Corporate Entrepreneurship: Four Cases

Aaron (A.J.) Edge
Walden University

Grace Shore
BUSI 3004/MGMT 3106: Entrepreneurship for Small Business
February 24, 2013
Abstract

Corporate entrepreneurship is a method of stimulating and capitalizing on individual needs within an organization who thinks that something can be done differently and better (Hisrich, Peters, & Shepherd, 2010). "Stories of entrepreneurs who have created new industries and new wealth, such as Steve Jobs at Apple Computer and Bill Gates at Microsoft, as well as pioneers of the new economy such as Jeff Bezos of Amazon.com and Meg Whitman of eBay, are now part of the American folklore" (Sathe, 2003). In the following paper, I will provide an analysis of four organizations I have selected that demonstrate successful corporate entrepreneurship. They are Abbott Laboratories, General Electric, Whirlpool, and 3M.
Corporate Entrepreneurship: Four Cases

The concept of corporate entrepreneurship is to develop new ideas and opportunities within large or established businesses. This activity leads to the improvement of organizational profitability and an enhancement of competitive position or the strategic renewal of an existing business (BusinessDictionary.com, 2013). "Stories of entrepreneurs who have created new industries and new wealth, such as Steve Jobs at Apple Computer and Bill Gates at Microsoft, as well as pioneers of the new economy such as Jeff Bezos of Amazon.com and Meg Whitman of eBay, are now part of the American folklore" (Sathe, 2003). Moving forward, executives in hundreds of organizations are now realizing, "it is important to keep, or instill, the entrepreneurial spirit in an organization to innovate and grow" (Hisrich, Peters, & Shepherd, 2010, p. 50).

Obviously, innovation is at the very core of corporate entrepreneurship and is reflected strongly in entrepreneurial activities as well as top management directions. These activities consist of four key elements: new business venturing, innovativeness, self-renewal, and proactiveness (Hisrich, Peters, & Shepherd, 2010). By fostering an environment of flexibility, growth, and diversification, a large organization can remain efficient and relevant within a competitive market. In the following paper, I will provide an analysis of four organizations I have selected that demonstrate successful corporate entrepreneurship. They are Abbott Laboratories, General Electric, Whirlpool, and 3M.

Abbott Laboratories

'A Promise for Life' is what Abbott believes in and values. Founded 125 years ago, Abbott has pursued science and innovation in health care with a drive for research and development of sustainable solutions to health care challenges. Each of its core businesses -
medical devices, diagnostics, medicines, and nutritional products - continues to invest in new research, technologies, and approaches (Abbott Laboratories, 2013). Driven by senior management, Abbott has a strong commitment to innovation that extends well beyond the laboratory through collaborations with customers and health care facilities. Abbott believes that science is most effectively practiced through global collaborations including breakthrough research in vascular devices, molecular diagnostics, diabetes care, vision care, and nutrition. This is evident through its partnership with the Research Park, part of the University of Illinois at Urbana-Champaign. "Innovation is the lifeblood of Abbott Nutrition, and our alliance with the Research Park challenges us to think differently about both our products and our processes," said Dr. Robert H. Miller, Divisional Vice President, R&D and Scientific Affairs, Abbott Nutrition.

"The aging of the global population and our expansion into emerging markets require us to be faster and smarter at product development. This partnership both challenges our research and development while growing our innovations" (Research Park, 2013). Further, "in January 2013, Abbott reached one of the most significant milestones in its celebrated history. Realizing that addressing the world’s evolving healthcare challenges requires focused solutions, delivery systems and approaches, Abbott separated into two independent companies: Abbott and AbbVie" (Abbott Laboratories, 2013).

**General Electric Company**

"Perhaps no other organization has a history of sustained corporate entrepreneurship than does GE, many of whose innovations we take for granted today" (Zimmerman, 2010). Some examples of GE's proven track record of innovation include the carbon filament incandescent light bulb (1879), the first practical x-ray technology (1920), the first commercial home television programming (1928), and the first successful jet aircraft (1942), to name a few.
Already in line with thinking outside of the box, under the leadership of a series of CEO's from 1951 to 2000, GE established the Strategic Business Unit (SBU). This concept establishes organizations that are free from most of the GE bureaucracy. Often, these SBUs report directly to the chief executive office to ensure high visibility and attention (Zimmerman, 2010). Further, going beyond its own employees and searching for new innovations, GE recently conducted "a competition in which startups and inventors were asked to present technologies that could help GE accelerate its development of products and services related to the smart grid" (MIT Technology Review, 2011). They received 4,000 submissions and gave $100,000 in cash awards to five young companies and formed new strategic partnerships with 12 others. All of which expected to help GE's business in one way or another building upon areas like energy storage, utility security, energy management software, and electric-vehicle charging services (MIT Technology Review, 2011).

