



Aalto University

# Session #3: Sustainable Intrapreneurship

*Patrick Shulist*  
*Lauri Laine*

# Canada Fact

## 'Spocking' Laurier on \$5 not illegal, says Bank of Canada

But defaced bills may not circulate for as long and risk being rejected by retailers

By Andy Blatchford, The Canadian Press Posted: Mar 02, 2015 3:29 PM ET | Last Updated: Mar 03, 2015 7:24 PM ET



# Administrative Notes

- Schedule
  - *Sunday the 10<sup>th</sup>: Progress report #1 (by noon)*
  - *Monday the 11<sup>th</sup>: Lauri is lecturing*
  - *Tuesday the 12<sup>th</sup>: Guest lecturer – Ville Luukkanen (Lauri will host, I have to go to TZA)*

# Picking up from last session

# Key points from session #2

- Need to consider the value proposition
- Understand how sustainable entrepreneurship involves tradeoffs relative to classic entrepreneurship
- Value propositions of sustainable ENT are more complex

# How this class connects to last class

- We will see the relationship between ENTRE- and INTRA-Preneurship
- Understand how one leads into the other



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# Structure of Class

- Again, a focus on examples
- Two types of examples:
  - Just showing what intrapreneurship is
  - Understanding co-evolution of entrepreneurship and intrapreneurship
- Key Points to draw out:
  - Similarities and differences vs. entrepreneurship
  - Demand (pull), and “idea” (push) approaches
  - How to foster intrapreneurship
  - Impact per product versus scope of market



# Example #1: CEMEX



# Basics

- Founded in 1906
- Patrimonio Hoy founded in 1999
  
- Selling building solutions to people living in poverty
  - *Cement*
  - *Consulting*
  - *Financing*



# Patrimonio Hoy

- Classic intrapreneurship
- Explicitly aimed at a social end
- Has proven resilient and scalable

# Example #2: Ford and Tesla

# Tesla

- Founded 2003
- Explicit focus on electric cars
- Explicit environmental goal
- Has blended this well with a broader value-proposition
- Changed the market



# Ford

- Founded 1903
- Focus historically on mass production and transportation
- Fuel economy has historically not been a concern
- Produces a lot of trucks and SUVs

