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# MANAGING THE ENTREPRENEURSHIP FROM WITHIN

Corporate Entrepreneurship and BKM as a Case Study

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BURÇİN İNCEDAL AND MERVE ÇAVDAR

**I**n today's global markets, continuously innovating is a necessity in order to be able to compete. It is a common belief that innovation occurs only at products and services level. Yet, one can talk about innovation in processes, management practices, and organizational structures as well. Today, executive teams acknowledge that innovation is a catalyzer for the change. Many companies, who are considered to be "innovative", put big efforts in order to sustain the "innovation culture" in an ever-changing environment. Implementing "corporate entrepreneurship" approach, which is considered to be an effective tool for establishing "innovation culture" within a company at all levels, is one such effort.

## FROM INNOVATION TO CORPORATE ENTREPRENEURSHIP

Wolcott and Lippitz define "corporate entrepreneurship", a concept that entered our lives in the 1980s, as a process that helps develop, manage, and commercialize new business ideas beyond a company's current markets, capabilities, and assets. Elfring, on the other hand, sees "corporate entrepreneurship" as a mechanism to create opportunities to develop new businesses and innovation within a company. In this respect, one can see "corporate entrepreneurship" as a tool to support and sustain a company's competitive power in the market.

Kuratko, Hornsby, and Covin consider “corporate entrepreneurship” as the embodiment of innovation and a process that helps companies to compete with others both in local and global markets. We have been witnessing a transition from innovation in products and services to innovation in processes, value chains, business models, organizational structures, and managerial processes. Therefore, it is one important agenda item in management meetings of many companies.

“Corporate entrepreneurship” might have different elements in different companies. One thing is common though; innovation is the key component of “corporate entrepreneurship”. According to Christensen, “innovation” is a tool that a company uses to redefine and/or revive its own, the market it operates in, its position in that market, or the areas it competes in. For the entrepreneurial spirit to take roots in the company, a conscious effort to create and sustain the appropriate company culture is required. A company’s ability to innovate, take risks, and how proactive it is are defining factors for a company’s level of entrepreneurship.

Covin and Miles believe that there are three determinants of “corporate entrepreneurship”: (i) new business ideas are actually commercialized, (ii) individuals can discuss their innovative ideas freely in a corporate structure (iii) “entrepreneurship” philosophy is rooted in the way of thinking and operating in a company. These pillars are also important to bring entrepreneurship to the forefront in a company.

One can think to instill the entrepreneurship culture as learning how to lose weight. The rules are simple, but implementing those rules correctly and consistently is quite difficult. The will for change, the discipline, the passion, and the courage are defining factors. Interbank Card Center of Turkey (BKM), which has been operating for a quarter of a century in Turkey, is a good example of a company that has changed the company culture in order to change the individual behavior within the company. It started the “Corporate Entrepreneurship Program” in 2015, and the first training was given already in the beginning of 2016. The purpose of the training courses were to ensure that every individual in the company speaks the same language and understands the methodology, and thus to take the first step for cultural change.

## WHY “CORPORATE ENTREPRENEURSHIP”?

In today’s world, companies are well aware of the importance of the environment in a company for supporting innovation and instilling “corporate entrepreneurship” philosophy. But, it is not easy to define and measure “the environment”. One also should not expect that it is the same for

every company. A company’s structure, its size, the market it operates in, and/or the regulatory environment all affect the environment.

BKM, established as a clearing and settlement house for card payments back in 1990 by 13 state and private banks as shareholders, have started to implement the “Corporate Entrepreneurship Program” considering various dynamics beyond the competition. The will to change the status quo and become a product factory for the sector was the main motivation for starting this program. BKM’s products such as BKM Express – the national digital wallet, and TROY – Turkey’s Payment Method-, have been catalyzers for the program. BKM could have relied on the fact that it did not have any competitor and continued with its current operations. However, BKM considered “corporate entrepreneurship” culture as an important motivation for employee engagement and satisfaction. So it used “corporate entrepreneurship” philosophy as a way to change the employee behavior in a good way, prepare the company for the future, and enlarge the market for the benefit of all the stakeholders in the market.

