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LEVELS OF ENTREPRENEURSHIP IN ORGANIZATIONS: ENTREPRENEURIAL INTENSITY

INTRODUCTION

What does it mean to characterize an organization as "entrepreneurial"? We make the mistake of thinking in either–or terms, as in "that's an entrepreneurial firm, while that one is not." However, entrepreneurship is not something an organization either has or does not have; it is a variable. There is some level of entrepreneurship in every organization. Even in the largest, most staid and conservative companies, elements of entrepreneurial behavior can be found somewhere in the firm. Within the most bureaucratic government organizations, one can find highly entrepreneurial people. The question becomes one of determining how entrepreneurial a given organization is. The answer to this question lies in the three underlying dimensions of entrepreneurship: innovativeness, risk-taking, and proactiveness. Let us explore each of these dimensions in greater detail.

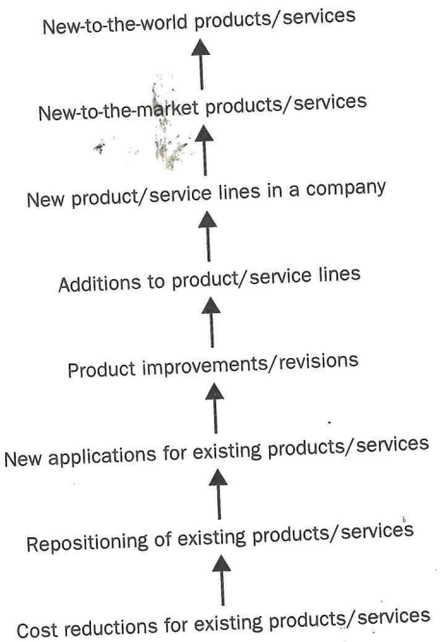
EXPLORING THE DIMENSIONS OF ENTREPRENEURSHIP

INNOVATIVENESS

The first dimension that characterizes an entrepreneurial organization is innovativeness. Here, the concern is with the relative emphasis on concepts or activities that represent a departure from what is currently available. Simply stated, to what extent is the company doing things that are novel, unique, or different?

A range, or continuum, of possibilities exists (Figure 3.1). Does the concept address a need that has not previously been addressed, as the first laser surgical tool did? Does it change the way one goes about addressing a need, as the original fax machine or the microwave oven did? Is it a dramatic improvement

3.1 A Range of Options: Innovativeness as It Applies to Products and Services



conventional solutions, as the cellular telephone or the electric automobile are? Does it represent a minor modification or improvement to an existing product, as a longer-lasting lightbulb or less fattening dessert products do? Is it just the geographic transfer of a proven product, such as the sale of frozen yogurt in a country where the product is unknown?

In addition to these product examples, innovation can take the form of new or improved services. The tremendous growth of the service sector is a testimonial to the entrepreneurial spirit at work. America Online (AOL), MSNBC, The Discovery Zone, E*Trade, and La Petite Daycare Centers represent just a few of the thousands of successful entrepreneurial service concepts. In fact, given their intangible nature and the ease with which they can be replicated, services lend themselves to continuous innovation and improvement. American Express is an excellent example of a company that is continually looking for service line extensions, modifications, and enhancements.

The third innovation frontier is in processes, or finding new and better ways to

■ TABLE 3.1 A Range of Options: Innovativeness as It Applies to Processes

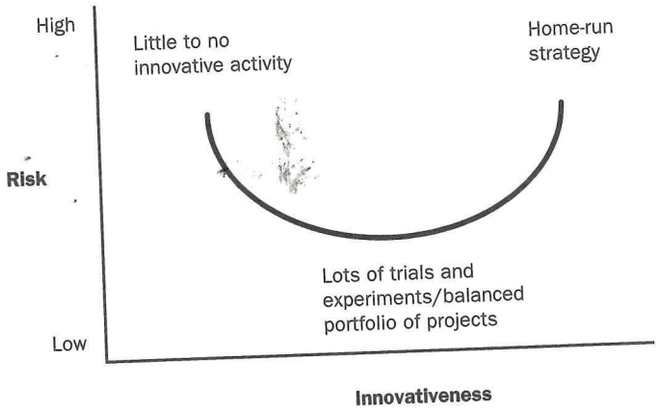
Degree of Innovation	Type of Process
Major new process	Administrative systems
Minor new process	Service delivery systems
Significant revision of existing process	Production methods
Modest improvement of existing process	Financing methods
	Marketing or sales approaches
	Procurement techniques
	Compensation methods
	Supply chain management techniques
	Distribution methods
	Employee training programs
	Pricing approaches
	Information management systems
	Customer support programs
	Logistical approaches
	Hiring methods

competitive advantage (i.e., they result in lower costs, faster operations, more rapid delivery, improved quality, or better customer service). Examples include innovative production techniques, distribution approaches, selling methods, purchasing programs, or administrative systems. Consider the novel hub-and-spoke transport system used by Federal Express to provide quick and dependable overnight parcel delivery service or the highly inventive production techniques mastered by Nucor that result in high-quality and affordable specialty-grade steel produced in a mini-mill.

