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STRATEGY  
HQ

# The Failure- Curious Culture





# The Failure-Curious Culture

*by David Cooper*

**Atychiphobia is the clinical term for an individual's fear of failure. It leads to a "constricted lifestyle" and reluctance to "attempt certain activities." But what about organizational fear of failure?**

Perhaps someone should coin a term for this phenomenon.

The consequences, after all, are every bit as dire. Its organizational impact leads to risk-aversion and a culture that kills new ideas before they have a chance to fail (or succeed). In companies paralyzed by fear of failure, the appearance of success takes priority over pushing boundaries and breaking new ground.

On the other hand, a "failure-curious" culture accepts the inevitability of failure. When—not if—it occurs, openness, transparency, and curiosity can spark innovation and creativity. Rather than fearing mistakes and

obstacles, a failure-curious company understands the value of learning from mistakes and the danger of living in fear of them.

## **"Innovate or Die"**

With increased business velocity and lowered barriers to entry, the pressure to innovate is greater than ever. Yet innovation, by definition, requires freedom—the freedom to experiment, the freedom to try. It thrives in a failure-curious environment where struggles are shared openly, without fear of repercussions.

Achieving this culture is easier said than done, particularly for more established companies. After all, the



stakes are high, and not all stakeholders are ready to tolerate missteps. We learn from an early age that failure brings punishment, and avoiding that punishment becomes our standard human operating procedure. This is true throughout our lives, in educational systems, government, and business.

How, then, can fiscally-responsible leaders facilitate a shift to an innovation-friendly, failure-curious company?

**First, examine your organization, top to bottom, with the following question in mind:** Do employees, at all levels, feel safe and empowered sharing new ideas and perspectives—even if those ideas are radically new and different? Or does fear of failure cause your people to hesitate, second-guess, and scrap their “crazy ideas”?

**Next, implement deliberate processes**

**to understand and document what went wrong.** You can then decide whether to kill the idea or improve it in the next iteration.

Becoming a failure-curious company offers many benefits, but none quite so fundamental and powerful as the ability to unleash innovation.

#### **A Caveat: Fail Early and Small**

Yes, a failure-curious company values experimentation, but not recklessness. Ideas and initiatives should fail early, while they’re still prototypes, MVPs (minimum viable products) or simulations. Obtain market feedback early in the development cycle, when consequences are far less serious. Front-loading your failure—as much as possible—makes it easier to adapt and pivot.

#### **Can Failure Motivate Better than Success?**

In 2016, the American Psychological

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Association published a study that highlights the motivational potential of failure. One group of high school science students learned about the accomplishments of Einstein, Marie Curie, and other famous scientists. Another group learned about these same accomplishments, but also about their struggles. Einstein was forced to flee Nazi Germany, and Curie's experiments failed many times before they succeeded.

After six weeks, the second group performed better on tests than the first, and the gains of struggling students were even higher than those of high-achievers. The students who improved seemed to connect their own difficulties with those of Einstein and Curie. For a short time, these students were immersed in a failure-curious environment, and it yielded measurable results.

What are the implications for the workplace?

Could sharing a more complete (and honest) picture of success—which is almost always built on the back of failure—prove more motivating than handing out plaques and a mention in the company newsletter? There's nothing wrong with these things, of course. Employees who exceed expectations should receive recognition.

But how much more inspiring would it be to learn how many times that notable achievement floundered and nearly

failed before it succeeded? In a failure-curious culture, both adversity and triumph are shared, and everyone learns from the experience.

## **Other Benefits of a Failure-Curious Culture**

- Brings learning opportunities
- Requires course-correction, a key component of organizational agility
- Helps companies embrace a scrappy, "Always a Startup" mentality
- Teaches humility and guards against arrogance. No one is right all the time.
- Can contribute to an environment of overall transparency, which benefits the entire organization

To err will always be human. The smartest, most agile companies today are those intent on learning from their inevitable mistakes and failures, rather than living in fear of them or—worse—covering up and denying their existence. To become more innovative and inspiring, organizations should destigmatize failure by adopting a more failure-curious culture.





# IS TRANSFORMATION EVER COMPLETE?

*by Rohan Rodney*

**In today's business environment, continuous improvement should be a key objective for every organization. Companies must ensure their offerings remain relevant to their customers.**

B2B businesses must also strive to ensure that not only their customers—but their customer's customers—see value in their business offerings. Disruption is rampant these days and the latest wave of disruptors are anxious to dazzle underappreciated customers.

Inspirational author and speaker Zig Ziglar famously once said, “You don’t build a business. You build people and then people build the business.” Large corporate transformations often have

the uncomfortable, but desirable, effect of accelerating top performers’ business acumen when they take on new roles and learn new responsibilities.

However, smaller transformations can also have this same effect, since employees get the opportunities to gain cross-functional exposure and knowledge. In fact, some of the most progressive companies intentionally move their leadership around to new roles to enable continuous development





and exposure to new sides of the business. Being uncomfortable is sometimes the greatest way to grow and develop new skills and interact with new colleagues. These skills help to push the organization in new directions and discover new opportunities. Industry leaders need to quickly learn the value of remaining uncomfortable.

