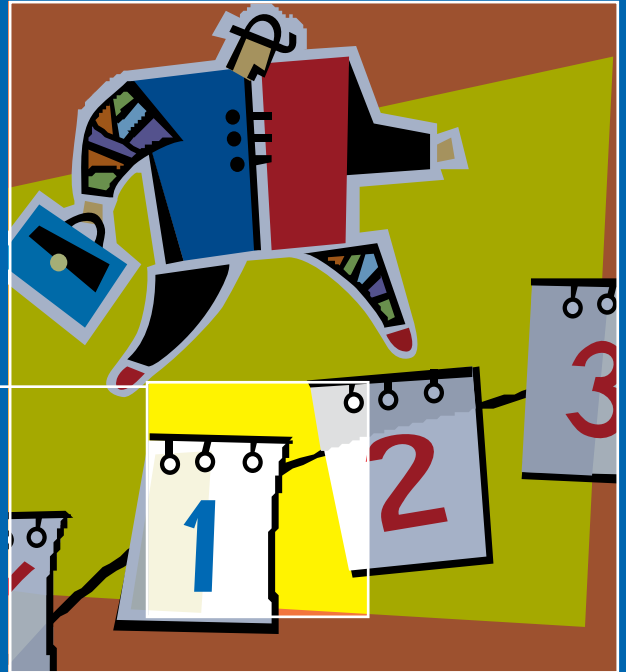# 4imprint•
Blue Papers

Making a Success from Failure

Succeeding at Failure

"Ever tried. Ever failed. No matter. Try again. Fail again. Fail better."

These are the words of Samuel Beckett, author, playwright, winner of the 1969 Nobel Prize for Literature and frequently referred to as one of the most influential writers of the 20th Century.

Beckett's work focused primarily on the human condition and while many critics believed his writing to be pessimistic, his themes of survival, tragedy, defeatism, desperation and failure spoke in many ways to the common desires of man: To live, to love, to be loved and to succeed.

Beckett himself was - by all definitions - a success. But he didn't become a success without knowing failure. Not all of Beckett's work was well received and his writing was sometimes even dismissed as 'absurd' by readers and theatre goers and 'overly negative' by his peers. Even critics didn't know what to make of him half the time because no one could agree whether he was modernist or post-modernist, minimalist or existentialist.

Success and failure are funny like that. They often go hand in hand and one can't be appreciated without the other. Failure is often what drives us to do better, to try harder, to compete and to overcome. While Beckett was a writer, he spoke of a lesson all business professionals would do well to learn from: Failure isn't necessarily a bad thing, and in fact, it can be done well and result in great things.

In business especially, failure poses numerous opportunities to be useful. For example, certain types of failures can help businesses and organisations[1]:

- **Keep options open**. As the range of possible outcomes for a course of action expands, the chances of that action succeeding diminish. In other words, the more you try the better your odds are.
- **Learn from what doesn't work.** Countless business ventures have been built on failed projects because sometimes, trial and error works. Case in point? Research and development teams.
- **Create the conditions to attract resources and attention.** Sometimes things fail for a reason and when they do, the need for a solution that works becomes apparent to everyone.
- **Make room for new leaders.** Sometimes, leaders can become complacent and innovation comes to a yawning halt. When what you've always done

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1 Gunther McGrath, Rita. "Failing by Design." Harvard Business Review Apr. 2011: 77-83. Print.

starts to fail it can open the door to new talent and innovative ideas.

- **Develop intuition and skill.** Researchers say that what people think of as intuition is actually highly developed 'pattern recognition'. Those who never experience failure then in theory have a critical gap in the body of experience that intuition is based on - how can one recognise a pattern if there is no 'pattern' to compare?

In this Blue Paper we'll explore the topic of failure: How businesses define it, how the act of failing can be useful and even innovative, how to communicate failure and how to cope with it in order to succeed. Don't fail us now - keep reading!