In any company, one of the areas in “corporate entrepreneurship” that the management can control the most easily is creating the necessary environment for entrepreneurship culture to take roots. The necessary environment is the one where all employees have the chance to realize opportunities. Perceived risks and returns of initiatives taken by the individual, fear of failing, questioning of the current practices, the tolerance for the stress and the uncertainty accompanying entrepreneurial behavior are the factors that can affect or even prevent the entrepreneurial behavior. Therefore, companies where entrepreneurial behavior is encouraged, each individual is given a chance to develop new ideas, and the organizational know-how is accessible to everyone in the company are more likely to innovate. The challenging job for the management is to ensure those factors are in place in the company.

## WHO IS A “CORPORATE ENTREPRENEUR”?

Rottenberg defines a corporate entrepreneur as an individual who takes the responsibility of returning an idea into a profitable product or service for the company, all the risks being on herself/himself. In today’s world, companies have been working on the models where employees work as entrepreneurs realizing many ideas with minimum test effort and cost. The most critical thing for these models to be successful is to employ people who can behave like entrepreneurs. Thus, attracting such people have been a priority also for HR managers. One motivation for starting “Corporate Entrepreneurship Program” at BKM was the lack of the ability to commercialize new ideas. The reason for

## IN SUMMARY

### SITUATION

Companies have been lacking the ability to realize new opportunities and revive. “Innovation” within the company is the most important tool for the companies to overcome this obstacle. Yet, many companies fail to support innovation within the company and commercialize new and innovative ideas.

### CHALLENGE

Changing the organizational behavior and ensuring that the employees actively participate in the “innovation process” are the requirements of “corporate entrepreneurship”. For those to happen one needs a clear vision; and then, the necessary steps should be taken to realize that vision.

### SOLUTION

The solution is to launch and implement a structured transformation through “Corporate Entrepreneurship Program”. This would not only increase employee satisfaction and loyalty but also help innovative ideas to be realized and commercialized resulting in increased competitive power for the companies.

that in return was the lack of corporate entrepreneurship culture in the company. So, the management decided to launch their "Corporate Entrepreneurship Program" as a tool to help with the commercialization of new ideas. Another motivation was to attract and keep new generation employees, who want to work independently, in the company. The third motivation was to create an agile organization in which everyone can think and behave as an entrepreneur and react to problems and/or opportunities in the ecosystem. This way, BKM employees could take calculated risks, take initiative, and decide on his/her own so that bureaucracy and workload in the company are reduced. This type of a working environment requires the management to be courageous, as new and innovative ideas coming from the employees should be assessed and put into action fast. Otherwise, the employee motivation might be negatively affected. That means, the managers at all levels should be reachable, open to communication, and guide their employees.

BKM, is a unique company in terms of how it was founded and how it has been operating in Turkey. Its sole purpose when founded was to be an operation center for card payments. So, it is easy to see that BKM's motivation for establishing a "Corporate Entrepreneurship Program" was indeed to change the status quo and to build the ability to develop new and innovative products and services for the payments industry. Its motivation was not to become the market leader but to enlarge the market for the benefit of all the players. Hence, the company does not have a direct competitor, and corporate entrepreneurship is important for the self-motivation and self-development of the employees. Moreover, the company encourages the employees if they want to commercialize their ideas outside of the company by themselves. This approach is very critical for employee motivation and self-development. For the other companies to have a competitive advantage, they should also encourage employees to develop their ideas outside of the company and not limit themselves with corporate entrepreneurship.

## CORPORATE ENTREPRENEURSHIP PROGRAMS

How companies can implement corporate entrepreneurship programs depends on their motivation and targets. For BKM, the program, launched in 2016, had three stages.