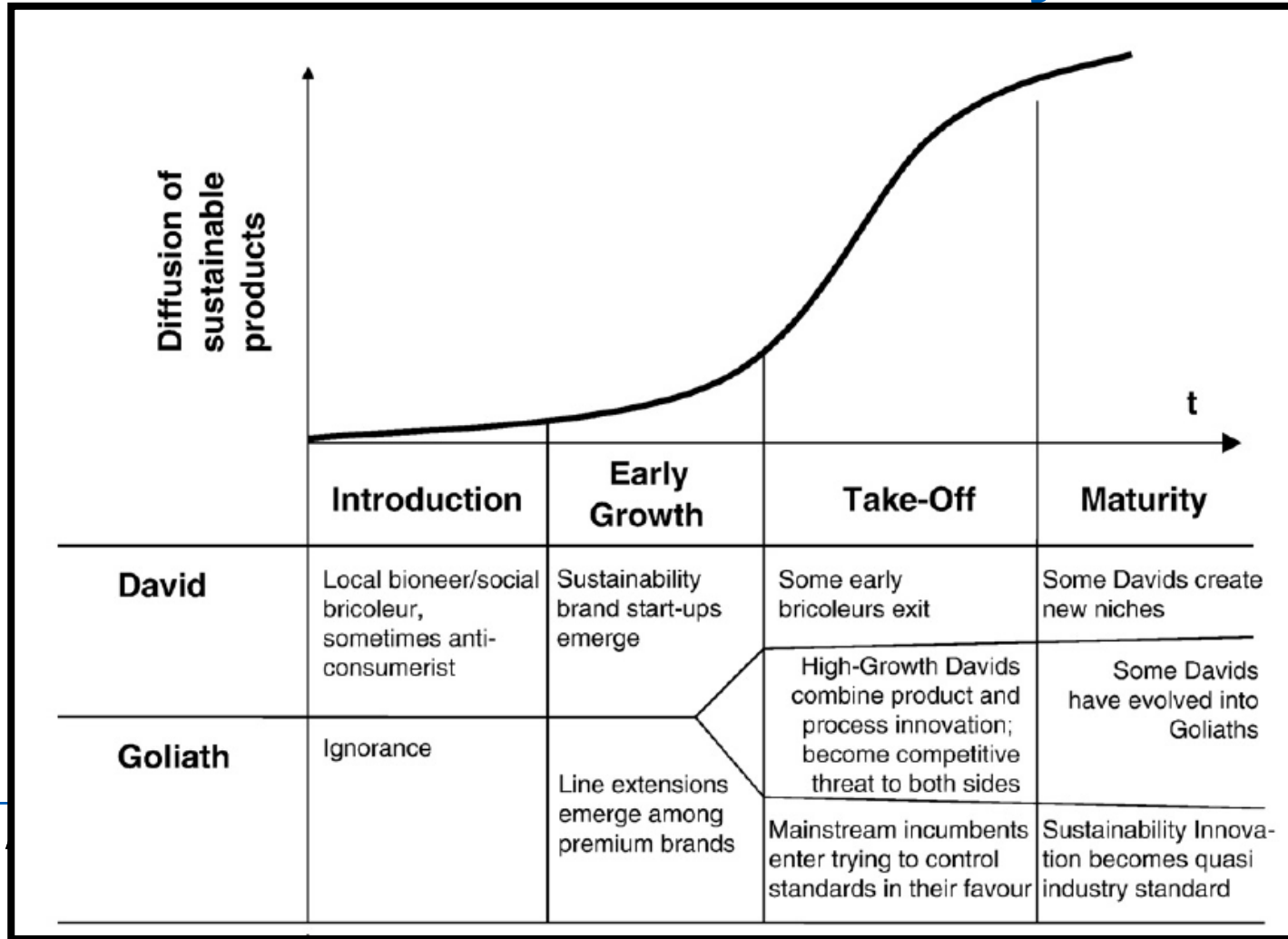


# Ford...but some environmental progress

- Operational focus at first
  - *Wastewater treatment*
  - *Low VOC paints*
  - *Energy efficiency in plants*
- Then integrating into products
  - *Lightweight materials*
  - *Lower environmental impact materials*
- Entirely new products (What IS entrepreneurial)
  - *Electric vehicles*
  - *Hydrogen vehicles*