Changing how we think of failure

On the surface, failure in literature and failure in business might seem worlds apart. In reality, however, there is one specific tie that binds them and that is: Semantics.

The ways in which we think about the words 'success' and 'failure' in all aspects of life have largely to do with notions formed early on. Specifically, like Beckett's work, the focus is on the negative. Failure, especially in business and professional life is something to be avoided and often a reason for punishment or consequences.

"Failure and fault are virtually inseparable in most households, organisations and cultures," says Amy C. Edmondson, Novartis Professor of Leadership and Management and co-head of the Technology and Operations Management unit at Harvard Business School. "Every child learns at some point that admitting failure means taking the blame. That is why so few organisations have shifted to a culture of psychological safety in which the rewards of learning from failure can be fully realised."[2]

In other words, while many business leaders understand the general concept of learning from failures and encouraging their employees to do so, they do so in superficial ways, often simply discussing what went wrong and not acting on the actual lessons learned. The definition of failure is just one of the obstacles that prevents us from looking at it in a more productive way.

What's more, it's not just failure and fault that we confuse; it's also often failure and anxiety that affects the response of many business leaders to failure.

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2 Edmondson, Amy C. "Strategies for Learning From Failure." Harvard Business Review Apr. 2011: 49-55. Print.

"Anxiety, Freud is said to have explained, is when you irrationally react to a simple stick as if it were a dangerous snake," explains Daniel Isenberg, professor of management practice at US firm Babson Global and business columnist. "Fear is when you react to a dangerous snake as if it were, well, dangerous. Anxiety is dysfunctional, but fear can be good: It helps to protect us from things that are, or could be, dangerous - such as risk taking."[3]

Having a healthy fear of failure and an aversion to risk is normal in business and is necessary at times. But experts and leaders such as Isenberg truly believe that failure is not something to be feared to the point that we cease to innovate or shy away from leading. Instead failure, at times, should be acceptable and the lessons learned embraced to the point that change occurs.

For this to happen, in Edmondson's opinion, leaders need to recognise that not all failures are created equal (to loosely borrow a George Orwell line) … they happen on a spectrum from blameworthy (such as intentional deviance) to praiseworthy (such as exploratory testing) and they all fall into three categories[4]:

- Failures in routine or predictable operations, which can be prevented

- Those in complex operations, which can't be avoided but managed

- Unwanted outcomes in, for example, research settings, which are valuable because they generate knowledge

Although learning from failure requires different strategies in different work settings, the goal should be to detect failures early on, analyse them deeply, and design experiments or pilot projects to produce them. But if the organisation is ultimately to succeed, employees must first feel a certain level of comfort with failure, as well as feeling safe enough to admit and report failures.

Creating safe environments for failure

If an organisation's employees are to change the way they look at failure in order to embrace its lessons, business leaders must make it safe for others to speak up. No, not whistle blowing or telling tales - but identifying and voicing when they believe a failure is about to occur, is occurring or has occurred in order to either fix the failure before it spirals out of control or recover and learn from it.

3 Isenberg, Daniel. "Entrepreneurs and the Cult of Failure." Harvard Business Review Apr. 2011: 36. Print.
4 Edmondson, Amy C. "Strategies for Learning From Failure." Harvard Business Review Apr. 2011: 49-55. Print.

For many businesses and organisations, this is a huge shift in thinking - in culture even. Failure in the workplace is still not seen as acceptable. And while we're not arguing that it is acceptable, it doesn't have to be the end of the world or even the end of someone's career when it happens. Creating an environment that leverages praise-worthy failure for success requires a culture that asks "What happened and why?" not "Who did it?" It also requires reporting, analysing and searching for new opportunities to experiment.

In her research shared in a recent article in Harvard Business Review, Edmondson has identified five principles for building a psychologically safe environment most conducive to changing the attitudes and acceptance of failure in the work place[5]:

1. Frame the work accurately
   Many professionals spend time setting the expectations of clients when embarking on new projects. Really, though, expectations should be set internally, too.

