



#NotEnough - ESG & Innovation

Leveraging the potential of impact intrapreneurs



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Executive Summary

Impact intrapreneurs are inspiring, innovative and impactful. Projects such as M-Pesa provide financial inclusion for more than 50 million people in Africa which generating monetary transfers exceeding US\$ 300 billion in 2022. Over the years we have seen many cases and amazing projects such as M-Pesa. However, we have not seen companies adopting impact intrapreneurship to push strategy and as a management practice - therefore our conclusion so far: we have **#NotEnough** ESG & Innovation.

In this report we explore the question *"How to create an ESG & Innovation culture within companies?"*. To convince senior leaders, one of the first questions we address is: *In how far does ESG & Innovation via impact intrapreneurship create financial value?* To generate answers, we have analysed the data of 420 big companies participating in a ranking organized by the business magazine *Época Negócios* in Brazil, conducted more than 30 interviews with board members, C-level executives, managers, and intrapreneurs. Our research has been overseen by an international advisory board composed by international experts.

We find that companies with higher investment and solid structures in terms of ESG & Innovation create higher value for their stakeholders:

- For shareholders and investors: cost reductions, next to reduced cost of capital;
- For employees: talent attraction through improved organizational climate;
- For clients: improved customer retention, reputation and branding;
- For communities: income generation and offering of products and services targeted to lower-income markets;
- For the environment: more efficient waste management practices.

Executive Summary

In order to reap these benefits, the question arises: *How does an organizational culture that supports impact intrapreneurs look like?* Out of our data, as well as benchmarks mentioned by our interviewees and international advisory board members, core aspects of an ESG & Innovation culture are:

- The company invests in ESG & Innovation, challenges and trains its staff to generate ideas regarding clear priorities;
- It supports intrapreneurs pursuing promising ideas by mentoring and dedicated internal investment funds;
- The leadership is vocal on ESG and Innovation, is prepared to take risks and sees errors inherent in the innovation process as learning opportunities.

For sure, our results will answer some of your questions, but also cast doubts and curiosity. This is why we will continue to explore ESG, Innovation, and Impact Intrapreneurship in 2024. We are curious to hear about your ideas and suggestions for our research. A likely focus will be on the intrapreneurial projects, their link to corporate strategy and their impacts on business, the career, development, motivation and mental health of intrapreneurs.

We are grateful for the support of the following organizations. Without them, this study would not have been possible:



Impact Intrapreneurs

Inspiring, innovative, impactful

In the beginning... there were stories about Impact Intrapreneurs.

From SustainAbility's seminal publication "The Social Intrapreneur - A Field Guide for Corporate Changemaker" published in 2008 we learnt about a new species of changemakers: ordinary employees that (ab-)use their employers as a platform for positive change. They define the new species based on three characteristics:

- someone who works inside major corporations or organizations to develop and promote practical solutions to social or environmental challenges where progress is currently stalled by market failures.
- someone who applies the principles of social entrepreneurship inside a major organization.
- one characterized by an 'insider-outsider' mindset and approach.

One of the stories they captured is the one by Susie Lonie and Nick Hughes at Vodafone in Kenya. A clear showcase that social impact and business success can go hand-in-hand:

Project: **M-Pesa**

Intrapreneurs: **Susie Lonie & Nick Hughes in 2007**

Sustainability Challenge: While working in Kenya, Susie Lonie and Nick Hughes realized that only 20% of the population had access to financial services. 80% of the people lived without a bank account, debit card and access to credit. Working for Vodafone, however, they knew that about 60% of the population owned a mobile phone.

Solution: M-Pesa a mobile banking solution that allows people to send and receive money just like sending and receiving text messages. The service attracted 20,000 subscribers in the first month alone. By 2022 it has become the largest mobile money service provider in Africa, reaching over 52 million customers in Kenya, the Democratic Republic of Congo, Egypt, Ghana, Lesotho, Mozambique and Tanzania.

Business Impact: > 55 million customers which transfer over US\$ 314 billion each year.

ESG Impact: Financial inclusion for more than 55 million people. Studies indicate that the service helped 194,000 households out of poverty.

Impact Intrapreneurs

Inspiring, innovative, impactful

Throughout the years, more stories about Impact Intrapreneurs continued to emerge...

Project: **AMA**

Intrapreneur: **Carla Crippa in 2017**

Sustainability Challenge: Approximately 35 million Brazilians do not have access to clean drinking water. The leadership of Ambev was frequently asked how it is possible to sell beer in low-income communities which do not even have access to clean drinking water.

Solution: AMA water line of products as a not-for-loss business. All profits of the new line of products are used to finance access to clean water for communities in the dry Northeast of Brazil.

Business Impact: AMA is set up as a not-for-loss business therefore it does neither produce profits nor costs. However, the reputational gains for Ambev were significant.

ESG Impact: Until April 2023 more than BRL 7 million have been raised, benefitting 600.000 people.

Partners: The idea of AMA has been developed during Yunus Social Business Brazil Corporate Action Tank.

Project: **Union Energy**

Intrapreneurs: **Ana Goffredo and Gabriela Ottoboni in 2020**

Sustainability Challenge: How to foster the production of renewable energy, reduce emissions and support local development.

Solution: Sicredi is a credit cooperative in Brazil and Ana and Gabriela convinced their leadership to offer a dedicated credit line for solar panels. Clients gain better financing conditions, become less dependent on the public grid and start producing clean energy. Other clients grow their business of selling solar panels.

Business Impact: By January 2023 Sicredi issued more than BRL 185 million in credits and was able to secure refinancing from the Interamerican Development Bank and the Japanese Development Bank.

ESG Impact: The credit line enabled the implementation of more than 4.800 projects, generating 4 million kw/h per month.

Partners: The idea was developed during the UN Global Compact's Young SDG Innovators programme.

Impact Intrapreneurs

Inspiring, innovative, impactful

Project: **Corbion - Container Reuse**

Intrapreneurs: **Anselmo Domingues, Patrick Lima and Waldyr Trivellato in 2020**

Sustainability Challenge: Corbion is in the food preservation and packaging business. To deliver its product the company uses IBCs (intermediate bulk containers) which are not always reused or recycled.

Solution: Implementing a system of reverse logistics using blockchain technology.

Business Impact: The project aimed to reduce costs by reusing containers.

ESG Impact: Reusing the containers reduces raw material use and avoids waste.

Partners: The idea was developed during the UN Global Compact's Young SDG Innovators programme.

Project: **Cereal Bar Nestlé + Gerando Falcões**

Intrapreneurs: **Andrea Teske Gonçalves, Carolina Sevcic in 2022**

Sustainability Challenge: The poverty rate in Brazil in 2023 stood at 33% of the population. 70,7 million of people were considered poor in 2022.

Solution: Nestlé co-created with Gerando Falcões - a social organization working to help communities move out of poverty - a cereal bar that addresses nutritional deficits of people living in poor communities. Additionally, all profits from the sales of the cereal bars help finance Gerando Falcões projects.

Business Impact: A cause-related marketing and not-for-loss business at Nestlé that generates reputational gains.

ESG Impact: The profits from the sales of the cereal bars help finance Gerando Falcões' projects aimed at poverty reduction.

Partners: Gerando Falcões

Impact Intrapreneurs

Inspiring, innovative, impactful

Project: **Unilever - AfroCamp**

Intrapreneurs: **Isabela Albuquerque, Larissa Viera, Bruna Nunes in 2020**

Sustainability Challenge: Racial inclusion and development

Solution: An innovation programme directed towards black university students, which are challenged by a Unilever business problem. The winning team in 2020 developed a new shampoo for dreadlocks.

Business Impact: Talent attraction and development of new products and services.

ESG Impact: Racial inclusion.

Partners: Voe sem Asas

Companies stimulating Impact Intrapreneurship

You might think that these stories happen within few companies. Along the last few years we have seen many corporations working with impact intrapreneurs. Here is a small selection:

In Brazil:



Internationally:



Impact Intrapreneurship connected to ESG & Innovation has been mostly present in big corporations. Therefore, this research is less relevant to small & medium-sized companies and start-ups.

Why Impact Intrapreneurship?

Insights from Research

On our **Lab Lunch Session** of the 7th of March 2023, **Dr Elisa Alt from King's College** in the UK discussed her insights about ESG & Innovation obtained from a literature review she published in the Oxford Research Encyclopaedia of Business & Management.

Her research indicates that **Intrapreneurship advances corporate strategy in at least five different ways**:

- **Talent Attraction & Development**

According to Gallup's State of the Global Workplace 2023 report, 77% of employees are not engaged. In particular, Generation X employees are looking for purpose beyond profits. Impact intrapreneurship programs challenge employees to develop competencies in innovation and ESG in practice. As their projects often involve multiple business areas (e.g., finance, legal, logistics, etc.), they learn about the importance of internal collaboration, next to engaging with clients and understanding the company's position within the value chain.

- **Turning Sustainability Challenges into Business Opportunities**

Impact intrapreneurs help turn social and environmental challenges such as *climate change* and *social inclusion* into business opportunities that either reduce costs and risks or generate new revenues and business models. This type of business has been labelled "Shared Value" by Harvard Professor Michael Porter and Mark Kramer in their seminal article *Creating Shared Value*¹. Impact intrapreneurship also helps to enter new markets (especially at the base of the economic pyramid). It is time to switch from talking about ESG challenges to developing viable solutions that create value for both business & society.

- **Innovation Pipeline**

Engaging employees in innovation helps to deliver on existing performance targets regarding continuous improvements and on new products and services that help the company differentiate on the market. Having the opportunity to discuss sustainability innovation projects with intrapreneurs from other organizations accelerates learning and scales impact.

- **Reducing Risks and Improving Reputation**

Many intrapreneurial ideas address questions such as *waste management and circularity*, *energy efficiency* and emissions and thus help to reduce operational, legal, as well as reputational risks. Examples such as M-Pesa and AMA Water also demonstrate how intrapreneurial projects improve reputation as they signal how companies are addressing their ESG challenges proactively within the business.

- **Culture Transformation**

Intrapreneurs think and act like business-owners and help to shift a company's culture from a top-down *command & control* mindset, to acting with more autonomy and responsibility thus enhancing adaptability to ever more changing market environments.

