces stress</p> <ul style="list-style-type: none"> • Lower turnover • Higher morale <p>Improves cross-functional coordination</p> <ul style="list-style-type: none"> • Boundary objects / prototypes <p>Increases organizational attachment and commitment</p>	<p>Inaccurate or negative impressions of displayers</p> <ul style="list-style-type: none"> • Impression management • First impressions <p>Stereotyping at individual level</p> <ul style="list-style-type: none"> • Observers more likely to interpret physical markers as status indicators than displayers themselves. <p>Stereotyping at organizational level</p> <ul style="list-style-type: none"> • Authority symbols in reception signal low worker autonomy and high degree of structure
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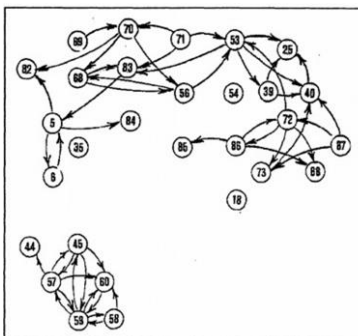
- Show that you are creatively unique. Increase coordination and organisational attachment
- Might be stereotyped in wrong category if you go overboard

- IDEO's offices

- Build neighbourhoods
 - Small offices
 - Personalized space or desk
 - Mobile personal carts
- Tell stories using prototypes and icons
 - Prototype the space
 - Create team icons

- Famous design office: whenever they have prototype, display this on their desk

- Communication network of an organizational department



Question: What could explain the two separate clusters in the same department?

Answer: One cluster is on the 2nd and one on the 5th floor of the same building

Essential parts of architectural design of office spaces

Why is this happening? One department; separated floors. Because of physical separation, they almost stopped talking. Shows how this affect communication patterns and why the building is important.

- Technical communication: 3 types

1. **Coordination:** Communication to coordinate the work of interdependent units
2. **Information:** Communication to keep knowledge in areas of specialization up to date
3. **Inspiration:** Communication to promote creativity (mostly through chance encounters)
 - Most unpredictable
 - Most difficult to manage
 - Most affected by *architecture*

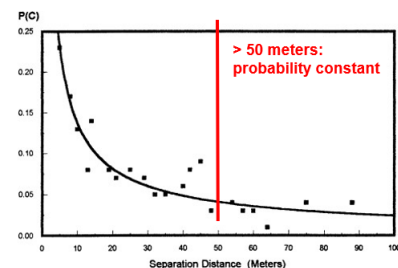
- Inspiration: doesn't happen by themselves. Need to think about when building the offices

- **Effects of proximity:** Frequent communication is a function of:

- Share of the common knowledge base
- Rate at which that knowledge base is developing
- Size of their organizational unit
- Degree of interdependence in their work
- Distance between their work stations

- People who work nearby:

1. Know each other better
2. Share what they are doing and therefore coordinate their work better
3. Share relevant internal and external organizational developments
 - Managers are generally well aware of this and try to map physical locations so that they match the organizational structure. This reinforces the intent of the organizational structure. But can also lead to less-than-optimal results.
 - The more knowledge you share, the easier you will communicate. Larger the department, the less likely you will communicate with everyone
 - About making sure to go out of the groups. Talk to people you otherwise will not talk to
- Probability of communication
 - Frequent technical communication is a function of:
 - Share of the **common knowledge base**
 - **Rate** at which that knowledge base is developing
 - **Size** of their organizational unit
 - Degree of **interdependence** in their work
 - **Distance** between their work stations
 - Setting: Scientists and engineers
- Physical **distance** and **communication** probability
Rate at which people will talk to each other. When below 50m; probability of interaction becomes very small
- Implications?
 1. Minimize travel distance between work stations
 2. Avoid vertical separation
 - Use **escalators** (or open staircases) instead of elevators between floors
 3. Create visual contact between work stations
 - Improves coordination, knowledge transfer and **creativity**
 - Use open building with lots of glass and/or a centrally located **atrium**
 4. Use communication types to allocate office space
 - Type 1 communication (**coordination**) suffers least from physical distance because interdependency of work
 - Type 3 communication (**creativity**) happens when people accidentally meet and should therefore be located close to each other
 - Creative ways of separating is difficult to do, but very nice
- **Breaking the vertical barrier**
 - Horizontal barriers of organizational can easily be broken without too much major structural changes, but the vertical barrier remains difficult
 - Big shock in terms of entrepreneurship in terms of architecture. Level of innovativeness went down during COVID. Also become very good at coordinating virtually and creates a lot of efficiency in terms of stimulating intrapreneurship.
 - People working for home all the time, don't have inspiration communication anymore



