

# Unlocking Failure's Grip On The "Static Quo" In Your Organization

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# F---<sup>1</sup> THE OTHER “F” WORD:

Would you intentionally stifle creativity, restrict innovation or discourage real engagement across your organization? Would you be willing to waste other scarce resources you have at your disposal, from hard-earned capital or equipment on your factory floor to the technology in your IT shop or—most importantly—the goodwill of your customers?

Probably not, but that’s what many leaders and organizations do every day—from the C suites of major global enterprises and owner/managers of mid- to small-size enterprises to startup entrepreneurs the world over.

Ask yourself: why is it so few organizations ever achieve performance even remotely close to their potential, much less that of their aspirations? Why is it so few organizations succeed through their second or third generation of leadership? Why are so few workplaces truly “great places to work?” Is it because their leaders are stupid, their people incompetent, or their strategies inept?

<sup>1</sup> Of course, the “F---” stands for “FREE”—we teach at Berkeley.

Did all those executives running formerly dominant companies such as Blackberry, Nokia, RadioShack or Kodak never get the memo about *The Innovator's Dilemma*? Is it simply not possible for most organizations to do fundamentally better? Or is all this just a matter of bad luck or fate, or the natural consequence of business Darwinism?

We don't think so. A big part of the answer is that most organizations and the executives who run them don't recognize, respect or leverage the reality and potential of the one resource every organization and management team create every day: failure—*the other* “F” word.

Think about it. Most new products fail, as do most startups, mergers, acquisitions, hires, ad campaigns, sales calls, large IT projects, and R&D experiments. And most brands and organizations rarely reach their 30's, much less middle age. Looked at honestly, we seem to be better at creating failure than we are at fashioning and sustaining long-term success. But there's hope.

Unlike other resources available to your organization, this is one asset you've probably already paid for and will continue to create... every day. It's the gift that keeps on giving—if you're realistic, humble and honest enough to address it. You can convert failure from an unfortunate regret into a vital strategic resource. How?

## First, understand the other F word.

Everybody talks about failure, but nobody tells you what to do about it—as a leader, executive or team member. We’ve taken a different approach. Not the “hoorah” of inspiring personal memoirs of famous people retelling how they persevered through difficulty to eventually achieve fabulous success. Not the “rah rah” of Silicon Valley cheerleading that urges us to “fail often, fail fast” as the path to entrepreneurial riches. And definitely not the “blah blah” of self-help, whose personal revelations may be hard to translate and apply in complex organizational settings.

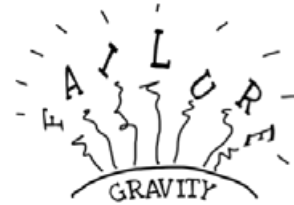
We’ve spent years looking at this fascinating topic, creating pioneering “Other F Word” courses and events at University of California Berkeley and Princeton. We’ve interviewed a broad array of successful failure-savvy leaders in their fields—from prominent CEOs and board chairmen to venture capitalists, from management consultants to serial entrepreneurs, and even astronauts, scientists and political leaders—to capture their perspectives, experiences and suggestions.

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Here are five of the core insights we developed:

**1 | The other F word taboo:** The word “failure” itself has a lot of baggage. Most organizations struggle to even talk about, much less leverage, it. It is too often an unspoken taboo, the embarrassing elephant in the room and as such, a largely untapped resource for future success. If you won’t talk about it, and your people feel they can’t, you’re wasting the hidden potential of failure to strengthen your organization.

**2 | Failure is like gravity:** It surrounds us. It’s a universal fact and force of life. You can try to deny, or even defy, it; but it will continue to reappear. The acronym SNAFU captures this pithily: “situation normal, all fucked up.” So, as Aretha Franklin suggests, better to show failure some R.E.S.P.E.C.T. After all, we learned how to fly only when we learned to respect gravity.



