

# Corporate Entrepreneurship

Mikkel Draebye

*Were I given a wish, I would not want wealth nor power,  
but **the passion for opportunities.***

***The eye that** everywhere, ever young, ever burning, **identifies opportunities.***

**Søren Kierkegaard**

*DK philosopher, 1816 - 55*

# Agenda

- Presentation Round
- Course Philosophy, Syllabus, Rules, Grading
- Subject: The Nature of Entrepreneurship
  - R&R Case Discussion
  - Promoter vs. Trustee Orientation

# The Course

- Philosophy:
  - Interactive workshop where you participate
    - Read chapter before class
    - Participate in Case Discussions
- Syllabus
  - See syllabus
  - See Orari

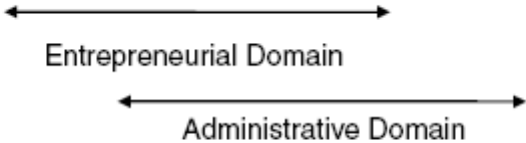
# The Nature of Entrepreneurship

- Your Definitions / Ideas

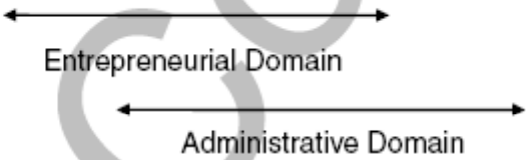
# R&R Case

- What factors created an opportunity for Bob Reiss and the “TV- Guide Game”
- What risks and obstacles had to be overcome to pursue the opportunity
- How did Bob do it
- Would this approach have worked for a large corporation?
- What should Reiss do now?

# Promoter vs. Trustee Orientation

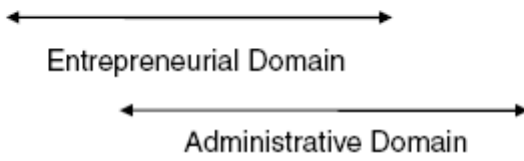
Promoter	STRATEGIC ORIENTATION	Trustee
Driven by perception of opportunity	 <p>Entrepreneurial Domain</p> <p>Administrative Domain</p>	Driven by resources currently controlled
<p><b>Pressures toward this side</b></p> <p>Diminishing opportunity streams</p> <p>Rapidly changing:</p> <ul style="list-style-type: none"> <li>Technology</li> <li>Consumer economics</li> <li>Social values</li> <li>Political rules</li> </ul>		<p><b>Pressures toward this side</b></p> <ul style="list-style-type: none"> <li>Social contracts</li> <li>Performance measurement criteria</li> <li>Planning systems and cycles</li> </ul>

