



Freedom to fail

The highway to success

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Pearls of wisdom

In the East

- "Failure is the foundation of success, and the means by which it is achieved." - *Lao Tzu*
- "Be not ashamed of mistakes and thus make them crimes." - *Confucius*
- "Many people dream of success. To me success can only be achieved through repeated failure and introspection. In fact, success represents the 1% of your work that results from the 99% that is called failure." - *Soichiro Honda*

In the West

- "In the West, our fixation on success discourages us from risk taking because it values success over learning, and it abhors failure whether we learn from it or not." - *Parker Palmer*
- "Failure is the opportunity to begin again more intelligently." - *Henry Ford*
- "I have not failed 700 times. I have not failed once. I have succeeded in proving those 700 ways will not work. When I have eliminated the ways that will not work, I will find the way that will work." - *Thomas Edison*

Failure as a primary vehicle for success

"If you give people freedom to innovate, the freedom to experiment, the freedom to succeed, then you must also give them the freedom to fail. According to Deepak Seethi of AT&T, the organization of tomorrow will demand mistakes and failures. It is only by trying lots of initiatives that we can improve our chances that one of them will be a star." (*Manz, 2002*)

Failure provides a great learning opportunity and should be viewed as the very lifeblood of success. "Although most people hate to be labelled a failure and love to be labelled a success, it is only through seeming failure that most of life's greatest successes are achieved. Usually, "failure" or "success" is almost entirely in the eye of the beholder... Failure is very often a misperception about the difference between what exists and goes unnoticed (such as growth and learning when we fall short of reaching a goal) and what is realized later (longer term success)." - *Sloane, 2003*

Success is 99 per cent failure

"If you are not failing, you won't succeed. If you can't succeed, you can't grow," said Robert Wood Johnson, former chairman of Johnson & Johnson. "Companies with a high awareness of culture's importance to innovation have visible, tangible, and frequently humorous reminders that it's okay to take risk - that a person won't be beheaded for sincere attempts that fail."

Punishing for falling short of a stretch goal is counterproductive. "If the company aimed at 15 and made 12, celebrate. What's critical is setting the performance bar high enough; otherwise, it's impossible to find out what people can do," says Jack Welch, the former legendary CEO of General Electric (GE).

Guiding principles to liberate employees from the fear of trying new things

- *Tom McConnell, President, New England Securities Corp.*
Take risks. Don't play it safe.

Make mistakes. Don't try to avoid them.

Take initiative. Don't wait for instructions.

Spend energy on solutions, not emotions.

Shoot for total quality. Don't shave standards.

Welcome destruction. It's the first step to success in the creative process.

Focus on opportunities, not problems.

Experiment.

Take personal responsibility for fixing things. Don't blame others.

Try smarter, not harder.

Stay calm!

Smile.

Have fun!

Case in point: Charles Schwab -

Differentiating between noble failure and stupid failure

David Pottruck, the CEO of Charles Schwab, says: "The idea that failure is okay is ridiculous. I am not going to go around the company and reward someone for failing. But here at Schwab we differentiate between noble failure and stupid failure."

Charles Schwab has a set of criteria for defining noble failure. Noble failure occurs when:

- You have a good plan and know what you're doing, you've thought everything through carefully, and implemented it with sufficient management discipline, and if you look back in review, you conclude it was thoughtfully done.
- You have a reasonable contingency plan to deal with any initial failure and have implemented the contingency plan.
- You need to debrief yourself and ask what you can learn from the experience that will lead your company to be smarter next time.

Charles Schwab records the failures of employees and the lessons they've learnt from them. A display of failed innovations is also maintained and a videotape for employee orientation has



been created. "When celebration of noble failure becomes institutionalized, people within the organization are more willing to reassess earlier decisions" and take corrective measures.

Case in point: Microsoft

Many costly Microsoft product failures provided the learning and opportunity for the development of many of Microsoft's biggest successes. Examples include:

Many apparently wasted years working on a failed database called Omega resulted in the development of the most popular desktop database, Microsoft Access.

Millions of dollars and countless hours invested in a joint operating system project with IBM that was discontinued led to the operating system Windows NT.

A failed multiplan spreadsheet that made little headway against Lotus 1-2-3 provided learning that helped in the development of Microsoft Excel, an advanced graphic spreadsheet that leads the competition.

Case in point: Jacuzzi

"In the 1950s the Jacuzzi brothers invented a whirlpool bath to treat people with arthritis. Although the product worked, it was a sales flop. Very few people in the target market, sufferers from arthritis, could afford the expensive bath. So the idea languished until they tried relaunching the same product for a different market - as a luxury item for the wealthy. It became a big success." - *Sloane, 2003*

Case in point: Silicon Valley

What makes Silicon Valley so successful as the engine of high-tech growth is the Darwinian process of failure. Commentator and author Mike Malone puts it like this, 'Outsiders think of Silicon Valley as a success, but it is, in truth, a graveyard. Failure is Silicon Valley's greatest strength. Every failed product or enterprise is a lesson stored in the collective memory. We don't stigmatize failure, we admire it. Venture Capitalists like to see a little failure in the résumés of entrepreneurs.' □

Business Information Services Promoting Trade of Information

The German Agency for Technical Cooperation (GTZ) has developed a support package to set-up networks of Business Information Service (BIS)-Centres according to set standards in Asia. A BIS-network in a selected country consists of BIS-Centres in different locations. It covers value chains with potential for economic growth, e.g. agriculture, agro-based industries, etc. (e.g. the BIS network in Sri Lanka). In a process of steps, each BIS-Centre is integrated in an already existing, forward-looking private provider of Business Services with a wide base of business clients. Such providers are local chambers, banks, business centres or similar private establishments.