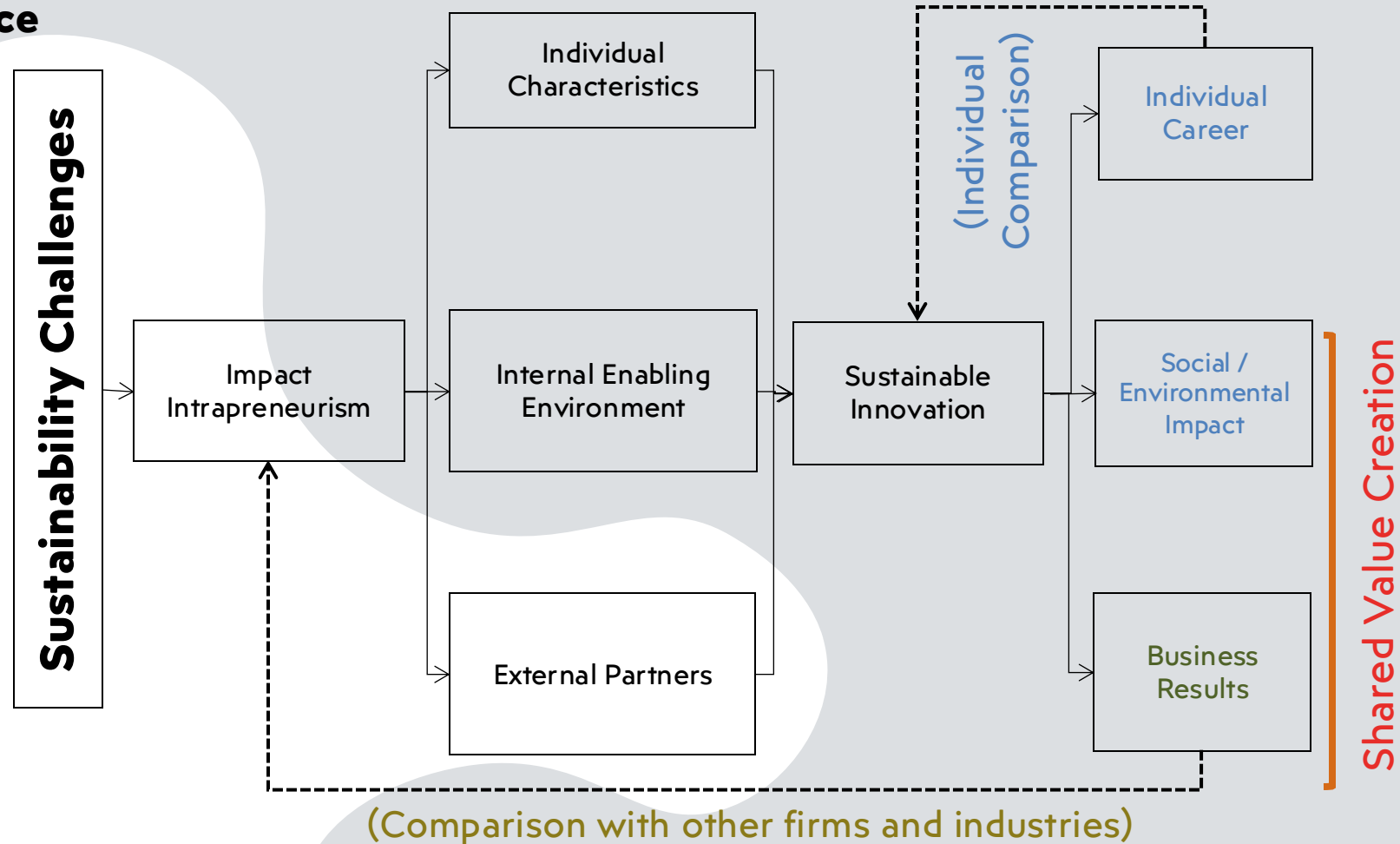
Why Impact Intrapreneurship?

Impact Intrapreneurship does advance Corporate Strategy

As Impact Intrapreneurship adds to talent attraction, the innovation pipeline and addressing ESG challenges, it helps to **deliver on existing corporate strategy!**

Therefore, Impact Intrapreneurship is not an add-on, but a driver for business results. However, it also adds value to the ESG objectives of the organization - creating Shared Value.

Key components for impact intrapreneurship to flourish are individual characteristics of the employees, an internal enabling environment as well as external partners.



Why Impact Intrapreneurship?

The voice of our interviewees

"We need new businesses focused on value creation. In the worst-case scenario, we're left as a manufacturer."

(C-level executive)

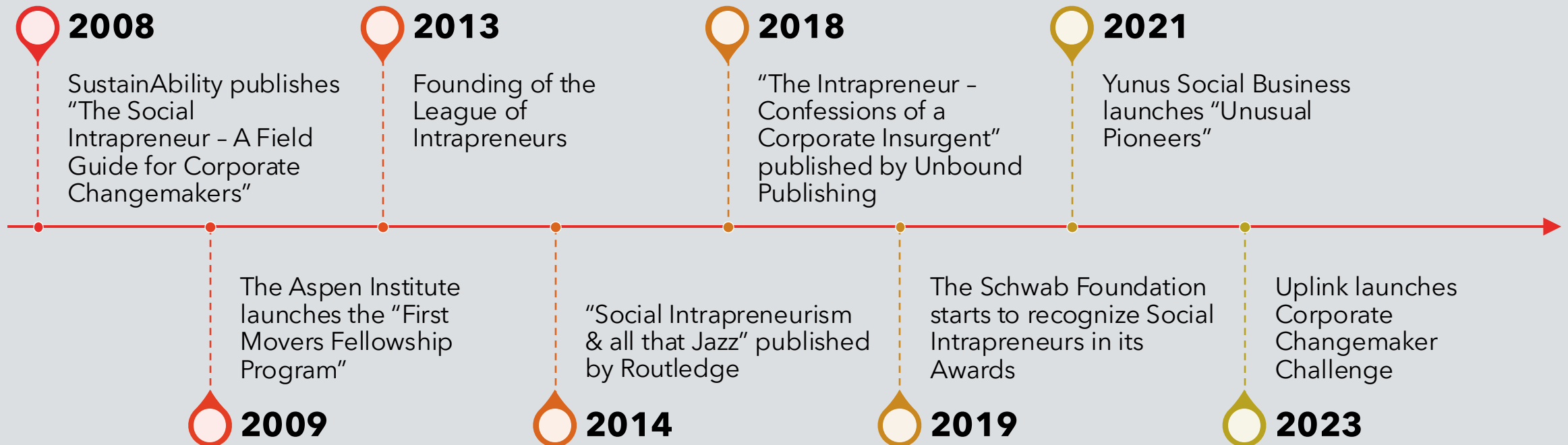
"The challenge is to build value-creating partnerships with clients. They need to say: It's easy to do business with us."

(Global CEO)

"If we help our clients with their ESG challenges, they don't switch simply because there is a cheaper product available"

(Middle management executive)

Impact Intrapreneurship History & Numbers



Impact Intrapreneurship History & Numbers

In Brazil...

4 organizations are working actively with impact intrapreneurs - the League of Intrapreneurs, UN Global Compact, Yunus Social Business Brazil and FDC's Center for Intrapreneurship

- > 1.000 impact intrapreneurs participated in some kind of training or competition
- More than 50 companies engaged

Internationally...

- >300 fellows at the League of Intrapreneurs
- 267 First Mover fellows at the Aspen Institute
- 16 participants of the Unusual Pioneer programme offered by Yunus Social Business, the World Economic Forum, Schwab Foundation for Social Entrepreneurship and Porticus. They work at more than 300 organizations in at least 27 countries.



Impact Intrapreneurship History & Numbers

In Brazil

The early beginnings

2011 - The Impact Hub & FDC execute a pilot program with 10 intrapreneurs

2013 - Liga OP unites impact intrapreneurs in Rio de Janeiro

... Seeds are growing ...

2016 - Yunus Social Business Brazil offers a Corporate Action Tank

2016 - Movement of Rio + B with participation of the League of Intrapreneurs

Professionalization and new players

2018 - The Center of Intrapreneurship is founded at Fundação Dom Cabral (FDC)

2019 - First edition of the UN Global Compact Young SDG Innovators program

2020 - A first version of an Online Course on Impact Intrapreneurship goes live at FDC

2020 - League Brasil Caleidoscópico - celebrating intrapreneurs in Brazil

2021 - First edition of the Online Course for Young SDG Innovators

2021 - First Brazilian Fellowship of the League of Intrapreneurs

2023 - A first dedicated intrapreneurship program on Climate Change solutions

In the media

F Forbes

2014's Most Valuable Employee: The Social Intrapreneur

This year promises to be a tipping point for a growing group of corporate innovators, who are taking on initiatives that do well for their...

24.01.2014



F Forbes

How The League Of Intrapreneurs Is Helping Leaders In Corporate Life Do More Meaningful Work

The League of Intrapreneurs was launched to celebrate and connect intrapreneurs who are hell bent on changing the world for good.

03.02.2021



The World Economic Forum

Want to be a social intrapreneur? Here are five top tips

Social intrapreneurs are employees who behave like entrepreneurs and want to drive positive social and environmental impact from within an...

16.02.2023

Época Negócios

Como o intraempreendedorismo social pode ajudar sua empresa a inovar

Um estudo da Yunus mostrou aumento na inovação, no engajamento dos funcionários e na retenção de talentos.

12.02.2020



SSIR Stanford Social Innovation Review

Cultivating the Social Intrapreneur

Lessons for success from large companies that have found ways to tap into the entrepreneurial talents of their employees.

04.01.2018



Impact or social intrapreneurs have been conquering the news and reports have been published in some of the world's most respected news outlets, such as:

Forbes **INNEGÓCIOS**

Valor ECONÔMICO

FT
FINANCIAL
TIMES

the guardian

#NotEnough

Despite all these impressive numbers...

There haven't been seen spill-overs into other areas of the business and any form of a profound transformation of companies.

If this situation doesn't change...

... we will continue to talk about *inspiring*, but *isolated* intrapreneurial projects.





Scaling by an ESG & Innovation culture

If what we have achieved so far is still **#NotEnough** the question arises:

How can we turn corporations into platforms for positive change?

Our current best answer is: by developing and strengthening corporate cultures that combine ESG & Innovation and provide an enabling environment for impact intrapreneurs.

Think about it - **how would you go about developing an ESG & Innovation culture?**

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Where does organizational change come from?

To drive change, it is essential to understand where it comes from. The source of change can come from the outside as well as the inside of companies - here is a list of potential external and internal triggers.

External Triggers

- Crisis
- Regulation
- Trends: ESG
- Rankings & Benchmarking Studies

Internal Triggers

- Defining Organizational Purpose / B-Journey
- Business-owner generation change or new leadership (ex. Paul Polman)
- New KPIs
- Shared Value Initiatives

If the company is reactive, it only changes if pressured to do so. This has an impact on how far it will go regarding innovations - the limit is being *best in class*.