Innovation nudging

- Very often they way that employee's actual behave in organizations is different of what management believes.
 - The larger an organization becomes, the more complex the collaborative practice to create innovations
 - Reports show that employees seldomly make use of the 20% time to innovate, spending no more than 1% on innovation When they get 20% time and only spend 1% on it it's a problem

- A recent study suggests to use innovation nudging to evoke employee's innovative behaviour
 - "A nudge is any aspect of the choice architecture that alters people's behaviour in a predictable way without forbidding any options or significantly changing their economic incentives. To count as a mere nudge, the intervention must be easy and cheap to avoid. Nudges are not mandates. Putting fruit at eye level counts as a nudge. Banning junk food does not." – Thaler & Sunstein (2008).
- Problem: what you are seeing in larger organisation: more difficult to build great office space
- Nudging: subtle signals to stimulate:
 - They are subtle, choice-preserving interventions
 - Nudging affects cognitive processes and behaviour instead of motivational aspects
 - Nudging is used in good favour of the individuals being nudged

- A few examples



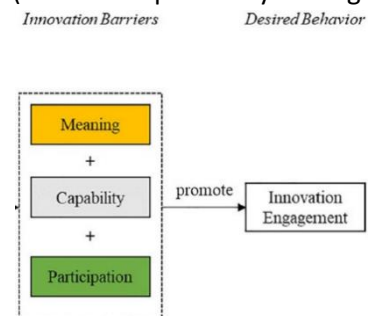
Default options to accept cookies on webpages

Graphical warnings to reduce smoking

Reminders on social norms to eliminate food waste ("most people clean up their garbage when leaving the park")

Nudging: subtle clues that try to push you to certain behaviour without forcing anyone

- **Innovation nudging** = any signal, feature or visual that alters individuals' contribution to corporate innovation activities, that is, overcoming the meaning, allowance, and capability barriers, in a predictable way without forbidding any options or significantly changing individuals' economic incentives (Stieler & Henike, 2021)
 - Used by Google, JP Morgan, 3M, Bosch, Siemens,...
- Case study of a company facing the following problems:
 1. No transfer of information across innovation departments (limited allowance)
 2. Rarely new or disruptive ideas being developed (limited capability)
 3. Decreasing interest of employees to participate in the innovation process (limited meaning)
- A quick note: limited allowance, capability and meaning as defined by Stiele & Henike are very much in line with other concepts we have seen in the course
 - *Limited allowance* corresponds to problems of communications related to the organizational structure **Limited allowance relates to organisational structure**
 - *Limited capability* corresponds to lack of capability to innovate (and more specifically lacking creative abrasion and agility); **ability to be entrepreneurial, to innovate, to be intrapreneurial**
 - *Limited meaning* corresponds to lack of willingness to innovate (shared purpose, values, rules of engagement)
- **Phase I: Digitalizing the idea management system** replacing the analogue suggestion system
 - *Making it easy to reach employees*
 - *Promise to achieve quick improvements and make them visible*
 - *Use of automatic workflows to decrease the effort to track ideas, compare ideas, update ideas,...*
 - **Introduced idea management platform, whenever you log in as employee, not go through different steps.**
 - **Making logging in more easy can make a lower barrier**



- **Phase II: Introducing a digital foresight activities and system**
 - *Collection of external trends, technologies, patents and competitors and putting them into trends that employees can click on to learn more*
 - *Making finding inspiration an easy and joint activity*
 - *Use of default templates, decreasing effort to intake information and simplifying comparability*
 - Pushing new trends towards employees
 - Just seeing ideas, maybe ideas are going to be more focused on trends. Helping workforce to focus idea generation in line with strategy in non-forceful way
- **Phase III: Coupling the analogue approach to innovation with the digital approach**
 - *Use of inspiration walls – simply walking in the office and observing the wall everyday serves as a nudge to engage in innovative work behaviour*
 - Use of analogue approach (idea wall) to complement platforms.

