



The Startup Way: Making Entrepreneurship a Fundamental Discipline of Every Enterprise

Eric Ries

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Bestselling author, entrepreneur, and Lean startup founder Eric Ries, author of *The Lean Startup*, reveals how established corporations and major enterprises can use Lean Startup techniques, energy and saavy to reinvigorate their company and operations, spark innovation, and drive growth.

In *The Lean Startup*, Eric Ries, entrepreneur in residence at Harvard, serial entrepreneur and founder of the lean startup meetups, showed how ideas from the startup world such as constant iteration, minimal viable products (or MVPs), and constantly testing business hypotheses with customers to determine when to perservere, and when to pivot, now turns his attention to established, mature companies and organizations.

For the past four years, Ries has been working closely with companies like GE and Toyota and Pitney Bowes to help them become more nimble, and more open to change and innovation, in order to spur growth and produce products and services that customers want. In *The Startup Way*, Ries shares his insights, lessons, stories, challenges and best practices from his intense collaborations with some of the world's most innovative and successful companies, as they attempt to change their culture and processes to be faster and smarter at what they do. At GE, Ries's ideas are codified under the name FastWorks; each company adapts his basic framework and ideas in their own way, to fit their particular organization and industry, as Ries discusses in the book.

For every company that recognizes it needs to embrace agility, change and do so quickly if it is to survive and thrive, *The Startup Way* is an absolutely critical guide and toolkit.

The Startup Way: Making Entrepreneurship a Fundamental Discipline of Every Enterprise Details

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Corey says

Summary:

This book was an in depth look at how entrepreneurial methods that are usually reserved for small scale endeavours can be implemented into large organisations. And that they should be implemented. The author states that the entrepreneurial way offers a great advantage to companies in modern business and that old ways of doing businesses inhibit growth, employee sanctification and the ultimate value of the organisation. I think this book is really valuable and informs a new way of working that businesses can really benefit from. I think the principles are easier to implement in businesses that are still establishing rather than big, already established businesses, but the author does provide examples of how these methods can impact established businesses positively. I don't have a direct use for this content yet, except in minor ways within my current organisation, but I hope to read the author's other back and refer to their teachings as my career evolves in the trajectory I have planned.

I would recommend this book to anyone involved in entrepreneurship, anyone seeking to make a change in their organisation or to create an organisation.

The main message I took from this book is that an entrepreneurial method and culture can be built within large organisations and offers a great advantage to those involves.

Some notable points:

- A startup is a human institution designed to create a new product or service under conditions of extreme uncertainty.
- The startup way is an organisational approach to business that allows businesses to create sustained growth through continuous innovation. This way builds on five key principles:
 1. Continuous innovation. Businesses should always be seeking to break new ground.
 2. Start up as a unit of work. Teams should be treated as small start up companies.
 3. The missing function. Each business is missing a function, usually entrepreneurship. Find this function.
 4. The second founding. Each business should go through the process of founding again to ensure continued growth.
 5. Continuous transformation. Be flexible and able to change.
- Failure is a part of business. Continue to experiment, embrace failure and learn from your mistakes.
- A modern company is composed of leaders and the entrepreneurs they empower. A modern company pursues a portfolio of smart experiments and contains the cost of failure by investing more in the ones that work, using a system of metered funding that increases as success is proved. A modern company is one in which efficiency means figuring out the right thing to do for customers by what whatever means necessary. A modern company rewards productive failures that lead to smart changes in direction and provide useful information. A modern company leaves competitors in the dust through continuous innovation.
- Think big, start small and scale fast.
- There is something uniquely powerful about a small, dedicated team trying to change the world.

- Steps to starting a project:

1. Identify the beliefs about what must be true in order for the startup to succeed, these are called leap of faith assumptions.
2. Create an experiment to test these assumptions as quickly and inexpensive as possible this is called a minimal viable product.
3. Think like a scientist, treat each experiment as an opportunity to learn what's working and what's not, this is called validated learning.
4. Take the learning from each experiment and start the loop over again, this cycle of iteration is called the build, measure, learn feedback loop.
5. On a regular schedule, make a decision about whether to pivot or persevere.

- When doing research with customers, be careful not to just ask customers what they want. Design experiments to observe it.

- You can feel product market fit when it's happening as customers buy products or service as quickly as you can supply it.