**Whirlpool Corporation**

Whirlpool Corporation is the world's leading manufacturer and marketer of major home appliances. The company promotes Whirlpool, Maytag, KitchenAid, Jenn-Air, Amana, among other major brands to consumers around the world (Whirlpool, 2013). Whirlpool began its corporate entrepreneurship journey from a baseline that was considered almost non-innovative. Over the course of about a decade, "Whirlpool transformed itself from a conservative company in a slow-moving, commodity business into a creative engine spawning significant new revenues from differentiated products and new businesses" (Business Insider, 2010). Through a new initiative called the Brand-Focused Value Creation Strategy, then-CEO Dave Whitwam believed that Whirlpool could gain sustainable competitive advantage in its industry by focusing on new and compelling solutions to overlooked or unarticulated customer needs (Business Insider,
After a worldwide effort was launched to instill innovation throughout the organization, Whirlpool affirmed its new found belief to employees that innovative thinking comes from everyone. Since then, Whirlpool employees have participated in and contributed to innovation-related activities resulting in new ideas, products, and services (Whirlpool, 2013).

**3M**

3M is a global company that never stops inventing. Over the years, their innovations have improved the daily lives for hundreds of millions of people around the world (3M, 2013). Their corporate entrepreneurship program allows for 15 percent of company time each day for employees to work on their own projects. This is called the 'innovation rule' at 3M. By fostering such a culture, leadership at 3M allows employees to be creative and generate new ideas.

Further, 3M goes beyond understanding innovation by giving employees the freedom to fail without punishment as it encourages and fuels their creativity (Roomi, 2012). A flat decentralized organizational structure allows communication to be more effective and open between everyone. This open communication has advanced the organization as it has clearly led to the innovation flow throughout 3M. Finally, 3M has benefited greatly from its innovative culture as it has brought it closer to the actual customers resulting in 3M being able to meet its customers’ requirements (Roomi, 2012). Through Innovation Centers of Technical Excellence located in over 30 countries worldwide, including dynamic displays and interactive, hands-on demonstrations, customers come to innovation centers to collaborate with 3M experts and explore creative solutions to help their businesses grow and succeed (3M, 2013).

**Conclusion**

Corporate entrepreneurship is a method of stimulating and capitalizing on individual needs within an organization who think that something can be done differently and better (Hisrich, Peters, & Shepherd, 2010). In other words, an entrepreneurial enterprise is one that
challenges and changes the status quo (GE Capital, 2013). Throughout my analysis of Abbott Laboratories, General Electric, Whirlpool, and 3M, one thing remains constant amongst these four organizations. Corporate entrepreneurship would not be successful without senior management buy in and support. Therefore, it is important to emphasize the depth and persistence of senior management and their required commitment to make innovation and new business development happen (Business Insider, 2010). An organization's commitment to corporate entrepreneurship really must be supported by everyone. People must trust that the company is committed to turning good and proven concepts into real businesses (Business Insider, 2010).

Interestingly, I thought the decision on the part of GE to go outside the company by offering a competition to accelerate its development of products and services was a very interesting choice. It appears that being unique and creative in the ways in which you seek out the new ideas does not matter, whether they come internally or elsewhere. While the approach to corporate entrepreneurship is different from one organization to another, the overarching goal is the same. Depending on the organization, taking the practices of another and trying to apply their corporate entrepreneurship model to your own may or may not work. "There are many variations of an entrepreneurial enterprise, depending on a company's appetite for risk and uncertainty as well as need for creativity" (GE Capital, 2013). I believe that the process of obtaining a successful corporate entrepreneurship model comes with some basic understandings of risks and organizational desires. Realizing of course that an organization can only be as entrepreneurial as the employees feeding it with new ideas (GE Capital, 2013).
References