Risk-Taking

Anything new involves risk, or some likelihood that actual results will differ from expectations. Risk-taking involves a willingness to pursue opportunities that have a reasonable likelihood of producing losses or significant performance discrepancies. Our emphasis is not on extreme, uncontrollable risks, but instead on the risks that are moderate and calculated. Entrepreneurship does not entail reckless decision making. It involves a realistic awareness of the risks involved—including financial, technical, market, and personal—and an attempt to manage these risks. These risks are reflected in the various resource allocation decisions made by an individual or organization as well as in the choice of products, services, and markets to be emphasized. Risk-taking can thus be viewed as both an individual-level trait as well as an organization-level concept.

3.2 RELATING INNOVATIVENESS TO RISK

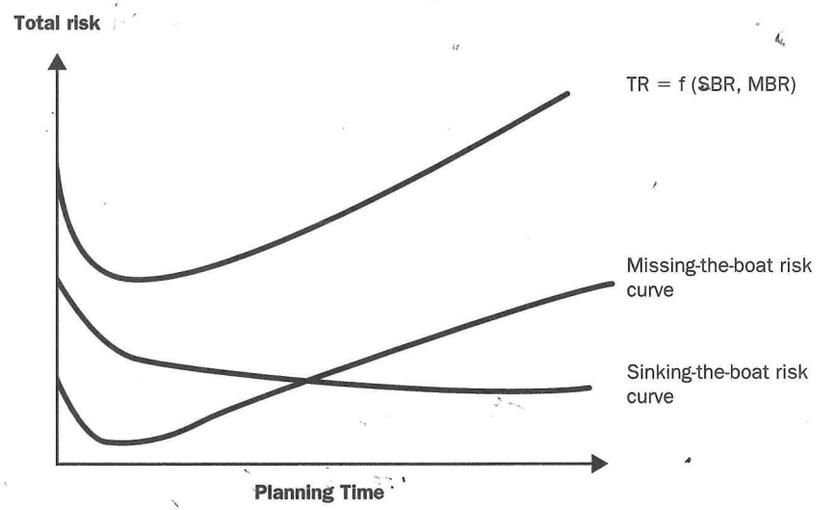


concentrates intently on perfecting his/her swing, and strives to hit a home run. Further, the batter is preoccupied with his/her batting average. Obviously, if he or she comes to bat only twice and gets a hit on one of those occasions, the result is a .500 batting average. Unfortunately, companies often approach the development of new products, services, and technologies as does our baseball player. They pursue few projects, rely on cautious, "go-slow" strategies that aim to perfect the concept, and hold off on introduction until they are certain they have a major winner. Meanwhile, scrappier competitors move more quickly and beat them to the punch.

Successful hits are a function of both one's batting average and the number of times one comes to bat. The message is that entrepreneurs and entrepreneurial companies need to come to bat more often. Risks are better managed by focusing on frequent, lower-risk market incursions with a variety of new product and service options targeted to different segments and niches. By engaging in lots of experiments, test markets, and trial runs, the entrepreneur is better able to determine what works and what does not. Such quickened learning may come at the expense of minor failures, but it is also likely to ensure more sustainable long-term successes.

One might be tempted to assume that innovativeness and risk-taking are directly correlated: that doing more innovative things means taking higher risks and vice versa. In reality, the relationship may be more complex, as pictured in Figure 3.2. Here, the relationship is pictured as a curvilinear function. As can be seen, risk is high when the company ignores new product and service opportuni-

■ FIGURE 3.3 "MISSING-THE-BOAT" AND "SINKING-THE-BOAT" RISK



opposite track and attempt to come up with breakthrough innovations that create new markets and redefine industries. In Figure 3.2 this is referred to as a "home-run" strategy. In between these two end-points is the Hamel and Prahalad strategy discussed above. Risk is lower and more manageable when lots of trials and experiments are pursued all the time; in effect, a balanced portfolio of innovation projects is being managed. We shall further investigate the concept of an "innovation portfolio" in Chapter 7.

