The Lean Startup – How Today's Entrepreneurs Use Continuous Innovation to Create Radically Successful Businesses: A Book Review

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Book Details

Book Title : The Lean Startup – How Today's Entrepreneurs Use Continuous Innovation to Create Radically Successful Businesses
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Review:

The book is an insightful guide for entrepreneurs to build a successful business. The author has introduced the application of lean principles to startups and business innovation, which originated from the concept of lean manufacturing. The book provides methodologies for sustainable businesses in this dynamic market. The author is an entrepreneur and a mentor to many startups, large companies, and venture capital firms. Through his failed enterprises, the author has learned many skills and techniques, which he shares through this book to help entrepreneurs create and manage successful startups scientifically.

The book applies the concept of lean manufacturing by utilizing processes to identify customers' needs, improve product development, and gauge performance through appropriate metrics. It highlights the significance of experimenting and making changes to the product or service at the earliest based on customer feedback. The book is broadly divided into three parts – Vision, Steer, and Accelerate. All three elements are further broken down into chapters to explain the theme. The first part introduces the discipline of entrepreneurial management in a novel manner by covering topics titled– Start, Define, Learn, and Experiment through Chapters 1 to 4. The second part, i.e. Steer, provides more profound insights about the Lean Startup Model through Chapters 5 to 8, covering topics like Leap, Test, Measure, and Pivot (Persevere). The last part of the book, i.e. Accelerate, focuses on a feedback loop, 'Build-Measure-Learn,' in order to speed up the Startups, which is covered in Chapters 9 to 12 under topics Batch, Grow, Adapt, and Innovate.

The author has conceptualized the idea of this book considering five principles of Lean Startup, which are as follows –

1. Entrepreneurship is about creating products and services under extreme uncertainty and has its presence everywhere, irrespective of the size and nature of the sector or industry.

2. Entrepreneurship is not just about managing a product or service, but it's about managing an institution keeping innovation as the primary focus for growth.

3. The existence of startups is much more than the making of products or services or serving customers. It is about building a sustainable business, which is a learning in itself and must be validated for its alignment with the entrepreneurs' vision.

4. For a startup to be successful, the feedback loop of Build-Measure-Learn must be utilized, wherein startups must build products or services by converting their ideas, understand how the customers respond through proper measurement techniques, and then learn to pivot or persevere.

5. In order to improve entrepreneurial outcomes, the accountability of innovators must be defined and

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designed properly.

The book starts by highlighting the necessity of developing a management paradigm for all entrepreneurs irrespective of their size, big or small. The Lean Startup Model draws its novel approach from the principles of Toyota Manufacturing. The approach emphasizes fast cycle times; the use of scientific techniques for decision-making to focus on customers' needs. The model is based on the concept of 'validated learning', which is an accurate and concise way of creating value for the customer and eliminating waste by drawing conclusions from customer feedback. Here, the author illustrates the example of Zappos, the world's biggest online shoe store. Nick Swinmurn, Founder of Zappos, methodically experimented to understand whether customers would buy shoes online or not. This approach revealed the actual behavior of the customers thereby validating the hypothesis regarding online buying. So it is important for startups to test their ideas and strategies before fully pledging to them.

In order to establish the significance of experimentation, the author also mentions the application of the Lean Startup Model to Government agencies, such as the Consumer Federal Protection Bureau (CFPB). The task of the CFPB was to protect American citizens from predatory lenders. Instead of making a huge investment in setting up a call center, CFPB experimented by starting a hotline number to test the assumptions of American citizens' financial problems. The author proposes that for long-term economic growth companies must adopt Lean Startup techniques to build an "innovation factory" to create disruptive innovations regularly. The concept of Lean Startup is about developing innovative products and services in a different manner highlighting the importance of customer insights, fast iterations to products or services on the basis of customer feedback, and having a greater vision and ambition. Here, the author talks about the concept of creating a "Minimal Viable Product (MVP)", which should be tested for its versions, before offering the final product to the customer. It offers businesses, ways to scale and grow at maximum acceleration.

Overall, the book provides a good theoretical framework with examples, which can be adopted by startups for logically building a sustainable business. It is a good book providing a novel approach for executing a business idea and scaling it up by following some technical and logical steps, which will help to reduce waste in terms of time and money and increase efficiency. The emphasis is on experimentation which would bring about better dexterity. In spite of the benefits associated with the proposed theory, it is difficult to adopt, since it not only about methodology but it is also about mindset. The ideas in the book are better fit for software companies as compared to manufacturing ones. The book does not address the other issues that startups have viz. – managing cash, acquiring and retaining talent, and building a team, which are very crucial right at the beginning of any company. It is advisable, that startups must use the inputs in this book in combination with some other books for developing a holistic approach towards business.

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