



Case: The CEO Says the Company is Creating a Corporate Culture of ‘Intrapreneurship.’ How Do We as a Board Measure It?”

Facilitator: *Dr. Henrik Totterman, President of LEADX3M LLC., 5th generation entrepreneur, Correspondent with Business FM, Professor of Practice at the Hult International Business School, and Teaching Faculty at Harvard University Extension School.*

**Executive Board Meeting
Thursday, May 30, 2019
4:30 PM – 6:00 PM
Agenda**

**Location:
Board Options at Regus Center
275 Grove Street
Newton, MA 02466
Building 2, 4th Floor
Tel. 617 594 7627**

- I. Welcome and introductions (Larry) *5 mins*
- II. Get acquainted with attached 2-page memo from Company CEO, prepared for this Board Meeting taking place in Spring 2016 *5-10 mins*
- III. Discuss based on memo the proposed actions, and decide how we as a Board should measure intrapreneurship (Members and Chairman Henrik) *25 mins*
- IV. Concluding discussion on actions and key intrapreneurship metrics moving forward (Members and Chairman Henrik) *10 mins*

PROPOSAL TO BECOME AN INTRAPRENEURIAL COMPANY

President and CEO's Memo prepared for the Spring 2016 Board Meeting

Problem: Year 2008 turned out to be the best year for our 60-year old publicly traded company to date. The soon following global financial crisis changed everything and forced us into a now 8-year survival struggle in a rapidly changing market of international consulting and engineering firms, especially across the energy and industrial sectors both globally and regionally. For our stakeholders, including the 5.500 loyal employees in 45 countries, the past years have been particularly harsh, as they have seen many of their closest peers' and superiors' employments being terminated, or them resigning voluntarily for more promising opportunities in other companies.

The five points below sum up the nature of the significant challenge facing the company at the end of 2015:

1. **Volume challenges:** fewer larger projects, capacity adjustments, exit from international infrastructure business, divestments and closures in oil & gas, real estate, international water, and energy businesses
2. **Project challenges:** burdened by a number of loss making projects stemming from a former business
3. **Investigations, disputes and legal cases:** multiple litigation and arbitrations, as reported in the company's results
4. **Activity and project contribution challenges:** volume losses relating to higher fixed costs – despite restructuring
5. **Cultural health challenges:** engagement levels in 2015 were significantly lower than the global benchmark norm. Whilst the majority of employees were generally proud to work for us, levels of satisfaction, advocacy and commitment in particular scored lower than the global average

Ambition: We want to be a company where talented people shape the world through projects that bring sustainable value to clients and society, which is achieved by being a trusted partner and delivering smart solutions through connected teams. In order to remain relevant, a company like us operating in a rapidly evolving market must embrace continuous transformation and seek new business models that will eventually take over the existing ones. As the newly appointed CEO, I believe the integration of an intrapreneurial culture can drive business transformation that strongly improves the financials and staff motivation/engagement levels of our globally operating company.

Roadmap: The following short and midterm actions are proposed for Board approval:

1. **Establish an ‘intrapreneur’ culture to drive operational transformation**¹: Essential to interact closely with clients to better understand their challenges and changing needs, and also to drive team motivation and empowerment throughout units.
2. **Simplification actions**: Move away from a complex reporting structure with a significant executive leadership group, and streamline legal entity structure, and the organization to current and future business volume.
3. **Introduce a new business management system**: increase transparency across the organization for administrative and business efficiency purposes.
4. **Reduce number of loss making units**: Transform previously successful business models into ones that provide sufficient level of profitability now and in the future.
5. **Aligning with future demands along with the global megatrends**: Continue to attract key new employees across different levels of the organization, and focus on growing new business offerings that create higher customer value, aligning future demands along with the global megatrends applicable to prioritized industries.

Performance Indicators: In addition to already applied metrics (e.g. gross revenue, profit, ROI, market share, stock price etc.), our company would benefit from clearly defined performance metrics that enable intrapreneurial teams more freedom to experiment. Consequently, I seek advice from the board in terms of appropriate metrics to measure intrapreneurship. Some of our competitors already apply metrics on activities related to internal business opportunity generation, peer contribution, time to market, cycle-times, unit economics, repeat usage across markets, metered funding, customer engagement, expectation setting, employee motivation, stakeholder satisfaction etc.



