



## Only the Paranoid Survive

*Andrew S. Grove*

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## **Only the Paranoid Survive** Andrew S. Grove

The President and CEO of Intel, the world's largest chipmaker, reveals how to identify and exploit the key moments of change in any industry that generates either drastic failure or incredible success. Under Andrew Grove's leadership, Intel has become the world's largest computer chipmaker, the 5th most admired company in America, and the 7th most profitable company among the Fortune 500. Few CEOs can claim this level of success. Grove attributes much of it to the philosophy and strategy he has learned the hard way as he steered Intel through a series of potential major disasters. There are moments in any business when massive change occurs, when all the rules of business shift fast, furiously and forever. Grove calls such moments strategic inflection points (SIPs), and he has lived through several. They can be set off by almost anything - by mega competition, an arcane change in regulations, or by a seemingly modest change in technology. They are not always easy to spot - but you can't hide from them. Intel's first SIP was when the Japanese started producing better-quality, lower-cost memory chips. It took Grove three years and huge losses to recognize that he had to rethink and reposition the company to become, once again, leader in its field. Grove extrapolates the lessons he has learned from this and other SIPs - for instance the drama of the Pentium flaw, and the SIP brought on by the Internet - to reveal a unique insight into the management of change. He recounts strategies from other companies and examines his own record of success and failure. Only the Paranoid Survive is a classic lesson in leadership skills that every manager in every industry will benefit from. Every manager must assume that something will change - very soon.

## **Only the Paranoid Survive Details**

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## From Reader Review Only the Paranoid Survive for online ebook

### Bartosz Majewski says

I've written about it here: <https://bmajewski.wordpress.com/2016/....>

Shortly speaking i liked it a lot. It's not as great as Grove's previous work - high output management.

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### Erwin says

Only The Paranoid Survive

Key Quotes:

"The replacement of corporate heads is far more motivated by the need to bring in someone who is not invested in the past than to get somebody who is a better leader or better manager in other ways."

---Andy Grove, Only the Paranoid Survive (p127)

Strategic change doesn't just start at the top, it starts with your calendar. ---(p146)

"Put all of your eggs in one basket, then WATCH THAT BASKET"

--- Mark Twain

Ask yourself:

'Will going to this meeting teach me about the new technology or the new market that I think is very important now?'

'Will it introduce me to people who can help me in the new direction?'

'Will it send a message about the importance of the new direction?'

If so, go to it. If not, resist it.

--- (p154)

[Great leadership during change starts by letting chaos reign (debate), then, when the time is right, reign in the chaos (determined march)] This dynamic dialectic is a must.

--- (p161)

The best part of Andy Grove's book might be the title: "Only the Paranoid Survive". Large organizations often fail, because they don't adapt fast enough. There are two types of forces that organizations run into. 1x forces, which fall within the normal action/reaction that people and organizations are easily able to adjust to. However, there are also 10x forces that fundamentally change the rules, and most people and most organizations fail to adapt to these more fundamental changes quickly enough.

For example, think of these changes as waves in the ocean. The wave may come from any direction, but all are manageable. However, occasionally there is a tidal wave --- which you can detect and respond properly to, but that response is fundamentally different than the way you respond to a normal 1x wave.

In Intel's case, they faced 10x forces twice.

1. Intel started in the RAM business. Japanese factories caught up with them. The Japanese had lower cost structures and higher volumes, and government support - they sucked all of the profit out of the RAM business and ultimately took Intel's market share. Intel managed the transition by moving from a RAM



besides chronological events he shows how a company sooner or later will suffer in a turmoil and only the paranoid and surfing against the waves, inflection points, would help out.  
This book is a strategy-focused and would benefit any person with needed leadership skills.

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### **Lech Kaniuk says**

A absolute must read for every serious entrepreneur. I wish to become as good leader and entrepreneur as he was.

This book does not only touch a very interesting topic that mean life or death for enterprises, but adding the fact that the book was written in the nineties - it's very interesting to see a world class CEOs view on the potential changes Internet will bring - from our perspective in the year 2016.

