

why leaders seeking innovation must first embrace failure

Every child learns at some point that failure is bad and dodging blame is the number one goal. “*I didn’t do it!*”...“*He started it!*”... “*It wasn’t my fault!*” reads as an all-too-familiar chorus of childhood.

By the time we’re working adults, avoiding association with failure is all but second nature. But this self-protective reflex harms the companies we work for. Organisations can’t learn from failures if those who work there don’t admit and analyze them.

In any industry where innovation matters, an ability to learn from failure is essential. And leadership makes it happen. To suggest that business leaders may need to encourage people to fail more often may sound counterintuitive, if not downright irresponsible. But I would argue that encouraging the right kind of failure in your organization is exactly what’s needed to spark innovation.

In my research, I’ve found that failures fall into three basic categories:

- 1. Preventable failures occur when people deviate from prescribed procedures in routine work, in manufacturing or services, often as a result of lack of training or inattention. These can be avoided through alert management and vigilant action.**
- 2. Complex failures occur when many interacting elements come together in unanticipated ways. High risk organizations like hospitals and nuclear power plants are particularly vulnerable to these kinds of failures because of the variability and complexity of the work. Calling such failures “bad” fosters a mindset that makes it harder to catch and correct small problems before they mushroom into serious failures. Small failures are inevitable in complex systems – but major failures and accidents aren’t.**
- 3. Intelligent failures are an inevitable byproduct of thoughtful action in new territory. Not only are intelligent failures not “bad,” they’re actually good! They provide valuable new knowledge. Discovering new drugs, creating a radical new business model, or designing an innovative product are tasks that require intelligent failures along the way to success.**

Successful organizational learning from failure requires reflecting openly on what happened (not on “who did it”). Furthermore, leaders should immediately recognize that if a failure is of the intelligent kind, it should be celebrated. Why? Not only to make sure people feel that failure is not stigmatized, but also to encourage people to speak up about a failing course of action sooner rather than later. It’s just plain human nature to cross your fingers and hope that more time or more resources are all you need to turn a failing project around. By celebrating intelligent failures, companies encourage timely reassignment of valuable resources to new innovation projects that may succeed.

Teamwork is essential for learning from failure, because understanding failure’s lessons requires integrating multiple perspectives from different people, professions, or departments involved in a failure event (or series of events). No matter what kind of failure occurs, learning is possible. Avoid playing the blame game – the pull to identify culprits rather than causes.

Embracing failure is a leadership issue. It takes leadership to set the stage for gleaning failure’s lessons. Too often, *all* failures in organizations are treated as if they were preventable failures. No one wants to be associated with a failure, because we fear that those who are will be seen as losers. But when you consider the three types of failures, it is illogical to conclude that failures are simply bad and failure-makers should all be shunned.

It’s up to an organization’s leaders – at the top, in the middle, and on the front lines – to create the psychological safety that helps people report, analyze, and learn from failures.

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Amy is a keynote speaker at CRF’s 2017 International Conference in Amsterdam. Visit crforum.co.uk for details.

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