

How They Did It: Seven Intrapreneur Success Stories

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Embarking on a new product or service should be easy with the resources of an established company at your disposal, right? Not necessarily. If you're launching a start-up within a bigger company, you'll have a host of issues to overcome — whether you're an underling with a product innovation or a manager who's signed on to pilot something new. Can you convince management and customers that the idea is not only great but doable, scalable, and profitable? Can you draft an ambitious plan that isn't overloaded with risk? Will you be an effective manager? Read on to find out how intrapreneurs at Kodak, Toyota, Yahoo, and other big companies pursued bold ideas that advanced their companies — and themselves.

The Kodak logo, consisting of the word 'Kodak' in a bold, red, sans-serif font, centered between two horizontal yellow bars.

Kodak

Intrapreneur:

Cheryl Pohlman, worldwide product and marketing communications director for inkjet systems

Venture:

Inkjet printer division

Lessons Learned:

Successful ideas leverage the company's strengths; the best ones fill a real customer need.

It was hardly a secret that Kodak was struggling to transition into the digital age; in mid-2006, the company's stock was off more than ten bucks a share, while other industry players rushed into the digital space. So industry analysts were doubly surprised early last year when the photo giant announced it was entering the consumer printing market. Though inkjet printers were hardly a revolutionary idea, entering unfamiliar territory represented a major intrapreneurial challenge for the company.

Cheryl Pohlman, who worked in Kodak's marketing department, was chosen to spearhead the effort. From 2003 to 2006 her team did exhaustive research to pinpoint customer dissatisfaction with the inkjet market and found three main things consumers disliked about their current printers: the cost of ink, the quality of prints, and the difficulty they had using the technology. Pohlman knew Kodak had the brand presence that consumers would associate with high quality and the technical know-how

to make machines user-friendly, but she also knew that what was going to grab everyone's attention was price.

Instead of focusing on making vastly cheaper printers, Pohlman and her team tuned into something they knew from their own experiences: People were not printing the majority of their pictures because ink cartridges were so expensive. "We decided to make our ink cartridges 50 percent cheaper than our rivals'," Pohlman says. "We knew that's what consumers really wanted. And even though we're a big company, we entered the market from the position of challengers."

This underdog posturing created a lot of buzz — customers could suddenly buy \$25 ink cartridges from Kodak, a well-known and trusted company, rather than shelling out \$60-\$80 to buy ink from less familiar manufacturers such as Konica and Elite Image. Analysts and consumers praised the company for bringing prices down to earth. Kodak sold 520,000 printers last year, beating its target of a half-million units, which helped sales in the company's digital business grow 17 percent in the last quarter of 2007.



Toyota

Intrapreneur:

Jeri Yoshizu, Scion sales and promotion manager

Venture:

Scion17, Internet radio station

Lessons Learned:

If you hit a corporate roadblock, ask yourself: Will an altered plan garner equally good results?

Jeri Yoshizu was part of the team that launched the edgy new Scion brand in 2003. Since the company's marketing plan for the brand was its "subversive" image, Yoshizu developed an idea for a free Internet radio station called Scion17. Her concept: The station would allow DJs and artists to play any music they wanted and give her young target audience access to songs they'd never hear on conventional radio. Yoshizu got the go-ahead — but with one potentially lethal condition: DJ selections would have to be G-rated to protect the company's image.

Yoshizu was faced with finding a way to combine an edgy audience with corporate-friendly beats. To get the message out to her target audience, Yoshizu knew she had to start speaking their language.

Instead of buying TV or print ads, she turned to social networking sites to spread the word, letting artists know that no genre was off-limits — only profanity was. Launched in July 2007, the station now gets 10,000 listener hours per month, and the Scion brand is getting the kind of advertising money can't buy. "It's completely word of mouth, which is what Scion is about. A lot of DJs promote us on their MySpace pages," Yoshizu says. "Now, instead of us searching for new artists, the ones we want are lining up requesting to be a part of it."