   "People need a shared understanding of the kinds of failures that can be expected to occur in a given work context and why openness and collaboration are important for surfacing and learning from them," says Edmondson. "Accurate framing detoxifies failure."

2. Don't shoot the messenger
   In Edmondson's experience, a common reason many professionals fear failure is because they fear being the bearer of bad news. To help ease this fear, directors and managers should reward those who come forward with bad news, questions, concerns, or mistakes rather than focus solely on the news. "Celebrate the value of the news first and then figure out how to fix the failure and learn from it," advises Edmondson.

3. Acknowledge your own limits
   Set an example for your colleagues and encourage them to follow your lead. Be open about mistakes you've made, admit when you don't know the answer and be realistic about what you can and cannot do.

4. Invite participation
   Edmondson also recommends embracing failure to diffuse defensiveness among peers and employees by actively seeking input. Ask for observations and ideas, and create opportunities for people to detect and

5 Edmondson, Amy C. "Strategies for Learning From Failure." Harvard Business Review Apr. 2011: 49-55. Print.

analyse failures in order to promote intelligent experiments.

5. Set boundaries and hold people accountable
   "Paradoxically, people feel psychologically safer when leaders are clear about what acts are blameworthy," says Edmondson. Much like setting expectations, it's crucial to make the threshold for failure known. Then, says Edmondson, follow through. "There must be consequences. But if someone is punished or fired, tell those directly and indirectly affected what happened and why it warranted blame."

Identifying (and misidentifying) failure

If colleagues and employees are expected to report failure, they must then be equipped with the knowledge to identify when things aren't right. Most people, when they think of failure, think of the kind of epic proportions: Big, glaring, OMG kind of failures where things clearly went wrong in an enormous ways. Like a nuclear plant meltdown, a safety recall at a manufacturing plant or a product that launches and never sells. However, most organisational disasters - these included - rarely have a single cause. Rather, they are sparked by a culmination of small, often seemingly unimportant human errors, technical failures, or bad business decisions that combine ever so serendipitously to produce a failure on much larger scale. The pivotal point in using failure to build success is identifying the little failures before they turn into the epic kind.

So how do businesses and organisations help their employees to identify failure before it's too late? Here are a few tips:

- **Slow down when you're in a hurry.** Pressure to meet expectations within tight deadlines forces people to overlook details that could, in hindsight, be interpreted as warning signs of failure. What's more, pressure induces stress and anxiety - two psychological impediments to sound decision making ability. Encourage employees to adhere to quality control standards, even when deadlines loom and remind them to ask, "If I had more time and resources, would I be making the same decision?" Develop a streamlined reporting process for concerns and mistakes to make it as easy and fast as possible to report when something is amiss.

- **Assess risk on an on-going basis.** Risk and a company's or organisation's comfort level with risk changes. It can ebb and flow based on a variety of factors, such as cost-benefit analysis, the goals of a project, the timeline, team members involved, and more. This is natural, but it should be

monitored. High peaks in the level of risk can indicate set up for future failure, while deep valleys can indicate opportunity for further innovation. In those peaks, ask "Is this level of risk on a par with our status quo? Is it in line with our policies?"

- **Evaluate projects on an on-going basis.** Not only will constant evaluation help to reveal issues that can lead to the failure of a process or deliverable, it creates a paper trail that can be helpful in the aftermath of a failure to piece together what went wrong and lay the ground work for implementing change in the future. Sometimes, we fall into the habit of only measuring our efforts after we've implemented them. Get your team in the habit of on-going project measurement, whether they are in R&D, on the production line or part of the marketing department.

- **Encourage curiosity.** When mistakes and failures are identified, make it part of the culture to ask "Why did this happen?" instead of the more natural inclination to simply fix the problem and move on. Fixing a problem without asking this question is like treating the symptoms and not the illness. Your team could be missing part of a larger problem that might resurface or be made worse if not addressed.

