Three chronological steps toward encouraging intrapreneurship: Lessons from the Wehkamp case

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Abstract In today’s turbulent business environment, innovation and organizational renewal are key. Employees are encouraged to act as intrapreneurs (entrepreneurs within their employing unit or organization) and instigate change from the bottom up. However, accomplishing this company wide is highly challenging. In this article, we examine the case of Wehkamp, a Dutch e-tailer that overcame these challenges and succeeded in creating a flourishing climate for intrapreneurship. We describe the three-step chronological process for intensive change wherein the initiatives of some intrapreneurs can produce widely held organizational value for intrapreneurship. Key to this change process are three insights: (1) Team leaders can feed the incremental and radical initiative of the few; (2) top management can give meaning and guard fairness to stimulate overall intrapreneurship; and (3) corporate entrepreneurship can be used to continuously revive widespread intrapreneurship. Organizations seeking to encourage intrapreneurship from their employees can benefit from these guidelines.

1. Wehkamp: From catalog to e-tail

Worldwide, the retail industry is changing rapidly. Shopping malls face hard times, while online sales are increasing for all kinds of products. Full e-tailers who sell exclusively online are thriving. For example, on the most recent China’s Singles Day (November 11, 2016), the Chinese web giant AliBaba achieved record sales of around $15 billion. Traditional sellers are incorporating websites and many either just change their business model or vanish. How can organizations survive or, better still, thrive in such fundamental market turbulence? This article explores a success story of just such a transition, a
business that moved from a traditional and rigid catalog company to a booming e-tail company.

One notable e-tailer is wehkamp, a top 3 market leader in The Netherlands that has shown double-digit growth and revenues over the past couple of years (over $800 million in 2015). Today, it has 96% brand notoriety and has served over 90% of Dutch households over time; more than 500,000 customers visit the web shop daily, 70% of whom are women and mostly under the age of 45. Thanks to the world’s largest fully automated warehouse, the majority of wehkamp’s 320,000 products from over 2,000 different brands take only 30 minutes to process from order to packaging and sending. Furthermore, wehkamp also keeps winning awards for a variety of its business practices, including marketing campaigns, website usability, and good HR practices.

Founded in 1952, wehkamp (then Wehkamp) was originally a catalog company. Radio commercials and women’s magazines were used as marketing mediums to sell textiles and furniture. Products were ordered via postcards and delivery could take weeks. When the catalog became popular in the 1960s, two new distribution centers were built and the company was sold to Great Universal Stores (GUS). Under GUS management, Wehkamp focused on innovating its service proposition. Due to the initiative of certain intrapreneurial individuals, in 1985 the company was the first in The Netherlands to use a voice response system (automatic system to register new orders), and in 1994 it was the first to introduce 24-hour delivery services.

Despite these successes, fundamental changes in the retail industry (Maxwell, 2013), as well as increased costs of printing and shipping, put pressure on wehkamp to change fundamentally. Entering the 21st century, catalog retailer profits plummeted worldwide (Hadad, 2017), while the potential of internet-based retail (e-tail) became more popular (Chandra, 2012). However, despite this radical shift in business model, only a few former catalog retailers remained standing. Even fewer managed to emerge stronger than before, but wehkamp defied these odds. What then were the key contributors to wehkamp’s success? In this article, we discuss how an intrapreneurial climate at wehkamp made a vital difference.

2. Intrapreneurship as an instigator of growth

Today, intrapreneurship—that is, entrepreneurship within companies—is considered an important driver of organizational success. For example, Richard Branson (2011) has stated that “Virgin could never have grown into the group it is now were it not for a steady stream of intrapreneurs who looked for and developed opportunities, often leading efforts that went against the grain.” Branson has been a keen supporter of intrapreneurship. For example, the large and expensive seat designs of Virgin Atlantic Airlines’ new upper class cabins posed problems for design firms (Jolin, 2015). Virgin’s own young designer Joe Ferry, however, volunteered and was given a chance to find a solution. Virgin leadership granted him autonomy and resources, and as a result he developed the airline’s private sleeping suites. This initiative not only ensured that there were many happily snoring transatlantic flying customers, but also gave Virgin a huge competitive advantage. As Pinchot and Pellman (1999, p. 16) put it: “Innovations don’t happen unless someone takes an intrapreneural role.”

Intrapreneurship is defined as the bottom-up initiative of individuals who make change happen with the goal of improving their organizations (Pinchot, 1985). Intrapreneurs have also been defined as employees who engage in internal corporate venturing or as instigators of new or improved projects, products, or processes (Zahra, Randerson, & Fayolle, 2013). These individuals are, just like external entrepreneurs, often characterized as challenge-seeking, stubborn, proactive, and creative individuals who actually enjoy going against the flow and prefer a turbulent work environment (e.g., Bateman & Crant, 1993; Crant, 2000; Daokui Li, Feng, & Jiang, 2014). Like Virgin, many other leading companies are now relying on intrapreneurs to improve their companies from the bottom up. This is no surprise as intrapreneurship has been clearly linked to increased firm revitalization (Kuratko, Montagno, & Hornsby, 1990), growth (Zahra & Covin, 1995), better performance (Bierwerth, Schwens, Isidor, & Kabst, 2015), and more intangible outcomes such as knowledge, skill development, and job satisfaction (Adonis, 2003; Ireland, Kuratko, & Covin, 2003).

3. Wehkamp’s phases of instigating intrapreneurship

Based on the analysis of historic and current company materials, observations, field notes, and
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