

Food For Thought

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## Entrepreneur in Residence

Dear *LogiStyle* Colleague:

Food for Thought is our way of sharing interesting concepts on corporate leadership and management with others who might find it useful. The thoughts offered are intended to be controversial and thought provoking. They always follow our motto of helping develop logical leadership.

Entrepreneurship becomes increasingly difficult to foster and promote as a corporation grows and matures. Strict processes and bureaucracy, instituted to protect the assets of the corporation, become a hindrance to the entrepreneurial spirit. A brilliant idea for a new product, or an opportunity to enter a new market, dies on the vines of the cafeteria conversations because of resistance up the hierarchy of management set in its old ways of thinking. A few might venture out of the company to become a brave start-up. But others – in our opinion, most, - simply return to doing their best in pulling the corporate carriage. For the CEO who shares this view and wonders how leadership might promote entrepreneurship within a corporation, we have a suggestion: Entrepreneur in Residence (EIR).

A study of entrepreneurship in research labs, conducted twenty years ago, credited 3M corporation as the originator of this idea, where earlier versions of such an idea were in use. We helped implement the idea in its current form in one company. Other versions of this idea are under consideration in some other companies. The basic idea is to appoint a capable mid-level manager, in whom senior management has considerable confidence, as an EIR and empower that person to attract, evaluate and execute entrepreneurial ideas from across the company.

Here is how it works. Senior management, maybe the CEO, identifies an individual deep within the company who has shown considerable promise and appears to have significant head room, but has not yet risen to a senior level of management responsibility. Presumably, the CEO has utmost confidence in this individual, who is likely to be coveted by many other departments. The CEO appoints this person as an EIR, a title carried by the individual in addition to their current duties and responsibilities. Besides the obvious prestige that might be associated with such an appointment by the CEO, the EIR receives, figuratively speaking, a check for one million dollars (any other reasonable dollar amount can be substituted) to use in the pursuit of

any legitimate business venture that the EIR deems prudent for the company to pursue. However, there are some constraints on the use of these funds. First, all expenditures and their accounting must conform to the company's standard policies and procedures. Second, the figurative check must be cashed within one year, during which time the EIR can explore many potential business opportunities as a side activity while discharging the duties of the current job. Third is the most stringent constraint: the EIR must step down from his or her current position and responsibility in the company to cash the check and start the new venture.

The intent of an EIR is to provide entrepreneurial ideas in the company an alternative court of judgment other than the company's traditional management hierarchy. It is to instill a renewed sense of optimism amongst the innovators of the company and cause them to pitch their ideas to the EIR as they would to a venture capitalist. It is to empower an organization that otherwise might complain of management set in its ways and unreceptive to anything new and novel, by offering the employees an alternative non-management avenue of appeal. It is to create excitement and buzz within the company reinforcing that individuals can make things happen. The intent is for the EIR to draw inspiration, possibly even steal the idea, for any such business venture from other innovators in the organization and enlist them into the venture.

All that said, the EIR is unlikely to use the money callously. In fact, half the time the EIR will not cash the check! For starters, the selection of the EIR by the CEO ensures that the individual has a good business mind and has a track record of accomplishments. An EIR is unlikely to undertake a venture unless he or she feels confident that the venture can succeed. Approached by an innovator with the latest invention, the EIR is likely to listen with a more critical mind, than even traditional management. After all, "this is my money," says the EIR. Lastly, to pull the trigger and cash the check, the EIR must forego the inherent job security in the current position – not an easy task even for the most confident individual.

In balance, the excitement of the EIR, the buzz within the company and the numerous cafeteria conversations that ensue, provide positive value for the company. Note that until the check is cashed the company has incurred no direct expense. And, if the EIR cashes the check then the resulting business venture is likely to be a prudent investment in most cases. If you would like to know more about the concept of EIRs, or its level of success in earlier implementations, please call or write to us.

We have received many responses to our Food for Thought mailings, asking if you can freely share and forward these thoughts. Indeed you can. All we ask is that a clear attribution to LogiStyle and our contact information are included. For the interested reader, we have archived some of our recent Food for Thought mailings at our website, and can be viewed at LogiStyle: Food for Thought Archive. As always, we welcome your comments. We hope your business is doing well. If we can be of any assistance please feel free to call – even, if just to chat.

Best Regards,

Balaji