Yahoo

Intrapreneur:

Scott Gatz, former senior director of advanced products

Venture:

Sponsored search engine

Lessons Learned:

Just because you had the idea doesn't mean you'll be put in charge — and that may be best for you and your brainchild.

Scott Gatz, the man responsible for, among other things, launching Yahoo's RSS program, had a brainstorm: He knew Yahoo needed to move to a sponsored search model, rather than continue relying on directory-style searches. When he pitched the idea at an executive offsite in August 2001 (the group included founders Jerry Yang and David Filo), he was general manager of Yahoo Search, so he felt confident that he'd be put in charge of the new venture. But his boss at the time, Chief Products Officer Tim Brady, asked VP of Search Jeff Weiner to oversee the project instead.

Gatz, who had led teams of 30 to 40 people, felt he'd been leapfrogged. "I took umbrage with it," he says. "I thought, 'Hey, this is my idea, so why would I bring in this outsider?'" But as the project progressed, Gatz realized that he would have been in over his head if he'd been given the post. "The sponsored search project involved managing hundreds of people and running a business making multiple hundreds of millions of dollars — eventually billions. I didn't have the experience to handle that at the time," Gatz now admits. Weiner's experience, particularly in managing larger teams, turned out to be a huge asset. "Thanks to Jeff," he says, "by the time I did my next project, I was so much better."



Wal-Mart

Intrapreneur:

Alicia Ledlie, senior director for health business development

Venture:

In-store health clinics

Lessons Learned:

Just because you didn't come up with the idea, doesn't mean you can't lead the project; those who interact directly with customers are often best at feature development.

Alicia Ledlie was a co-manager at a Wal-Mart store in Long Island, N.Y., when she attended a conference at the company's Arkansas headquarters and heard about a possible new venture: in-store health clinics. Because of her knowledge of her Long Island customers, she immediately understood the potential for the idea to succeed. "I knew that many people who shopped in our store had to go to the emergency room every time they got sick, because they had no insurance," Ledlie said. She applied to join the new team and was hired in 2006. Though she had no health-care industry experience, she quickly took on a leading role. Little more than two years later, Ledlie is running the in-store program, and she has overseen the implementation of more than 79 in-store health clinics in 12 states.

It was Ledlie's idea to include drug-testing services for Wal-Mart job applicants in the clinics' scope of services. Ledlie knew that all new hires had to have a drug test within 24 hours of receiving a job offer. "Working in the stores, I'd seen how this requirement created a challenge for recruits who relied on public transportation," she says. "Adding this service to the clinics' roster was a quick win. Store managers raved about the effect it had on helping them keep new recruits." Wal-Mart plans to add as many as 2,000 sites in the next five to seven years.

See our Q&A with Ledlie, "[Rules of Innovation From a Wal-Mart Pro.](#)"



Caribou Coffee

Intrapreneur:

Kathy Hollenhorst, senior vice president of marketing

Venture:

Customer loyalty program

Lessons Learned:

When approval is stalled, keep refining your idea and make it better.

With 484 stores in 18 states, Minneapolis-based Caribou Coffee is the United States' second-largest coffee chain, but its employees can never rest while in the shadow of that *other* coffee company. That's why Kathy Hollenhorst, a senior VP of marketing who had helped the company sign licensing deals with General Mills and Kemp's Ice Cream, started asking: What did Caribou have that Starbucks *didn't*? She examined the business — from its corporate philosophy to its retail locations — and decided the key was customer loyalty. “The loyalty program became my pet project,” she says, “And to be honest, the organization wasn't ready for it.”

Implementing a complex system of points and rewards at each of their 484 retail locations made Caribou executives nervous. But Hollenhorst believed in her idea and didn't back down. “You have to be willing to be laughed at and not take it personally. Pursuing innovation at today's companies is like running a marathon at a sprint — it's incredibly hard work that seems to go on forever,” she says.

