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School of Science

Design and corporate entrepreneurship

What is corporate entrepreneurship and why is design relevant to it?

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**What is the
difference between
the two slides?**

Turbulent Environments

Customers

Fragmented markets
Rapidly rising customer

Need for

- Customization
- Longer-term customer relationships
- Learn new skills in serving global markets

Competitors

Creation of entirely new market spaces

Fast diffusion of technology

Being distinctive by focusing on niche markets or innovation or both 😊

Technology

New information management, production and service delivery, customer management technologies

Need to change the ways they

- operate internally
- compete externally

Legal, Regulatory and Ethical Standards

Increasingly accountable to multiple logics

Rapid review of regulatory restrictions

The New Path to Sustainable Competitive Advantage

Through these key company capabilities

Adaptability
Flexibility
Speed
Aggressiveness
Innovativeness

Entrepreneurship is the core source of “sustainable competitive advantage”

Creation of wealth
Creation of enterprise
Creation of innovation
Creation of change
Creation of employment
Creation of value
Creation of growth





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**What do you
understand as
entrepreneurship?**

What is Entrepreneurship?

Entrepreneurship is the process of creating value by bringing together a unique combination of resources to exploit an opportunity

- Entrepreneurship involves a process
- Entrepreneurs create value where there was none before
- Entrepreneurs put resources together in a unique way
- Entrepreneurship is opportunity-driven behavior

Corporate Entrepreneurship



entrepreneurial behavior inside established mid-sized and large companies

- Organizational entrepreneurship
- Intrapreneurship
- Corporate venturing

How corporate entrepreneurship is different from entrepreneurship in start ups (a)

Start-up Entrepreneurship

- Entrepreneur takes the risk
- Entrepreneur “owns” the concept or innovative idea
- Entrepreneur owns all or much of the business
- Potential rewards for the entrepreneur are theoretically unlimited
- One mis-step can mean failure
- Vulnerable to outside influence
- Independence of the entrepreneur

Corporate Entrepreneurship

- Company assumes the risks, other than career-related risk
- Company owns the concept, and typically the intellectual rights surrounding the concept
- Entrepreneur may have no equity in the company, or a very small percentage
- Clear limits are placed on the financial rewards entrepreneurs can receive
- More room for errors, company can absorb failure
- More insulated from outside influence
- Interdependence of the champion with many others

How corporate entrepreneurship is different from entrepreneurship in start ups (b)

Start-up Entrepreneurship

- Flexibility in changing course, experimenting or trying new directions
- Speed of decision-making
- Little security
- No safety net
- Few people to talk to
- Limited scale and scope initially
- Severe resource limitations

Corporate Entrepreneurship

- Rules, procedures and bureaucracy hinder the entrepreneur's ability to maneuver
- Longer approval cycles
- Job security
- Dependable benefit package
- Extensive network for bouncing around ideas
- Potential for sizeable scale and scope fairly quickly
- Access to finances, R&D, production facilities for trial runs, an established sales force, an existing brand, distribution channels that are in place, existing databases and market research resources, and an established customer base

Stakeholders are of different kind



Inter-organizational dependencies and social exchanges

- Achieving credibility or legitimacy for the concept and the entrepreneurial team
- Obtaining resources
- Overcoming inertia and resistance

Corporate entrepreneurs choose to stay in the incumbent company...

The size of the resource base that they can tap into

The potential to operate on a fairly significant scope and scale fairly quickly

The security they enjoy when operating in an existing company



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**Which are the
dimensions of the
corporate entrepreneurial
context?**

Context dimensions (a)

Temporality

- The decisions that entrepreneurs make have consequences that become clearer as time passes
 - *Windows of opportunity in an industry are time-sensitive, and opportunities are time-based*
- Time generates multiple and competing demands on organizational resources

Industry and market dimension of context

- Institutional / policy context; macro economic
- Industry / technology context

Spatial dimension

- Geography and location on where new ventures develop and grow, the relationships they establish with their local, key stakeholders

Context dimensions (b)