Only companies being proactive have the capacity for more radical innovations, as their drive comes from the inside. In terms of ESG & Innovation the best drivers are **having a purpose beyond profit** and **a leadership team that wants to leave a legacy beyond a well-managed company**. Only then there will be appetite for taking the necessary risks to be a leader in terms of sustainable business.

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Focus on External Triggers - External Stakeholders pushing for Change

The most potent source of change is a corporate crisis. In Brazil, the Carwash Operation pushed for adopting compliance & integrity, while breaking dams of mining companies forced companies to revise their safety standards. Another potent tool is new regulation. After relying on self-regulation for years, the European Union is now tightening the laws regarding climate change, human rights and biodiversity. In recent years, ESG has conquered the agendas in corporate boardrooms as the financial industry has realized that pollution and lack of safety is simply bad business. Driven by the financial industry ESG is driven out of a risk management mindset (as opposed to an opportunity seeking and innovation mindset). However, as CFOs are bringing social and environmental risks on the agenda, ESG has risen in relevance for business and helps companies to reduce the cost of capital and get better financing deals. Together with the ESG agenda, many rankings and benchmarking studies have been developed, comparing companies on their social and environmental performance.

All these tools are primarily designed for reactive companies - forcing them to adopt a different style of management - and you might say: against their own will. If the companies do not adapt, business consequences will be severe - going from bankruptcy, to fines, loss of reputation, to finally a higher cost of capital.

For catalysts working on culture change these trends open windows of opportunity. **Here are some suggestions on how to take advantage of external demands:**

- Collect past and current crises competitors or the industry is facing currently;
- Present an overview of upcoming ESG regulation and how it will impact the company's business in the near future;
- Invite ESG investors to evaluate your company, or challenge people in the finance department to get ESG-related funding;
- Do a benchmarking study to see how your company compares to peers and which initiatives could be adopted by your organization that create value (reducing costs, risks) and help advance your ESG performance.

Again, these suggestions are targeted towards corporate leaders which are sensitive to ESG risks. They can be a starting ground. However, be aware that your leaders will not yet be very open to more radical forms of social & environmental innovations.

#NotEnough

Focus on Internal Triggers - Internal Stakeholders pushing for Change

For Impact Intrapreneurship to really flourish the ideal source for change comes from the inside. In the best case intrapreneurs can count on the business-owners if they pursue a clear purpose beyond profits. Therefore, we see big B-Corps as a perfect breeding ground for Impact Intrapreneurs. It comes to no surprise that B-Corps such as Natura, Danone, Gerdau, Nestlé, and Givaudan to name just a few, have been featured supporting intrapreneurship.

Within corporate history there are some particular moments which provide windows of opportunity such as a generation change within the owner family, or when a new CEO is appointed. Just think of Paul Polman's appointment as CEO of Unilever which he used to announce that the company will not publish quarterly reports anymore and pushing Unilever's Sustainable Living Plan - a strategy which aimed at doubling sales while cutting negative impacts by 50%. To drive change in the organization, these leaders often define new social and environmental KPIs, which provide a perfect leverage for impact intrapreneurs suggesting shared value¹ initiatives - projects that create value for business and society alike.

Internal demands provide great opportunities for catalysts to drive change - e.g., by:

- Designing Impact Intrapreneurship programs that focus on new social and environmental priorities;
- Engaging Middle Management by helping them to attend to ESG KPIs;
- Identifying sponsors for their initiatives in senior management positions.

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How to create an ESG & Innovation culture?

The answer to this question, is like many answers: it depends!

If pressure comes from the outside, then it is important to show to the Executive Board how it helps the company to respond better to the external stakeholders needs.

If there is an authentic drive for change coming from corporate leaders, the challenge is to show how the company can drive sustainable innovations, that deliver impact as well as value to the business (or at least be a not-for-loss business).

Years of discussions, particularly with our colleagues at BASF Brazil, helped us create the following **model of Impact Intrapreneurship**.

The model can be used by catalysts to run diagnostics as well as to explain the interdependence of corporate structures and culture aiming to create value to the company and to enhance its ESG performance.

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Our model of Impact Intrapreneurship

The upper part applies the classic intrapreneur innovation funnel. It starts by motivating and challenging employees to suggest innovation projects, that create business benefits as well as social and/or environmental impact. These projects ideally create value for clients, helping them to address their own ESG challenges. Value-creating intrapreneurial ventures help the company to differentiate on the market, bringing benefits such as increased sales from sustainable products and services, cost reductions (e.g., from efficiencies), or reputational gains. Beyond business benefits, impact intrapreneurial ventures also improve environmental performance such as reducing emissions and waste, or social performance such as providing access to products and services or generating income for low-income communities. Many companies have already implemented intrapreneurship programs following this logic, but not all are tracking indicators that allow judging the contribution to corporate strategy.

The lower part of the model, underlines the structural and cultural pillars upon which intrapreneurship programs are built. As we will see in this report, the performance of the intrapreneurship innovation funnel depends on: (1) Organizational Structures regarding Innovation & ESG, as well as (2) Organizational Culture. Structures consider the amount of investment going into Innovation & ESG in terms of budget and training, next to clear processes to capture and develop ideas, identify ESG priorities and being exposed to innovations in the marketplace. Cultural aspects relate to the top managements approach to Innovation & ESG, the vision and values, as well as the organization's way of recognizing intrapreneurial talents and seeing failure as a necessary part of innovation processes.

Challenging employees to develop shared value projects that create value for business as well as advancing the Sustainable Development Goals



Employees

- Competences
 - Motivation
- Measures: E.g. retention, organizational climate*



Projects

- No. of Projects
 - Projected Business Impact
 - Projected Soc./Env. Impact
- Measures: Innovation Data*



Clients

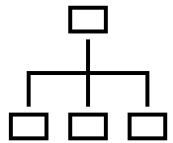
- ESG Challenges
- Measures: Sales, NPS, Client Retention*



Company as a Reference

- Intermediate indicators
- % "Sustainable Portfolio"
- Business Indicators
- New Revenues
 - Cost Reductions
 - Reputation
- Environmental Indicators
- % Waste Recycled
 - % Emission Reduction
- Social Indicators
- Income Generation
 - Access to Markets

Influenced by organizational structures and culture
Measures: ESG + Innovation Data & Culture Questionnaire



Organizational Structures

- Have a clear process of capturing and developing ideas
- Invests in innovation & ESG
- Invests in training in innovation & ESG
- Has ESG targets linked to executive compensation
- (Co-) Financing with internal venture funds
- Offers coaching & mentoring for intrapreneurs



Organizational Culture

- Vision & Values
- Top Management Approach to ESG & Innovation
- Providing Visibility and Recognition
- Open to risks and errors

New business models that use ESG to differentiate on the market

#NotEnough

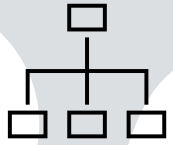
Our Research in a Nutshell

In 2022-2023 our research focussed on the importance of organizational structures. Within the methodology applied in the business Ranking 360° of the Brazilian Business Magazine Época Negócios we implemented an Impact Intrapreneurship Observatory. We analysed the responses of 420 big Brazilian companies with sales over BRL 200 million regarding their innovation and ESG data and its impact on financial, environmental and social performance.

In a first step we applied a cluster analysis, separating the companies into “low” and “high” in respect to their investment and their structures regarding Innovation & ESG. Low meaning lower investment and less solid structures and high representing companies that invest more and have more solid structures. There were a total of 235 companies in the low category and 185 in the high category.

This allowed us, in a second step, to analyse performance differences between the two clusters. In the following pages we present in how far the two clusters differ regarding the value proposition to employees, clients, investors, the environment and low-income communities.

Túlio Notini, Director at Yunus Social Business and member of our International Advisory Board remarked in one of our meetings: *“The company needs to define its value proposition to each and every stakeholder”*. Therefore, the results will be presented in terms of the value proposition to employees, clients, shareholders & investors, the environment, and communities.



Organizational Structures

The following table presents the characteristics of the two clusters. There is a clear difference regarding investment and structures between low and high Innovation & ESG companies.

Innovation

Coaching & Mentoring for Innovation

Internal Innovation Funds

Possesses a structured process to capture ideas

Participation in International Innovation Events

Invests >2% of Net Revenues in Innovation

Trains >40% of Employees in Innovation

ESG

Has a board committee on ESG

Is a member of the Global Compact

Uses a Materiality Process

Invests in ESG / Sustainability

Trains employees in ESG / Sustainability

	Low	High	Difference
Coaching & Mentoring for Innovation	1%	79%	78%
Internal Innovation Funds	47%	91%	44%
Possesses a structured process to capture ideas	50%	91%	41%
Participation in International Innovation Events	6%	35%	29%
Invests >2% of Net Revenues in Innovation	20%	44%	24%
Trains >40% of Employees in Innovation	7%	19%	12%
ESG			
Has a board committee on ESG	21%	58%	37%
Is a member of the Global Compact	34%	60%	26%
Uses a Materiality Process	33%	57%	24%
Invests in ESG / Sustainability	48%	64%	16%
Trains employees in ESG / Sustainability	29%	42%	13%

For organizations wishing to advance on their ESG & Innovation structures this means:

- Having a structured process to capture and develop ideas, ideally offering coaching and mentoring next to internal innovation funds is the most effective way forward;
- Discussing ESG on board level, having clear ESG priorities (by using a materiality matrix), and participating in networks such as the Global Pact will boost your innovation process.



Employees

The Talent Value Proposition

Analysing the differences between low and high companies regarding the value proposition towards employees we note that training in Innovation & ESG pays off in terms of organizational climate. High ESG & Innovation companies have a statistically significant higher chance to report organizational climate satisfaction of employees between 90-100%. While numbers for turnover also seem to be better, their difference, however, is not statistically relevant.

If a company...

trains >40% of Employees in Innovation
trains employees in ESG / Sustainability

Low	High
7%	19%
29%	42%



Then

*Voluntary Dismissal Rate 2020**
*Voluntary Dismissal Rate 2021**
Organizational Climate Satisfaction between 90-100%

Low	High
7,8%	6,3%
10,5%	9,4%
15%	20%

Insights

The **more a company trains its employees in innovation and sustainability**, the **higher their engagement** and satisfaction with the organizational climate.

We therefore conclude, that **Impact Intrapreneurship is a valid strategy for talent engagement and development.**

All differences are statistically relevant on a 95% confidence and 0,05 significance level. * Numbers in *italic* are not statistically significant.



The Talent Value Proposition - Insights from our interviews

Employees

"I got close to a burnout. I would recommend to warn intrapreneurs that the reality is less romantic and very tough at times."