**1. Launching the Program:** The purpose of this stage was to introduce the program to the executive team in order to onboard them and align them on the vision. Moreover, the employees who wanted to take part in the program participated in the workshops in which they

## PHASES OF THE CORPORATE ENTREPRENEURSHIP PROGRAM

PHASE I	PHASE II	PHASE III
Management Onboarding	Assessment of Ideas	Pitch
Business Model Workshop	Business Development Camp	Incubation
	Mentoring the Participants and Preparation for Pitch	

studied the current business models and analyzed the trends.

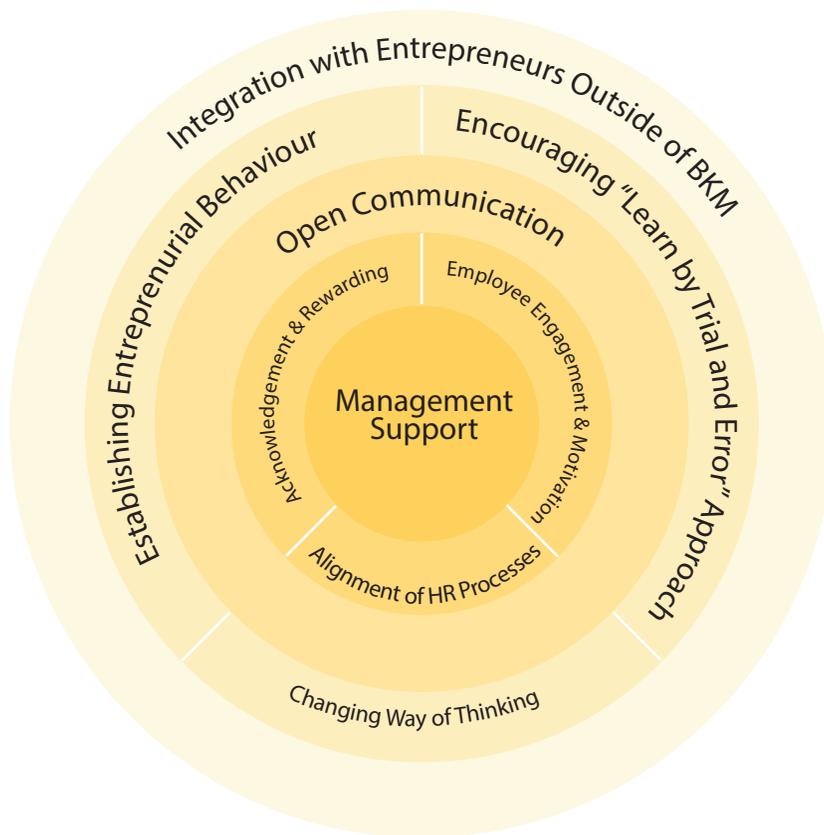
**2. Implementing the Program:** During this stage, new ideas were collected, assessed and chosen for the further steps. As a next step, the participants were given the "Lean Start-Up" training in what is called "Business Development Camp". Using the know-how from the workshop and supported by mentorship mechanism, the participants were expected to test their ideas like a start-up. As a final step, the participants were required to present their ideas.

**3. Presenting the Ideas:** Participants who had successfully completed the testing phase pitched their projects for the incubation phase to a committee of executive managers. After the evaluation phase by the committee, certain projects were selected to be detailed and prototyped in the incubation phase.

27 people submitted 52 new business development ideas during BKM's "Corporate Entrepreneurship Program" launched in 2016. After the screening process, 20 of them were selected for the second stage to participate in the "Business Development Camp". After the committee selection phase, four ideas were incubated, one of which had to be dropped because of technical constraints. Finally, one out of the remaining three was implemented successfully at the end of the program.