Another obstacle that prevents people and businesses from succeeding in failure comes from not identifying the right failure or missing the most poignant lesson.

Take a note from physics.
In May 1964, Arno Penzias and Robert Wilson, two astronomers at Bell Labs, were using a radio telescope in suburban New Jersey, USA to search the far reaches of space. Their aim was to make a detailed survey of radiation in the Milky Way, which would allow them to map those vast tracts of the universe devoid of bright stars. This meant that Penzias and Wilson needed a receiver that was exquisitely sensitive, able to eavesdrop on all the emptiness; and, so they had retrofitted an old radio telescope, installing amplifiers and a calibration system to make the signals coming from space just a little bit louder.[6]

But they made the scope too sensitive. Whenever Penzias and Wilson aimed their dish at the sky, they picked up a persistent background noise, a static that interfered with all of their observations. It was an incredibly annoying technical problem, like listening to a radio station that keeps cutting out.[7]
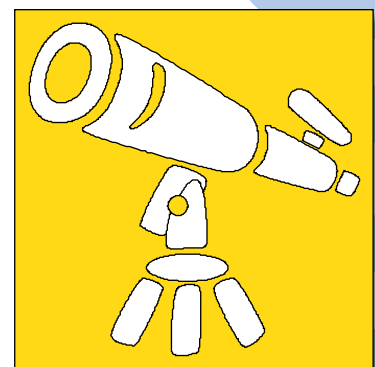
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6 Lehrer, Jonah. "Accept Defeat: The Neuroscience of Screwing Up | Magazine." Wired.com. 29 Dec. 2009. Web. 13 June 2011. <http://www.wired.com/magazine/2009/12/fail_accept_defeat/>.
7 Lehrer, Jonah. "Accept Defeat: The Neuroscience of Screwing Up | Magazine." Wired.com. 29 Dec. 2009. Web. 13 June 2011. <http://www.wired.com/magazine/2009/12/fail_accept_defeat/>.

At first, they assumed the noise was man-made, an emanation from nearby New York City. But when they pointed their telescope straight at Manhattan, the static didn't increase. Another possibility was that the sound was due to fallout from recent nuclear bomb tests in the upper atmosphere. But that didn't make sense either, since the level of interference remained constant, even as the fallout dissipated.[8]

For the next year, Penzias and Wilson tried to ignore the noise, concentrating on observations that didn't require cosmic silence or perfect precision. They put aluminum tape over the metal joints, kept the receiver as clean as possible, and hoped that a change in the weather might clear up the interference. They waited for the seasons to change, and then change again, but the noise always remained, making it impossible to find the faint radio echoes they were looking for. Their telescope was a failure.[9]
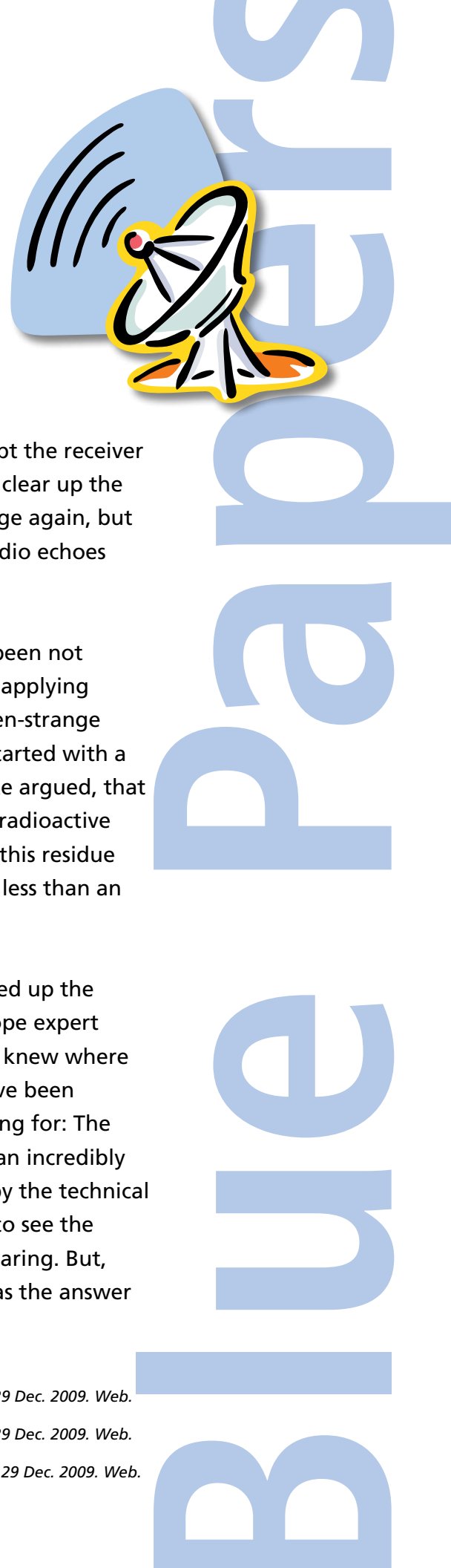
Meanwhile, Robert Dicke, a Princeton scientist whose training had been not in astrophysics but nuclear physics, was independently interested in applying his radar technology to astronomy. He was especially drawn to a then-strange theory called the big bang, which postulated that the cosmos had started with a primordial explosion. Such a blast would have been so massive, Dicke argued, that it would have littered the entire universe with cosmic shrapnel, the radioactive residue of genesis. The problem for Dicke was that he couldn't find this residue using standard telescopes, so he was planning to build his own dish less than an hour's drive south of the Bell Labs one.[10]