It is also critical to note that, from an entrepreneurial standpoint, there are actually two sides to the risk equation. Discussions of risk generally focus on what happens if the entrepreneur pursues a concept and it does not work out. This side of the equation has been labeled "sinking the boat" risk by Dickson and Giglierano (1986). It is reflected in such factors as a poorly thought-out concept, bad timing, an already well-satisfied market, inadequate marketing and distribution approaches, and inappropriate price levels. The other side of the equation is called "missing the boat" risk, or the risk in not pursuing a course of action that would have proven profitable. It occurs when the entrepreneur delays acting on a concept for too long and is preempted by competitors or changing market requirements. Here, the entrepreneur is being too cautious or conservative and often seeks more security in the form of additional market research, financial data, or input from consultants.

Figure 3.3 illustrates the relationship between these two types of risk. With

identify more effective approaches to production, marketing, and other operational concerns. Meanwhile, "missing the boat" risk initially falls, since the entrepreneur identifies fatal flaws that represent reasons to rethink or shelve the concept.

He or she may let competitors be the first to the market, let them make the mistakes from which he or she can learn, then enter with a much better market solution. However, the longer the delay in action, the more likely that competitors will move quickly and lock up the market opportunity or that the market opportunity itself will disappear. Total risk, then, becomes a function of the outcomes if one acts and if one does not.

PROACTIVENESS

The third dimension of entrepreneurship, proactiveness, is less easy to define. The opposite of reactiveness, it has come into popular usage as a term to describe an action orientation. The essence of proactiveness is captured in the well-known Nike slogan "Just do it." At a company level, Miller (1987) associates proactiveness with assertiveness, which he in turn views as a dimension of strategy making. He sees entrepreneurial firms as *acting on rather than reacting to* their environments. His short scale to operationalize proactiveness includes three items: following versus leading competitors in innovation; favoring the tried and true versus emphasizing growth, innovation, and development; and trying to cooperate with competitors versus trying to undo them.

Proactiveness is concerned with implementation, with taking responsibility and doing whatever is necessary to bring an entrepreneurial concept to fruition. It usually involves considerable perseverance, adaptability, and a willingness to assume responsibility for failure. In his study of the strategic orientation of business enterprises, Venkatraman (1989) uses the term to refer to a continuous search for market opportunities and experimentation with potential responses to changing environmental trends. He suggests it is manifested in three key ways:

1. Seeking new opportunities that may or may not be related to the present line of operations;
2. Introducing new products and brands ahead of competition; and
3. Strategically eliminating operations that are in the mature or declining stages of the life cycle.

Proactive behavior has also been approached as a person's disposition to take action to influence his/her environments (Bateman and Crant 1993). This perspective holds that the behavior of people is both internally and externally controlled and that situations are as much a function of individuals as individuals are themselves functions of their environments. As Buss (1987) has put it, people are not "passive recipients of environmental pressures": they influence [illegible] that fits with cor-

directly change their current circumstances, including aspects of their work environment.

To illustrate the proactiveness dimension, consider the engineer from a large telecommunications company whose job involves delivering engineering services to customer sites, many of which are in remote locations. Routinely, crews must drive company trucks loaded with sensitive technical equipment to these customer sites. Traveling along bumpy, rural, and sometimes dirt roads, the equipment is often damaged or knocked out of calibration. The field crews often have to wait at a site while more equipment is sent out from the head office, or they must return another day. Our engineer takes it upon himself to fix the problem in his free time. He obtains resources by "begging, borrowing, and stealing" from the organization. Lo and behold, he comes up with a design for the truck bed that would allow the truck to be driven through a veritable hurricane without the equipment losing calibration or otherwise being damaged.

