



Title, Author: Only the Paranoid Survive – *How to exploit crisis points that challenge every company and career*, Andrew Grove

Published: 1997, HarperCollins Business

“when it comes to business, I believe in the value of paranoia. Business success contains the seeds of its own destruction.”

“Fear is key, the opposite of which is complacency.”

Born to a Hungarian Jewish family in 1936, Andrew Grove (then Gróf András István) evaded Nazi capture as a child, and subsequently escaped the Soviet Union as a penniless 20 year old with his family. Later in life, he was the third employee at Intel and went on to be its President. Perhaps his childhood inspired

such a powerful title for his fourth business book that gives timeless advice to executives living through what he describes as 10x changes for their given industry.

Such changes are a strategic inflection point for a company which Grove declares worry him more than anything else as an executive. It is *“deadly when unattended to but creates opportunities for players who are adept at operating in the new way.”* An example he gives is the entry of Japanese companies into the memory chip business undercutting US manufacturers such as Intel. The Japanese could produce these commoditised chips at lower costs and at the time had access to an infinite pool of low-cost capital. It took time for Intel to realise the danger it was facing:

“While we were fighting the inevitable, trying out all sorts of clever marketing approaches, looking for a niche that couldn’t possibly exist in a commodity market, we were wasting time, getting deeper into red ink and ultimately forcing ourselves to take harsher actions to right things when we finally got around to taking action at all.”

The company managed to successfully pivot from memory chips which was their *bread and butter* to the more complex microprocessor chips. The book gives examples of 10x changes beyond those faced by Intel, advises on how to recognise one when you’re in it and then what to do about it.

Using Porter’s Forces as a template, Grove illuminates Strategic Inflection Points from a range of angles. For instance a 10x change from competitors happened to Steve Jobs for his company NeXT Computer Inc. in 1988 when Windows began rolling out across PCs.

The first step to recognising a Strategic Inflection Point is to identify it is a misnomer. *“It’s not a point; it’s a long torturous struggle.”* No formal planning can anticipate it but clarification as to whether changes are 10x or not can be gained from broad and intensive debate. In the process of detecting whether Japanese entry was a concern or not:

“We became good at solving problems. We became highly focused on tangible results...And from all the early bickering we developed a style of ferociously arguing with one another while remaining friends (we call this ‘constructive confrontation’).”

Grove advises during such debates to place less emphasis on trying to make a rational extrapolation of data which by definition is backward looking. Instead, anecdote and instinct is important. This is key as the first port of call for struggling businesses is often to buckle

down and repeat what worked for them in the past. Taking advice from external interests whose job is to criticise – such as journalists and analysts – by turning the table and asking what they think should worry the business is important particularly when things are going well. When things start to struggle, listening to Cassandras, particularly if they are in the trenches can be helpful:

“Middle managers – especially those who deal with the outside world, like people in sales – are often the first to realise that what worked before doesn’t quite work anymore; that the rules are changing.”

This will help overcome the challenge that 10x changes are often clearer at the beginning and end with the transition in between being gradual and puzzling. Once identified however, Grove advises managers to first *Let the Chaos Reign*. This is not always necessary for long standing blue chips such as Intel who encourage experimentation throughout the good times but this is no guarantee of avoidance. When the inevitable happens, he advises executives to:

“Let people try different techniques, review different products, exploit different sales channels and go after different customers.” It is inefficient and wearing. “But the old order won’t give way to the new without a phase of experimentation and chaos in between.”

Once there is clarity in direction, Grove then encourages focus in his chapter *Rein in the Chaos* by ensuring there are no ambiguities on the chosen path. A powerful and adaptive organisation is one that can have these two phases – debate followed by a determined march.

The book is clear, concise, exceptionally well-written and couldn’t feel more relevant than it does at the start of 2021. It motivates the reader to digest other works from his career and time as a lecturer for Stanford Business School. The world is a better place for his survival.

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