¹ Nurturing an environment and way of working where every employee ‘intrapreneur’ is empowered to ‘think and act as if it were their own money.’ Focus is on the client: employees are energized and empowered by their managers to take accountability for their projects to deliver a great client experience. Intrapreneurs are natural team-players and they are inspired to create value-adding solutions. Managers are critical to cultivating the right conditions for intrapreneurial success. Acting as role models, their remit is to focus on setting the right ambitious targets, ensuring that every team member has clear expectations and they actively drive for simplification and continuous improvement. Managers invest their time between clients and their team – constantly raising the bar, motivating and growing their teams who are hungry to give their best.

In the press, published this summer:



Pöyry Plc: Nurturing a Culture of Engagement and Intrapreneurship in International Consulting

By Henrik Totterman

Most modern companies face an unpredictable and increasingly global competitive landscape. At the same time, the expectations and goals for any corporate leader remain largely the same: to ensure sustainable and continuous success by encouraging innovation, fine-tuning existing business and encouraging the organization to implement change in line with strategic objectives. At best, organizations are characterized by orderly result orientation, which is governed by an effective management system. This is at least how it should be when risks are accounted for and uncertainty has not caused any major surprises. Maintaining this stability, and the alignment of strategy and corporate culture is increasingly hard, and for many corporations the way forward is to unleash employees and or external partners through what is known as 'intrapreneurship', which according to Financial Times involves the creation or discovery of new ideas or opportunities for the purpose of creating value within or under the auspices of an existing company. In other words, intrapreneurship is a 'start up' style of management that encourages entrepreneurial thinking and activities within an existing organization. This can be an effective way to source solutions to business critical issues, especially when boosted by creative and profit-centric methodologies. That said, adapting an intrapreneurial perspective is challenging as it needs to align with an increasingly demanding working environment, pressures from the financial investors, and rapidly changing customer demands, in connection with changing markets and the impact of emerging megatrends. In the midst of all of this, highly competent people working in knowledge intensive industries are becoming increasingly demanding. Leaders face new kind of expectations, as people want to work on assignments with a purpose rather than with administrative or routine tasks. At best, intrapreneurship can provide a framework with clear parameters and minimal bureaucracy, while setting clear expectations on acceptable behavior and outcomes.

Pöyry Plc. is an international consulting and engineering firm that serves clients globally across the energy and industrial sectors and provides local engineering services in its core markets. Its focus sectors are power generation, transmission & distribution, forest industry, chemicals & bio-refining, mining & metals, transportation and water. Year 2008 turned out to be the best year for this 60-year old company to date. The soon following global financial crisis changed everything and forced the company into a 10-year survival struggle in a rapidly changing market.

For you personally as a loyal Pöyry employee the past years have been particularly harsh, as you have seen many of your closest peers' and superiors' employments being terminated, or them resigning voluntarily for more promising opportunities in other companies. Your loyalty has been recognized by making you a member of the top 100 leaders in this 5000+ company with offices in over 45 countries.

Professor Dr. Henrik Totterman of Hult International Business School developed this case based on field interviews supported by selected published materials. It is intended as the basis for class discussion and is not meant as an endorsement or critique of any particular company, nor to be a source of primary data. The author would like to thank the following Pöyry people for taking the time to speak with us: CEO and President Martin à Porta, Head of Global Communication Rebecca Bleasdale, CFO Juuso Pajunen, SVP, Head of Global HR Hanna Summa, EVP Head of Strategy and Transformation Dorien Terpstra, President Region Latin America Fabio Fonseca, and Head of Management Consulting North America Soile Kilpi. They all provided unique perspectives and keen insight for which the author is grateful.

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WADENAL Plc.

**Executive Board Meeting
Monday May 30, 2016
4:30 PM – 6:00 PM
Agenda**

Location:

**Board Options at Regus Center
275 Grove Street
Newton, MA 02466
Building 2, 4th Floor**

- I. **Call to Order:** record time, welcome and introductions (**Chairman Henrik**)

Our mission is to build a company where talented people shape the world through projects that bring sustainable value to clients and society.
- II. **Changes to the Agenda:** N/A
- III. **Approval of Minutes:** Last time our new CEO Fred Andersson presented verbally his vision of an Intrapreneur Driven High Performance Company. The Board Members were encouraged by the presentation, but requested a brief 2-page written memo outlining the identified issues and actions to make this vision reality.
- IV. **Report:** Business overview, please get acquainted with the attached CEO Memo, which outlines as requested the underlying concerns, proposed actions, and the call for appropriate performance metrics.
- V. **Old Business:** Approval of CEO's Roadmap (short and midterm actions)
- VI. **New Business:** Discuss appropriate key performance metrics to measure intrapreneurship, and confirm / delay decision to verify metrics.
- VII. **Any Other Business?**
- VIII. **Adjournment:** Record formal closing time. Date for next meeting is June 27