Intrapreneur

"Adopting intrapreneurship, Nestlé bets on a specific profile of employee..."

Renate Giometti, Innovation Manager at Nestlé

"My boss told me in 2019 that I should not participate in the intrapreneurship programme and focus on my day job. Fortunately, today my leaders are more supportive."

Intrapreneur

"It takes a long time to be recognized within my company"

Intrapreneur

"If the intrapreneur is not incentivized and rewarded, intrapreneurship remains a luxury"

Innovation Manager

Lab Lunch Insight

On the 2nd of May 2023 we welcomed Lucas Urbano, Head of Regenerative Agriculture and Sustainable Sourcing at Unilever. Summing up his intrapreneurial journey so far, he said: *"I never had a career, I always made my career"*. Researchers call this phenomenon "Job Crafting" - impact intrapreneurs create new positions for themselves within the organization.

Insights

For Impact Intrapreneurs it is important to engage middle management and show them how intrapreneurial projects help them delivering on their KPIs.

Ideas often find their origin in the passion of employees for certain social and/or environmental issues (e.g., diversity, social inclusion, climate change, ...). The more these issues correspond with strategic ESG priorities, the more likely is support by corporate leadership.

ESG & Innovation

The role of People Management

The People Management department has a fundamental role in developing the organization's ESG & Innovation culture.

Offering opportunities for employees to learn about ESG & Innovation – ideally already embedded in intrapreneurship programs – is essential. Our International Advisory board member David Grayson, Prof. em. Cranfield University put it into the following question: *“Are employees really engaged (have opportunities) and empowered (trained and equipped)?”*

“Innovation is basically mindset. Developing mindsets is the role of HR. If HR is not involved in creating the ESG and Innovation culture, something is wrong. In our company all innovation initiatives were co-led by the HR department, particularly by people in charge of organizational development. If you want to change the organization, you need HR to reach the whole company.”

Global C-level Executive

How does Impact Intrapreneurship help the People Management Department?

- Impact Intrapreneurship helps to improve organizational climate, an important KPI for People Management;
- It allows employees to bring their values to work and fosters employee engagement;
- It develops talents “on the job” and creates future leaders that understand business as well as societal influences.
- Impact Intrapreneurship challenges talents to develop ideas and to pitch them to senior leaders. “Selling ideas” is a key competence for leaders who want to take their organizations into the future.

How can the People Management Department help to create an ESG & Innovation culture?

- By offering intrapreneurship programs in which employees develop ESG & Innovation skills on the job;
- By challenging employees to become Impact Intrapreneurs and to help middle managers deliver on their recently added ESG KPIs;
- By inserting ESG KPIs into executive compensation schemes;
- By linking intrapreneurship program evaluations to corporate competences and values such as ownership, proactiveness, entrepreneurship, etc.



Projects

Contributing to the Innovation Pipeline

Our analysis finds that challenging employees to contribute ideas to the innovation process is extremely successful. In the experience of Taciana Abreu, Head of Sustainability and a very senior intrapreneur at Grupo Soma: *"The company = the people. If they feel that the company gives them space to engage in a meaningful way, they will."*

The numbers proof this point to be correct - High ESG & Innovation firms do not only receive more ideas from employees, they also implement more and shape their product and service portfolio.

	Low	High
More than 501 projects suggested / year	4%	28%
More than 100 projects implemented	7%	21%
% revenues from new products/services	25%	31%
More than 20% of revenues stems from sust. Products / Services	4%	10%

Insights

The more a company invests in Innovation & ESG, and the more solid its structures:

- The more it receives suggestions by employees
- The more ideas turn into projects and get implemented
- The higher the renovation of its product and service portfolio
- The higher the share of "sustainable" solutions in its portfolio

We therefore conclude that **Impact Intrapreneurship adds to the innovation pipeline** of companies.

All differences are statistically relevant on a 95% confidence and 0,05 significance level.

Innovation – Insights from our Interviews

“A sustainability mindset helps to identify innovation potentials”

Middle Manager

“Key KPI is the incremental revenue from new products and services based on margin and volume”

Innovation Manager

We also observed many comments about committing errors in the innovation process:

“Without errors there is no innovation”

Middle Manager

“Allowing people to fail is important”

Middle Manager

ESG & Innovation

The role of the Innovation Department

Our results are clear: **Impact Intrapreneurship has a direct impact on the innovation pipeline**, increasing the number of projects suggested and implemented by employees and thus moulding the company's product and service portfolio. Regarding the combination of ESG & Innovation we distinguish two dominant forms:

- 1 - Sustainable Innovation which means inserting ESG criteria into the existing innovation process and making sure that innovations don't create negative impacts on the company's ESG goals, e.g., that no new product or service emits more CO2 emissions than existing solutions.
- 2 - Innovating for Sustainability which is putting the creativity and competencies of the organization in service of ESG objectives and, ultimately, to support the SDGs.

The innovation department has a clear role in supporting intrapreneurs - in the words of Melody McLaren member of our International Research Advisory Board: *"Colleagues of intrapreneurs usually pointed to the importance of a strategy of innovation."*

But, how does Intrapreneurship add value to this department? The research results point to the following:

- Impact Intrapreneurship helps the innovation department deliver on existing objectives such as percentage of total sales coming from new products and services;
- By integrating ESG considerations into the product portfolio, impact intrapreneurs turn social and environmental risks related to products and services offered into business opportunities, facilitating the acceptance of new solutions in the market;
- In some cases, ESG criteria allow to charge premium prices for the new products and services offered;
- Every employee turning into an intrapreneur becomes a member of the innovation team but does not end up on the department's payroll.

Sustainable Innovation

In terms of Sustainable Innovation, we see companies consider important ESG topics within their mainstream investment decisions. However, there are still significant differences between low and high ESG & Innovation companies – as can be seen in the following table:

The company considers in its investments:	Low	High
- Climate Change	52%	82%
- Energy	83%	93%
- Water	69%	78%
- Waste	77%	86%
- Biodiversity	26%	44%
- Deforestation	31%	45%

Insights

Companies with higher investments and more solid structures in terms of ESG & Innovation are more likely to consider relevant social and environmental issues within their investment decisions.

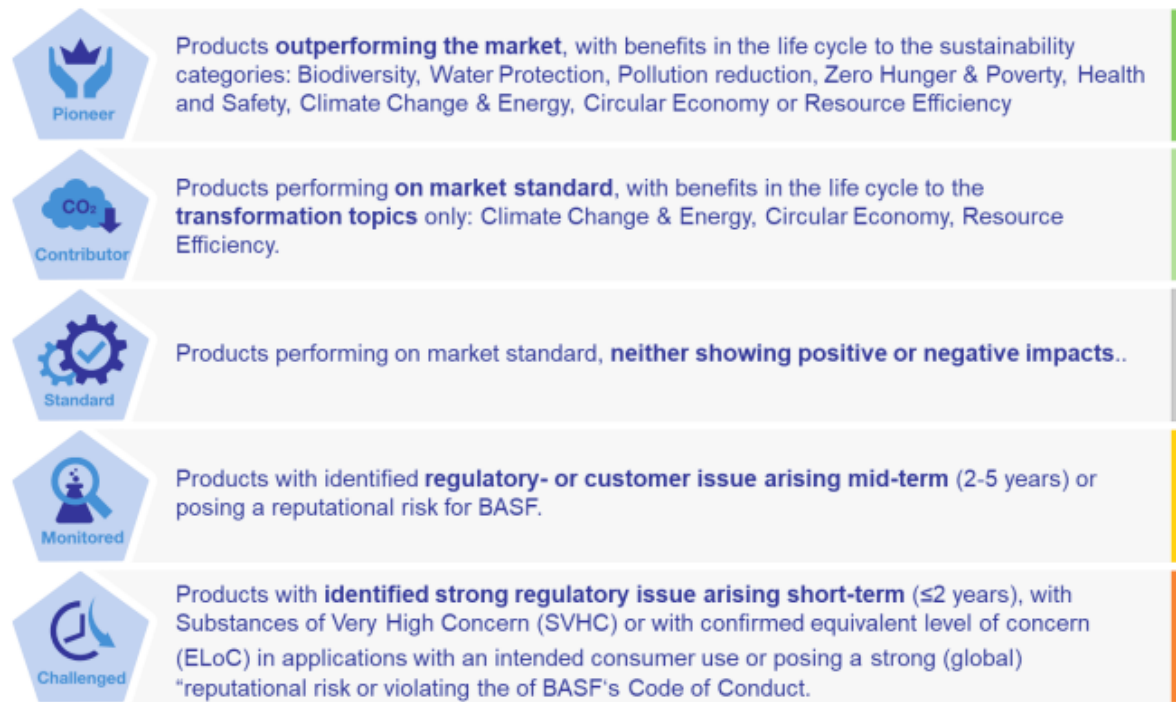
Innovating for Sustainability

Innovating for Sustainability describes approaches that are using the company as a leverage to create positive social and environmental impact. In particular, it means creating a more sustainable portfolio of products, services and business models. BASF, for example, applies a methodology called Triple S which evaluates the sustainability impact of its portfolio. This helps to identify opportunities for innovation, e.g., how to create more positive impact solutions (called *pioneer*) or which solutions with negative impact need to be replaced urgently (*challenged*).

BASF Triple S

Sustainable Solution Steering

In 2021 BASF generated sales of € 24.1 billion with Pioneer and Contributor products. This represents 30% of the total sales of € 78.6 billion in 2021.



See: BASF (2023): Triple S Manual, Ludwigshafen, available at:

<https://www.basf.com/global/en/who-we-are/sustainability/we-drive-sustainable-solutions/sustainable-solution-steering.html> (accessed 20.06.2023)

Innovating for Sustainability: Typical Innovation Funnels

Unilever - Innovation Garage

The Innovation Garage was born within the Supply Chain department of Unilever Brazil in 2018 with the objective to motivate employees to apply innovative industry 4.0 and other technologies. Between 2018-19 the Innovation Garage established itself as the intrapreneurship and open innovation space at Unilever Brazil and became the main tool to maintain the company's innovation spirit during the pandemic. From 2023 the Innovation Garage seeks to create more value for Unilever's diverse business areas and brands. Since its beginnings it ran more than 10 innovation editions, which until September 2023 generated 508 ideas, out of which 145 got into the acceleration phase. Beyond the projects, more than 350 Unilever employees got trained in innovation. Results demonstrate smoother processes, cost reductions, sales increase, as well as improvement in customer and process information helping management to take better decisions.

BASF - Entrepreneur Now!

