START-UP / YOUNG COMPANY or ORGANISATION	HYBRIDS (internal startups)	ESTABLISHED COMPANY or ORGANISATION

Search

    Customer Discovery & Validation

Lean

Strategy

    Business Model
    Hypothesis-driven

    Strategic Approach

    Ready—Fire—Aim—Fire
    Emergent
    Focus on Experimentation

Execution

    Customer Creation, Development
    & Company/Organisation Building

Traditional

    Business Plan
    Implementation-driven

    Ready—Aim—Fire
    Deliberate
    Focus on Execution

New-Product Process

Customer Development
Test Hypothesis

Product Management
Prepare offering for market following a
linear step-by-step plan

Engineering

Agile Development
Build the Product Iteratively and
incrementally

Agile or Waterfall Development
Build the product iteratively, or fully
specify the product before building it

Organisation

Customer and Agile Development Teams
Hire for [Generative] learning, nimbleness,
and speed

Departments by Function
Hire for experience and ability
to execute

flat organisations/horizontal organisation
or flat hierarchy (agile/flexible)
create, break or play with the rules

bureaucratic*
hierarchical (rigid)
play-by-the-rules

Financial Reporting

Metrics that Matter
Customer acquisition cost, lifetime
customer value, churn, viralness

Accounting
Income statement, balance (spread)
sheet, cash-flow statement

Failure

Expected (anticipated, tolerated   Exception
Fix by iterating on [insights &] ideas, and pivot away   Fix by firing executives
from ones that don't work

Risk-taking   Risk-adverse

Incentive and Advancement Systems

Appropriate liability constraints   Rigid (ineffective) liability constraints

Speed

Rapid   Measured
Operates on good-enough data   Operates on complete data

What is business bureaucracy? Bureaucracy in business is a hierarchical organisation or a company that operates by a set of pre-determined rules. In a large business, there are typically several diverse functions that need to be performed by specialized sub-institutions that report up the management chain.

People

Cross-functional Teams, Two Pizza Teams Entrepreneurs, Intra-preneurs, Founders Mindset	Experts, Optimisers, Consistent (Professional) Managers, Specialists

Culture

I eat failure for breakfast, Productive Failures "Black Swan" farming Innovation as Verb	"Failure is not an option" Risk mitigation, Innovation as a Noun

Process

Highly iterative, Generative Learning Process Build, Measure, Learn — Economies of Speed Portfolio of rapid experiments	Functional hand-offs Huge Programs Quality through reduction of variability Economies of Scale Statistical Process Control

Accountability

Innovation Accounting, Leading Indicators Future absolute cash-flow, Metered Funding	ROI, Cost Reduction, Market Share, Market Share Incremental Growth Entitlement Funding

Entrepreneurial Management

General Management

Validity	Reliability
production of outcomes that meet objectives	production of consistent, replicable outcomes
substantiation based on future events [i.e. backcasting_possibility]	substantiation based on past data [i.e. forecasting_probability]
use of a broad number of diverse variables	use of a limited number of objective variables
integration of judgement	minimisation of judgement
acknowledgement of the reality of bias	avoidance of the possibility of bias
abductive logic	inductive or deductive logic