INNOVATION AND DISRUPTION

Lean, Open and Search-Based

Ries · Blank · Chesbrough · von Hippel

PAPER 03 / 03

A Furtherance reference compendium on the intellectual traditions behind organisational design, leadership, execution, and culture.

> **IN THIS PAPER**
> The series closes on how innovation is actually done today — as a disciplined search under uncertainty, drawing on ideas from outside the firm and from users themselves. The question it answers: given that most innovation attempts fail, what methods and sources reliably improve the odds?

Ries and Blank recast the startup as a search for a business model, validated by experiment; Chesbrough opens innovation beyond the firm's own R&D; von Hippel shows that users, not just manufacturers, are a major source of innovation.

Eric Ries The Lean Startup, 2011

Validated learning under uncertainty

CORE THESIS

A startup is an **experiment** under extreme uncertainty. Progress is **validated learning** — run **build-measure-learn** loops with a **minimum viable product** to test the business model before scaling, and decide whether to **pivot or persevere**.

FRAMEWORK

Idea	Meaning
Build-measure-learn	Turn ideas into tests, tests into learning
Minimum viable product	The smallest experiment that yields validated learning
Innovation accounting	Measure real progress, not vanity metrics
Pivot or persevere	Change direction, or push on, based on evidence

METHODOLOGY

A practitioner methodology drawing on lean manufacturing and customer development.

SIGNIFICANCE AND CRITIQUE

The dominant modern startup methodology. The critique: the minimum viable product is often misapplied, and “lean” can become a slogan detached from real learning.

Steve Blank The Four Steps to the Epiphany, 2005

Customer development · search vs execution

CORE THESIS

A startup is **not a small version of a big company**: it **searches** for a business model rather than executes a known one. Through **customer development** — and by “getting out of the building” — founders test their hypotheses against reality until they find product-market fit.

FRAMEWORK

Step	Meaning
Customer discovery	Test who the customer is and what problem they have
Customer validation	Prove a repeatable, scalable sales model
Search vs execution	Startups search; established firms execute
Get out of the building	No plan survives first contact with customers

METHODOLOGY
A practitioner framework and the intellectual foundation beneath the lean-startup movement.

SIGNIFICANCE AND CRITIQUE
The origin of the search-based view of startups. The critique: its vocabulary overlaps heavily with the lean-startup work it inspired.

Henry Chesbrough Open Innovation, 2003

Innovation beyond the firm's own R&D

CORE THESIS
Firms should use **external as well as internal** ideas and paths to market – **open innovation** – rather than relying solely on internal R&D. Knowledge flows both in and out, and the **business model** is what captures value from either.

FRAMEWORK

Idea	Meaning
Closed vs open innovation	Internal-only R&D versus porous boundaries
Inbound	Bring external ideas and technologies in
Outbound	License or spin out internal ideas others can use
Business model captures value	Openness needs a model to monetise it

METHODOLOGY
Research on corporate R&D and the changing economics of knowledge.

SIGNIFICANCE AND CRITIQUE
Reframed corporate innovation toward openness. The critique: it is not universally applicable, and openness raises real appropriability concerns.

Eric von Hippel Democratizing Innovation, 2005

User and lead-user innovation

CORE THESIS
Users, not just manufacturers, are a major source of innovation. "Lead users" – ahead of the market and benefiting strongly from a solution – often innovate first, and can be systematically identified and tapped. Much innovation is free and user-driven.

FRAMEWORK

Concept	Meaning
User innovation	Users create solutions manufacturers later adopt
Lead users	Ahead of the trend, with high benefit from solving it
The lead-user method	Systematically find and learn from lead users
Sticky information	Need-knowledge is costly to move from user to maker

METHODOLOGY
Empirical research on the sources of innovation across many industries.

SIGNIFICANCE AND CRITIQUE
Overturned the manufacturer-centric view of where innovation comes from. The critique: some sectors are far more user-driven than others.

Synthesis

Theorist	Focus	Key idea	Contribution
Ries	Method	Build-measure-learn; MVP	Lean startup
Blank	Method	Customer development; search	Search-based startups
Chesbrough	Source	Open innovation	Ideas from outside
von Hippel	Source	Lead-user innovation	Ideas from users

> **FOR THE OPERATOR**
> Modern innovation is disciplined search from open sources — validated learning through build-measure-learn (Ries), the startup as a search for a business model (Blank), ideas drawn from outside the firm (Chesbrough), and from users themselves (von Hippel). For the operator: treat new ventures as experiments to be validated, not plans to be executed, and look for innovation beyond your own walls — in partners and in your most advanced users. That closes the Innovation and Disruption series, and completes the Furtherance reference library across all thirty series.