Since 2020 the programme "Entrepreneur Now!" challenges BASF employees to come up with ideas that create value for business and advance the companies ESG agenda. Applying a hybrid format, it trains employees on intrapreneurship, ESG and innovation and helps participants to develop an idea. The final deliverable is a 5-minute video pitch in which participants explain their idea, the value it creates for business, and its social and environmental impact. Along the years more than 600 participants, suggested 47 projects out of which 35 went into an acceleration process. The implementation rate is > 40% generating cost reductions as well as new revenues. The 2023 edition of the programme specifically challenged participants to come up with ideas that tackle climate change. Ideas ranged from using electric trucks for the distribution of products and raw materials, optimizing air conditioning in office buildings, and carbon capturing techniques.

ESG & Innovation

The role of the Sustainability Department

Companies are investing ever more in ESG. We found that out of the TOP 30 companies within the Época Negócios 360° Ranking of 2022, 60% invest more than 2% of net revenues in ESG. However, depending on the maturity stage of ESG of the company the investments might flow into very different activities.

- **Stage 1 - Awake:** At the initial stage the sustainability department uses funds to create awareness about the relevance of ESG.
- **Stage 2 - Protect:** At first, companies usually become aware about ESG risks to current business. Therefore, investments flow into defining ESG priorities, mapping financial, operational, and reputational risks and insert them into the company's risk management system. At this stage the sustainability department starts to collect data on social and environmental performance and is often perceived by the rest of the organization as an auditor without clear connection to the business.
- **Stage 3 - Prevent:** Once companies are able to manage current risks, they enlarge their perspective into the future. Investments go into identifying and managing future risks to the current business, in order to anticipate and mitigate ESG risks and become "future-proof". The organization understands and values the sustainability department as a unit that helps to reduce risks and costs.
- **Stage 4 - Innovate:** At a certain stage the company realizes that the flipside of risk is opportunity. It starts investing into improving its product and service portfolio offering more sustainable solutions. In this environment the sustainability department takes the role of a facilitator, but also a hurdle to be overcome in the innovation process.
- **Stage 5 - Lead:** At this final stage, the sustainability department acts like an internal venture builder and a key ingredient to position the company as a sustainability leader in the market.

ESG & Innovation

The role of the Sustainability Department

How does Impact Intrapreneurship add value to this department?

Depending on the stage of development, Impact Intrapreneurs might help to identify projects that reduce costs and risks (stages 1-3) or generate market differentiation and new revenues (stages 4-5).

By suggesting projects that add to the current ESG challenges of the company, Impact Intrapreneurs help to deliver key KPIs of the sustainability department as their projects help to achieve social and environmental KPIs leveraging core-business activities.



The Power of Digitalization

Talking about ESG & Innovation one should not miss to point out the power of digitalization. Without digital Technologies M-Pesa would not have spread to millions of users all across Africa. Using online courses, impact intrapreneur Aparecida de Moraes was able to train more than 300.000 small retailers in financial management, thus improving their survival next to improving default rates. Our online course on Impact Intrapreneurship reached more than 2.000 people within the first years of existence.

More advanced forms of digitalization allow companies to position themselves as a marketplace, increasing sales of their own products, earn margins on the sales of other brands, and generate data about consumer behaviour and preferences.

As these examples demonstrate, digitalization holds the promise of scaling impact, reducing costs, revolutionize business models, and providing data that help to co-create the future of business.

The Customer Value Proposition

Customer is King

The modern version of this age-old management mantra is CX - client experience. The big question: *does Impact Intrapreneurship add value to customers?* The short answer: partially! It enhances client retention and if you consider that¹ attracting new clients costs 5-7 times more than maintaining clients and that a 5% increase in customer retention can lead to >25% profits depending on industry and market, this is very good news. However, we do not see statistically significant differences in terms of sales growth and Net Promoter Scores (NPS) - something we will analyse in greater depths in the months to come.



Clients

*Sales Growth >30% **
*NPS >75%**
Client Retention Rate >90%

	Low	High
	37%	35%
	26%	25%
	23%	32%

Insights

Companies with higher investments and more solid structures in terms of ESG & Innovation see improved client retention rates. In terms of Sales Growth and NPS scores differences are not yet statistically significant between the two groups. .

Creating value for clients can give intrapreneurship a big leverage inside the company, especially if ESG issues are not yet high on the leadership agenda.

All differences are statistically relevant on a 95% confidence and 0,05 significance level. * Numbers in *italic* are not statistically significant.
1 -Information and numbers taken from: www.forbes.com/sites/forbesbusinesscouncil/2022/12/12/customer-retention-versus-customer-acquisition (accessed 02.09.2023)

The Client Value Proposition - Insights from our interviews

"It makes sense to connect to the sustainability demands of our clients. If ESG is not driven by corporate headquarters, the motivation comes from clients. "

Intrapreneur

"The best result coming out of the validation phase of an idea is what we call - a client order threat. Clients ready to buy from me are also useful to convince leaders to move forward."

Catalyst

"The connecting with clients and consumers is key. If they don't buy the ideas, projects will not sustain. The big challenge of sustainability is to make it accessible"

Global C-level Executive



The following table gives an overview on the differences of low versus high ESG & Innovation companies in terms of performance.

For shareholders and investors we found that high ESG & Innovation companies perform better in terms of cost reductions, reduced cost of capital and increase in reputation.

The environment benefits in terms of better waste management.

Communities benefit by generating more income and having access to products and services.

All other factors do not show statistically significant differences between low and high ESG & Innovation companies - meaning that their performance is roughly the same.

Company as a Reference

Intermediate indicators

- >20% "Sustainable Portfolio"
- % of New Products

Business Indicators

- *Sales Growth >30%**
- Realized Cost Reductions
- Recognize improvement in reputation
- Recognize reduced cost of capital
- *EBIT Margin**
- *ROA**
- *ROE**
- *Reported increase in market share?**

Environmental Indicators

- % Waste Recycled
- % *Emission Reduction last 5 Years?**
- % *Energy Efficiency Improvements last 5 Years**

Social Indicators

- Income Generation
- Access to Markets - Products offered BoP

	Low	High
Intermediate indicators		
• >20% "Sustainable Portfolio"	4%	10%
• % of New Products	25%	31%
Business Indicators		
• <i>Sales Growth >30%*</i>	37%	35%
• Realized Cost Reductions	36%	51%
• Recognize improvement in reputation	39%	61%
• Recognize reduced cost of capital	11%	22%
• <i>EBIT Margin*</i>	12%	16%
• <i>ROA*</i>	6,7%	6,5%
• <i>ROE*</i>	21%	15%
• <i>Reported increase in market share?*</i>	57%	61%
Environmental Indicators		
• % Waste Recycled	84%	90%
• % <i>Emission Reduction last 5 Years?*</i>	30%	38%
• % <i>Energy Efficiency Improvements last 5 Years*</i>	32%	36%
Social Indicators		
• Income Generation	78%	88%
• Access to Markets - Products offered BoP	66%	74%

All differences are statistically relevant on a 95% confidence and 0,05 significance level. * Numbers in *italic* are not statistically significant.

ESG & Innovation Benchmarks

We asked our interviewees to share any company which they consider a benchmark for blending ESG & Innovation. Here are some organizations they came up with and the principal reason why:

Danone

The French nutrition giant Danone created a dedicated € 100 million investment fund for impact intrapreneurs – the Ecosystem Fund. It funds intrapreneurial projects with a focus on sustainable sourcing, regenerative agriculture, microdistribution, circular economy and healthy eating and drinking habits. Additionally, under the leadership of Emmanuel Faber, Danone was the first company to make use of a French law introduced in 2019 which turned the company into an enterprise à mission – or a purpose-driven company. It enshrines the company’s mission to bring “health through food” in its bylaws and its progress towards health will be evaluated once a year by a committee of 10 outside experts such as the former head of Patagonia, Rose Marcario. Having an institutional pressure to deliver on its mission creates a big leverage for impact intrapreneurs.

Freitag

Few people know iconic Swiss Bag manufacturer Freitag which produces messenger bags made out of recycled truck tarp, bicycle tubes and seat belts that made it into exhibitions like the Museum of Modern Art in New York. In 2016, Freitag introduced “holacracy” as its operating system. It substitutes hierarchical decision-making with self-organizing teams in order to create a dynamic work environment, in which innovation is not stifled.

ESG & Innovation Benchmarks

Unilever

Under the leadership of Paul Polman Unilever embraced the “Sustainable Living Plan” – a strategy which challenged the whole organization to double revenues while halving its environmental footprint. To implement this strategy new KPIs were defined that put environmental and social issues into the executive compensation arrangements. This environment makes it easy for impact intrapreneurs to show their bosses, that their ideas help to deliver on their personal bonus as well as on corporate strategy.

Natura

Natura & Co is a Brazilian cosmetics and personal care multinational bundling brands such as Natura Cosméticos, Avon and The Body Shop. It's one of the first listed companies to become a certified B-Corp already in 2014. The company follows a clear vision set for 2050: “We shall generate positive economic, social, environmental and cultural impacts, delivering value to our entire relationship network across the businesses, brands and geographies in which we operate by means of our products, services and sales channels”.

BASF

BASF is a German-based chemical company with the vision to “create chemistry for a sustainable future”. The company has a very structured approach to identify mega-trends (e.g. clean energy, sustainable farming, etc.) which guide its innovation processes (e.g. by using the Triple S methodology presented in this study). In Brazil, the company challenges its employees to become intrapreneurs and supports the development of projects through a variety of intrapreneurship programmes.

ESG & Innovation Benchmarks

Swisscom

Swiss telecommunication provider Swisscom implemented “Kickbox” - an internal innovation program that empowers Swisscom employees to bring in their business ideas and validate, test and develop them through a multi-stage process. Employees can submit their ideas 365 days a year and are provided with time, budget and experts to support them on their intrapreneurial journey. The Kickbox-Community counts more than 4.000 members, thousands of ideas have been submitted and created 10 spin-offs. The team also organizes Fuckup-Nights so that everyone can learn from the mishaps of others. For more information, please consult: <https://swisscom.getkickbox.com>

Ambev

In 2015, Brazilian beer-maker Ambev created ZX Ventures, challenging the innovation team to disrupt the company's own business model.¹ In just 4 years, ideas generated within ZX Ventures created U\$ 1 billion in sales with new products such as canned wine or delivery service Zé Delivery. Using Ambev's market access, the company wants to scale new solutions coming out of ZX Ventures, which is an operation separated from the company's core business.

