

What is Corporate Venturing



What is Corporate Venturing? (Intrapreneurship)

- The creation of a new business (entrepreneurship) based upon successfully generating or developing an innovation within or in conjunction with an existing larger organization.
 - This new business can be developed from within a larger firm OR a large firm can acquire or take a stake in an entrepreneurial venture (Make or Buy)
 - Google, General Electric, Proctor & Gamble, Mars Inc.
 - Why are large firms interested in CV?

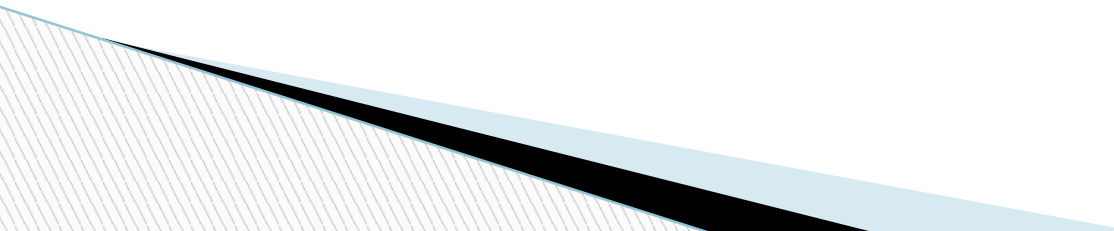
Why do firms want to create a Corporate Venture?

- Hypercompetition
 - Globalization
 - Technology
- Seek to be more “entrepreneurial”
 - Innovative (radical vs. incremental)
 - Flexible / Nimble
 - Speedy
 - **MOST large organizations are not “entrepreneurial”**

*Easy to argue WHETHER a firm should engage in corporate venturing but HOW to venture is the **real challenge***

Corporate Venturing Successful?

- A plethora of research suggests between 40-60% of Corporate Ventures are successful. Avg 1 year life span of CV programs. Knowing how to manage them is very important!

 - Success stories
 - 3M
 - Raychem Corporation
 - Woolworth
 - Johnson & Johnson
 - Merck
 - Motorola
 - Rubbermaid
 - Proctor & Gamble
 - DuPont
 - Hewlett-Packard
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Entrepreneurial vs Intrapreneurial

(Business Plan
Plan)

External
Environment

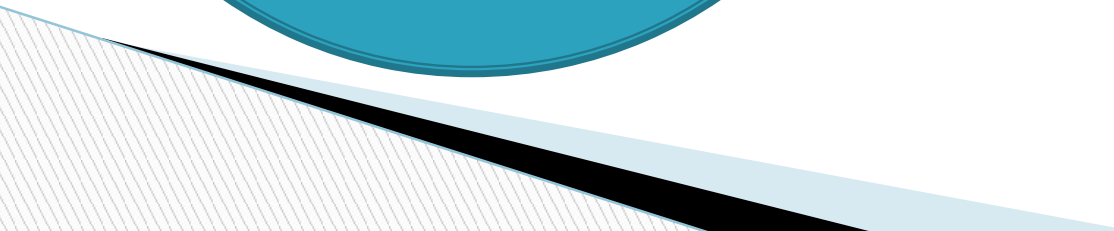
Ventur
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(Corporate Venturing
Plan)

External
Environment

Corporate
Environment

Ventur
e



Entrepreneurship vs Intrapreneurship

Entrepreneurial Process

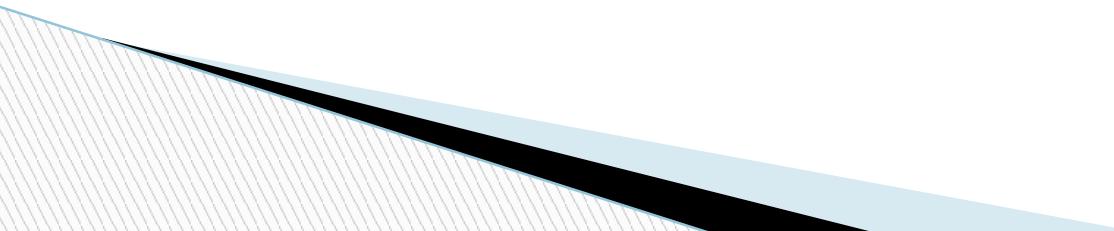
- ID Opportunity (Problem)
- Evaluate Opportunity
- Invent or find solution to Opportunity
- Business Planning
- Secure needed resources
 - Money, plant, equipment, labor, etc.
- Manage Venture
- Growth/Harvest

Corporate Venturing Process (Intrapreneurial Process)

- Set the conditions for entrepreneurial activity
- Select Venture from promising internal/external Opportunities
- Corporate Venturing Business Plan
- Organize, start venture
- Champion Venture
- Monitor and Control



Corporate Environment

- Elements of Corporate Environment that must be managed:
 - Senior Management Actions
 - Corporate Culture
 - Structural Issues
 - Decision process for innovation and venture development
 - Integration of knowledge and support
 - Reward structures
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Case Study: Mars, Inc



□ Background on Mars, Inc.


- Corporate Headquarters location, international presence, size, products, mission, culture
- <http://www.mymms.com/business/>

□ Mars Direct

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- How is Mars Direct home of My M&M's similar and different from the traditional M&M candy business?
- Why did M&M choose to management Mars Direct via a Corporate Venture?
- Is My M&M allowed to experiment with new products?
- How did leadership buy in happen?
- Why is IT critical to the success of Mars Direct?

In Class Project: Case Studies

- 1) Google Ventures
 - 2) Lilly Ventures

 - Find:
 - Who is the head of the Venturing program? What is their background?
 - Where is the venturing program located?
 - What kinds of ventures do they support? (types of products, locations, stage of development, etc.)
 - How do they support ventures? Money, knowledge, distribution, etc.?
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Case Study: Google Ventures

- Background about Google
 - Corporate Headquarters location, international presence, size, products, mission, culture
- Google Ventures



Lilly Ventures

□ <http://lillyventures.com/news>

[Lilly Ventures in Asia](#)

Course Learning Goals

- Course Skills learned:
 - Corporate Venturing basics
 - Business Planning
 - Research Skills
 - Teaming

 - CASE ANALYSIS Due 9/28
 - Next class teams formed
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