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### **Subu says**

I understand why CEOs around Silicon Valley look to Andy Grove's books for inspiration. Written in 1996 (20 years ago!) his thesis still feels very relevant and I learned a great deal from his examples from running Intel that are helping me to be a more productive & thoughtful employee in small scrappy startups. I read High Output Management before, and had a harder time relating his examples to my work in small unstructured startups - but I was able to glide through this quickly.

The big key takeaways for me to remember:

When change comes to an industry, often the most established company (and the upper management who are most isolated & have the most invested in the way things are) are the slowest to adapt and move forward with the new reality.

You have to always listen to the Cassandras of your organization (on the ground people usually) and catch hints of discomfort & change. Allow some creative chaos while you're figuring out the new direction, but then as a manager, you then need to rein it in to direct everyone forward.

You will generally regret not making the uncomfortable/scary decision to change earlier. You'll probably make it too late, or if you're lucky, just in time.

Also, I'm just impressed he made predictions about the internet being big 20 years ago, and he wasn't far off - though he did have some doubts he admitted. :)

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### **Farhana says**

2.5/5 (I was thinking to give it 2.2. But since the book dates back at 1998 & I see some of Grove's prediction has come true by this time, I think 2.5 is enough)

My favorite moment from the book is when Gordon Moore & Grove decides to get rid of the memory business at Intel in the face of an inflection point by Japanese manufacturers. This reminds me, most often

we hold the key to put a stop to our misery but we barely notice that. I appreciate Grove's approach to introduce various inflection points in the business from his experience at Intel. But the book is not so well written. Grove surely knows what he has to offer but couldn't match that expectation with his writing. The details of the examples are inadequate & still too short to be sufficient. Many characters are kept anonymous & criticisms are blunt. I guess he took safe side. May be he didn't want to piss off many people. Recently, I finished Steve Jobs' biography & I see he's not that open to Steve's support for vertical platform. And I see he's praising Sculley. :3

Okay, I feel if this book have any new edition, Steve Jobs must have his rightful distinguished place since he revolutionized Apple after his return at 1997.

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### TarasProkopyuk says

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### Soheil says

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### Tirath says

I had heard so much about this book being a classic, and I finally read it.  
Whats lovely is that it was written in 1996, and he lays out the principles of how to prepare for, deal with and manage change - especially when it comes to a change in how the business works...  
When industries/ structures/ networks change - it can ruin organisations or catapult them to dominant positions. It is also a signal to either scale up in that direction or retreat completely out of the current one.

It's also a brilliant reason why value investors hate businesses that are prone to significant changes - because then, one has to rely on management prowess to be able to change, and that tends to be unpredictable.

Brilliant book. Last 2 chapters got boring, but some stories and examples are brilliant.

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### David says

This book discusses some really important ideas, primarily the "10x forces" that fundamentally change businesses and the "strategic inflection points" during which an industry is transformed by these "10x forces" (yes, he quotes that term everywhere it appears in the book). Grove explores these ideas using his experience as CEO during Intel's switch from making memories to making microprocessors in the late 80's as the primary example, but he emphasizes that these ideas are not unique to the tech industry and also explores SIPs in other industries ranging from sound in the movie industry to Wal-Mart in retail. After explaining these concepts and pointing to that range of examples, the author spends most of the book discussing how to manage companies during these crises: how to know that you're in the middle of a SIP, how to separate signal from noise during that confusing period, and the importance of fostering healthy debate but subsequently projecting decisive leadership.

The material covered in this book is important for anyone in business, and I mostly agreed with the author's high-level ideas but I was disappointed by the book itself. The case study of Intel was fascinating, especially hearing it told from the man in charge at the time. But much of the advice was either obvious or overly simplistic. For an obvious example, take the idea of listening to what your sales people and individual contributors on the ground are telling you about how their jobs are changing. This seems like something managers should \*always\* be doing. It could be one of those things that sounds obvious when you say it but isn't something you think about when you're in that position. Or maybe I'm unusually aware of these ideas because the book is 15 years old now or because I've been lucky to work for engineering-driven companies that were well aware of these ideas (and socialized them). Quite likely the approach just didn't resonate with me because the book is targeted at middle and senior managers, not individual contributors.