Each BIS-Centre is designed to suit the specific local economic profile and is unique in catering to the demand for information from its particular clients. For example, BIS-Centres in rural farming areas provide information on markets or services related to agricultural production; whereas BIS-Centres in more industrialized areas rather offer information on engineering technology or business contacts related to industries. The common core business of all BIS-Centres is to buy, add value, and provide business related information at a price to their clients.

All BIS-Centres are linked via ICT and share one common national-level information platform. This platform is hosted at a national level business organization and linked to the global information network. By sharing information among all these specialized BIS-Centres, end-clients can find new business opportunities beyond narrow, local markets. For example, producers in remote rural areas can find alternative, global buyers or corporate investors can identify business opportunities in fast growing, competitive value chains.

The GTZ-support package provides guidance in planning, implementation and performance measurement of BIS-networks. It consists of three main components:

- Up-grading ICT-infrastructure and networking of BIS-Centres, e.g. enhancing connectivity, setting-up data bases, document management systems, etc.
- Specialized consultancies in planning, implementation and BIS-performance measurement, e.g. business planning, organizational development, etc.
- Human Resource Development of BIS-personnel, e.g. information management, customer care, information market-development, etc.

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Strategic planning process

Ten tips

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All businesses need to develop a clear approach to generating sustainable growth and profits that ensure long-term success. This planning process starts with evaluation, moves on to communication and finally culminates in implementation. But even then, work is not finished: The process must be continually monitored, evaluated and updated. Here are ten steps to ensure that your strategic planning initiative is straightforward enough to incorporate into the day-to-day management of your company.

Format of the “Planning” meeting

Make sure that all key departments (e.g., sales, service, finance, processing, manufacturing, etc.) are represented. This ensures that a realistic plan with a common goal is developed. Develop an agenda and appoint someone impartial to facilitate the discussion. Appoint someone to write down the essence of what the group discusses and decides.

Assess the current business environment

Prior to the meeting, examine the factors outside the company that can affect its performance. This analysis should cover economic forecasts, industry developments and marketplace trends, as well as a review of the competition. Formulate assumptions about the future and the impact of these assumptions on your business.

Focus on important strengths, weaknesses, opportunities and threats

Strategic planners use this technique to help organizations assess their external environments and internal capacity. In order to plan for the future, ask yourself these questions:

- *Strengths:* What are the advantages of your company and products? What do you do well? What do you have that your competitors don't? What is it about your relationship with your customers that you can use to your advantage?
- *Weaknesses:* Where is there room for improvement? Where does your company trip up? How would the marketplace describe your weaknesses? What does the competition have that you don't?
- *Opportunities:* What's happening out there that you can capitalize on? What are the new and useful technologies? What are the changes in buying or usage habits that can be exploited?
- *Threats:* What are the outside events or competitors waiting to hit you when you're not looking? What are the potentially harmful regulations on the horizon?

Define (or redefine) the company's mission

An organization's mission statement (usually no more than one or two sentences) describes the purpose of the organization. It

enables all members to share the same view of the company's goals, philosophy and future direction. It should include:

- The reason the organization exists (management's mission);
- The products and services offered;
- The customer segments served;
- The nature and location of the business's marketing territory;
- The areas of specialization; and
- The future direction of the company.

Build consensus

A management team with a clear and consistent vision of where the company is headed is likely to be operating in concert to reach their destination, regardless of whatever situation is encountered. Getting buy-in from all the players will go a long way toward ensuring the strategic plan's success.

Map out an action plan

Organize the company's objectives and tactics into key areas. This makes it easier to process and prioritize them, to allocate resources and to coordinate with other areas. Develop objectives that describe the conditions the organization wishes to achieve, taking care to make them as quantifiable as possible. Then, elucidate and quantify the tactics needed to accomplish these objectives.

Budget for the strategic plan

The strategies and tactics that you choose will affect revenues and expenses to differing degrees. You need to consider the potential impact of each objective on both, so you can prioritize them and reflect them in future budgets.

Target completion dates

Be realistic in setting target dates. It's important that you resist the temptation to set extremely ambitious timelines. In most cases, the tactics you've agreed on will be accomplished by people who already have a full day's work. Each employee must be given sufficient time to achieve the specific objectives assigned to him or her, or else the plan will quickly be viewed as impossible to accomplish.

Coordinating and monitoring the strategic plan

For maximum sustained results, an overall coordinator should be appointed for the strategic plan. He or she will be responsible for bringing together its various pieces into one comprehensive plan and monitoring its progress.

Create a contingency plan

Anticipate issues that may arise, and develop back-up plans. Take an inventory of your resources before trouble hits, so that you know what tools you have in your “emergency kit”. Be creative. Think of at least one additional way to meet the desired goal so as not to be boxed in by one plan. □