### **Disruptive Forces Pushing Boundaries**

In order to stay competitive, everyone must understand that transformation does not ever truly end. Efficiencies only present themselves when teams are consistently looking at business operations through a new lens. Today's disruptive start-ups are always on the lookout for fresh takes on the traditional way of doing business.

Mini-transformations are a controllable way to force your company to continually improve. Business transformations normally bring angst and worry to an organization's employees. However, rapid innovation and rising customer expectations dictate that businesses must convince their workforce that evolution is no longer an option. It must be seen as table stakes.

### **Attack the Bottlenecks**

Edward Deming famously pioneered continuous improvement in the manufacturing sector post-World War II. It has become an industrial engineering principle to continuously identify and attack the most prominent bottlenecks in a manufacturing system until all substantial gains have been realized.

However, in addition to fixing bottlenecks and other defects, quality improvement in the final product is paramount to success. It is not good enough to just create the most efficiently produced gasoline engine. The best manufacturing processes will look at improving the entire propulsion system to determine if there are more efficient sources of energy to drive propulsion. You should go beyond just focusing myopically on a final product, and instead look for large quality gains in the entire system.

Unfortunately, the service industry has never been able to widely succeed in applying those same principles to their businesses. Metrics that identify inefficiencies are a little harder to gather, which makes opportunities for improvement difficult to come by.

This is why it is so important to push the envelope and champion the call to push for continuous transformation. This slow process of continuous improvement is needed to push the comfort zone and to identify the direction of new business growths and efficiencies. Transformation is no longer something to fear because of impending job loss or uncomfortable, new responsibilities. It is a necessity for relevance.

Organizations should not fear any negative consequences for encouraging their employees to champion continuous change. Clear communication and expectations should be sent to manage employee engagement. A culture of fearless innovation must be encouraged to keep everyone aligned with the purpose of continuous transformation. This is where creativity sprouts and the bold get rewarded. The time is near where the reward for being bold will just mean that you get to survive another day.

**“You don’t build  
a business. You  
build people and  
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the business.”**

**Zig Ziglar**

# First or Best to Market:

## A Strategic Decision

**Business leaders today are constantly seeking competitive advantage to improve market share, increase profits and drive customer loyalty. This usually requires innovation in the form of a differentiating product, service or process. No one debates the importance of innovation, but many debate launch strategy. Is it more important to be FIRST to market or BEST to market? Let's look at all sides of this strategic decision.**

### First to Market

#### ADVANTAGES

- **Market Impact:** set the standard and tone for the market/category. Your influence is extensive.  
*Example: Diet Coke created a category that thrives (and it still leads) over 20 years later.*
- **No/Limited Competition:** lack of competitors in the space creates a captured, exclusive market.  
*Example: Yahoo revolutionized internet searching and branded itself with a strong awareness campaign.*

#### DISADVANTAGES

- **Market Ignorance:** the customer response could be opposite of company expectations. Sometimes a great idea has little to do with customer preference.  
*Example: WebVan believed convenience was more important than the psychology of self-shopping.*
- **Competitive Response (me-too):** competitors have studied your entry and have created better values (benefits and costs).  
*Example: Sony Walkman owned portable music listening during the early 1980s. The flood of me-too and more technologically advanced products soon eroded market share.*

### Best to Market

#### ADVANTAGES

- **Defendable Competitive Advantage:** your understanding of the market place (competitors and customers) can establish a clear differentiation.  
*Example: Apple's iPod changed the MP3 player category with advanced technology, strong awareness and identifiable differentiation.*
- **Brand Strength:** can take advantage of competitors' errors and limitations.  
*Example: Google improved upon the Yahoo model with advanced offerings, efficiencies and opportunities.*

#### DISADVANTAGES

- **Analysis Paralysis:** continuous assessment of the market situations/conditions to create the "perfect" offering continues to delay introduction.  
*Example: Microsoft's X Box waited too long to enter the market, losing ground to Sony and Nintendo.*
- **Higher Expectations:** higher expectations are placed on every aspect of the company. You must repeat the success.  
*Example: The New York Yankees, with a storied history of success, can't have a down season (not win a championship) without the team's management and players being threatened with job loss.*

### No muddy water here, right?

Managers usually emphasize "short-term" factors such as resource availability, allocation and scheduling. There's no doubt that these factors are relevant, but there are a few long-term elements that are also critical to success:

- **Revolutionary Offering.** Does the offering deliver something unique or enhanced to the market?
- **Defendable Competitive Advantage.** Does the offering have a clear, defendable advantage over the competition?
- **Market Positioning.** Does the offering correlate to the organization's image and capabilities?
- **Strong Branding and Marketing.** Does the organization have a solid plan to launch and grow the offering?

Both of these options have benefits and drawbacks, but there is one clear winner. Being the best is better than being first.

# THIRST NO MORE.

## Level Up in 2019!

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The Cooper Group, Inc.  
5 Concourse Parkway  
Suite 3000  
Atlanta, GA 30328  
678-474-9678

To subscribe, e-mail us at  
[StrategyHQ@thecoopergroup.net](mailto:StrategyHQ@thecoopergroup.net)

*the* **cooper** group

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