It took more than a year of presentations and research, but eventually Hollenhorst convinced the company to test her program at a handful of locations. How'd she do it? Instead of repeating the same mantra over and over, Hollenhorst used that time to fine-tune the project and added an element that complements the company's friendly, Midwestern philosophy of “surprise and delight.” Cash registers use a variable messaging program to prompt random rewards. “It pops a message

up on the screen when a person makes a purchase, randomly selecting them for a nice surprise — a bigger drink, a free muffin,” Hollenhorst explains. A company-wide roll-out is slated for late 2008.



iRobot

Intrapreneur:

Jim Lynch, senior electrical engineer

Venture:

The Looj, gutter-cleaning robot

Lessons Learned:

Never underestimate the power of a well-earned reputation; enlist mentors when you need to learn new skills like management.

Jim Lynch’s big idea came out of the most ordinary of activities — cleaning the gutters on his suburban Massachusetts home. “It occurred to me that this was a perfect job for a robot,” Lynch says, “because it fit into our company’s three criteria: dumb, dirty, and dangerous.” A senior electrical engineer at Burlington, Mass.-based iRobot, Lynch began tinkering with different models and built a prototype using a spaghetti ladle and an electric screwdriver. His chance to present it came in September 2006, when the company held its first-ever “idea bake-off,” where employees got 10 minutes each to pitch an idea for a new product.

Lynch’s project was green-lighted by the company brass, but his joy quickly turned to panic. “We got the word that we had to have it out for leaf season — in September 2007,” he says. “That gave us only months to get it tested, proven, and packaged — and there were only five people on the team.”

A nine-year company veteran, Lynch had a reputation as an innovative and hard-working team player — and it saved his project. “People came up to me and volunteered to work on it,” he says. “But becoming a project manager was a new role for me. I was used to guiding technicians in the day-to-day. Suddenly I had to worry about everything: parts, technicians, if we were hitting our milestones.” To learn management on the job, Jim “adopted” two of his more experienced colleagues and used them as consultants. “I talked to them daily. They helped me with scheduling and kept me focused,” he says. The new gutter-cleaning robot, named “Looj” (after the Olympic sport), launched on schedule.



Gateway

Intrapreneur:

Gary Elsasser, senior vice president of products

Venture:

Gateway One, a streamlined desktop computer

Lessons Learned:

Don't lean too hard on past means of production when creating a totally new project.

In 2007, Gateway had long been playing the dangerous business game of catch-up with Dell and HP, and its utilitarian PCs were being unfavorably compared to Apple's stylish iMac. "If there are \$399 notebook computers out there, what direction can the desktop computer go?" asked SVP Gary Elsasser, then an engineering products manager.

His team found that the answer was simple: elegance. Their passionate vision of a redesign gave birth to the Gateway One, a streamlined desktop with a single external wire. But while a radical redesign looks good on paper, actually rebuilding your platform from the ground up can cause major operational headaches.

Unlike past projects, where the engineering department called the shots, "The Gateway One is design-focused, so the industrial design guys had to be involved in every step," Elsasser says. "Both teams liked to complain about each other."

Elsasser mediated between the teams by reminding them of their common goal and how revolutionary it was for the company. It worked, largely because of a shared culture of geekdom. "Technology isn't just a job for us," he explains, "It's also a hobby. We put everything we have into our ideas because it's our life."

Another problem was sourcing: The new product was so complex it required working with more than 30 new suppliers. Elsasser and his team put in long hours that included going to Asia to meet with individual suppliers. In hindsight, he said, the supply chain should have been as revolutionary as the project. "If I were to do this again, I'd have picked a production partner who was more focused on mobile machines, not a traditional desktop provider," Elsasser admits.

Though the company won't disclose sales figures (Gateway was acquired by Acer, which doesn't break out sales by individual products), early buzz has been very positive: Tech reviewers at

Gizmodo have raved about Gateway One's "sleek and thoughtful" design and pronounced it "a very positive step forward" for Gateway.

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