**3 | Failure is today’s lesson for tomorrow:** It is reality’s way of showing you what you don’t yet know—and need to know—in order to be successful. It can inform and improve your decisions, your strategy and the candor of the dialogue within your organization. But if you ignore those lessons—whether out of hubris, misplaced confidence, cultural norms or lack of awareness—you are headed for the worst failure of all: recognizing your mistakes after you’ve run out of time, resources or support to apply the insights failure contained.

**4 | Fear and memory are failure’s two “force multipliers:”** Fear of failure is likely your organization’s biggest obstacle to innovation, genuine employee engagement, and therefore growth. If you’re a leader, it is also your biggest challenge. The enduring memory of past failures and fear of future ones keep your team trapped in a perverse hall of funhouse mirrors, distorting the likelihood of failure itself and exaggerating its likely impacts when it does occur.

Memory and fear of failure reinforce the power of the status quo in your company. Together, they stifle creativity, censor honest communication, inhibit more open and trusting working relationships, and compromise the potential of all those other resources you have available. They are, in a very basic sense, the guardians of the “static quo” you are trying to change to secure a brighter future for your organization.



**5 | Failure is (always) an option, and a frequent bedfellow of innovation:** We all know “to err is human,” but we have trouble accommodating that truth in organizations under relentless pressure—from competitors and stakeholders alike—to deliver impressive results. We comfort and inspire ourselves with commitments to “excellence,” “6 Sigma quality” and “innovative culture,” but those goals leave little room for inevitable fallibility. “Failure is not an option” sounds great, but too often translates into cultures where people fail at their peril, where the trial and error so necessary to innovation becomes “trial and terror” for those involved.

To be sure, there are settings in which we should not accept failure—the manufacture of jet engines, baby formula or life-saving pharmaceuticals come to mind. But in most circumstances, leaders need to acknowledge they are guiding fallible institutions, and welcome the insights inevitable failures will provide them in guiding those organizations even more wisely—especially if innovation and growth are on the agenda.

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## Putting the other F word to work.

Successful leaders know how to put failure to work: They know the goal is not to celebrate the other F word, but to liberate it as a serious focus for thoughtful reflection, positive action and better results for you and your management team. Nor is it about tolerating failure when it results from incompetence, carelessness or—worse—even wrongdoing.

Other disciplines outside of business deal with failure constructively. Engineering, for example, has a specialty dedicated to failure analysis, whose objective is to better understand how and why engineering failures happen in order to build stronger, safer structures. Scientists create hypotheses to test, arriving at positive or negative outcomes which then become inputs to the next experiment on the way to discovery.

Through our study of the other F word, we identified a pattern in how organizations failed, and more importantly how those that survived and even thrived in spite of failures did that. We codified this in our Failure Value Cycle: seven specific stages of failure where leaders and organizations can convert its unique potential into value for customers, supporters and colleagues. It provides an integrated, practical framework for becoming a more failure savvy, innovative and resilient organization.



# The Failure Value Cycle: The seven stages where the other F word can deliver value.

With a shout out to any pirates among you, we begin each stage with the letter R:

**Stage One: Respect** and anticipate failure in order to reduce fear of it.

**Stage Two: Rehearse** to improve your reflexes when various failures happen, either unintentionally or by invitation.

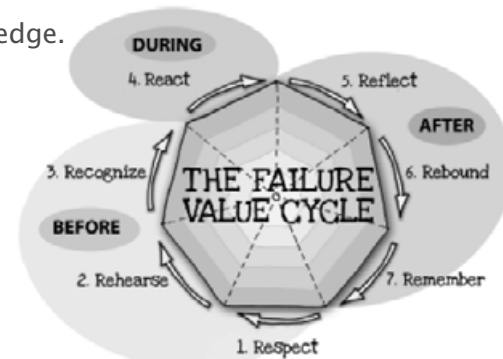
**Stage Three: Recognize** failure's signals earlier to buy time for more effective responses.

