Executive Champion and Team Commitment as Predictors of Resource Attainment Among Corporate Entrepreneurs

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Research Question

What is the importance of executive champion and or team commitment to corporate entrepreneurs who are successful in obtaining start-up funding?
Agenda

- Research Focus
- Previous Research
  - Strategic Factors
  - Cognitive Factors
- Executive Champion and Team Hypotheses
- Intervention
- Results
- Conclusions
Research Focus

★ Senior Management Initiatives
  □ HP’s calculator championed by President, W. Hewlett
  □ Sony’s Walkman championed by Chairman A. Morita

★ Ordinary New Product Development
  □ Logical incremental and platform extensions of current product portfolio
    Typically receive resources during the annual review process

★ Autonomous Business Creation
  □ Separate Business Venture Group not in line with traditional business units
    Typically are supported by senior management
Research Focus

“Initiative from below*”

- Employee initiative from within the organization
- Not planned
- Out of sequence with the funding cycle
- Serendipitous

Research Question Reframed

Do corporate entrepreneurs who are successful in obtaining start-up funding for “initiative from below projects” have higher (lower) levels of executive champion and team commitment (conflict)?
Executive Champion

Definition

☒ Executives who are not members of the team who have:
  ☒ Direct influence over resource allocation
  ☒ And/or can use their power to channel resources
  ☒ And/or posses considerable social capital

Previous Research

**Strategic Factors**

- **Factors which did NOT discriminate:**
  - Strategic Fit
  - Teams Business Acumen
  - Understanding the Market Place

- **Factors which did discriminate:**
  - Support of executive champion
  - Favorable corporate culture
  - Low initial funding
    - Needed to legitimize project
  - Credible Teams were important to projects receiving over one million

Previous Research

Cognitive Factors

- **Factors which did discriminate:**
  - Self Efficacy
    - One’s belief that he or she can effectively pursue new options
  - Belief in one’s self
  - Persuasion
    - Ability to sway other individuals (Getting to “yes”)

- **Factors which did NOT discriminate:**
  - Social Perception
    - Process by which we obtain and understanding of other people’s “traits.”
  - Reading non-verbal clues
  - Emotional Intelligence (Goldman 1995)

Current Research

What is the role of executive champion and team commitment and conflict to obtaining funding?
Hypotheses

- Executive Champion Commitment
- Executive Champion Conflict
- Team Commitment
- Team Conflict
Hypotheses

- **Executive Champion Commitment**
  - Commitment and excitement of the executive champion for the project

- **Hypothesis I** - The greater the executive champion’s commitment and excitement for the project the greater the chance of obtaining funding
Hypotheses

- **Executive Champion Conflict**
  - Conflict between the executive champion and the team

- **Hypothesis II** - The chance of obtaining funding will decrease when there is conflict between the champion and the team
Hypotheses

**Team Commitment**

- The commitment and excitement of the team to the project

**Hypothesis III** – The greater the team’s commitment and excitement for the project the greater the chance of obtaining funding
Hypotheses

- **Team Conflict**
  - Conflict within the team

- **Hypothesis IV** - The chance of obtaining funding will decrease when there is conflict within the team
Agenda

✓ Research Focus
✓ Previous Research
  ✓ Strategic Factors
  ✓ Cognitive Factors
✓ Executive Champion and Team Constructs
  ✿ Intervention
  ✿ Results
  ✿ Conclusions
Intervention

Corporate Employees

Intervention
- Given over a 13 week period
- Meeting 2½ hr/week

Plan
- Draft Plan
- Culture
- Foundation
Intervention

Cognitive surveys done before the start of the intervention

--- 13 weeks ---

Project Criteria
※ Not in company’s pipeline
※ Not a simple line extension

Unfunded
Intervention

Foundation

- **Understand the key issues which affect corporate venturing and new product development success and failure**
  - Review corporate venturing studies
  - Review key new product development success/failure studies
  - Provide participants with key business planning skills
Intervention