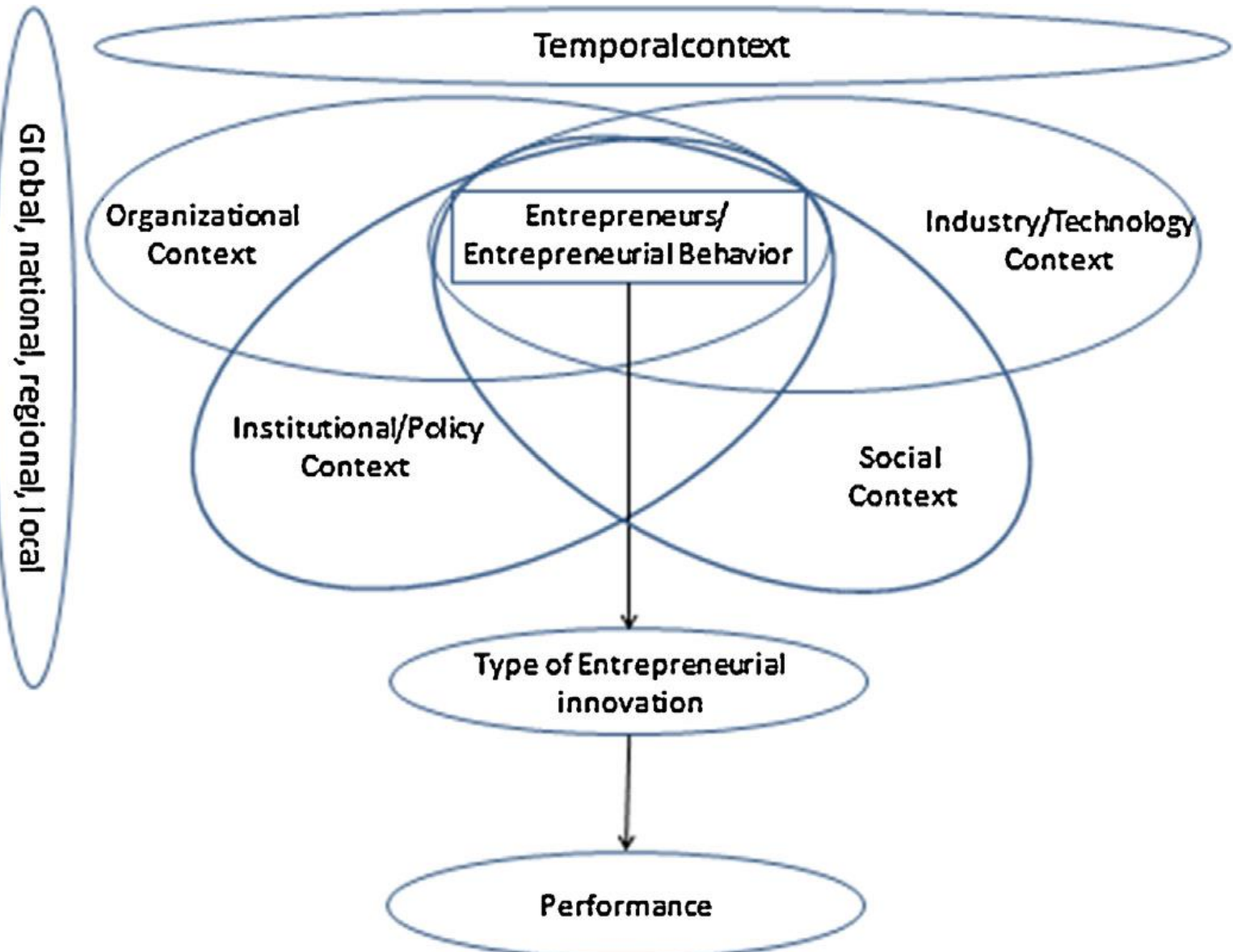
Social

- Constellation of relationships that develop among members of a social system
 - *“White spaces” within these networks and opportunities for arbitrage and bridging signal areas where new ventures might be established*
 - *Knowledge spillovers from these networks also encourage the formation of new ventures*
 - *Clusters and industry parts, ecosystems*

Organizational context

- Differences in innovation objectives and portfolios, opportunity recognition and exploitation capabilities, and access to resources
- Mismatches between organizational context, and the resource, structural and aims-oriented demands of a project may inhibit value creation

How are all the layers of context relate to each other?