- Risk containment strategies include: restricting the number of customers who are exposed, not putting the corporate brand on the MVP, not compromising safety or compliance (even better, having a compliance expert on the team), giving the customer a more than money back guarantee or offering to pay extra penalties for non-performance.

- A good indicator of success is customer engagement and satisfaction. Early passionate users help grow a product immensely through word of mouth.

- Replace traditional metrics like return of investment with validated learning. Validated learning is done through scientifically gathered information based on experiments. The more you learn through a project and its experiments, the better the project.

- Having an executive sponsor can be invaluable to a start up by being an advocate for the project and the team while also wielding corporate clout and helping with approvals.

- You can't replicate. Run your own experiments and apply your own process to find what works specifically for your organisation.

- Here is an example of an entrepreneurial belief system that was instilled in a large company:

1. Customers determine our success.
2. Stay lean to go fast.
3. Learn and adapt to win.
4. Empower and inspire each other.
5. Deliver results in an uncertain world.

- The second founding is often when bureaucracy and lethargy set in and the entrepreneurial spirit (and the company's entrepreneurs leave), this should be an opportunity to reinvigorate the culture and the company.

- A startup founder should go from the leader of a small team to the leader of an ecosystem of small teams.

- Genius is widely distributed, opportunity is not. We should seek to empower others in their entrepreneurial endeavours. Not everyone will have the same opportunities as you.

- Here is a bill of rights to workers that can inform company policy, management and employees:
 - 1. The right to know that the work I do all day is meaningful to someone other than my boss.
 - 2. The right to have my idea turned into a minimum viable product and evaluated rigorously and fairly.
 - 3. The right to become an entrepreneur at any time as long as I am willing to do the hard work to make things happen with limited resources.
 - 4. The right to stay involved with my idea as it scales as long as I am contributing productively to its growth.
 - 5. The right to equity ownership in the growth I helped to create no matter my role or job title.
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kartik narayanan says

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At a certain point, when your transformation has grown powerful enough to affect an entire company, when it has totally won out over whatever culture it was designed to replace, it is also itself too big for radical changes.

What is the book about?

The Startup Way is written by Eric Ries, author of The Lean Startup.

This purpose of The Startup Way is to start with the Lean Startup principles and apply them in an enterprise context to make organisations move toward a leaner, more iterative way of working. This book provides the blueprint for transforming an organisation to rekindle its entrepreneurial spirit that is capable of finding new sources of growth for the long-term. Obviously, The Lean Startup is required reading (among other books) for The Startup Way to be really effective.

What does this book cover?

The Startup Way has three parts.

The first part about traditional management and its failings, the need for something new and the rise of entrepreneurial management. The second part talks about the roadmap for transformation, how does it affect all functions in an organisation, the challenges and opportunities. The third part about what to do once the transformation is “complete”.

What did I like?

The Startup Way provides an excellent and insightful look at transforming an organisation along lean startup principles. I liked it due to its reliance on experience and ideas.

Eric Ries has used real life examples from his time at GE and healthcare.gov (predominantly) to explain how lean startup principles can apply even in large, well established enterprises. He gives the example of an engine that has been developed by following a MVP process which boggles one's mind. This experience from the trenches makes the content relatable and believable.

Read the full review at my site [Digital Amrit](#)

Vijay says

Overall good, but a bit boring and repetitive at times. Probably a bit more editing would have been good.

Dave says

I learned a lot Ries' first book the Lean Startup and thought it brought some great practices together. The Startup Way aims to apply those Lean Startup ideas to major corporations using GE as a case study.

I found chapters 3-5 to be the strongest.

The gap Ries leaves is for startups who have lost their way because they were initially successful and have grown past a two pizza team size. The entrepreneurial and risk taking takes a back seat to scaling and normalizing.

For a startup that's grown it's good to review the chapter 3 qualities of the start up way: team focus, customer focus, employees given a stake (ESOP), leading indicators (engagements, conversions not revenue, profitability), meter funding (when does taking another round become a bad thing?), meritocracy, mission driven, and entrepreneurialism as a career.

If your startup doesn't have these attributes teams then your not moving forward and your becoming a big company on a small scale. Breaking out of this is where Ries could be helpful, but he goes back to GE.