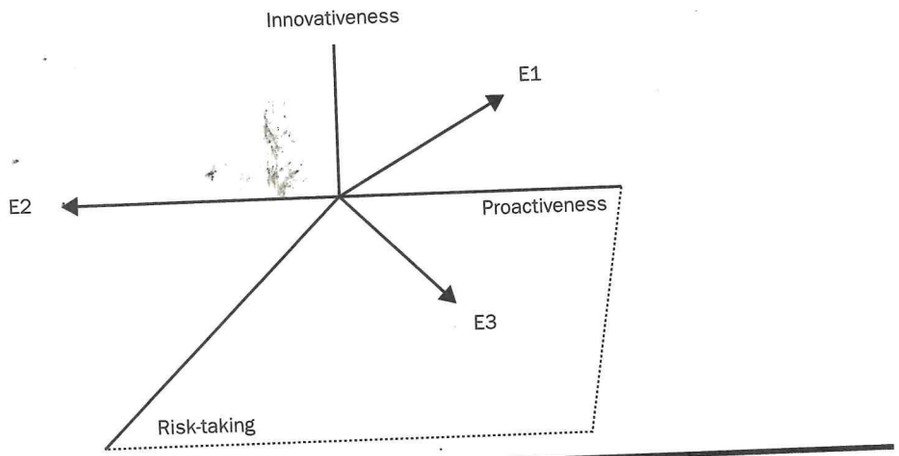
Is this proactive? Yes and no. Our engineer certainly has done much more than analyze a problem; he has produced a solution. But proactiveness is more than this. The engineer must sell the solution to his boss, who likely will not have the time or money to support the engineer. He then has to persist in selling it to the organization, which will entail building a coalition of supporters, overcoming large numbers of obstacles, and demonstrating adroit political skills. This is where the real proactiveness comes into the picture. If, in the end, the company's truck fleet is converted to his design, successful entrepreneurship has occurred. Even better than this would be the subsequent licensing of the design to other companies.

This distinction drawn here is similar to the distinction between the inventor and the (corporate) entrepreneur. Inventors are more than dreamers, in that they translate an idea into a product. But entrepreneurs go further, and this is the essence of proactiveness. Entrepreneurs may invent a product or process or rely on someone else's invention. Their real contribution lies in recognizing, properly defining, and effectively communicating the potential of the invention and then in achieving acceptance for the invention within the company, getting it implemented (if it is a process), launching it (if it is a product), and achieving commercial success or failure.

COMBINATIONS OF THE DIMENSIONS: THE CONCEPT OF DEGREE

Different combinations of these three dimensions are possible. A given entrepreneurial event (new product, service, or process) might be highly or only nominally innovative, entail significant or limited risk, and require considerable or relatively little proactiveness. Accordingly, the "degree of entrepreneurship," refers to the extent to which events are innovative, risky, and proactive. This does not mean

3.4 ENTREPRENEURSHIP AS A VECTOR



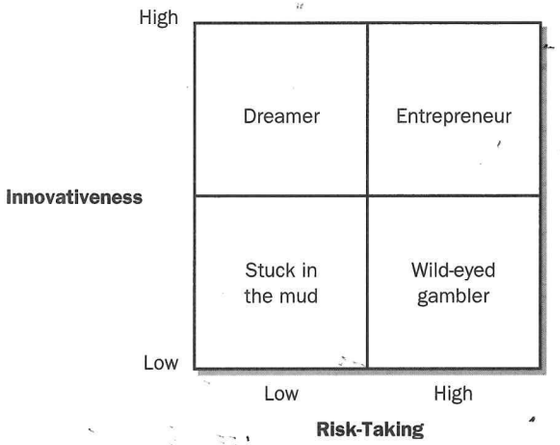
Rather, entrepreneurship is ideally a balanced process, and the appropriate degree depends on the situation.

To visualize this, entrepreneurship might be conceived of as a vector in three-dimensional space, as shown in Figure 3.4. Three situations (E1, E2, and E3) are portrayed in Figure 3.4. The first situation (E1) represents a firm or group of managers/entrepreneurs that is highly innovative or proactive but highly risk averse. The second situation (E2) finds another firm or group of managers/entrepreneurs that is highly innovative and risk-taking to the point of gambling but lacking in proactiveness—the persistence and ability to implement entrepreneurial concepts. The third firm or group of managers/entrepreneurs (E3) has a more or less balanced entrepreneurial orientation.

Two observations can be made. First, while the discussion in Figure 3.4 applies to firms or groups of managers/entrepreneurs, it could just as well apply to departments or functions within firms, such as sales management or selling, and obviously the vector could be applied to an individual. Thus, there could be individuals who are indeed too innovative and not proactive enough or who attempt to overcome personal limitations in innovativeness by taking disproportionate risks—perhaps to the extent of gambling on products, customers, or