The "Reign in Chaos" chapter that describes setting strong direction after a period of open debate had some particularly condescending passages. On page 145 Grove counsels managers that "admitting that you need to learn something new is always difficult. It is even harder if you are a senior manager who is accustomed to the automatic deference which people accord you owing to your position. But if you don't fight it, that very deference may become a wall that isolates you from learning new things. It all takes self-discipline." That's right, it's tough as a senior manager to avoid completely ignoring the ideas of your subordinates, but you can do it with a little bit of self-discipline. Next time one of your reports has something to say and you just want to send them back to the salt mine, consider listening instead.

On page 163 there's the story of a "very competent" senior manager at Intel who had some great ideas but according to Grove just went about them poorly. He "organized a committee...to investigate an issue and come up with a recommendation. It turned out that this manager knew all along what he wanted to do, but instead of giving that direction to the committee, which he could have, he was hoping to engineer a bottom-up decision to the same effect. When the committee came up with the opposite recommendation, he felt cornered. At this late stage, he tried to dictate his solution to people who by now had spent months struggling with an issue and had firmed up their minds. It just couldn't be done. Coming as it did at this late stage, his dictate seemed utterly arbitrary." Yes, telling a committee of your reports that the results of their lengthy discussions are all wrong and you're going to do the opposite because you think it's better just \_seems\_ arbitrary. And I guess the lesson to managers is: don't ask your reports to think about what to do because they'll just come up with the wrong answer and be angry when you set them straight.

Despite these parts and the overall lackluster presentation, these ideas \_are\_ pretty important and the author's obviously considered them a lot. One last thing: the book's a bit old now (written in 1996) and predates things like the Internet's explosive growth, but to the author's credit in several cases he accurately forecast industry-transforming changes including the Internet's disruption of the travel booking industry and the difficulty that faces music, movie, and software companies in a world where people can download media through the Internet. The last chapter covers "The Internet" entirely and basically asks: "fad or the biggest innovation of the century" -- he comes down on the right side, but with our hindsight it makes for some interesting reading.

## **John says**

Surprisingly readable book about what it's like to be at a company at the moment when it has to either change the way it operates or go into a decline.

That said, I wish I were not the kind of person who now reads business books for fun.

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## **George Jankovic says**

Today Andy Grove died at the age of 79.

His book "Only the Paranoid Survive" talks about his key business philosophy. One should always be on the lookout for new trends or products that might displace or destroy yours. Under him, Intel was famous for cannibalizing their older chips, their cash cows, with the new ones. The competition just couldn't follow their relentless pace.

I recommend the book to everyone in management or business whether in high-tech or not.

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## **Ami Iida says**

It is the best one book to decipher the history of Intel.

This is the autobiography of founder.

This book's theme is twofold.

One is the innovation of micro Professor.

And one is a strategy to sell it.

This book focuses on the latter.

This is a great book to decipher the strategy.

Of course Moore's Law in the semiconductor has also been described.

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## **Peter says**

### **Inflection**

The strategies and decisions, and luck, Intel embraced are remarkable and to cover them all in detail in a short book would have been impossible. The fundamental essence of this book is that the only constant we can expect in business is CHANGE. How do we anticipate it? How do we prepare for that inflection point? The ones we sometimes see coming and the ones we don't. We need to recognise what's happening and respond appropriately and with commitment.

The book is written with the flow of a story, which helps it resonate well. It also reminds us that many decisions involve agonising analysis and reasoning, and are extremely personal. The book is full of Groves' war stories which are really interesting and relevant as we lived through many of these events. A good point that I remember from the book is when Andrew Grove recollects his darkest moment when he realised that not only were the Japanese cheaper in manufacturing memory chips, but their quality levels were at levels that Intel didn't even think possible. Intel's move away from memory to microprocessors was traumatic and the inflection "point" was not so much a point as a long drawn out and painful affair. The backdrop to that inflection point and others make the book a great learning experience.

