

WHOEVER MAKES THE MOST MISTAKES WINS

The Paradox of Innovation

RICHARD FARSON and RALPH KEYES

RICHARD FARSON is president of the Western Behavioral Sciences Institute, a think tank that brings influential leaders together to consider policy issues. Dr. Farson (a graduate of the University of Chicago) has previously served as a naval officer, college dean, research director, organizational consultant and a Fellow of the Harvard Business School. He is the author of *Management of the Absurd*.

RALPH KEYES is a Fellow of the Western Behavioral Sciences Institute. He is the author of several books, including *Chancing It*, *The Courage to Write* and *Is There Life After High School?*

SUMMARIES.COM is a concentrated business information service. Every week, subscribers are e-mailed a concise summary of a different business book. Each summary is about 8 pages long and contains the stripped-down essential ideas from the entire book in a time-saving format. By investing less than one hour per week in these summaries, subscribers gain a working knowledge of the top business titles. Subscriptions are available on a monthly or yearly basis. Further information is available at www.summaries.com.

MAIN IDEA

In business, the concepts of “success” and “failure” are more ambiguous than most people acknowledge. Not only are there many different ways to define both these terms but frequently, short-term failures lay the foundation for long-term success. That means these failures are an unavoidable part of the pathway to succeeding.

In a rapidly changing economy, the management practices which everyone automatically assumes to be true can get in the way of doing what’s needed most. For example, if we do business on the basis of the tried-and-true, we will never take enough risks to come up with something innovative that represents an advance in the state-of-the-art. And doing risky things ensures we will fail most of the time. We must have a mind-set which views both success and failure as footsteps along the same path towards achievement.

The best way to fall behind in a shifting economy is to rely on what worked in the past – formulas that have grown obsolete. Instead, companies need to encourage their innovators to learn more by making productive mistakes. In this environment, managers should worry less about rewarding success and focus more on learning from both failure and success.

In many ways, success is the ultimate business paradox. The less we chase success itself, the more likely we become to genuinely succeed. Success actually isn’t all that different from failure. The truly great business enterprises find ways to motivate everyone to put in their best efforts to be creative. In that kind of environment, the short-term results matter little because the organization will be positioned advantageously for the long haul.

1. The Fallacy Everything is Either a Success or a Failure Page 2

The terms “success” and “failure” defy definition because everyone has their own unique perspective on what each one means. In real life, it’s usually impossible to untangle the two because many successes are achieved by applying the lessons learned from each failure. Therefore, both are necessary and essential.

2. The Agony of Victory vs. the Thrill of Defeat Page 2

Most high achievers really aren’t all that concerned whether a project turns out to be a success or a failure. Instead, they crave intense experiences where they can be fully engaged in what’s going on. For these people, the outcome is less important than the ability to bring to bear their very best efforts.

3. Nothing Succeeds Like Failure Page 3

Unless a business is prepared to fail with its early offerings, it will never learn what the marketplace wants. Failures also indicate a willingness to be innovative and try new things. In short, failure is often a precursor to lasting success.

4. Nothing Fails Like Success Page 3

In just the same way as failure has a surprising upside, success has an equally novel downside. It lulls people and organizations into a sense of complacency. When that happens, there is no motivation to keep making more changes. That, in turn, makes it harder to keep doing whatever is needed to stay a success.

5. The Downside of Success. Page 4

Whenever an organization (or person) enjoys a great success, there is a temptation to slip into cruise control and protect one’s accomplishments rather than staying focused. Everyone just assumes past successes can now be duplicated effortlessly. The opposite is true. The more success any person or individual enjoys, the harder it becomes to continue doing what’s needed to stay successful in the future.

6. Innovating With Attitude. Page 5

The key to being innovative is openness. The best innovators don’t necessarily have cutting edge technologies or managers using advanced management techniques. To be more innovative, people have to be free to see the obvious with fresh eyes.

7. Managing in the Post-failure Era Page 6

Managers need to understand how difficult it can be to separate success and failure in a rapidly changing world. While it would be counterintuitive to actually celebrate each and every failure, smart managers carefully examine both successes and failures with equal interest. The result is only one element – savvy managers look at what can be learned from each outcome.

8. The Importance of Managing Fear to Harness It. Page 7

Fear undermines the ability to innovate. Therefore, to encourage innovation, good managers help their employees cope with fear. They create an atmosphere where it’s alright to fail – because everyone else fails from time to time themselves.

9. Success is Actually More Likely If We Don’t Pursue It Page 8

Counterintuitively, the more we concentrate on trying to be a success, the less likely it is that we will achieve our goal. The real key is to become so immersed in what we’re doing that the challenge of working to our maximum potential consumes our entire energy and focus. Once we reach that state, whether we succeed or fail becomes less important than whether or not we put in our very best effort.

