

Becoming Great At Failure

In the three years since I left the corporate world and started my own consulting business, the biggest single lesson I've learned is the need to accept and embrace failure.

To be honest, it's a lesson I'm still learning, but having to find my own new business has shown me that if I demand 100% success then I'm very unlikely to have a go or do anything interesting or worthwhile. And if I put the pressure on myself to 'get it right first time, every time', I end up planning and planning, rather than taking action.

In fact, failure is at the heart of all progress. As Woody Allen once said, "If you're not failing every now and again, it's a sign you're not doing anything very innovative."

Yet most corporations detest failure. It's a word that brings to mind the image of a P45 and a black bin bag of hastily collected office belongings.

Most breakthrough innovations are, instead, driven by the new entrants and upstarts with nothing to lose. Ryanair and easyJet, not BA or Lufthansa, for example, transformed the European airline market. Similarly, Google rather than Microsoft has transformed the way we use the web, and, going back 30 years, it was Microsoft, not IBM, that led the explosion in our use of PCs by focusing on the development of the necessary software rather than the hardware.

How can large, established companies take on the risk-seeking attitudes and approaches of these start-ups? Here are five steps that must be taken for large, successful organisations to become better at failure and, as a result, innovation:

1. **Lead from the top.** It is the job of the CEO to drive the level of innovation across the company. The CEO must give the organisation the strategic rationale for innovation, and then provide the support, challenge and objectives for people to meet or exceed the opportunities they've been given.
2. **Ask more questions.** Innovation is based on insight, and insight only happens if you're asking questions. This means taking the time to observe and better understand your target customers. What are people trying to do when they use your products and services? What works for them and what doesn't? What problems do they experience?
3. **Fail as quickly and as cheaply as possible.** Instead of detailed analysis and research create an immediate and simple prototype for your idea. It shouldn't cost a lot of money – in fact, the cheaper the better, usually – and although it won't be perfect it will help you quickly learn whether you have something of interest or a dog on your hands.
4. **Filter and fund successful ideas against some agreed criteria.** Set aside an agreed fund for new ideas, and allocate the monies based on their likely success and payback. That way you will get a mix of projects including those that will pay back in a year or so, but may be of less overall value, and those that have longer pay back timescales, but which may have a more material impact on ultimate business performance.
5. **Keep developing new prototypes and version updates to improve performance.** It took over 5,000 prototypes for James Dyson to perfect his bag-less vacuum cleaner and, the last eight years since its initial launch, the iPod has undergone six generations of the Classic range, five of the Nano, four of the Shuffle and three of the Touch.