Stakeholders in the discovery, interpretation and ideation design phases

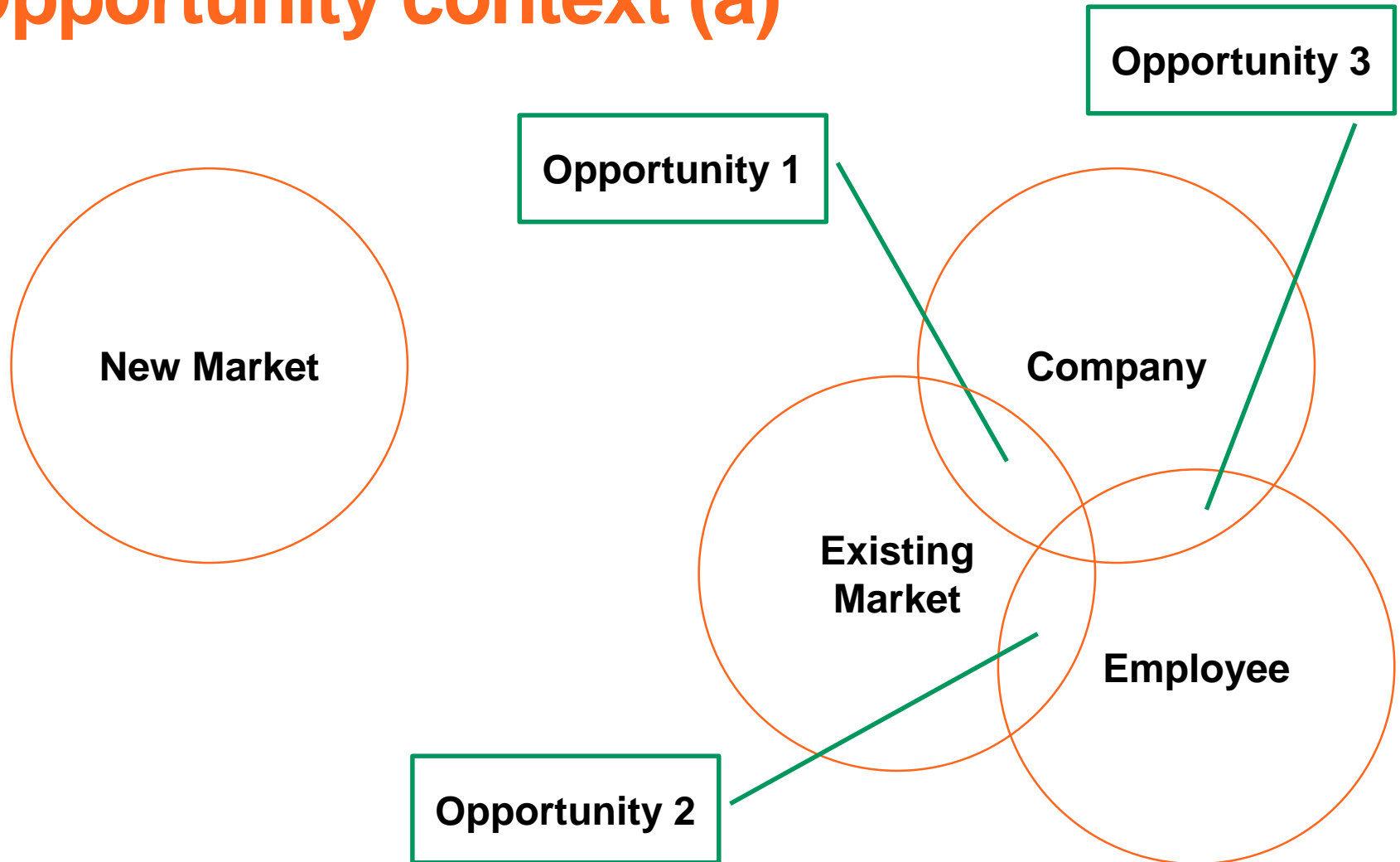


Markets