**Stage Four: React** quickly to minimize damage and accelerate recovery.

**Stage Five: Reflect** to draw candid insights into the why and how involved, rather than the who.

**Stage Six: Rebound** to get back into action with newfound knowledge.

**Stage Seven: Remember** the insights from this whole cycle, to strengthen employee confidence, workplace culture and organizational resilience.



And where should you start? As teachers at UC Berkeley and Princeton, we certainly don't want our readers to “flunk” failure. So we developed a Failure Report Card to help leaders and organizations assess their attitudes, culture and capabilities in each of these seven stages. Are you interested in discovering how your organization rates? You can access and download a free copy of the Failure Report Card at [www.theotherFwordbook.com](http://www.theotherFwordbook.com).



## Getting Started: Two to-do's.

There are many steps organizations can take to become more failure savvy. But here are two initial things you can do to improve your own grade. The first is about starts; the second about finishes:

**1 | Start “the other F word” conversation with your colleagues:** We've spoken to hundreds of audiences in conferences, companies and classrooms across the US and around the world. If there is one theme that comes out in Q&A sessions and conversations afterwards, it is this: most organizations are uncomfortable with talking about and acknowledging failure, much less doing something effective to apply its lessons. Senior executives are uncomfortable

admitting it and employees are fearful about being involved with it. No wonder the status quo is such a powerful obstacle to innovation.

But you can change that dynamic by simply making it OK for the other F word to come out of the closet and take its rightful place at the table of team and management discussions. It takes honesty, patience and probably a little self-effacing humor, but you can do this. Assuming your colleagues trust your motivation, we think you'll be pleasantly surprised by the insights that will emerge to improve your company's performance.

**2 | Pay special attention to how your failures END:** According to behavioral economists and psychologists, we humans tend to pay a lot more attention to our memory of how things ended than our anticipation of how things might unfold. Daniel Kahneman, the Nobel Prize winner, calls this “anticipated memory.” He attributes this to the unfair contest between our “remembering self” from the past, which has a very... long... memory... indeed, and our “experiencing self” in the moment, which has a very short attention span—about 3 seconds.

Furthermore, we tend to most remember circumstances characterized by change, especially those which have a defined ending. What do you think is the “anticipated memory” of failure in your organization (and in your own mind, for that matter)? If failure in your culture has resulted in blame, shame, demotion or firing, how do you think your colleagues will think about the future?

Will they be willing to alert you to possible failures in the making or join a team to develop a new high-risk product?

So pay special attention to how you close out failures when they occur, which they most certainly will. Treat those involved fairly, give them an opportunity to think and talk about their experience and what they learned, and—before you fire people—take another look at what other factors might explain what happened. This is a better time for fact-finding than fault-finding. However you decide to handle the closeout of a failure, you are sending a major signal to the rest of your organization that will be long remembered.

*“Your employees will probably be much more willing to dedicate greater effort to your mission once they feel more connected to it, inspired by it and freer to contribute to it without fear of recrimination or ridicule if they fail occasionally despite their best efforts.”*

# The Payoff: How leveraging the other F word can unlock even bigger dividends in your organization.

We're all striving for success. None of us wants to wallow in failure; it's tough enough to swallow it when it does happen. So what are the real benefits of engaging it directly and taking a more positive approach to the other F word?



First, imagine your organization as a place where people are free to acknowledge their good-faith mistakes without fear of reprisals, much less losing their jobs, i.e., excluding fuck-ups that result from carelessness or violations of important rules. In short, a culture where the other “f” word is no longer taboo.

Second, think how your workplace would look and feel as a model of how managers trust their direct reports and vice versa, and employees trust that they will support one another in tough circumstances. That's a setting in which people up and down the ladder and across the firm know they can count on one another and respect one another's efforts when it really matters, not just when things are going great.