■ FIGURE 3.5

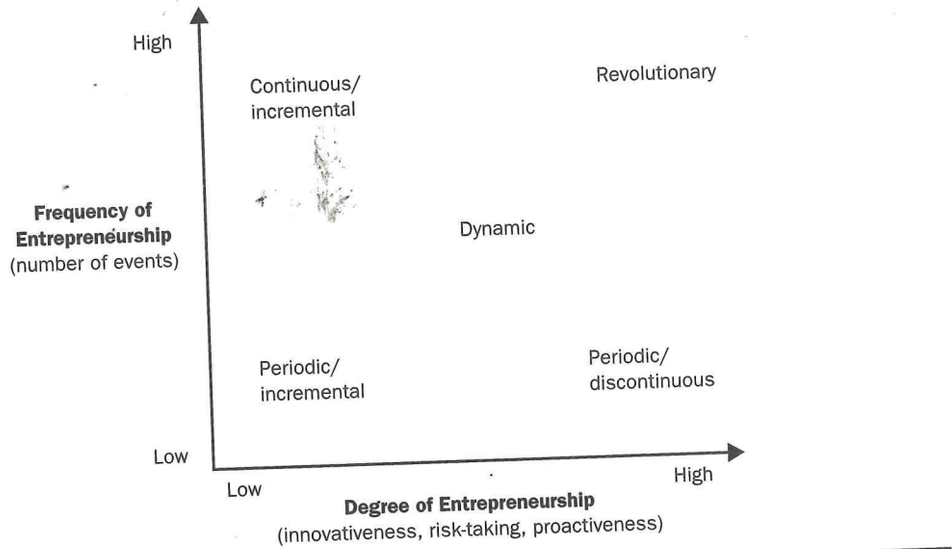
DICHOTOMIZING THE ENTREPRENEURIAL DIMENSIONS OF RISK-TAKING AND INNOVATIVENESS



Rather, it depends on situations within industries or sales environments. Thus, for example, high-tech markets might require greater levels of innovative input for success than would fast-moving consumer goods markets, and real estate sales situations might reward greater risk-seeking than would situations in telemarketing.

Another worthwhile approach would be to examine the position of an organization, a department within an organization, or an individual on a matrix formed by any two of the three dimensions, and to consider the implications of this. For example, consider the application of the risk-taking and innovativeness dimensions to a sales department within a company. The sales department might find itself in one of four positions, as illustrated in Figure 3.5. The "stuck-in-the-mud" sales manager would seldom innovate or be willing to assume the risks that such innovation would require. The "dreamer" would be highly innovative in thinking but unwilling to take the risks to give the innovations the chance of success. Taking risks would be all the "wild-eyed gambler" did—the concepts on which risks were taken would not be innovative or creative but would merely be risky "bets." The entrepreneurial sales manager would balance risk-taking and innovativeness, realizing that innovative ideas also necessitate some risk-taking. Similarly, two-by-two grids can also be used to examine the dichotomies of innovativeness and

3.6 THE ENTREPRENEURIAL GRID



ENEURIAL INTENSITY: COMBINING DEGREE QUENCY OF ENTREPRENEURSHIP

We began the chapter by noting that entrepreneurship is a variable. An entrepreneurial event varies in the degree of entrepreneurship, or how much innovativeness, risk-taking, and proactiveness is involved. Just as important is the question of how many entrepreneurial events take place within a company over a given period of time. We will refer to this as the "frequency of entrepreneurship." Some companies produce a steady stream of new products, services, and processes over time, while others may very rarely introduce something new or different.

This brings us to the concept of "entrepreneurial intensity." To assess the overall level of entrepreneurship in a company, the concepts of degree and frequency must be considered together. Any number of combinations can result. Thus, a firm may be engaging in lots of entrepreneurial initiatives (high on frequency), but none of them are all that innovative, risky, or proactive (low on degree). Another company may pursue a path that emphasizes breakthrough developments (high degree) that are done every four or five years (low frequency).

To better understand the entrepreneurial intensity (EI) concept, consider Figure

which these events are innovative, risky, and proactive on the horizontal axis. We refer to this matrix as the "entrepreneurial grid." For purposes of illustration, five sample scenarios have been identified in Figure 3.6, and these have been labeled Periodic/Incremental, Continuous/Incremental, Periodic/Discontinuous, Dynamic, and Revolutionary.

Each of these reflects the variable nature of entrepreneurial intensity. For example, where few entrepreneurial events are produced, and these events are only nominally innovative, risky, and proactive, the organization can be described as Periodic/Incremental in terms of its (modest) level of EI. Similarly, an organization that is responsible for numerous entrepreneurial events that are highly innovative, risky, or proactive will fit into the Revolutionary segment of the entrepreneurial matrix and will exhibit the highest levels of EI.