Chapter 4 is a nice review of Lean Startup - start with leap of faith assumptions, use MVP and Validated, Learning to get a Pivot or Persevere point. I found Sprint better at explaining this process see my review here: <https://medium.com/@Dave.Nash.33/forg...>

Chapter 5 talks about how to add accountability, process, culture and people to the start up way. On page 126 of the hard cover Ries has a diagram of the startup way that infuses traditional and start up org charts and includes entrepreneurialism as a function like marketing or accounting. This was the peak of the book for me.

So is the rest helpful? Only at a major corporation with huge management buy-in. Even GE - peaked last year at \$32 and right now is in free fall down to \$14 in market that's up 30% its down 50%. Imelt was a forward thinking CEO and HBR did a nice write up of how he improved GE in the September 2017 issue. It's good they did that then because now GE doesn't look so hot. I don't claim to be an expert in GE but that hurts the long term story for Ries.

Julie Penner says

I would give this book 5 stars if I were a corporate innovator or on any kind of corporate innovation team. It is the most definitive solution for corporate innovation I've read. I only gave it four stars because I work with early-stage start ups and while Eric's suggestions are very relevant for start ups once they scale and have 100 employees are more, roughly, his earlier book lean start up is a better fit for the founders I work with.

I also loved his policy ideas listed in the epilogue and his foreshadowing of the dangers of short termism are extremely on point and relevant to today's investing landscape.

Frank Thun says

Oh, my dear. I loved the "Lean Startup," but with this book, Eric Ries shows that he is out of his waters.

The basic and only "major" idea of this book is to make Entrepreneurship a line function of every company, e.g., such as HR, Finance, IT, Sales and Purchasing are. In contrast to the other departments, the "Entrepreneurship" unit has some matrix functions in the other line functions, such as training and coaching entrepreneurs and maintaining start-ups like funding and governance structures - primarily external start-up functions internally inside a company.

In the main part, Ries is promoting starting a big, very conventional change program to hammer Entrepreneurship into an organization. He dreams up a "unified theory of management," which is so weak and not grounded in any organizational research at all. Basically, Mr. Ries tells Managers to behave better and think of Entrepreneurship in all that they are doing. Pitiful.

This book is very shallow. Any fundamental questions on how to escape the systematic biases of management hierarchies against truth and pro playing politics are not addressed at all. The lessons learned from Kahnemann and Tversky on the fallibility of human decisions made by individual decision makers are ignored. The ignorance of empirical research is striking. Claiming a "unified Theory of Management" on this base is more than pretentious?.

Shame on you Amazon for not doing a better work guarding against these 34 5 Star Reviews which have been there already on day one of the Release. Shame on all the guru authors like Marshall Goldsmith, Tom Peters, Clayton Christensen, Lawrence Summers, Robert Sutton etc. for embracing this book. I know you know better. And you know it too.

A full review can be found on <https://managementdigital.net/2017/10...>

Raphael Albino says

In this book, Eric Ries shared how is possible to create and scale up the lean startup thinking inside big companies. Based on examples like Intuit, General Electric, and the American Government, the author explains how those organizations use the startup way when thinking about product development, flexibility in thinking and the willingness to seek alternative solutions to be tested.

In my opinion, the book was written to convince CxO level the importance of rebuild organizations for the 21-century reality.

Jacek Bartczak says

The title should sound "Lean Startup based on examples from more mature organizations". If you already read Lean Startup by Eric Ries you can skip the first part of The Startup Way.

I'm sure Eric Ries has a huge knowledge, I'd love to find it more in his newest book. Too much general speaking about supporting creative and entrepreneurial ideas.

It is a potent reminder of why we shouldn't allow ourselves to become slaves to habit and open our eyes to new processes. I thoroughly enjoyed this book and it inspired me to changes in how we work inside our company.

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I appreciated Ries's viewpoints on the latter, although I am cynical that he will find many allies to join him, politicians and financiers being incentivized today towards the complete opposite (short-term optimization). It would take a fundamental change in our economic system precipitated by a painful, explosive event -- say, a civil war over differing values -- in order for this to happen. Nevertheless, I applaud him for putting his

money where his mouth is and using his substantial privilege to try something like the Long-Term Stock Exchange to really try and change markets.