The intrapreneurial organisation: Balancing dialectic tensions (conclusion of the course)

- Individual intrapreneurship: necessary. But sufficient?
 - How to stimulate individual intrapreneur: how to tailor their needs? Individual intrapreneurship is not always sufficient: need long lasting intrapreneurial teams
- How to build persisting intrapreneurial teams?
 - By bundling: creating amplifying effects. Massive and diverse talent pool where you can build teams from
- Or persisting intrapreneurial organizations? -> end goal
- How do you create groups that continuously turns out extraordinary intrapreneurial outcomes?
 - An alternative take on creative processes at group-level: creative synthesis
 - Groups tend to spend more time on converging on a few ideas instead of generating many and to do this routinely over time
 - From a dialectic perspective: “people engaging in social interactions that are determined by collective understanding/attention, but wherein opposing views, perspectives, knowledge, information lead to the emergence of novelty.”
 - The magic happens when we converge or synthesize during the creative process
 - Alternative perspective: creative synthesis. Teams also learn over time. Every time there is a new problem they pick out. Overtime they learn which ideas are more radical etc
 - Shared understanding what creative and breakthrough idea is
 - Multi-disciplinarity can boost creativity. Also want them to have shared common ground and shared objectives
- Comparison to an ocean and islands
 - Intrapreneurial organisation: small ocean of creativity consisting of island etc.
 - Levels:
 - captains, ship/styles/routine
 - different types of islands: someone very well connected. The more connected, the better. Some islands are more connected than others. Shows how different groups can have strong or weak ties
- Echelon 1: Individual and small team creativity in ‘the small sea’
 - Companies exist mostly of ship crews (with or without captains).
 - Crew members are in this context equivalent to ‘creatives’.
 - Captains are equivalent to team leaders or creative managers.
 - Captains and crews have different ships, styles of communication, preferences, routes, etc.

- Echelon 2: Island creativity in ‘the small sea’
 - A department or unit = island
 - Every island has its own rules, its own KPI’s, practices, norms,...
 - Each their own unique creative process
 - Each island has its own crews that port and can have routes or bridges to other islands (e.g. its ties): Strong ties, Weak ties
 - Two core concepts of creative synthesis:
 - 1. Collective attention = “*the shared understanding of the prevailing paradigm and placing emerging ideas in light of that paradigm*” – Harvey (2014)
 - 2. Exemplars (or navigation routes)
 - Navigation routes or ‘exemplars’ are the routes taken to enact ideas **Navigation routes: how ideas get communicated within organisation. Processes that are successful in outstanding creative ideas/ projects**
 - The more often a route gets travelled, the more rhythmic, routinized and fast idea enactment gets
 - Even if routes are travelled a lot, unexpected outcomes, serendipity and failure can be the result
 - **Collective understanding often based on island you are on. Not on organisational level. Shared values lives at island level**
 - **Proven successful: road taken more and more**
- Echelon 3: Small ocean creativity
 - A creative organizations functions as a small ocean that is comprised of **smaller islands that form a network**. **Ekonomika: different communities. Groups with different connections etc**
 - Between the islands, knowledge, ideas and information (inspiration) “travels”
 - Boosting creativity becomes an act of *forming* the small ocean and *navigating* in the small ocean. Knowing how to mobilize ideas.
 - **Shape organisation together based on different types of networks**

Key lessons of today’s session

- Realizing ideas is about legitimizing ideas, getting commitment, resources and champions
- Behaviour at the office is influenced (and can therefore be manipulated) by physical structure, stimuli and symbolic artefacts. It affects types of communication (coordination, information, inspiration) that lead to opportunities for new business creation
- How to design the workplace and allocate offices (creating adjacencies) depends critically on the prioritized, necessary and desirable *types of communication*: coordination, information, inspiration
- Innovation nudging is a complementary approach to the traditional innovation systems that can help to stimulate innovative work behaviour
- How to create an intrapreneurial organization: dealing with tensions through adopting a paradoxical and synthesis
- Future research: How can we use (generative) AI to boost creativity and entrepreneurship in organizations?

Exam

More questions on larger levels for instance: can you explain the idea journey: different processes and give an example P.e. idea selection procedure in toy company and reflect on which biases can exist. Case on company with different structure and how you will restructure and argue why you would do it that way. don’t be afraid to take certain decisions, but reasoning behind it is important. How to reduce hierarchy by example