Now, with those images in mind, you can get a sense of the five powers you can unlock with a more failure-positive approach:

**Power 1 | Honesty:** Fear of failure stifles honesty. Think how much wiser your decisions would be if you had the benefit of real candor from your colleagues. Rather than presiding over meetings in which people are afraid to share their ideas, much less talk about the proverbial elephant in the room, develop a culture where productive conversations take place about projects and initiatives that failed and explore the lessons from them.

**Power 2 | Curiosity:** Almost everyone in your organization, and indeed most of your suppliers and customers, has ideas of how your company, its products and services can perform better. Imagine how invigorating it would be to hear new product, strategy or business model ideas and questions bubbling up from your organization, rather than awaiting signals from on high. Face it, no single person in your organization—including you—is as smart or brings as much perspective as many people collaborating. Tap into that innate pool of insight and ideas, including those of your customers and partners, to create an atmosphere that invites learning from all sources, especially failure.

**Power 3 | Pride:** Experiencing failure is no fun, but overcoming it can be hugely gratifying and memorable. Consider the hard-earned pride your team derives not just from their successes, which are easy to celebrate, but from rebounding from an honest, best-efforts failure. That, one could argue, is an even greater accomplishment than succeeding with a low-risk pursuit.

And you don't need dramatic failures to anchor your own culture's positive memory about how it has managed adversity.

**Power 4 | Humility:** This is one of the most powerful forces of them all, especially when it is combined with confidence. Accept the irony that your fallibility is the foundation of the very kind of trust you and your colleagues are looking for. We understand this doesn't come naturally to some of you, and we appreciate that leaders have to demonstrate self-confidence, especially in times of crisis. But admitting and even poking fun at some of your own failures can send a strong signal throughout your organization that it can be okay to fail, as long as you learn something constructive in the process and don't use failure as an excuse for otherwise poor performance or lower expectations.

**Power 5 | Engagement:** Your employees will probably be much more willing to dedicate greater effort to your mission once they feel more connected to it, inspired by it and freer to contribute to it without fear of recrimination or ridicule if they fail occasionally despite their best efforts. That depends on mutual trust. Take a look at some of the key characteristics of those small, medium and big “Great Places To Work”—firms like the Mayo Clinic, REI, USAA, Genentech and American Express—and you will see time and again the value employees place on being trusted, respected and acknowledged. That trust, in turn, is forged by how you deal with failure.

These are five incredibly powerful and positive forces, but they tend to be stymied in many organizations, perhaps yours included. Assuming your organization isn't dead broke or facing a life-or-death crisis, fear of failure may be the single biggest challenge you face as a leader. Unwinding and reducing that fear with some of the steps we've suggested can yield big payoffs in every one of these five arenas.

Is putting failure to work easy? No. Is it possible? Absolutely—if you're willing to respect its inherent potential to show you what you need to know, recognize its signs early enough to minimize its negative impacts, reflect candidly more on why it happened than who was involved, and—above all—remember the resilience your organization displayed in putting failure to work.

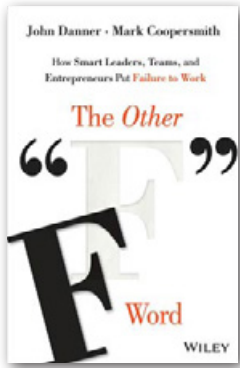
And speaking of memorable endings, we'll close with a rock and roll lyric that—with a little poetic license in the spirit of Change This—captures the essence of our manifesto:

**“Failure’s just another word for something else to learn.”**





# Info



**BUY THE BOOK** | Get more details or buy a copy of [The Other “F” Word](#).

**ABOUT THE AUTHORS** | **John Danner** is a sought-after advisor to Fortune 500 enterprises, mid-market businesses, and emerging ventures worldwide. He also teaches at two of the nation’s finest universities: the University of California Berkeley and Princeton University. For more visit [www.JohnDanner.com](http://www.JohnDanner.com).

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