# Ford, Tesla, and the auto industry





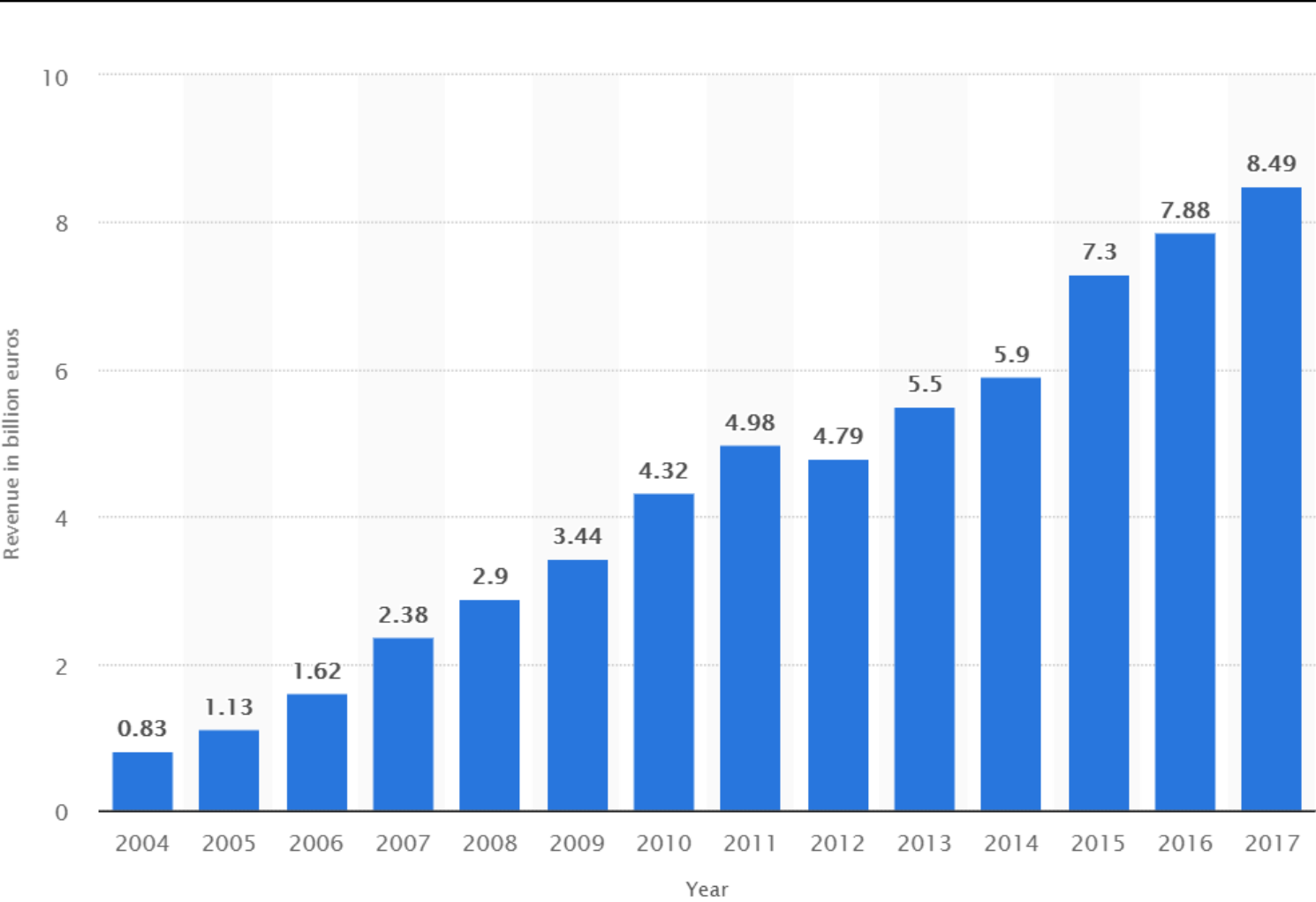
# Example #3: Fairtrade



# History of Fairtrade








- Started in 1940s
  - *Small shops selling artisan products from impoverished communities*
- 1960s and 1970s: growing interest, greater organization
- World Free Trade Organization founded in 1989
- Sales exploding into present

# Global Fairtrade Revenues (Billions of Euros)





# ESTIMATED VOLUME OF PRODUCTS SOLD BY FAIRTRADE PRODUCERS IN 2016

PRODUCT	VOLUME	UNIT	GROWTH	CONVENTIONAL	ORGANIC
 Bananas	579,081	MT	↑ 5%	42%	58%
 Cocoa (Cocoa bean)	136,743	MT	↑ 34%	83%	17%
 Coffee (Green bean)	185,819	MT	↑ 3%	43%	57%
 Cotton (Cotton lint)*	8,125	MT	↓ -4%		
 Flowers and Plants	829,101	1,000 Items	↑ 5%	100%	
 Sugar (Cane sugar)	166,560	MT	↑ 7%	76%	24%
 Tea ( <i>Camellia sinensis</i> )	12,123	MT	↑ 5%	77%	23%

Notes:

1. The volumes reported are of sales on Fairtrade terms regardless of ultimate market destination, except for cotton.
2. These volumes are for the seven products that account for roughly 90 percent of producers in the Fairtrade system.

\*Producer sales for cotton were not available for this report so we have reported the sales in consumer countries. Cotton figures come from National Fairtrade Organizations plus Fairtrade International, based on the market sales figure. Data on organic versus conventional cotton sales were not available for 2016.

