

Business Bullet ~
Embrace Mistakes by “Failing Right”

Failure is an ever-present risk in any new business venture. The indomitable entrepreneurial spirit of many startup founders drives them to keep going when they crash and burn, but if they don't heed the lessons they've learned from those experiences, they're doomed to keep failing.

Management consultant [Kara Penn](#) argues that there's a "right" way to fail, and that entrepreneurs can find greater, faster success if they simply embrace failure as a teacher rather than an obstacle to overcome. In their new book, "[Fail Better: Design Smart Mistakes and Succeed Sooner](#)" (HBR Press, 2014), Penn and her co-author, Anjali Sastry, actually encourage entrepreneurs to craft failures that can help them drive progress, professional development and innovation.

"In a dynamically complex world where many factors are outside the control of a manager or business, each of us must accept that failure is inevitable," Penn told Business News Daily. "Instead of waiting for a fall-from-the-sky, highly public failure that threatens individual and firm-wide reputations, why not craft a better, less-threatening, much more useful kind of failure?"



Based on interviews with executive leaders and insights drawn from research in fields like psychology and organizational theory, Penn and Sastry defined a "better failure" as one that is small scale, reversible, informative, linked to broader goals and designed to illuminate key issues. These failures are "affordable" in terms of risk, resources and reputation, and allow the team to put the lessons learned in service of the company's larger goals. [\[3 Big Reasons Startups Fail\]](#)

"Failure ultimately is only useful if it teaches us something, ideally ... while there is still time to take action," Penn said. "Failures that illuminate key issues allow teams to better identify a fatal flaw or misstep in a plan early on so a new solution can be formulated before it is too late."

Penn and Sastry outline a three-step method to help entrepreneurs and business leaders harness the benefits of failure, and put their companies on the path to success through their mistakes.

Launch your project. Most projects can be designed with a better launch in mind. The goal of the launch phase is to help teams weed out failure modes early on. During launch, Penn said teams need to hone in on the right problem to solve, link the actions they propose to take to the outcomes they desire, account for available resources and shore up any gaps.

Build and refine. Focus on information-rich activities early on in the project so you can test critical assumptions and get important data in ways that allow you to shift directions as needed before it's too late, Penn said. By doing this, you can improve upon a particular approach or idea throughout the course of the project instead of committing to a monolithic, one-off execution attempt. It also enables a learning environment that allows creative ideas to be explored with a safety net in place. That safety net comes from intention, planning, collecting and using data, and managing time frames.

Identify and apply what you've learned. Your efforts from steps one and two can do more than just generate a better outcome for your business. Those steps also teach you how to do things better the next time around. So how do you apply the learning so that it brings value for you, your team and your organization?

"Your project provides a great deal of experience that can spur personal reflection," Penn said. "Value emerges for your team when you [identify] new habits [to] preserve and ineffective ones that should be dropped. In startup and small-business settings, this is especially important because resources are often so limited. Having the discipline and making just a little bit extra time to pull out some of the critical insights can really help drive greater success in the long run in these types of environments."

Most importantly, Penn reminded [leaders](#) not to react poorly to their own "good" failures, or those of their teams, and to always remain confident in their organization's ability to bounce back.

"Failure becomes particularly costly when great employees and managers lose confidence ... and when organizational leaders respond to failures in a particularly punitive manner creating a culture that cannot accept risk and mistakes — and therefore, innovation," Penn said. "Failure is a master teacher if an appropriate balance of tolerance, insight and changed behavior can be achieved."

by [Nicole Fallon](#), Business News Daily Assistant Editor | December 19, 2014 11:08am ET

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