## COMPONENTS OF BKM'S "CORPORATE ENTREPRENEURSHIP PROGRAM"

Corporate entrepreneurship programs are not one-time things. On the contrary, they should be continuous for the companies to instill the innovation culture and create employee satisfaction sustainably. In that respect, it is a strategic initiative and should be well planned. BKM's program is a good example of how a company can use these programs to transform itself, given that they are



implemented in a structured way with the full alignment of and support from the management. Based on our interviews with BKM's CEO, Director responsible for HR, and the company's advisor on corporate entrepreneurship, we can identify nine elements of their program that brought success to them:

### 1 Alignment Of HR Processes

It is not an easy process to instill "corporate entrepreneurship" culture within the company and get the buy-in from the employees. Although management support is an important element for this process to be successful, it is not enough. What is needed more is that employees also have the critical skills so that they can adapt to this type of environment. At BKM, hiring the right person from the beginning is ensured through the recruitment processes. Applicants are assessed whether they can learn quickly,

are open-minded and able to challenge new ideas, etc. Communication is a key trait as well; employees should be able to communicate with their colleagues and even with people outside of the company to discuss new ideas. They are expected to take calculated risks and realize their new business ideas. To identify if applicants meet these expectations, they are put through some tests such as "personality inventories".

### 2 Employee Engagement and Motivation

In today's world, the biggest challenge for HR managers is to attract the talented people to the company and ensure their loyalty. Even small things that touch people's lives can make a difference. For example, at BKM, employees have social benefits such as free Starbucks coffee, breakfast or regular talks by influential professionals from different industries, which for sure positively affect the employees' motivation and engagement. Moreover, ones who participate in the "Corporate Entrepreneurship Program" experience first-hand all the stages of building a start-up. Since this requires them to develop themselves in all the different areas, this is a unique opportunity for them.

### 3 Open Communication

BKM with 140 employees has an open doors policy at all levels. CEO himself does the announcements face to face with all the employees; he has regular contact with each and every person in the company. In response to the requests from the employees, BKM offices were re-designed to enable open communication. The office has the open-office layout without doors, which helps the employees to communicate openly and face to face with each other. The company also has the practice to determine mottos for each year that help employees unite around a common philosophy. For 2016, that motto was determined as "Own passionately, shape the future" and it helped the employees to internalize the "corporate entrepreneurship" philosophy.

### 4 Establishing Entrepreneurial Behavior

BKM has several approaches for instilling the innovation culture in the company. First of all, any person in the company can communicate its innovative ideas openly to both her/his line manager and the top management including the CEO. Second, there is a structured process for her/his to submit his ideas. Third, s/he can take training courses on idea generation and business model development, so that s/he can use a structured approach to materialize her/his idea. Those trainings are given regularly during the year, four times at the minimum. Besides, employees are given talks regularly, "Friday Talks", by influential professionals from different industries, start-ups, and global consulting firms to give them new ideas and train them to think "out-of-the-box".

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## 5 Encouraging “Learn by Trial and Error” Approach

At BKM, employees can have access to platforms to test their ideas in line with Eric REIS’s “Lean Startup” logic. Until today, 23 people participated in the two-day training courses on “Lean Startup” methodology. In addition to these trainings, “Business Model Development” workshops were held to introduce the ideas of opinion leaders like Eric REIS, Steve BLANK, and Alex OSTERWALDER to the employees. Thus, in the end, more than half of the employees were trained on the lean startup philosophy and methodologies attached. The employees were expected to actually use these methodologies in their daily practices at work and change the company culture for good. Besides, employees with new ideas were required not to prepare the business models only on paper, but to go out and try to find a partner company to realize their ideas, negotiate with them, etc.

Without a doubt, employees cannot do those in a company where people fear to fail. So what BKM did was to eliminate this fear and communicate that the management embrace “learn by failing” approach. There were damage control practices in case of failure, and all the failures have been recorded as lessons for the future.