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### **Preston Williams says**

Good book. This book was written in 1996, and like anything has started to show its age. The basic messages/ themes still ring true. Although it is funny to read about Apple and Steve Jobs and how they were basically regarded as being left for dead. Now of course, Jobs came back strong and have higher market capitalization than Microsoft. So, I guess the lesson is that this book is good, but you have to still take it with a grain of salt and put it in perspective.

My favorite part was when he was talking to another CEO type about the direction of Intel and about getting out of the memory biz and into microprocessors. The idea of walking out of the building and coming back in like you were a brand new manager/ ceo. I think that was the real gem of the book. Highlighting that the best CEO is extremely flexible and creative with the way he/ she thinks. Never be held back by the past, either with situations or your previous thinking.

I also really liked the idea of basing decisions on facts and data. At the same time he stresses the importance of data lag and having to make decisions before all the data has been compiled because the world changes so fast and you only get one chance to become the first mover.

The biggest flaw for me, in the book, was that some industries don't experience a strategic inflection point that often. I imagine that silicon valley and computer related businesses experience SIP s quite often. So if you are in a business that is slow moving and slow changing, a lot of this book could fall on deaf ears for you.

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### **Tadas Talaikis says**

Heard about this book very long ago. I believe like it says - only the paranoid survive. And what's related to business, I'm probably paranoid. Wasn't, but learned.

"Possibility that *what* your business does can be done in a different way." is great thing. If you can't stop over-competitiveness created by over-population, then what you can do, adapt, find new ways.

It's interesting to read about technology 20+ years ago: "What is internet anyway?"

What is microprocessor anyway? Race with time without a clear destination. With technology now everything that's not primary needs loses its value much faster:

Why America's Essentials Are Getting More Expensive While Its Toys Are Getting Cheap. In one word - technology.

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## Kevin says

This book had some decent concepts. I thought the addition of a 6th (Complementary) force to the traditional Porter's Five Forces was very apt and insightful. The book is dated; however, so there is no need to read through fully cover to cover. I think the question, "Is the internet that big a deal? Or is it an overhyped fad?" has been fully put to bed...

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## Saurabh Hooda says

I picked this book because it was referred by Ben Horowitz (<http://bhorowitz.com/2011/04/15/peace...>). Other reason being the book's interesting title which somehow conveyed to me that it must be a book about how Andy Grove was paranoid (in good sense) enough to make Intel an Awesome company.

But as soon as started the book I become disappointed because it's not the book I thought it to be. Its not about Andy Grove being tough CEO or his paranoid decisions. It's is just like any other common business book written by a High profile CEO.

Book is all about "Strategic Inflection Point" that in simple language means any BIG turn of events in your company (or your industry or technology) like Intel ditched Memory business - the business it started with - and moved to microprocessors business. Book doesn't give any practical tips or secret sauce to handle these big turn of events. Nothing at all. It's more like slog it through, brainstorm with your team, decisions can be tough, you need to take your team with you etc etc. But you would have read all those in 100s of blogs previously.

There are few interesting chunks in the book:

1. CxOs (or senior management team) are always 'last to know' guys. They get bad news very, very late. This is so true, I totally agree to this. Your middle management will filter the info/news before presenting it to you, and nearly all the times they will present data/story in a format so that they look smart, tough, intelligent and proactive. No one wants to tell the bad news.

Create a culture in your team/company so that people are open to you (or their supervisors) without any inhibition of being reprimanded/joked/ignored or given a look like it's above your pay grade dude. Create an open and transparent culture. Be open to healthy arguments, in fact encourage healthy arguments. This culture can't be created in days or months, it will take years but it'll be worth it.

2. People (even competent, highly intelligent, serious-minded people) can come to different set of conclusions about a given set of facts. For ex: IBM and Intel went two different ways on using X-Ray to define feature of a chip. So nothing is Right or Wrong. Iterate and Iterate as fast as you can. Fast iteration is better than slower qualitative iteration.

Another thing that i realized while reading this book is: Why am I reading this book? I am a wannabe entrepreneur and this book is about Billion Dollars Big Critical decisions. It, by no means, immediately benefit me. This 'might' be helpful for senior management guys but for everyone else: just give it a pass.

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