MT = metric tonnes

5 June, 2017

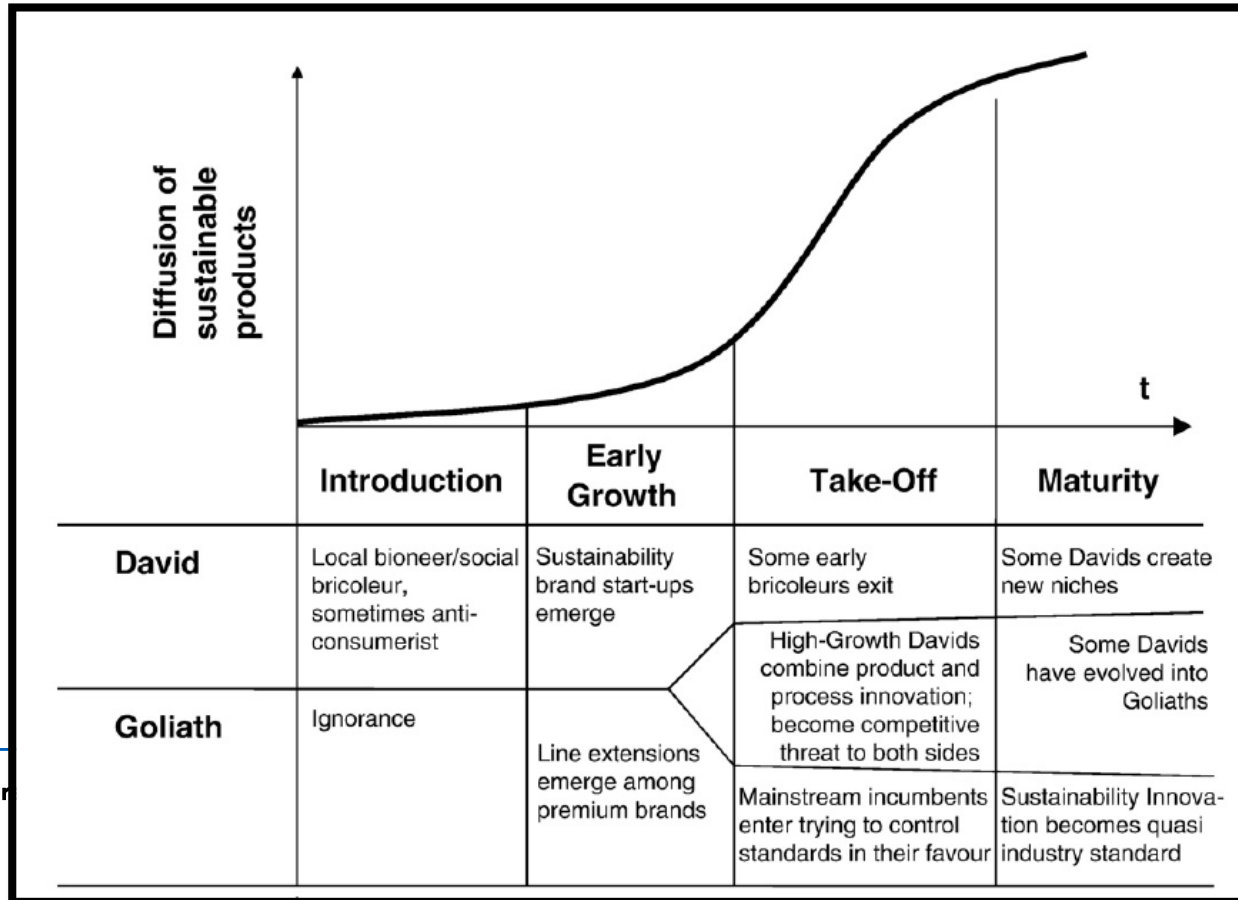
## NESTLÉ ADOPTS FAIRTRADE'S SOURCING PROGRAM



Nestlé has announced it will change the way it sources Fairtrade ingredients for its KitKat 2 and 4 finger chocolate.



# Entrepreneurship, Intrapreneurship, and industry development



# Overarching Questions

# Intrapreneurship or entrepreneurship? Which is better?

- The short answer: Both are needed
- Have to balance smaller changes with quicker potential for action
  - *Can't always have it both ways though...path dependencies*
- Entrepreneurship often creates room for intrapreneurship



# Ecosystem development

- Public support and market potential are key – **Changing Mindsets**
- Entrepreneurship can often show what is possible
- Also creates awareness
- Allows established companies to pursue an intrapreneurial approach
- So, an entrepreneur's job may NOT be to create a business in perpetuity...they may simply want to lay groundwork for intrapreneurship

# How do we foster intrapreneurship?

- Depends on what type of intrapreneurship
  - *Top-down*
  - *Bottom-up*
- Top-down is much easier: identify strategic idea, and pursue as usual
  - *Key to think about building a pipeline*
- Bottom-up is much harder, but a few things help:
  - *Make VERY clear what the values of the company are*
  - *Put rewards in place*
  - *Create “space” for idea generation and work (10% of time, workshops, etc.)*

# Intrapreneurship and what you care about

- Returning to our running exercise: in what type of a company might your intrapreneurship idea be well placed?
- What would this idea look like?
- Is there a market for your product/service?
  - *There very well may NOT be*
  - *Would entrepreneurship be a better approach?*