

Book Review

THE LEAN STARTUP: How Today's Entrepreneurs Use Continuous Innovation to Create Radically Successful Businesses

Author : Eric Ries

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About the Author

Eric Ries was born in September 1978. He graduated from Yale University and moved to silicon Valley in the beginning of the millennium. He pioneered the philosophy of Lean Startup, based on his experience with multiple startups, primary being IMVU which he co-founded along with Will Harvey in 2004. Eric Ries originated his Lean Startup philosophy after getting inspired from the Japanese Philosophy of Lean Manufacturing. He studied the processes of Toyota in detail and devised a startup philosophy to focus on value added activities, reducing the non value added activities and cutting the lead time required in the development of a product. Today he is a blogger, an author, an entrepreneur and the pioneer of the Lean Startup movement.

“An organization dedicated to creating something new under conditions of extreme uncertainty” is how Eric Ries, the author of The Lean Startup, define a startup. Eric Ries started his career as a programmer working on the product development. Later he became an entrepreneur and among his most successful startup is a startup called IMVU. He is the

cofounder and Chief Technology Officer of IMVU. IMVU is a tremendously successful startup with revenues of USD 50m in 2011.

The term Lean Startup as embraced by Eric Ries has its roots in Lean Manufacturing process followed by Toyota in Japan. After the failure of their first startup, Eric Ries studied Toyota Production System in detail and applied the ideas of Lean Manufacturing to their second entrepreneurial venture (IMVU). A Lean Startup, as discussed by the author, is characterized by scientific approach to decision making, customer focus and rapid cycle time.

There are 5 principles of Lean Startup which form the basis of the book.

1. Entrepreneurs are everywhere: As per the definition of entrepreneurship mentioned in the book, an entrepreneur is not only the one who ventures into an unknown territory for the first time but anybody who innovates under the condition of extreme uncertainty. Entrepreneurship is not dependent on the size of the organization, mid and large size companies who embrace the spirit of entrepreneurship, as defined by Eric Ries, are also fertile nurturing grounds of entrepreneurs. Hence entrepreneurs

are everywhere.

2. Entrepreneurship is Management: The most commonly held belief that Entrepreneurship and Management are different arenas is a myth. The tendency of masses to relate entrepreneurship with something exciting and dynamic & Management with dull and boring is a case of flawed mindset. Author argues that there are more similarities than differences between entrepreneurship and management. According to his opinion, entrepreneur should be a job title in an organization based on the propensity to take risks, innovate and perform in an uncertain environment.

3. Validated Learning: One of the main aims of a startup is to learn to create a sustainable business. This learning can be validated by running experiments in the marketplace and finding the customer reactions to their products.

4. Build-Measure-Learn: Build-measure-learn is a continuous loop which most of the startups need to employ during their growth cycle. Startups need to build new products and services keeping in mind the need of the customer, measure the response of the customers and then learn to whether persevere or pivot. The faster the startups can run this loop, higher are their chances for success.

5. Innovation accounting: A startup survival is based on its ability to execute the boring stuffs like measuring progress, setting milestones, and work prioritization. It provides a basis for investors and entrepreneurs to evaluate

the startup progress.

The book is divided into 3 broad sections and the principles of Lean startup pervade throughout the book :

1. Vision: The first part of the book talks about the Vision. It lays down the framework, defines entrepreneurship and identifies the entrepreneur. It focuses on entrepreneurial management as a new discipline and highlights how can startups build a sustainable business.

2. Steer: Part two of the book talks of the Lean Startup methodology in detail. It focuses on the build-measure-learn loop apart from methodology to build a minimum viable product and how should organizations take a mileage out of the same. It also highlights a new accounting system so as to help entrepreneurs assess whether they are progressing or not.

3. Accelerate: The last part of the book talks about expediting the fundamentals discussed above. It explores the power of small batches, organization design and how the concepts of Lean Startup can be applied to mid and large size companies.

This book provides key insights in entrepreneurship and management and can be one of the fastest ways a budding entrepreneur or a management graduate can learn about initiating a startup and making it a success.

Reviewed by :

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