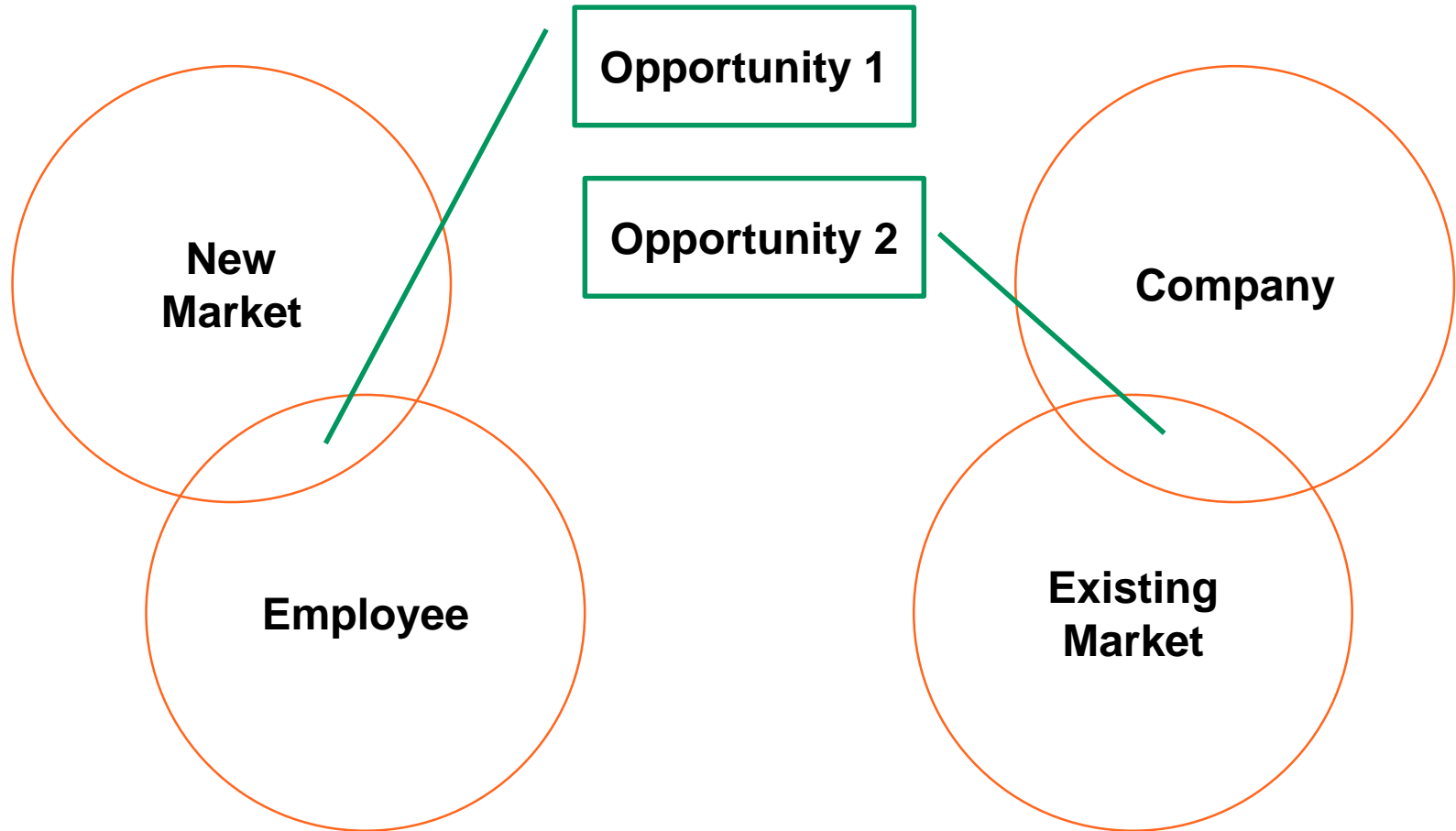
Employee

Company

Opportunity context (a)



Opportunity context (b)



Opportunity context (c)