¹ See <https://www.cnbc.com/2019/07/24/ab-inbev-just-made-1-billion-from-innovation-group-zx-ventures.html> (accessed 03.10.2023)

ESG & Innovation Benchmarks

Analysing the benchmarks mentioned by interviewees we find the following commonalities:

1. A mission beyond profit - the companies have clearly defined mission statements, often enshrined into corporate bylaws and hold themselves accountable regarding their impact (e.g. by a B-Corp certification);
2. Courageous and inspiring leaders - Paul Polman, Emmanuel Faber, the founders of Natura have become role models and took courageous decisions to balance economic, social and environmental value creation;
3. Driving impact by business, not philanthropy - benchmark companies use their product and service portfolio to drive change;
4. Clear ESG priorities - to get close to its mission benchmark companies set clear ESG priorities which are broken down into KPIs and short- and long-term objectives;
5. Support for intrapreneurs - benchmark companies challenge and support their employees to come up with and implement ideas by providing training, mentoring and financing;
6. Overcoming hierarchies - benchmark companies find ways to either alter (e.g. holacracy) or escape hierarchies (e.g., Swisscom Kickbox) in order to provide an agile environment for intrapreneurs.

Tools

The following tools might be useful for developing a Culture of ESG & Innovation in your company:

- 1. Corporate Communication**
- 2. ESG & Innovation Culture Benchmarking**
- 3. B Impact Assessment**
- 4. Internal Investment Funds**
- 5. Community Canvas**



Tools: The role of Corporate Communications

Michael Hunkeler – member of our International Advisory Board holds: *“Telling the story of intrapreneurs is important.”*

Why? Because it helps a company show that it values ideas and actions of employees. Giving visibility to intrapreneurs in internal communications is a source of:

- Inspiration – as can be seen from the examples in this report, the stories of impact intrapreneurs are inspiring!
- Motivation – the example of others can motivate colleagues to embark on a similar intrapreneurial journey and to bring their values to work;
- Information – it’s an engaging way to communicate that intrapreneurial programmes exist in the company;
- Engaging leadership – sharing success stories of intrapreneurs helps to rapport to leadership and to show that impact intrapreneurs add value to the business as well as to ESG objectives;
- Recognition – sharing the stories of intrapreneurs in internal communication is a very cost-effective way of valuing people with ideas.

Impact Intrapreneurship provides rich material for corporate communications providing proof that the company is delivering both – business and ESG results. At the same time corporate communications is a key leverage in creating a culture of ESG & Innovation.

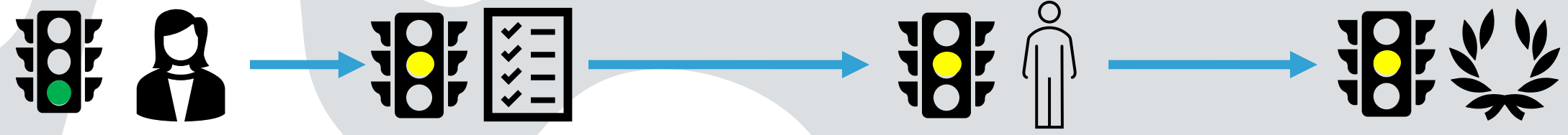


Tools: ESG & Innovation Culture Benchmarking

Based on our research we developed an ESG & Innovation Culture Benchmarking tool, pitching any particular organization against the 420 companies we studied. Analyzing gaps and strengths allows to create an ESG & Innovation Culture Roadmap.

In one case this tool helped the senior leadership team to recognize that ESG priorities were not yet embedded into existing intrapreneurial challenges and programs, that funding mechanisms as well as topic-specific mentors were missing. Additionally, we discovered that most ideas were suggestions for continuous ESG improvements, and very few projects promised to generate new revenues and value for clients. Addressing these shortages significantly increased the number of ideas regarding current ESG priorities as well as revenue-generating projects.

Tools: ESG & Innovation Culture Benchmarking



Employees

- Competences
 - Motivation
- Measures: E.g. retention, organizational climate*

Projects

- No. of Projects
 - Projected Business Impact
 - Projected Soc./Env. Impact
- Measures: Innovation Data*

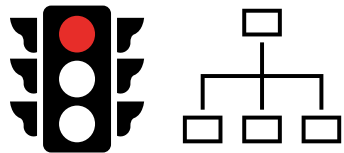
Clients

- ESG Challenges
- Measures: Sales, NPS, Client Retention*

Company as a Reference

- Intermediate indicators
- % "Sustainable Portfolio"
- Business Indicators
- New Revenues
 - Cost Reductions
 - Reputation
- Environmental Indicators
- % Waste Recycled
 - % Emission Reduction
- Social Indicators
- Income Generation
 - Access to Markets

Influenced by organizational structures and culture
Measures: ESG + Innovation Data & Culture Questionnaire



Organizational Structures

- Have a clear process of capturing and developing ideas
- Invests in innovation & ESG
- Invests in training in innovation & ESG
- Has ESG targets linked to executive compensation
- (Co-) Financing with internal venture funds
- Offers coaching & mentoring for intrapreneurs



Organizational Culture

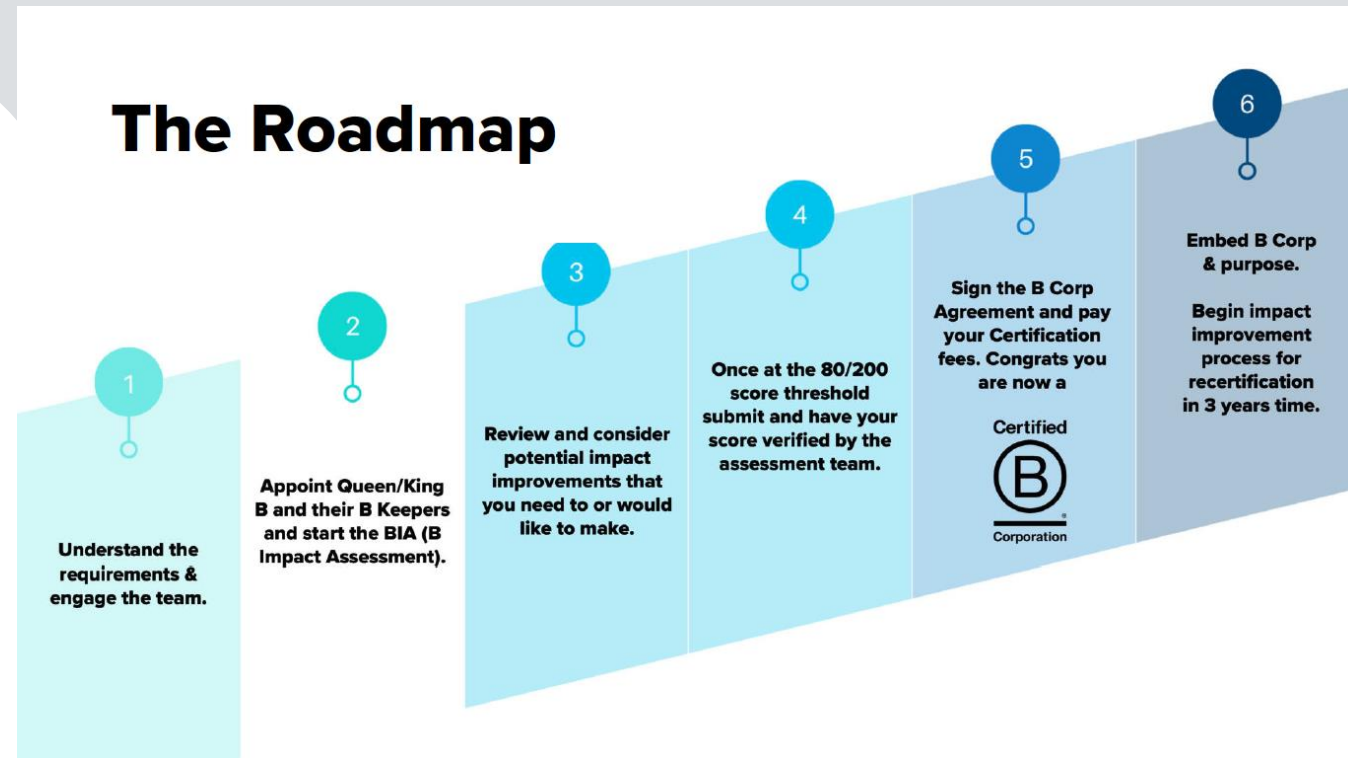
- Vision & Values
- Top Management Approach to ESG & Innovation
- Providing Visibility and Recognition
- Open to risks and errors

Tools: B-Impact Assessment

The B-Corp movement offers the B-Impact Assessment (BIA). It includes challenging and thought-provoking questions regarding the organization's governance, relationships with workers, the community, the environment and customers. The BIA also provides global benchmarks regarding a company's ESG performance. To be considered a B-Corp the organization must include its mission and relationship with stakeholders into its by-laws. This makes the BIA a perfect tool for creating a culture in which impact intrapreneurs are supported.

For more information please consult:

<https://www.bcorporation.net/en-us/programs-and-tools/b-impact-assessment/>



Tools: Internal Investment Funds

Internal investment funds can provide seed financing and a support structure of intrapreneurs and their projects. Here are some examples:

Danone Ecosystem Fund

This € 100 million investment fund was approved by Danone's shareholders and set up in 2009. It funds projects suggested by employees. Ever since its beginnings the fund has co-created disruptive business models that strengthen social inclusion and environmental protection linked to the ecosystem in which Danone operates. One of the supported programs in Brazil is "Kiteiras" - empowering women entrepreneurs to sell Danone products in low-income communities.

BASF Starting Ventures

Through Starting Ventures, BASF develops business solutions that empower low-income communities and exemplifies how BASF lives its purpose: creating chemistry for a sustainable future. In Brazil, one of the projects of BASF's painting division Suvnil encourages people to become professional painters.

SC Ventures

SC Ventures describes itself as an ecosystem of innovators leading the future of banking. An important part of this ecosystem are Standard Chartered Employees, which have the opportunity to become intrapreneurs and get support to develop their idea into a pitch, MVP and, potentially a new financial solution.

Ericsson One Venture Studio

Ericsson ONE Venture Studio is an internal accelerator for Ericsson employees with pioneering new business ideas. Any Ericsson employee is invited to submit ideas anytime. The company aims to give their talented people the chance to develop ideas and build successful ventures even beyond its current core business.