## 6 Changing the Way of Thinking and Operating

At BKM, after the “Corporate Entrepreneurship Program” was launched, a significant change happened in employees’ way of thinking and operating. As a first step, “agile methodology” was used as a tool to “democratize” the company and create a new management approach. With this new culture, new ideas were detailed in a structured way so that they could be implemented, which had not been the case before the program. Testing and retesting of the new ideas was another factor for the success of the program. A new way of thinking was to learn from the failure and change the parts that do not function about the idea instead of dropping it all together. This approach helped not only drop the rate of failure but also eliminate the disappointment of the employees. As a result of this new way of thinking and operating, some employees founded their own start-ups to realize their new business ideas and the moves between departments increased

## 7 Acknowledgment and Rewarding

BKM provided non-monetary rewards for the bright new business ideas such as sending those employees to Silicon Valley for training and observing the latest technologies. As in the whole process, acknowledgment and rewarding were done openly so that everyone in the company is encouraged to develop their own ideas. This also helped increase the motivation and loyalty of the employees.

## 8 Management Support

BKM’s CEO Dr. Soner Canko himself has an entrepreneurial spirit and manages the company accordingly, supporting the generation and commercialization of new ideas. He personally participated in the training courses both within the company and at reputable institutions such as Stanford University. The company has also “New Business Development Department” function that continuously follows the new developments and triggers and coordinates the development of new products and services for the Turkish payments sector. BKM holds regular meetings with stakeholders from the sector to assess the new business development ideas with the participation of Dr. Soner Canko.

## 9 Integration with Entrepreneurs Outside of BKM

BKM believes that collaborating with entrepreneurs from outside the company is important to create an ecosystem. BKM ensures that know-how in the ecosystem is internalized by regular meetings with the stakeholders, entrepreneurs, and investors at Kolektif House, a community of startups, where BKM itself has an office. BKM not only supports initiatives like Startups.Watch and Fintech İstanbul, but it also organizes regular training courses for Fintech companies, and partners with a few of them in certain areas. BKM either becomes their client or introduces them to potential clients thus creating value for the start-up ecosystem.

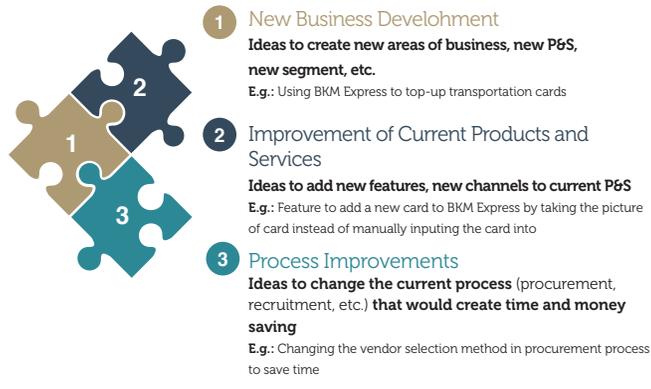
All the elements summarized above illustrate how critical it is to have a long term-strategic view when corporate entrepreneurship is concerned. The fact that employees are assessed for entrepreneurial skills already at the recruitment stage, management support, creating the right environment and a structured approach to feed the entrepreneurial spirit are all factors ensuring that corporate entrepreneurship programs create value for a company and its employees.

## LEARNING THROUGH EXPERIENCE AND RE-DESIGN OF THE PROGRAM

The above-mentioned elements are of course unique to BKM and they might change from company to company. As a learning organization, BKM has assessed the program in light of the developments and re-designed it so that ideas to improve current P&S and processes can be addressed as well as the new business development ideas.

In the new system, employees will be able to submit their ideas anytime throughout the year using an online system. A sub-committee will pre-screen the submitted ideas and direct them to related business units for detailed assessments for type 2 and type 3 ideas.

RE-DESIGNED PROGRAM



Corporate Entrepreneurship Program

"Improvement" Program

It is not only the company that puts effort and incurs certain monetary and non-monetary costs. Employees also spend significant time and effort -meeting with potential clients/customers, organizing the necessary resources, etc.- in order to realize her/his ideas in addition to her/his everyday workload. That means, for any corporate entrepreneurship program to be successful, both the top management and employees should be aligned around the same philosophy.