In early 1965, Penzias was referred to Dicke by a colleague and picked up the phone. He wanted to know if the renowned radar and radio telescope expert could help explain the persistent noise bedeviling them. Perhaps he knew where it was coming from? Dicke's reaction was instantaneous: "Boys, we've been scooped!" he said. Someone else had found what he'd been searching for: The radiation left over from the beginning of the universe. It had been an incredibly frustrating process for Penzias and Wilson. They'd been consumed by the technical problem and had spent way too much time focusing on the failure to see the bigger picture … to discover WHAT the noise was that they were hearing. But, they had finally found an explanation for the static. Their failure was the answer

8 Lehrer, Jonah. "Accept Defeat: The Neuroscience of Screwing Up | Magazine." Wired.com. 29 Dec. 2009. Web. 13 June 2011. <http://www.wired.com/magazine/2009/12/fail_accept_defeat/>.
9 Lehrer, Jonah. "Accept Defeat: The Neuroscience of Screwing Up | Magazine." Wired.com. 29 Dec. 2009. Web. 13 June 2011. <http://www.wired.com/magazine/2009/12/fail_accept_defeat/>.
10 Lehrer, Jonah. "Accept Defeat: The Neuroscience of Screwing Up | Magazine." Wired.com. 29 Dec. 2009. Web. 13 June 2011. <http://www.wired.com/magazine/2009/12/fail_accept_defeat/>.

to a different question.[11]

In 1978 Penzias and Wilson received the Nobel Prize for physics and their "failure" opened the door to many new and exciting opportunities.

Coping with failure

It's only through an open-door policy and attention to detail that many failures can be prevented or learned from; because, failure is inevitable.

So what then should businesses and organisations do when it comes to this inevitability? In a word: Cope.

In a nutshell, businesses, organisations and individuals should deal with failure head on: Admit there is problem, identify the cause, communicate the issue internally and externally when appropriate, embrace the lessons learned from a failure, implement changes to processes or outputs and push forward. As easy as falling off a log, right?

Okay. Here is a little more insight into how to cope with setbacks and failure, based on an article in Inc. Magazine by Carolyn M. Brown12 …

Assemble your team

For large-scale failures and major setbacks, create a committee of people to address the situation. Made up of key personnel, the goal should be to come up with a strategy on how you are going to approach the problem, which may be tactical, operational or legal. Then, formally agree on the implementation.