Tools: Community Canvas

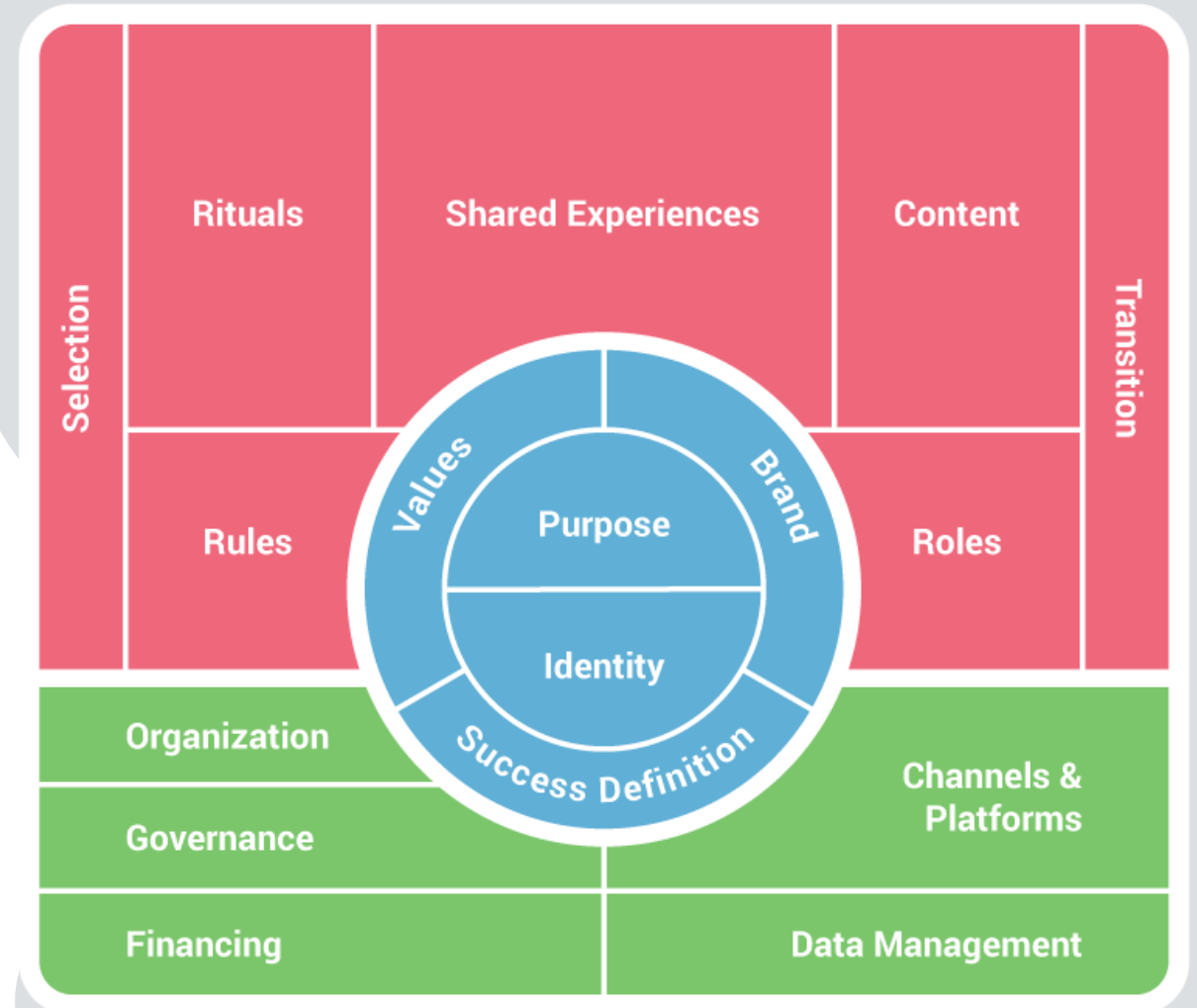
The Community Canvas is a framework to build meaningful communities. It is divided into three sections: (1) Identity - who are we and what do we believe in? (blue), (2) Experience - what happens in the community and how does it create value for its members? (red), and (3) Structure - what gives us stability in the long term? (green).

The tool serves to reflect on the community of employees, create special interest communities (e.g., around LGBTQIA+ or climate change), or brand communities.

Here you find an example of using the Community Canvas for a Startup Alliance:

<https://startupalliance.com/community-canvas/>

For more information visit: community-canvas.org



A close-up photograph of a chessboard with several dark wooden pieces standing upright. In the foreground, a white piece lies on its side. The background is softly blurred, showing a person's face. In the top left corner, there is a white abstract graphic consisting of a large shape and two smaller circles.

Governance &
Leadership
are crucial

Governance & Leadership

Main barriers & how to overcome them

In one of the first publications on impact intrapreneurship, the authors of "Social Intrapreneurism & All that Jazz" already highlighted the importance of Governance & Leadership (p. 121): "A key feature of an enabling environment for social intrapreneurship is 'tone at the top': corporate leadership giving employees permission and genuinely empowering them to take the initiative." Here we list common barriers associated with governance and leadership and give some hints on how they might be overcome:

Governance: Senior leaders do not provide a clear direction for innovation & ESG

Only an average of 44% of the 420 companies we analysed use a materiality analysis. This means that 56% follow no structured process in order to define clear ESG priorities. One of the Global C-level Executive we interviewed pointed out: "You need Top Management support. By establishing new KPIs, they provide a motivation for change". However, without clear priorities it's hard to define new ESG KPIs.

How to overcome? Go through a materiality process and define which social and environmental topics most influence the protection and creation of value for your company.

Governance: Short-term orientation

We hear leadership longing for new products, services, and business models. However, when we see which projects they support, it's mostly process and efficiency improvements, related to energy or circular economy. The reason: they favour short-term results. Developing new products, services and business models demands a more long-term engagement and significantly more risks.

How to overcome? 1 - abuse: focus on efficiency gains and provide short-term results to prove the effectiveness of intrapreneurship. Negotiate that part of savings go into financing of longer-term projects. 2 - educate: show leadership the consequences of short-term thinking. In one of the case study companies leadership was particularly interested in developing new business models. Here we could show that this would not happen without longer-term commitments. 3 - portfolio management: make sure that you are running a portfolio of projects, those with short-term results plus potential game-changing projects.

Governance & Leadership

Main barriers & how to overcome them

Governance: Lack of Courage

Paul Paulman, ex-CEO of Unilever voiced his growing concern regarding progress towards the SDG goals in an event hosted by Yunus Social Business in January 2023 after he had attended the World Economic Forum: “We are at a delicate time. Governments are not working together. A lot of companies are talking the talk, but not walking the walk. There is an immense gap between what the world needs, and the commitment made by CEOs. Additionally, there is an equally huge gap between what CEOs promise and what they deliver. We have the money, we have the technology, what we lack is leadership.”¹

How to overcome? By using a portfolio approach senior leaders might put together a portfolio of continuous ESG improvements, next to more courageous innovations that create impact and future revenues (such as M-Pesa at Vodafone). Another way is taking successful projects from one region to another. Think of the Grameen Danone partnership in Bangladesh that turned into the “Kiteiras” project at Danone Brazil.

¹ This was an online event organised by Yunus Social Business on the 24th of January 2023 entitled: Business as a force for good - A transformation framework for leaders.

Governance & Leadership

Main barriers & how to overcome them

Management: Risk Aversion & Error Punishment

One of the C-level interviewees recognized: "We need to see errors as part of the learning journey". Another Global C-level executive added: "The company needs to make sure to learn from errors". Achim Arnold, one of the members of our International Advisory Board, holds: "Organizations need to experiment different dynamics between control & freedom."

How to overcome? Organize "Fuckup Nights"[®] sharing learnings from failure in an entertaining, but profound way.

Management: No time and short on staff

Typical observations of senior manager were: "I have zero time to think about innovation"; "As our team is at limit, innovation only happens if employees invest their private time", "We invest much less in the attraction and development of our talents, as we used to".

How to overcome? It's fair to ask first-time intrapreneurs to put their personal time to formulate first ideas. Once management likes the ideas, it needs to provide time and resources - otherwise the energy and motivation of intrapreneurs will dwindle. And middle managers we talked to, know: if we just deliver on our current KPIs and we do not contribute to the innovation process or distinguish our work in other ways, there will be no career progress. So why not letting intrapreneurs present their first ideas, and only when you see it adding value to your area, invest!?

Governance & Leadership

Main barriers & how to overcome them

Internal Alignment: Efforts in innovation & ESG & Talent Attraction are not aligned

Michael Hunkeler, member of our International Advisory Council remarked: "First - Leadership must show they want ESG & Innovation. Second - these are the structures explaining how we implement it. Third - we take people forward by these programmes." In most companies we don't see the innovation, ESG and People Management department designing intrapreneurial processes together.

How to overcome? Create a steering committee which helps to align intrapreneurial processes and tracks success in terms of KPIs of the innovation, ESG and people management departments holistically.

People Management: No-one challenges employees to come up with ideas

Prof. em. David Grayson, member of our International Advisory Council recommends: "It's about leadership making clear they don't have all the answers but ask employees for their contributions."

Look around in your company and ask yourself: Where do ideas come from? Many sustainability-related innovations start with people asking: what if? What if we use climate change to create value for our clients? What if we would enhance diversity? If you find that employees in various areas of the business start new approaches - imagine if your company would structure this process: Challenge - develop - evaluate.

How to overcome? Create intrapreneurial challenges and allow employees to submit and develop their ideas and competences.

People Management: Lack of recognition

"Intrapreneurs need empowerment from their leaders" - Taci Abreu, Head of Sustainability, Grupo Soma, Brazil. However, a representative comment we got from a C-level executive was: "I see that intrapreneurial action is not recognized by the company".

How to overcome? This is probably the easiest barrier to overcome and pretty cheap. Recognize intrapreneurial talent within your team, simply by referencing to their engagement and projects. Give their actions visibility and space in internal and external corporate communication.

