

Media Coverage

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We dare you to fail

Australian companies have a culture of consistent success, which **Karen Sinclair** identifies as a serious failure. Unless you make room for ideas that don't work, innovation and growth can easily slip away.



Talking rubbish might save your business

Jargon is your ally as well as your enemy, writes **Timothy Pascoe AM**, and there are six words which can either mean success for your organisation, or absolutely nothing.



Decision insights - Asking yourself the tough questions

All the planning, resources and talent in the world can't make up for a bad decision. In the first of a series on how to make the right call, **Bain & Co** looks at the ways to assess organisational choices and highlight problems.



The bank boss, the young guns, and the truth about strategy

When Bendigo Bank managing director **Mike Hirst** took a shot at financial analysts, he revealed an uncomfortable truth about how good corporate planning can be undermined, writes **Phil Preston**.



Commentary

Comment

We dare you to fail

Karen Sinclair

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French writer Louis-Ferdinand Céline once said: "all great innovation is built on rejection". It's a quote that inspires confidence in low moments. But is it true?

In an ideal world, a good idea would be recognised immediately and receive the funding and support it needs to get off the ground.

In reality though, innovation is often a series of not-so-great ideas built on top of each other to create one good one. The main problem with innovation building blocks is that most innovation funding, and indeed the Australian culture itself, allow very little room for failure.

What's holding us back?

The rest of the world is making noise about creating truly innovative environments that incorporate a culture of failure. Places like Silicon Valley, a growth pit for entrepreneurs and technology, thrive on failure, with unsuccessful enterprises viewed positively – a stepping stone to success.

In Australia, however, we don't tolerate failure well – which is a failure in itself. We have so many good ideas, but the identification and funding of those ideas in the initial stages can be hindered by fear of rejection. Australian companies need to put more effort into creating and maintaining a culture that allows for big ideas to be put forward without inhibition, and one that views rejection or failure as an impetus to continue innovating.

Sifting through the duds to find the gems

An idea rejected in one area could be extremely profitable in another. Rejection should be regarded as a learning experience, and one that can lead to greater success. Highly successful products have often been refined through a series of rejections. Many great inventions have been fine-tuned or repackaged into masterful ideas because of an initial rejection – Post-It notes, WD40 and anti-microbial treatment of ulcers are just three (and the latter won a Nobel prize) – despite being constantly rejected in their infancy.

In response to a Harvard Business Review on how businesses should 'do' innovation, Steve Denning suggested that looking through the reject pile to find "usable innovation" should not just be considered a good idea, but the job of everyone, every day. Mr Denning, author of *The Leader's Guide to Radical Management*, said employees at companies like Toyota generated around a million innovation suggestions every year. That's a lot of failed ideas. That's a lot of potential.

Where ideas go to die (before they have a chance to fail)

An intolerance to failure is often apparent in the boardroom. If an idea, strategy or product doesn't have a success plan behind it, it's considered a waste of time. But for innovation to flourish, ideas need to be given more time before they head to the chopping block. Innovation is risky. But without investment of time and resources, it won't happen.

Creating an innovative culture means accepting that failure is part of the process, and this idea must come from the top. If a company is set on doing breakthrough work, or creating and profiting from ideas, the board and management must allow for false steps along the way – such as technical failure, market rejection and personal failure. At the same time, it needs to foster a culture of perseverance, resilience and learning from mistakes.

Making failure part of the process

Companies need to be prepared for, and open to, the benefits of failure. Here are some tips to help make rejection and failure part of the innovative process:

- Foster a corporate culture that learns from rejection or failure, or even models it in the form of “pre mortems” so as to identify possible rejection points and therefore build a better innovation in the first place.
- Talk about rejection and failure – do not sweep it under the carpet.
- Encourage processes that reward both profitable ideas, and those with potential that need to be further developed.
- Build in feedback loops – encourage iterative thinking and innovation.
- Look at recycling – ideas that fail in one area could work well in another. Investigate how it might be useful to others. Consider including members from different teams and departments when reviewing innovation so ideas that have potential in other areas can be more readily identified.
- Have a clear, public road map for deciding when it's time to pull the plug: make sure it's multi-disciplinary, objective and preferably quantitative.

Karen Sinclair is immediate past president of Licensing Executives Society of Australia and New Zealand (LESANZ), an organisation that aims to create an environment for effective and successful commercialisation of local innovation.