# Promoter vs. Trustee Orientation

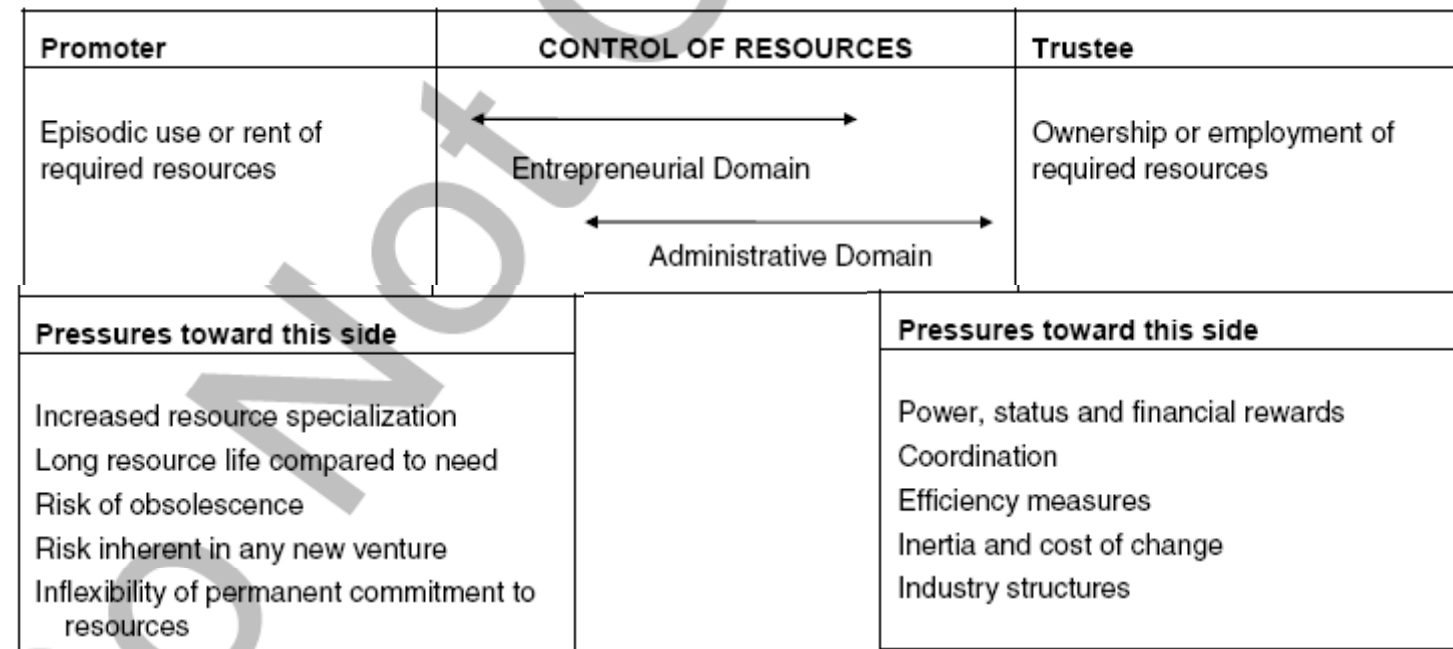
Promoter	COMMITMENT TO OPPORTUNITY	Trustee
Revolutionary with short duration		Evolutionary of long duration
<p><b>Pressures toward this side</b></p> <ul style="list-style-type: none"> <li>Action orientation</li> <li>Short decision windows</li> <li>Risk management</li> <li>Limited decision constituencies</li> </ul>	<p><b>Pressures toward this side</b></p> <ul style="list-style-type: none"> <li>Acknowledgment of multiple constituencies</li> <li>Negotiation of strategy</li> <li>Risk reduction</li> <li>Management of fit</li> </ul>	



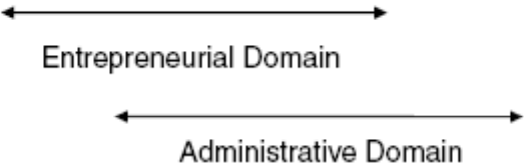
# Promoter vs. Trustee Orientation

Promoter	COMMITMENT OF RESOURCES	Trustee
Multistaged with minimal exposure at each stage		Single-staged with complete commitment upon decision
<p><b>Pressures toward this side</b></p> <ul style="list-style-type: none"> <li>Lack of predictable resource needs</li> <li>Lack of long-term control</li> <li>Social needs for more opportunity per resource unit</li> <li>International pressure for more efficient resource use</li> </ul>		<p><b>Pressures toward this side</b></p> <ul style="list-style-type: none"> <li>Personal risk reduction</li> <li>Incentive compensation</li> <li>Managerial turnover</li> <li>Capital allocation systems</li> <li>Formal planning systems</li> </ul>

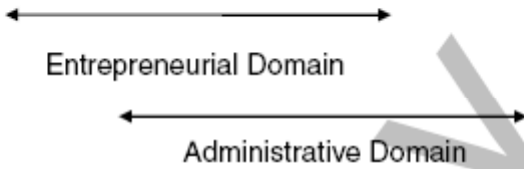
# Promoter vs. Trustee Orientation



# Promoter vs. Trustee Orientation

Promoter	MANAGEMENT STRUCTURE	Trustee
Flat with multiple informal networks	 <p>Entrepreneurial Domain</p> <p>Administrative Domain</p>	Formalized hierarchy
<p><b>Pressures toward this side</b></p> <ul style="list-style-type: none"> <li>Coordination of noncontrolled resources</li> <li>Challenge to legitimacy of owner's control</li> <li>Employees' desire for independence</li> </ul>		<p><b>Pressures toward this side</b></p> <ul style="list-style-type: none"> <li>Need for clearly defined authority and responsibility</li> <li>Organizational culture</li> <li>Reward Systems</li> <li>Management theory</li> </ul>

