The Weaknesses of the Intrapreneurial and Venture Capitalist Approaches to Disruptive Innovation: An Opportunity for Angel Investors

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EXECUTIVE SUMMARY

Intrapreneurial corporations are celebrated for identifying and nurturing entrepreneurship from within by appointing Chief Innovation Officers, setting aside time for employees to pursue their own projects, and tolerating failure while venture capitalists are applauded for embracing first-mover advantages, investing in teams, and making quick exits. Closer examination, however, reveals that neither path may be optimal for the development of disruptive innovation. Both intrapreneurial corporations and venture capitalists suffer from critical weaknesses in their respective paradigms that handicap their efforts to latch onto disruptive innovation. Rather, angel investors, the often-neglected cousins of venture capitalists, due to their characteristics and strategies may stand the best chance of consistently discovering and nurturing disruptive innovation.

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