Communicate

Don't be reluctant to confront bad news and make it safe for employees to share concerns and report failures. Make it clear that if they report the problem, they are part of the solution; if they ignore it, they become the problem. When a failure occurs, communication is key - not just to report what occurred, but to keep failures under control, to learn from their lessons and, when necessary, to communicate the problem and a solution to external stakeholders. Make it a practice to have a failure communications protocol internally and a crisis communications strategy externally to ensure processes are in place for proper communication.

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11 Lehrer, Jonah. "Accept Defeat: The Neuroscience of Screwing Up | Magazine." Wired.com. 29 Dec. 2009. Web. 13 June 2011. <http://www.wired.com/magazine/2009/12/fail_accept_defeat/>.
12 Brown, Carolyn M. "7 Tips for Dealing With a Company Setback." Small Business and Small Business Information for the Entrepreneur. 19 Oct. 2010. Web. 01 June 2011. <http://www.inc.com/guides/2010/10/7-tips-for-dealing-with-a-company-setback.html>.

Empower employees

In the face of failure, find ways to increase morale and empower employees to be the best they can be to avoid discouragement. Show that their input and opinions are valued and communicate the benefits of learning from failure and setbacks.

Seek out growth opportunities

A set back or failure can be a prime time for growth. Identify and help manifest opportunities during a crisis or setback. Do damage control but if you just focus on fixing the problems, then you miss the opportunity, value and possibility for creativity that the failure creates.

Embrace Change

'Most people are not good at taking risks when they feel threatened. We have a tendency to react by taking fright or flight,' advises [Erika Hayes James, Ph.D](#)., an associate professor at the University of Virginia Darden School of Business and co-author of 'Leading Under Pressure: From Surviving to Thriving Before, During and After a Crisis'. 'We become very defensive which can limit your ability to try new things that could lead you out of a setback or crisis situation.'

You should be asking: What can we learn from these challenges so that we do things differently or better, or we create a new product or innovation? Have a big picture vision of what the company should look like post setback.

Seven principles that can help you learn from failure[13]

In addition to coping with failure, once failure occurs the only way it can convert to success is if lessons are gleaned from it and applied to improve processes, procedures and communications going forward. Learn from failure and failure can become something that is not feared, does not drive anxiety and instead drives business and innovation. Following failure, adhere to these seven principles in order to ensure that valuable lessons are learned by all those involved.

Principle 1: Decide what success and failure would look like before you launch an initiative.

People working on the same project often have entirely different views of what would constitute success and the same is true for failure, especially since the stakes are often different for everyone involved. Just as you would manage the expectations of clients and customers, so too should you manage the expectations

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13 *"Failing by Design." CircuitMart. Web. 05 June 2011. <http://www.circuitmart.com/mart/51491D.shtml>.*

of a project among team members and management.

Principle 2: Convert assumptions into knowledge.
You know the old saying about what happens when you assume? When you're tackling a fundamentally uncertain task, your initial assumptions are almost certain to be incorrect. Often the only way to arrive at better ones is to try things out through trial and error.

But just slow down a second - you shouldn't start experimenting until you've made your assumptions explicit. Write them down and share them with your team. Then make sure that you and the whole team are open to revising them as new information comes in. The risk is that we all have a tendency to gravitate towards information that confirms what we already believe - it's called confirmation bias.

A practical way to address this bias is to empower one of your team members to look for information that suggests your course of action is flawed. You want to find contradictory information early on, before you've made extensive commitments and become resistant to changing your mind.

Organisations that don't record their assumptions tend to run into two big problems: First, assumptions become converted into facts in people's minds and second, such organisations don't learn as much as they could. They could correct their course as they proceed, learning as they go, but if they're not rigorous about comparing results with expectations, the lessons won't be explicit and shared, and future projects won't benefit from them.