# Promoter vs. Trustee Orientation

Promoter	REWARD PHILOSOPHY	Trustee
Value-driven Performance-based Team-oriented		Security-driven Resource-based Promotion-oriented
<b>Pressures toward this side</b>		<b>Pressures toward this side</b>
Financial backers Individual expectations Competition		Societal norms Impacted information Demands of public shareholders

# Promoter vs. Trustee Orientation

Pressures Toward This Side	Promoter	Key Business Dimension	Trustee	Pressures Toward This Side
<p>Diminishing opportunity streams</p> <p>Rapidly changing: Technology Consumer economics Social values</p>	<p>Driven by perception of opportunity</p>	<p>↔ Entrepreneurial Domain ↔ Administrative Domain STRATEGIC ORIENTATION</p>	<p>Driven by resources currently controlled</p>	<p>Social contracts</p> <p>Performance measurement criteria</p> <p>Planning systems and cycle</p>
<p>Action orientation</p> <p>Short decisions windows</p> <p>Risk management</p> <p>Limited decision constituencies</p>	<p>Revolutionary with short duration</p>	<p>↔ Entrepreneurial Domain ↔ Administrative Domain COMMITMENT TO OPPORTUNITY</p>	<p>Evolutionary of long duration</p>	<p>Acknowledgment of multiple constituencies</p> <p>Negotiation of strategy</p> <p>Risk reduction</p> <p>Management of fit</p>
<p>Lack of predictable resource needs</p> <p>Lack of long-term control</p> <p>Social need for more opportunity per resource unit</p> <p>Interpersonal pressure for more efficient resource use</p>	<p>Multistaged with minimal exposure at each stage</p>	<p>↔ Entrepreneurial Domain ↔ Administrative Domain COMMITMENT OF RESOURCES</p>	<p>Single-staged with complete commitment upon decision</p>	<p>Personal risk reduction</p> <p>Incentive compensation</p> <p>Managerial turnover</p> <p>Capital allocation systems</p> <p>Formal planning systems</p>
<p>Increased resource specialization</p> <p>Long resource life compared to need</p> <p>Risk obsolescence</p> <p>Risk inherent in any new venture</p> <p>Inflexibility of permanent commitment to resources</p>	<p>Episodic use or rent of required resources</p>	<p>↔ Entrepreneurial Domain ↔ Administrative Domain CONTROL OF RESOURCES</p>	<p>Ownership or employment of required resources</p>	<p>Power, status, and financial rewards</p> <p>Coordination</p> <p>Efficiency measures</p> <p>Inertia and cost of change</p> <p>Industry structures</p>
<p>Coordination of key noncontrolled resources</p> <p>Challenge to legitimacy of owner's control</p> <p>Employees' desire for independence</p>	<p>Flat with multiple informal networks</p>	<p>↔ Entrepreneurial Domain ↔ Administrative Domain MANAGEMENT STRUCTURE</p>	<p>Formalized hierarchy</p>	<p>Need for clearly defined authority and responsibility</p> <p>Organizational culture</p> <p>Reward systems</p> <p>Management theory</p>
<p>Individual expectations</p> <p>Competition</p> <p>Increased perception of personal wealth creation possibilities</p>	<p>Value-based Team-based Unlimited</p>	<p>↔ Entrepreneurial Domain ↔ Administrative Domain COMPENSATION/REWARD POLICY</p>	<p>Resource-based Driven by short-term data Promotion Limited amount</p>	<p>Societal norms</p> <p>IRS regulations</p> <p>Impacted information</p> <p>Search for simple solutions for complex problems</p> <p>Demands of public shareholders</p>