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**BREWING UP NEW TECHNOLOGICAL CAPABILITIES:
HOW CORPORATE ENTREPRENEURSHIP
ENABLED JAPANESE BREWERIES
TO ENTER THE BIOPHARMACEUTICAL INDUSTRY**

Abstract

The story of how large Japanese breweries and distilleries entered modern biotechnology and succeeded in diversifying into the pharmaceutical business is fascinating. Few accounts, if any, exist which describe how these firms embarked on this venture, while their counterparts in the United States and Europe neglected to do so. It is intriguing because the Japanese firms entered at an auspicious time when the techniques of modern biotechnology were first being applied; they were able to assemble the right blend of leadership and expertise in this new field; and they followed a different technological path to that of mainstream pharmaceutical companies.

This story also exemplifies the role of corporate entrepreneurship or 'intrapreneurship' in the renewal of large firms through two phenomena: the creation of new businesses within existing organisations (corporate venturing) and the transformation of organisations through the renewal of the key assumptions on which they were built (corporate renewal).

This paper is based on interviews and material collected during a field study conducted in Japan. We profile the strategies of two Japanese alcohol manufacturers, which were 'new entrants' to modern biotechnology, outlining how they managed to diversify into this new field. The accounts of their entry include several topics germane to corporate entrepreneurship research, including leadership, university technology transfer, and strategic alliances.

We propose that corporate entrepreneurship in these firms, and their judicious use of *technological distance* and *spatial distance* from the sources of the new techniques and knowledge in modern biotechnology, determined their development of technological capabilities. Finally, we suggest also that such companies are the true counterparts to American and European biotechnology start-up firms.