While Figure 3.6 depicts five discrete segments, it is important to note that these segments have been arbitrarily defined to provide an example of how EI may vary. Amounts and degrees of entrepreneurship are relative; absolute standards do not exist. Further, any given organization could be highly entrepreneurial at some times and not very entrepreneurial at others. Consequently, they could occupy different segments of the matrix at different points in time.

APPLYING THE ENTREPRENEURIAL GRID TO ORGANIZATIONS

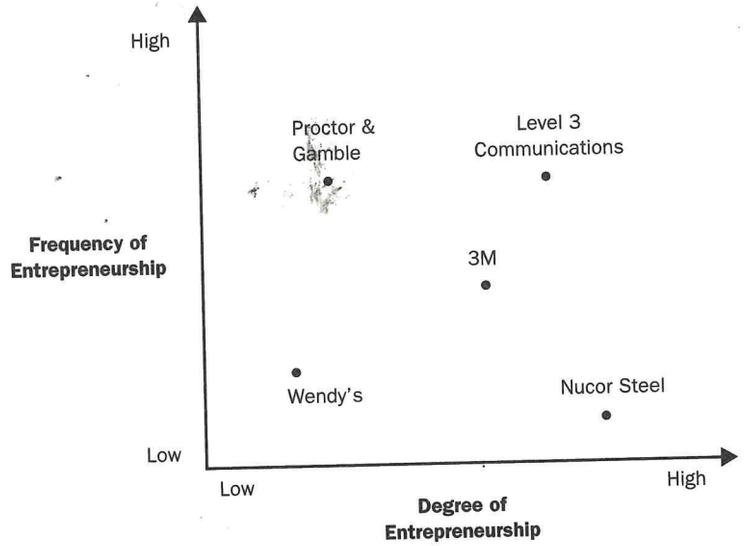
The entrepreneurial grid is a very useful tool for managers attempting to define the role of entrepreneurship within their organizations. By identifying where the company falls in the grid, management is effectively defining the firm's entrepreneurial strategy. Consider an application of the grid to five successful companies (Figure 3.7). These are firms that exhibit varying degrees of EI, and as a consequence, are representative of different spaces or scenarios.

They include the following:

- *Wendy's*. Started in 1969, this highly successful fast-food chain rapidly captured third place in the industry by developing an innovative product/service delivery system and by targeting a relatively untapped market consisting of young adults with a desire for higher-quality food. Throughout the years, it has maintained a competitive advantage by responding to environmental trends. For example, an increasing demand for convenience led Wendy's to pioneer drive-up window service, and shifting consumer preferences for lighter, lower-calorie meals were met through the introduction of salads and baked potatoes. Responding to saturated demand and heightened competitive intensity, a "value menu" was added. While none of these activities can be considered highly innovative, Wendy's can be credited with introducing a few creative changes to the fast-food industry. As such, Wendy's is representative of

3.7

APPLYING THE ENTREPRENEURIAL GRID AT THE ORGANIZATIONAL LEVEL



- *Procter & Gamble* (P&G). With the leading brand in twenty-two of forty product categories in which it competes, P&G has remained on top in the highly competitive consumer packaged goods industry by placing priority on research and development. The result has been a continuous stream of product improvements, with an occasional new product entry. P&G excels at evolutionary adaptations to, and improvements in, existing product concepts. Therefore, this company is representative of the Continuous/Incremental segment of the grid.
- *Nucor*. Founded in 1968 as a mini-mill that produced steel construction joints, Nucor introduced a radically new technical process for producing sheet metal in small electric arc furnaces. It mastered the ability to produce a ton of sheet steel in three-quarters of a man-hour versus the conventional three man hours. In addition to transforming the competitive and economic structure of the steel industry, this innovation has affected the cost structure of firms in many other industries (e.g., automobile, construction). Therefore, while Nucor has been responsible for a few entrepreneurial initiatives, its efforts have had a relatively dramatic effect on several industries. As such, Nucor represents Periodic/Discontinuous

- *Minnesota Mining and Manufacturing Company (3M).* The 3M Company's unique talent is finding commercial uses for new product technology, developing that technology into dozens of marketable forms, and finding novel applications for these products. An example is Scotch cellophane tape, from which many successful products were derived. 3M sets a goal of achieving 25 percent of annual sales from products that have been developed in the last five years. The system of innovative products that come from this firm suggest that it is representative of the Dynamic segment of the entrepreneurial grid.
- *Level 3 Communications.* Capitalizing on fundamental changes in communication technology, Level 3 is the first company to build an end-to-end Internet Protocol (IP) international communications network from the ground up. Characterized as the very model of a modern major bandwidth merchant, the company is currently building more than 20,000 miles of fiber-optic networks in the US and Europe. Level 3's IP-based network also includes undersea capacity across the Atlantic and Pacific. Packing its network with fiber and spare conduits for future upgrades, Level 3 serves such data-intensive customers as internet service providers (ISPs) and telecom carriers. Services include dedicated circuits, Internet access, server and network equipment collocation, and dark fiber leasing. The speed and aggressiveness of Level 3, its high-risk profile, and its visionary approach to the future suggest the company is closer to the Revolutionary sector of the grid.

