

Learning from failures

Help your organization embrace its failures through openness

Failures are part of the learning process. You fail, you understand why you failed and then you build on the lessons. Paying attention to failure, celebrating failures or learning from failures have become trendy concepts, if you read management blogs.



STEPHAN LIOZU, PH.D.

Founder, Value Innoruption Advisors

Assistant professor of management and strategy, Chatham University in Pittsburgh

Stephan specializes in disruptive approaches in innovation, pricing and value management.

sliozu@gmail.com
www.stephanliozu.com

Thomas Edison said, “I failed my way to success.” As a practitioner-scholar, I couldn’t agree more, even though I might tone down the messaging a bit.

Some leaders say it’s OK to fail but they are quick to follow up with “make sure you don’t make the same mistake twice.” Failing might be a popular topic but failing in the open and recognizing it widely is not fully accepted in most organizations.

We are a long way from openly celebrating failures and giving people who took that risk a clean shot again.

Failing in a big way

Keep in mind that all failures aren’t created equal. Failing in a research and development lab is perfectly acceptable. It is actually expected, as part of the experimentation process. To develop a new technology, a scientist will have to formulate, hypothesize and create several prototypes. Most of them will not succeed.

Other failures, especially in strategy or business models, can have cataclysmic consequences. I recommend that you read about the J.C. Penney Co. strategy blunder or the 2012 Netflix pricing decision. Some companies fail and do so in a big way.

J.C. Penney still might not survive in the long run, and the lessons of Kodak, Polaroid, BlackBerry and other failed strategies are numerous. Will they learn from these major failures? I doubt they’ll celebrate them internally and openly

promote a culture of learning from failure.

It is clear that, in the past, Microsoft didn’t learn from the failures of Vista, Windows 7, Windows 8 and the Surface. The company was stuck on staying the course in its unsuccessful innovation strategy — until a new CEO was appointed.

Fine-tune the process

You need to do your homework and adopt modern leadership and management practices in the decision-making process. In this context, learning from failure is possible. Here’s how you do it in practice:

- Have mindful discussions during the decision-making process about the risk of failure and relevant contingency plans. Discuss plan Bs so that a failure is less catastrophic.
- Move your culture of individual accountability to one that embraces organizational accountability. By doing this, people make decisions together and have skin in the game. You can analyze organizational failures without finger-pointing and with a true desire to do better.
- Create a process to celebrate successes and to analyze failures. Start with leadership and slowly move down the organization.
- Make sure significant failures don’t get repeated. If they do, hold people accountable.

Everyone will fail at some point. This is part of life, which applies to business as well. Learning from failures is part of the mindfulness concept in management. I embrace it fully. But I do prefer to win and I encourage my teams to do so. ●