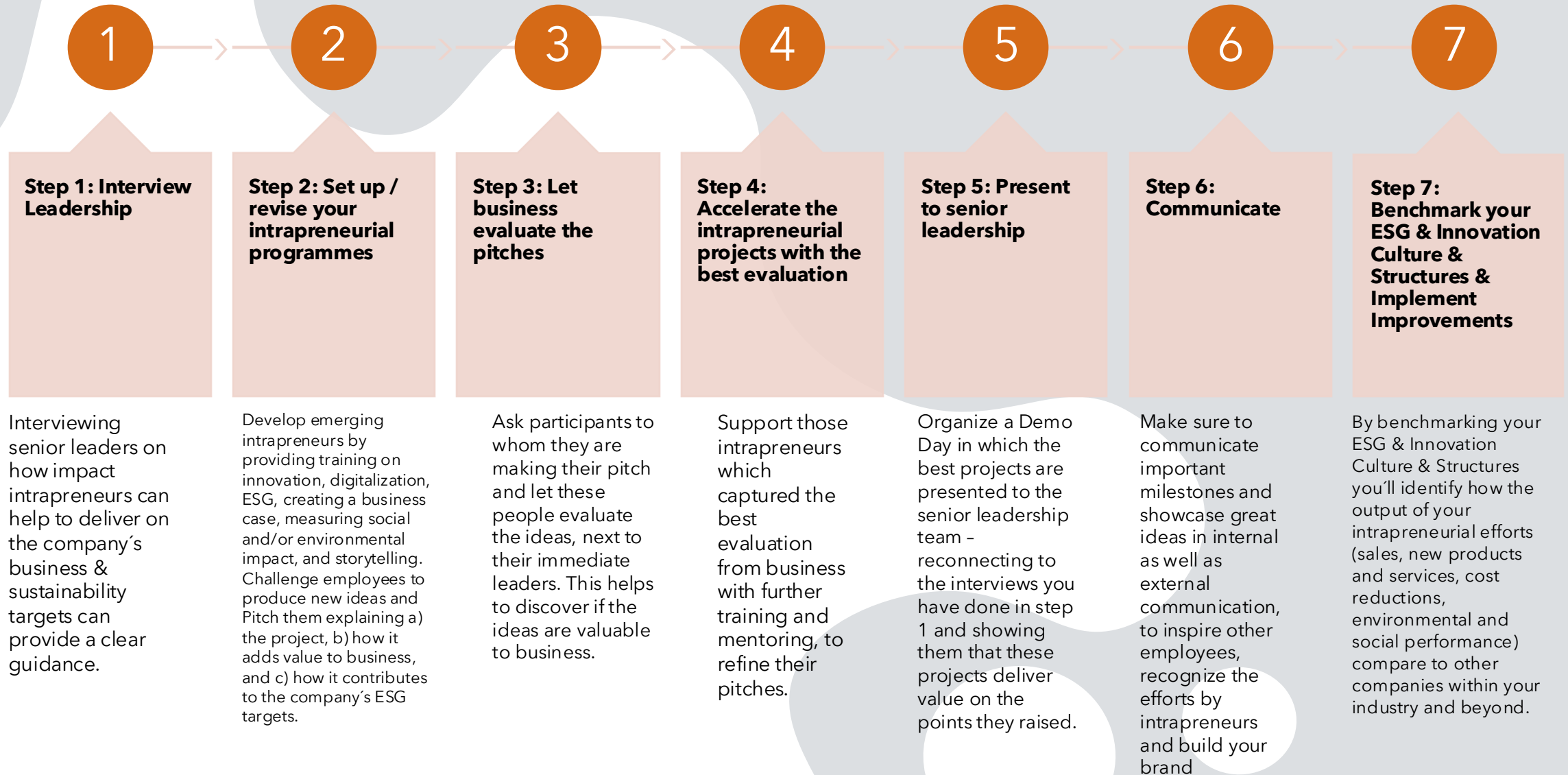
A CEO Wish-List

In June 2023, Maggie De Pree, co-founder of the League of Intrapreneurs asked the global community of intrapreneurs: **What would you ask your CEO to do to help unlock and support Intrapreneurship in your company?** Based on the responses we created the following CEO wish-list:

- Communicate clearly - the message about "Intrapreneurship" and its importance has to clear or else it will get lost in the maze of any organisation;
- Foster curiosity by asking questions and sharing challenges: e.g. how can we reduce emissions by 80%? How to substitute fossil fuels?
- Encourage people to take risks - help them to develop "risk taking abilities" by reducing rules & regulations;
- Build trust: encourage people to speak their minds and be vulnerable;
- Reward & Recognise the intrapreneurs in a company based on the "systemic changes" they are bringing in as against the normal business KPIs;
- Allow space and time to rest/reflect/ reimagine a different way of doing things - ideally in nature;
- Focus on the main ESG impacts of your business.

Creating an ESG & Innovation Culture

– a How-To Guide based on our findings so far...



Future Research Agenda

We have learnt a lot, but there is still so much to study. Here are some of the research lines we see for 2024 and beyond. Advancing on these questions, depends on the interest by companies and partners - so please get in touch, if you want to partner with us on any of the following topics or have any other suggestions:

The value of Intrapreneurial Projects

This line of research wants to do a follow-up on intrapreneurial projects initiated years ago and answer questions such as: How do intrapreneurial projects create value for the company and advance the ESG agenda? What are ESG & Innovation portfolio strategies applied by companies looking on how intrapreneurial projects promise/deliver impact and business value?

Thematic Intrapreneurial Journeys

How can we organize a community of intrapreneurs around issues such as social inclusion, diversity and climate change? Are there synergies to be explored by bringing intrapreneurs from different companies together?

Industry & Value Chain Intrapreneurial Journeys

Which innovations do intrapreneurs in certain industries and along value chains work on? Are there synergies to be explored?

Public Sector Intrapreneurs

Are there impact intrapreneurs within the public sector? Who are they and what do they work on? Would it make sense to bring them together with impact intrapreneurs from the private sector?

About us & Our Research

The Center for Intrapreneurship at Fundação Dom Cabral works with large organizations with the aim of empowering intrapreneurs, accelerating shared value projects and strengthening an organizational culture that combines ESG & Innovation. We are primarily an action-tank that, through research and training of business leaders, seeks to develop a new management practice in large companies in Brazil and accelerate the contribution to the Sustainable Development Goals of the United Nations.

Fundação Dom Cabral is a Brazilian business school with the mission of contributing to sustainable development of society, through the education, training and development of executives, businesspeople and public managers. In 2024, FDC ranked under the TOP 10 in the executive education ranking published by the Financial Times and has been the best ranked business school in Latin America for over 10 years.

Impact Intrapreneurship – Theory of Change

Vision	Objectives	Resources	Activities	Outputs	Outcome	Impact
<p>Why does the Center of Intrapreneurship exist?</p>	<p>What do we want to achieve?</p>	<p>To reach objectives, which resources need to be applied?</p>	<p>To reach objectives, which activities need to be executed?</p>	<p>Which are immediate results?</p>	<p>Which change can we observe in a 1-9 year horizon?</p>	<p>Which change can we observe in a 10 year horizon?</p>
<p>Establishing impact intrapreneurship as a management practice that helps companies align and meet their ESG and innovation objectives thus contributing to achieving the SDGs.</p>	<p>Increasing the numbers of # Impact Intrapreneurs creating # Shared Value Projects increasing the % of sustainable products and services offered by companies thus contributing to achieving the SDGs.</p>	<p>Lecturers able to teach impact intrapreneurship Inspiring cases of impact intrapreneurs Didactic materials Benchmarking for corporations Universities and educational institutions teaching impact intrapreneurship</p>	<p>Identify, inspire and engage impact intrapreneurs Develop intrapreneurial talent Accelerate Shared Value projects Assist organizations in developing an enabling environment</p>	<p>The number of: # Intrapreneurs # Catalysts # Sponsors trained... # Shared Value Projects accelerated and implemented # Companies working towards a more intrapreneurial culture & sustainable product & service portfolio</p>	<p>Intrapreneurs advancing on their journeys and careers. Shared Value projects generating large scale impacts. Companies making money with sustainable solutions. Private sector engagement with SDG increases.</p>	<p>An intrapreneur gets awarded the Peace Nobel Prize The majority of big corporates turn into B-Corps We´ll accomplish the SDGs where the private sector has most impact.</p>

Impact Intrapreneurship in Brazil – Taking stock

Resources

To reach objectives, which resources need to be applied?

5-10 Lecturers able to teach impact intrapreneurship

>20 inspiring cases of impact intrapreneurs

Didactic materials

- Social Intrapreneurism & all that Jazz
- League Compass
- The Corporate Hero's Journey

Benchmarking for corporations

- Intrapreneurship Observatory

Universities and educational institutions teaching impact intrapreneurship

- Fundação Dom Cabral in its Executive MBA programme

Activities

To reach objectives, which activities need to be executed?

Identify, inspire and engage impact intrapreneurs

Develop intrapreneurial talent

Accelerate Shared Value projects

Assist organizations in developing an enabling environment

Outputs

Which are immediate results?

In 2022-23 we engaged with:

- > 120 Intrapreneurs
- 12 Catalysts
- > 50 Sponsors

28 new Shared Value Projects accelerated

3 Companies working towards a more intrapreneurial culture

Outcome

Which change can we observe in a 1-9 year horizon?


Intrapreneurs advancing on their journeys and careers.

- Carla Crippa @ Ambev
- Claudia Lorenzo & Pedro Massa @ Coca-Cola
- Ana Goffredo & Gabriela Ottoboni @ Sicredi
- Among others...

Shared Value projects generating large scale impacts.

- Água AMA
- Coca-Cola Coletivo
- Union Energy

SDGs prioritized by intrapreneurs: SDGs 8 and 12



Research Methodology

Literature Review by Elisa Alt, Kings College, London

Analysis of ESG & Innovation investment and structures of 420 big corporations in Brazil as a part of the Época Negócios 360 Ranking.

In-depth case studies with BASF, Nestlé and Unilever in Brazil

Interviews with >20 C-level executives, >15 intrapreneurs, and input from >50 managers.

Research overseen by International Research Council

International Research Council

Our International Research Council is composed of:

Achim Arnold - Chief Commercial Officer, Craigberoch, Scotland

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Partners

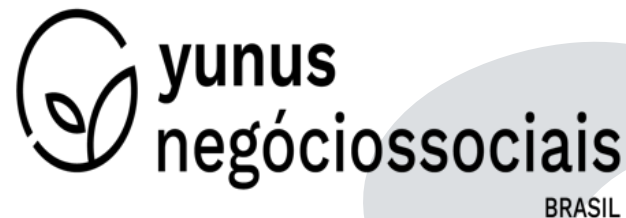
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Pacto Global
Rede Brasil



craigberoch



Interviewees

BASF

Manfredo Rübens

Fabício Soto

Andre Wehrmann

Cristiana Brito

Priscila Camara

Ademar de Geroni

Alberto Zuniga

Eduardo Novaes

Alejandro Hans Heine

Antônio Lacerda

Felipe Schneider

Renata Milanese Sorbo

Andres Jose Monroy Trujillo

Fernanda Furlan

Unilever

Cecilia Varanda

Vitor Gerbelli

Nestlé

Barbara Sapunar

Renate Giometti

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Daniel Frazão, Steck

Carla Crippa, Ambev

Tomás Carmona, SulAmerica

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Participation in Focus Groups

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About this Report

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