These companies represent a study in contrasts. Consider a comparison of Nucor's major technological advancement in the production of steel to the constant flow of new products and processes that come from cross-functional ranks of 3M or the development of the drive-up window concept to the development of laser technology. Yet, each firm has an effective strategy for EI that has proven to fit with its internal and external environments and to be profitable.

Where a company falls in the entrepreneurial grid will vary depending on a number of internal and external factors. Internally, entrepreneurship is more in evidence where company structures are flat, control systems contain a measure of slack, appraisal systems include innovation and risk-taking criteria, jobs are broad in scope, and reward systems encourage a balance of individualism and group orientation. Externally, industries that are highly concentrated and have little direct competition, demand that is captive, technologies that rarely change, and margins that are comfortable will likely contain companies with low EI scores. Frequency of entrepreneurship may be directly related to the intensity of competition and amount of market heterogeneity, while degree of entrepreneurship is likely to be related to the rate of technological change in an industry

appears to be especially strong for companies that operate in increasingly turbulent environments. Rapid rates of change and threatening developments in the external environment force firms to find ways to be more entrepreneurial.

This does not mean that more entrepreneurship is always better. The likelihood is that there are norms for entrepreneurial intensity in every industry. Such norms suggest there is no best place to be in the entrepreneurial grid—the ideal point is industry and market specific. Further, as noted below, it is also time specific. The better-performing firms are those that demonstrate a stronger entrepreneurial orientation than their counterparts in the same industry. But norms for industries vary widely. One might expect a grocery retail chain to be higher on frequency, lower on degree, with a heavier emphasis on process innovation than on product innovation. Alternatively, leading pharmaceutical companies will likely approach the dynamic sector of the grid, with high frequency of new products and a portfolio of innovations that includes both incremental advances and breakthrough products.

Within companies, entrepreneurial orientations can be expected to differ significantly among various divisions, units, departments, and areas. In addition, there is no pattern such that marketing departments in companies are relatively more entrepreneurial or procurement departments are always less entrepreneurial. Not only will entrepreneurial orientation differ by company, but an entrepreneurial manager can guide a staid, conservative unit of any kind towards a more entrepreneurial profile. At the same time, the more a given unit or department must operate under conditions of turbulence, financial uncertainty, and other threats, the more one would expect a higher entrepreneurial profile in that unit or department.

There is also much we do not know. For example, to what extent does the relative importance of degree versus frequency vary depending on such strategic factors as the pace of technological change in an industry, the levels of competitive intensity, or the heterogeneity of market demand? Under what conditions is degree versus frequency the strongest contributor to company performance? It is also necessary to determine if frequency and degree contribute equally to short-term as opposed to long-term performance. It may be that frequency has more of a short-term impact, whereas degree is better able to impact long-term outcomes. Although hypothetical, such a possibility is implicit in the work of Hamel and Prahalad (1991). Using a baseball analogy of hitting many singles versus attempting to hit a home run, they emphasize the value of companies pursuing multiple smaller projects at one time as opposed to pursuing one potentially breakthrough project. A risk-reward trade-off is involved in which the former are thought to generate short- and immediate-term profits, whereas the latter significantly impacts long-term profitability.

Another critical question concerns the types and amounts of costs associated with EI. Resource requirements are likely to vary considerably at different levels of EI within a given industry, and the shape of the cost curve should be estimated.

INTRAPRENEURIAL INSIGHT

INnovation: Out with the Old and IN with the New

"The problem is never how to get new, innovative thoughts into your mind, but how to get old ones out."

—Dee Hock, business visionary and creator of Visa

In his eclectic book, *The Circle of Innovation*, Tom Peters presents to the reader fifteen stopping points, or ideas, along a circle that he believes lead to innovation — a topic he professes to be obsessed with. One of those ideas is that "You can't live without an eraser." Peters feverishly puts forward the idea that forgetting what's *been* done and focusing on what *can or needs* to be done is the key to success. Take the following examples. Bill Gates initially viewed the Internet as a passing fad. Soon after, without looking back at his previous mindset, he set out to make Microsoft a building block for it. For years, retailer Banana Republic attempted to ape Gap. Finally the company realized its attempts were futile and started anew with a high-end image and gained an immediate 18 percent rise in same-store sales. GM forgot the traditional way of selling and servicing cars and created Saturn.