On the former topic, I took away one lesson, which is that "yes, an enterprise as large as GE can undergo such a transformation... but it can only happen with executive-level support". Assuming that FastWorks at GE has had the radical impact on product development that he talks about, it only succeeded because no less than Jeffrey Immelt, GE's CEO, was the executive sponsor. Ries makes the cogent observation that the lessons learned from GE are no less applicable to companies of any level, but how many such CEOs are willing to buck the trend of their short-term compensation incentives and lead such a transformation? In the end, even Immelt himself was walked out the door by "investors [who] grew disenchanted as the company's stock price and profits stagnated in recent years" so the answer to the question of *what kind of a CEO would sponsor something like this?* is *either an altruist or one who is so close to retirement that he could care less about career suicide*.

GE may be a success story for Ries, and for that, we should applaud both him, and Immelt's vision. What we are left with, though, as with most business books, is a wonderful tale that is largely non-replicable at other companies. That isn't to say that Ries' product development *tactics* are bad, or that it's not worth middle managers and "change agents" tilting at windmills to try and make them real. But it certainly won't be as smooth a journey as the book reads.

Razvan Rogoz says

Eric Ries is a brilliant author for bringing the concept of lean into the mainstream. Truth be told, lean is not that original and I can't place Ries under the heading of "brilliant management thinkers" but he took a seemingly complicated management methodology and made it so simple that anyone can understand it.

Lean thinking is based on creating MVPs (minimum viable products), testing and getting fast feedback. This is well explained in his first book. This book explains how lean can be implemented in small and big organizations alike. Since lean is considered a start-up methodology and works well in agile organizations (interesting point of trivia - The Agile Way is also based on Toyota's manufacturing approach, after which Lean is inspired), most people can't really see it compatible with big, bureaucratic organizations.

This is the point of the book, how companies like GE which move very slowly can become agile as start-ups once again by using lean methodology. While I'm 99% sure he wrote this just so he can have more management clients (good strategy btw), even if you're not interested in hiring his company for lean training, it goes into great detail on the practical applications of lean. What is not though is a comprehensive explanation of what lean is to begin with. For that, buy his first book, "The Lean Start-up".

Is this a must read book? No. It's good if you're passionate about the lean methodology. The "Lean Start-up" is a must read book and it belongs there with The Effective Executive and The E-Myth. So start there and if it makes sense, read this one too. I liked it and it deserves 5 / 5 but I was blown away when I've read his first book almost a decade ago.

Duong Tan says

Just another classic from Ries.

Jeff Mousty says

i enjoyed this book more than i did his first book. I feel like it expanded on the concepts better than just focusing on how to get to prototype alone. He did provide numerous examples of how his questions led to prototypes being explored that otherwise weren't thought to be on the table. He had a clear example of this with GE in the book with a new model engine. As i read the book it gave me different lenses for which to view things from and got me thinking about various things i could be doing which is why i gave it the rating i did.

Another aspect i liked in the book was about his items for innovation accounting dashboards and content for them. I have pasted them below since they are barred in a later chapter, but if the book doesn't interest you i think these items would at least get you thinking about if they are items you track and they are:

- Conversion rates - percentage of free trial users that become paying customers
- Revenue per customer - amount customers pay per product on average
- Lifetime value per customer - amounts a company accrues from a customer over their lifetime with the company
- Retention rate – number of customers that are still using a product over a certain period of time
- Cost per customer – amount it costs to serve a customer on average
- Referral rate – what percentage of customers refer new customers to the product
- Channel adoption – what relevant distribution channels carry the product.

I don't feel like you need to have read his first book for this book to have the impact it did for me. However books like his first and this one i think help to stem peoples mind from thinking big to thinking small. Even if you feel like you already think small/mmr/mvp well i think books like this will always plant seeds in your mind for how you could do it better.

I recommend this book for anyone who is involved with visioning products and helping to set scope for mvps/mmrs for a product.

Sylvain says

As its title and pitch stands, the Startup Way is basically Lean Startup applied to big corporations.

Though the book may resonate with employees of large companies, I found several limitations:

- Eric Ries obviously has some experience of the corporate world, but the whole book mostly revolves around his coaching work at GE.
- If you're not a top executive, the book won't be of much help. Ries advocates that the transformation has to start from the top and be strongly supported by CxO level. Though it is true to a certain extent, if I am an intrapreneur constantly struggling with bureaucracy, I won't get many answers on how to deal with that other than "get support from top execs".

The big question still remains: how do I hack my organization if I am a low-level employee?