Having spelled out and revised your assumptions, you should then design the organisational equivalent of an experiment to test them. As with a scientific experiment, the idea is that whether or not the outcome is what you'd hoped for, at least you will have learned something.

Principle 3: Be quick about it - fail fast.
Quick, decisive failures offer four important benefits:

First, they can save you from throwing additional resources at a losing proposition.

Second, it's much easier to establish cause and effect when actions and outcomes are close together in time.

Third, the sooner you can rule out a given course of action, the faster you will

move toward your goal.

And finally, an early failure lessens the pressure to continue with the project, because your investment in it is not too great.

A practical way to help ensure that any failure happens quickly is to test elements of your project early on.

Principle 4: Contain the downside risk - fail cheaply.
This is an important corollary to failing fast. Initiatives should be designed to make the consequences of failure as small as possible. Sometimes it's valuable to test a small-scale prototype before making a significant investment.

Principle 5: Limit the uncertainty.
It's wise to minimise the number of uncertainties that need to be resolved at any particular decision point. One way to do this is through what Chris Zook, of Bain, calls 'adjacencies'. For example, you can introduce an existing product in a new market: IKEA sells essentially the same furniture in many different countries. You can offer your customers a new but related product: Wells Fargo has had a lot of success cross-selling. Or you can build a new business on the foundation of an existing capability: Air Products has done this with its plant management capabilities.

The point is to learn from failure (and leverage success) in areas that are fairly close to your established activities. For the best results, limit major uncertainties to those that relate either to the market or to technology and capability issues and avoid taking on uncertainties in both dimensions at once.

Principle 6: Build a culture that celebrates intelligent failure.
People often fear that their career prospects will be in trouble if something goes wrong on one of their projects. And, of course, they're often right. As we mentioned, businesses and organisations need to create a climate that encourages intelligent risk taking and that differentiates between praiseworthy and blameworthy failures.

This is an area where CEOs can show strong leadership. A.G. Lafley made fearlessness in the face of failure a core tenet of his time at Procter & Gamble. He said repeatedly that a very high success rate is a sign of incremental innovation, and that he was looking for breakthroughs instead.

In his book "The Game-Changer," he lists and even celebrates his 11 most
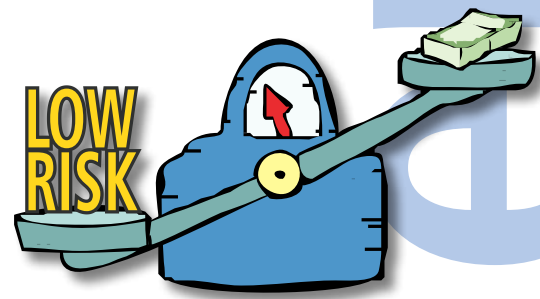
expensive product failures, focusing on what the company learned from each.

Principle 7: Record and share what you learn.
An intelligent failure whose lessons are not shared is worth far less than one that teaches something to the group or, ideally, the whole organisation. There are many ways to capture and transfer learning. Among the most popular are mini post-mortems as a project proceeds, checkpoint reviews as key thresholds are reached, and after-action review meetings at the project's conclusion.

In each case, the point is to identify what the assumptions were going in, what happened, what that implies for those assumptions, and what should be done next. It is critical to avoid finger-pointing.
In an uncertain and volatile world, avoiding failure is not an option. If you accept this premise, the choice before you is simple: Continue to use practices that limit what you can gain from failures - or embrace the concept of intelligent failure, in which learning can create substantial value.

Going from fail to win

Beckett's words of "Fail again. Fail better." hold many different meanings depending on how you define the words. One can conceivably "fail better" by improving the ways in which he or she responds to failure; or, one can "fail better" in terms of improving upon the ways in which he or she approaches a problem in order to advance through failure. Businesses and organisations, as well as professionals and leaders, can benefit greatly from Beckett's advice. In shifting the ways in which we define and approach failure, as well as how we communicate it and learn from its lessons, we can embrace and turn it into something successful. We can succeed in failing.