- *Forget hesitation.* Wayne Gretzky said it best: "You miss 100 percent of the shots you don't take."
- *Forget failure.* Failure doesn't just come before success in the dictionary.
- *Forget rules.* They were meant to be broken.
- *Forget balance.* Make yourself and others uncomfortable—stir things up.
- *Forget propriety.* Some of the greatest inventions were once deemed ridiculous.
- *Forget consensus.* While you're waiting for it, someone else is stealing your idea.

If you always do what you've always done, you'll always get what you've always gotten.

Silicon Valley is a hotbed of forgetters and innovators. Success secrets include a tolerance of failure and treachery, the pursuit of risk, enthusiasm for change, openness to collaboration, variety, and an "anybody can play" attitude. Peters includes the Silicon Valley Test in his book as a way for an organization to gauge its likelihood of success Silicon Valley style. Address the following statements with *Yes!*, *Sometimes*, or *Never!* to determine your organization's need for a Strategic Forgetting Plan.

- Failure is tolerated around here, even considered a good thing.
- Ideas flow readily, without hoarding by this person (department) or that.
- We're willing to swing for the fences and accept a relatively low batting average.
- We spend (time and money) heavily on investing in unit and individual renewal.
- We thrive on change.
- We are diversity freaks, and politics is rarely the basis for rewards or promotion.
- We groove on our service/product and are determined that it should be as cool as they come.
- We don't try to reinvent the wheel; we take a new idea and test it . . . fast.
- We're always working with others/outsiders on new projects, big and small.
- We think anyone can be a big winner.

SOURCE: Adapted from Peters, T. 1997. *The Circle of Innovation*. New York: Alfred A. Knopf, 75–121.

degree components of EI, and research is needed to determine which is greater and why.

Entrepreneurial intensity also is likely to

strategy of the company, and the internal structure of the company. It would seem that EI serves a potentially critical role in integrating these three variables. As a case in point, firms experiencing higher levels of environmental turbulence may require higher levels of EI to survive and grow, which in turn generates corporate strategies that are more aggressive (e.g., focusing on new product and market development) as well as structures that are more flexible, decentralized, and open.

Finally, it is not clear that high levels of entrepreneurial intensity are sustainable. It may be that there are patterns to a company's entrepreneurial performance over time. One theory is that companies alternate, or "cycle," between fairly dynamic periods of higher entrepreneurial intensity and periods where innovations are more incremental and intensity is lower (e.g., Slevin and Covin 1990). During these less intense periods, the focus is more on consolidation and administrative control. Yet, there are companies, such as 3M, that sustain a given level of entrepreneurship for extended periods.

AND CONCLUSIONS

With today's competitive conditions, many senior executives recognize the need for more entrepreneurship in their companies. However, they often struggle when attempting to define what it really means to be entrepreneurial and how entrepreneurship should manifest itself within their individual businesses. In this chapter, we have provided a beginning point. Management must first determine where the firm falls in the entrepreneurial grid; the relative importance of frequency and degree; and the specific types of innovation, risk-taking, and proactive behaviors that are consistent with the firm's strategic direction.

We have also introduced the concept of entrepreneurial intensity. There is nothing special about this particular term, but there is much support for it as a managerial concept. Researchers and consultants have used such terms as entrepreneurial posture, organic emphasis, entrepreneurship level, and entrepreneurial aggressiveness to talk about what, in essence, is the same thing (Cheah 1990; Covin and Slevin 1991; Jennings and Seaman 1990; Keats and Bracker 1988; Schaefer 1990; Stuart and Abetti 1987). The key for managers is to specify the "dominant logic" of the firm and the extent to which entrepreneurial intensity is part of that dominant logic. In subsequent chapters, we will further examine the interplay between dominant logic, entrepreneurial intensity, and corporate strategy.

Entrepreneurial intensity must become a key activity ratio that is monitored on an ongoing basis within organizations. Assessment at the level of the organization can be used to benchmark and track levels of entrepreneurship, establish norms and draw industry comparisons, establish entrepreneurship goals, develop strategies, [illegible] relationships between EI and company performance variables

managers and others to examine and refine their own leadership styles as well as in characterizing employee behavior over time.

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