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**III Semester M.B.A. (Day/Evening) Degree Examination, March/April - 2021****MANAGEMENT****Corporate Entrepreneurship and New Venture Creation****(CBCS Scheme 2019-20)****Paper - 3.5.3****Time : 3 Hours****Maximum Marks : 70****Section - A**

Answer any five questions, each carries 5 marks.

**(5×5=25)**

1. What is corporate entrepreneurship? What are the outcomes of corporate entrepreneurship?
2. Differentiate between Management and Entrepreneurship.
3. Discuss the risks involved in Corporate entrepreneurship.
4. Explain the variables for designing work environments that support a corporation's entrepreneurial strategy.
5. Discuss the importance of instituting ethical and compliance components in corporate entrepreneurship programs.
6. Bring out the role of organizational learning in corporate entrepreneurial behavior.
7. Discuss the importance of aligning vision and mission with the objectives of an organization.

**Section - B**

Answer any three questions, each carries 10 marks.

**(10×3=30)**

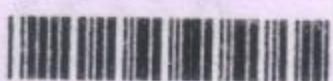
8. Discuss with an example, Intrapreneurial activities in the organization. How does it benefit the organization and the intrapreneur?
9. What are the characteristics of entrepreneurial Leadership?
10. Describe the growth and development phases of new venture Creation.
11. Discuss with an example, the strategies that support corporate entrepreneurial behaviour.

**Section - C****12. Compulsory Question****(15×1=15)**

3M has been known for decades as an entrepreneurial company that pursues growth through innovation. 3M started selling a somewhat inferior quality of sandpaper. The only way they could do this was by getting close to the customer - demonstrating it to the workmen that used it and persuading them to specify the product - an early form of relationship selling.

**P.T.O.**





This was the first strategic thrust of the fledgling business - get close to the customer and understand their needs.

Three-M-It<sup>TM</sup> Abrasive - an abrasive cloth using aluminium oxide for durability in place of a natural abrasive, followed by waterproof sandpaper - an idea bought from an inventor who subsequently came to work for 3M., Wetordry<sup>TM</sup> - a product designed for use by the car industry in finishing body-work were some products specifically designed by understanding customer needs. And with this the second strategic thrust of the company was developed - to seek out niche markets, no matter how small, which would allow it to charge a premium price for its products, which could prove to be more profitable than a few large ones.

In selling Wetordry<sup>TM</sup> to car - body finishers, an employee realized how difficult it was for the painters to produce the latest fad in car painting - two tone paintwork. The result was the development of masking tape - imperfect at first, but developed over the years 'Out-of-hours' by an employee to what we know it to be today and from that technology developed the Scotch<sup>TM</sup> range of branded tapes.

3M developed the policy of allowing researchers to spend up to 15% of their time working on their own projects. To this day, it tries to make innovation part of the corporate culture by encouraging staff to spend 15% of their time working on pet ideas that they hope one day will become new products for the company. They can also get money to buy equipment and hire extra help. To get an idea accepted, they must first get the personal backing of a member of the main board. Then an inter - disciplinary team of engineers, marketing specialists and accountants are set up to take the idea further. Failure is not punished, but success is well rewarded.

Perhaps the best known contemporary example of the success of this policy is the development of the post-It<sup>®</sup> Note by Art Frye in the 1980s. He was looking for a way to mark places in a hymn book - a paper marker that would stick, but not permanently. At the same time the company had developed a new glue which, unfortunately as it seemed at the time, would not dry. Art spotted a use for the product but what was different was the way he went about persuading his bosses to back the project. He produced the product, complete with its distinctive yellow colour, and distributed it to secretaries who started using it throughout 3M. Art then cut their supplies, insisting that there would be no more unless the company officially backed the product. The rest is history.

Product development and innovation at every level in the organization through research was formalised with setting up of Central Research Laboratory, a New Product Department, and a Product Fabrications Laboratory. A four Sector Labs - Industrial and consumer, Life Sciences, Electronic and Information Technologies and Graphic Technologies was set up for being more responsive to the market place and for undertaking medium term research(5-10 years); The Central Lab renamed Corporate Lab was maintained to undertake more long term research(Over 10 Years). In addition most of the Divisions had their own Labs undertaking short term developmental research (1-5 years).





3M has always been admired for its ability to share knowledge across the organization and link Technologies to produce numerous products that could be sold in different markets like Scott light reflective sheeting used for road science developed in the 1940s - as a result of failed research to develop reflective road marking - a result of combined research from three different Laboratories with this emerged their next strategy to get different parts of the organization to communicate and work together and most important of all shared knowledge.

The culture of 3M is described as non-political, low ego, egalitarian and non-hierarchical as well as hard working and self-critical. It has also been described as paternalistic in its approach to employees come and achievement oriented particularly in research. Achievement was rewarded through promotion successful new product teams was fun off to form New divisions the leader of the team often became General Manager of the new division and this was a great motivator. Researchers with high standards of originality, dedication and integrity in the technical field as Judge by their peers were not management-were invited to join the Exclusive Calton Society. The Golden step and Pathfinder awards what are other recognitions to encourage achievement. Today 3M faces many challenges as it has become larger and more complex, involved in different markets with different products and technologies at different stages of their life cycle-recognizing the need for different managerial approaches. High risk approaches to R&D may not be appropriate in certain sectors. The 25% rule - the proportion of new product sales may not be achievable by all divisions due to stiffer competition and to maintain profitability. Now, the 15% rule-slack time to research new products - is under severe pressure and is more of an attitude rather than reality. Nevertheless, 3M has for over century successfully practiced corporate entrepreneurship.

#### Questions:

1. Describe the organizational structures and ways 3M used to encourage entrepreneurial activity.
2. Describe the culture of 3M. What does this depend upon?
3. Why has 3 M been such a successful innovator for so long? Can other companies just copy 3M structure and culture and become successful innovators also?