Culture

- Understand the key issues associated with corporate culture, organizational issues and structures
  - Review of published studies
  - Case studies to evaluate culture in company
- All projects require an executive champion

Business Plan

- Presentation trial run - draft
- Team presents business plan to executives
Intervention

 Corporations Participating

Intervention

**Outcome**

- 22 UnFunded
- 46 Funded

**Start-Up Funding**
- $15,000 to $5,000,000
- Mean of $401,000
Results

Champion Commitment
$a = 0.92; r^2 = 0.28***; \beta = 0.29***$
Hypothesis Supported

Champion Conflict
$a = 0.96; r^2 = -0.110*; \beta = -0.13$
Hypothesis NOT Supported

Team Commitment
$a = 0.92; r^2 = -0.008; \beta = -0.080$
Hypothesis NOT Supported

Team Conflict
$a = 0.95; r^2 = -0.069; \beta = 0.031$
Hypothesis NOT Supported

Funding Level
Adjusted $r^2 = 0.078$
p = 0.000

*p<0.05; ***p<0.001
Intervention

Project Mix

- **High Risk**: New to World and Company
  - Funded: 29
  - Unfunded: 19

- **Low Risk**: Improvements, Reposition and Cost Reductions
  - Funded: 17
  - Unfunded: 3
Results

Champion Commitment
\( r^2 = 0.32***; \beta = 0.32*** \)

Champion Conflict
\( r^2 = -0.13*; \beta = -0.15 \)

Team Commitment
\( r^2 = -0.006; \beta = -0.072 \)

Team Conflict
\( r^2 = -0.096; \beta = 0.044 \)

Funding Level
Adjusted \( r^2 = 0.092 \)
\( p = 0.002 \)

Champion Commitment
\( r^2 = 0.16; \beta = 0.20 \)

Champion Conflict
\( r^2 = -0.093; \beta = -0.074 \)

Team Commitment
\( r^2 = -0.021; \beta = -0.077 \)

Team Conflict
\( r^2 = -0.059; \beta = -0.035 \)

Funding Level
Adjusted \( r^2 = -0.018 \)
\( p = 0.59 \)

\( *p<0.05; **p<0.01; ***p<0.001 \)
Discussion

Results are robust

- Lack of Screening Biases
  - All were actual projects with the successful ones receiving *actual* funding

- Survey Respondents
  - Complete survey responses were received from 260 of the 270 participants (96%)
Discussion

Confirms the importance of executive champion support in high risk projects

- 1st empirical study showing relationship
- Previous literature (McMillian & George (1985); Day (1994) and McDermott & O’Connor (2002)) were drawn from inferences from case studies
Discussion

- **Executive champion support is not critical for low risk projects**
  - Refutes previous literature (Knight, 1987) indicating that executive champion support was needed for ALL “initiative from below projects.”

- **Decisions on low risk projects are based on facts rather than on “gut.”**
Discussion

Why isn’t team commitment and team conflict critical to funding?

<table>
<thead>
<tr>
<th></th>
<th>Project Risk</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Low (n=8)</td>
</tr>
<tr>
<td>Champion Commitment</td>
<td>p=0.003</td>
</tr>
<tr>
<td>Champion Conflict</td>
<td>p=0.000</td>
</tr>
<tr>
<td>Team Commitment</td>
<td></td>
</tr>
<tr>
<td>Team Conflict</td>
<td>p=0.000</td>
</tr>
</tbody>
</table>

$r^2_{adj}$ 0.17*** 0.18***
Discussion

Provide the first evidence empirical evidence of the importance of executive champions for high risk projects.

Funding decision may be segmented by project risk:
- Low Risk – Decisions are based on project facts
- Medium Risk – champions and teams are critical
- High Risk – teams are critical (may be difficult to get champion support)

CAUTION

Intervention is a controlled depiction of the general world.