Empowering the employees and giving them flexibility might sometimes create confusion among employees with regards to allocating their times correctly, doing the prioritization, and organizational boundaries. Rewarding of all these efforts is critical, yet the reward is a subjective and perceptual thing. In some cases, monetary rewards are the right incentive and in others, it could be the non-monetary rewards that appeal to employees. In BKM's case, it was the latter that stood out and motivated people for participating in the program.

Business units have SLAs to meet the owner of the idea to discuss within a certain time period (one week) and make a recommendation for the implementation of the idea, again within certain time limits (two weeks). Depending on the category, the final decision on the implementation and prioritization will be made by either the EVP responsible for the related business unit or by a committee. The current status of all the new ideas will be tracked through the online system created for the new program. At the end of all these, completed within a month, the business units assume the main responsibility for the implementation phase involving the owners of the initial ideas in this stage. The project team for the implementation consists of the related parties including the owner of the idea, so that s/he would have the opportunity to work closely with the business units. The planning phase includes the activities such as determining requirements for the implementation, preparing the implementation plan, defining the KPIs, etc. In the implementation and monitoring phases, the status can again be followed transparently through the online system.

New business development ideas will continue to be assessed under the "Corporate Entrepreneurship Program". This way all the ideas submitted in different categories will be addressed.

SUMMARY

Corporate entrepreneurship is not an easy process. The first thing to do is to onboard the top management and change the mentality. Next, companies should decide what type of innovation they need. Time, effort, and money required to create the right environment for employees' involvement in the program are other factors to be considered.

Innovation, defined as the realization of creative ideas as products and services that create value, is the most critical component of corporate entrepreneurship. It is the ability to innovate that helps companies to compete in an ever-challenging world. Yet, it should be ensured that the employees don't fear that they would not benefit from the commercial success of their creative ideas. Such a fear might detriment her/him from developing creative ideas.

Another important thing to consider is the organizational problems that arise from the implementation process

PHASES OF "IMPROVEMENT PROGRAM"



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of new ideas. It might create discomfort for the people in a certain function, a new and creative idea comes not from them but from another person in the company. Or, a process improvement idea might cause anxiety in the related department as some people might need to be fired if that idea creates efficiency opportunities. Although potential benefit of implementation is high for the overall company, it might not benefit the line manager. This type of concerns might again prevent the innovation culture to take roots within the company.

To abstain from this type of risks, the management should define clear rules about the program and communicate those with the whole organization. This not only removes the potential obstacles but also makes employees feel secure, which in return results in free thinking and development of many innovative ideas. From the companies' point of view, this helps eliminate the risk of potential organization problems mentioned above. With the right communication and leadership, companies can reap the fruits as far as innovation is concerned.

As a result, one can say that BKM has completed the first step of a cultural transformation with the help of its "Corporate Entrepreneurship Program". The fact that one out of three new business ideas has been realized with the support of the management illustrates that with the right amount of energy and dedication, corporate entrepreneurship programs can succeed. It is critical that the company learns through experience and continuously improves the program. For that, previous participants' sharing their experiences with the organization is an effective tool.

BKM after the successful implementation of the first round of the program decided to continue the program in 2017 as well. 2017's motto is "dream today to make a difference tomorrow". It was determined bottom-up by the employees, which is another sign that the employees widely accepted the program. For 2017, if the company manages to increase the number of new business ideas that are implementable and are actually implemented, motivation and success will increase even more.

In today's world, creating a suitable environment for corporate entrepreneurship is the number one priority for many executives and HR managers. In this article, we have analyzed the BKM case, which is unique in that although the company did not have direct competition and thus pressure, it still went for corporate entrepreneurship program to transform the company. It started as a management initiative, evolved based on the company dynamics, took roots within the company as it received wide acceptance among the employees with the support of HR department,

and even helped the company integrate with the entrepreneurship ecosystem outside the company. This example shows that collaboration between big corporates and entrepreneurs gets much easier with this type of programs. ☺