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What's in It for Me?

Your Personal Guided Book Tour

This book will make you a better leader by helping you tap into a phenomenal resource all around you. You may not always be aware of it, and chances are you're not utilizing it very well right now. But the good news is you've already paid for it, and you and your organization continue to add to it every day in many ways. It's failure, the *other F word*. Although no one likes to fail, truly successful leaders know how to turn a bad experience from a regret into a resource. They put failure to work, driving innovation, strengthening genuine collaboration, and accelerating growth in their organizations.

We teach about innovation, leadership, strategy, and entrepreneurship. Our executive, graduate, and undergraduate students at University of California Berkeley and Princeton come from backgrounds ranging from business to engineering and healthcare to energy. In all our classes, we stress that entrepreneurs, innovators, product designers, and leaders of change

initiatives need to answer the one key question on the minds of their potential customers, users, and colleagues: WIIFM? That’s short for: *What’s In It For Me?* Translate what you are trying to do into terms your audience can understand and benefits they can appreciate.

We’re holding ourselves to that same standard. So to begin, we’ve created a personal crib sheet for you on the key points we’d like you to think about . . .

1. Failure matters. Why? Because we spend much, if not most, of our lives creating it, dealing with it, and trying to learn from it.
2. Failure’s like gravity. It’s everywhere—a fact of life for every organization at every organizational phase, from startup to growing business and established enterprise.
3. Failure is too often a taboo topic. That’s why we call it the *other F word*. If you can’t talk about it, you can’t manage it, or learn from it. Take it out of the shadows.
4. You’ve already paid for it, so use it. As a leader or team member, you can convert failure from a repeated regret to a strategic resource that can help you drive innovation, better engage your colleagues’ real capabilities, and accelerate growth.
5. Fear of failure is failure’s force multiplier. It distorts the likelihood of failure and exaggerates its consequences. It is one of your most important challenges in getting your organization to go where you want it to go.
6. While we suggest a more open and practical direct relationship with failure, that doesn’t mean tolerating it as an excuse for incompetence, negligence, or indifference.
7. How you deal with failures of your team members is the acid test of whether you trust them, and vice versa. And trust is essential to address the biggest failure in most organizations: Employees are not meaningfully engaged in their work or mission.
8. If you’re serious about innovation or entrepreneurship, be prepared for the failure that often comes with the experiments and risks associated with those objectives. Use it to understand what you don’t know or haven’t yet delivered.
9. Our seven-stage Failure Value Cycle framework can help your organization to better understand and harness failure as a value-add resource:
 1. **Respect** the power and likelihood of failure
 2. **Rehearse** for your most significant failure scenarios to develop better, faster reflexes
 3. **Recognize** its signs sooner

4. **React** to failure situations more appropriately in the moment
5. **Reflect** deeply and honestly on their underlying causes so you can craft better strategies going forward
6. **Rebound** confidently, based on the lessons learned
7. **Remember** the insights you gained, to strengthen your culture's ability to leverage future failures
10. *Failure is today's lesson for tomorrow.* Put it to work to help you accelerate innovation, intensify employee engagement, and drive growth. You and your organization are fallible. Admitting that reality and leveraging the failures you create builds the trust you need to create those results.

Now that you know where we're headed, let's tell you four places we won't take you. First, we won't waste your time exploring the usual clichés about the other F word, like *to err is human* and *learn from your mistakes*. While we know how difficult it can be to put that understanding into action, ours is not a personal psychology book or self-help manual.

Second, we're not going to take out our pom-poms to join the *fail fast, fail often* cheerleading chorus from Silicon Valley. We think you've already heard that enough, too.

Third, this is not another one of those "I struggled, I persevered, I succeeded" heroic personal memoirs. Great, inspiring stuff, but we'll leave that genre to others.

Fourth, although we are teachers, this is not an academic book per se. We hope it will be used in classrooms worldwide, but it is not written as a textbook. Our tone is informal and straightforward. We want to engage in a conversation, not a lecture. We invite you to share your experience and perspectives with us on our book website: www.theotherfwordbook.com.

FIND YOURSELF HERE

We've written this book with a practical agenda in mind: to challenge you to think about failure differently, manage it more effectively, and leverage it more creatively in your organization. We'll offer you specific, straightforward suggestions for how to do that, with examples drawn from our own extensive research and experience as well as insights from effective leaders

we’ve interviewed across different organizational settings and professions, both domestically and internationally.

You’ll learn how to deal more effectively with the reality and inevitability of failure. We’ll offer you a practical, seven-stage framework, the Failure Value Cycle, which you can use to apply these lessons in your organization, starting tomorrow. Along the way, we provide practical exercises for you and your team to better understand key issues and put these insights to work.

There are more specific ways you can benefit from our book, depending on your particular responsibilities and interests. We trust you can find them yourself after scanning the following dozen profiles, whether you run a large established organization or a small to medium-sized business, are starting a new venture, or are simply curious about our topic:

- **If you’re in charge of your organization**, you’ll benefit from insights of successful peers who are leading or have led global Fortune 100 enterprises, high-potential startups, thriving mid-size businesses, important government organizations, and highly respected nonprofits, to name a few. They’ll share lessons learned and suggestions for how you can more effectively address the fear of failure as well as leverage the power of the other F word to drive innovation and growth.

In our Failure Value Cycle, you’ll learn specific steps you can take to bring out the best in the people you are leading. You should see the payoff in greater candor among your colleagues as you consider the choices ahead of you and their risks. You should witness increased evidence of creativity across your organization as your workers get more comfortable with a less-punitive culture that embraces excellence while accommodating good-faith experimentation.

- **If you’re in marketing or sales**, you deal with the other F word every day, unless you are converting and closing 100 percent of your target prospects (in which case, *you* should be writing a book). A marketing campaign or sales call that doesn’t yield what you’d hoped for, while unfortunate, also indicates what you don’t know, or haven’t yet shown, to convince your potential customers you’re the answer to their needs.

Our book can help you be more effective on your next foray into the marketplace. Since you deal most directly with your competition and see firsthand new trends in the market, your insights are essential to the success of your firm. Imagine how much more your cash register

would ring if you could improve your yield by just a few percentage points.

- **If you manage the technology/IT side of your organization**, you understand the accelerating and disruptive pace of change. Offensively, these changes can unleash opportunities for new, creative products and services, redefine how you leverage ideas and resources, and even redesign core business processes. Defensively, they pose brand-tarnishing risks like network security breaches, getting outflanked by more nimble competitors and startups, and being hampered by legacy systems and outdated technology.

Stay tuned. Our Failure Value Cycle can help you align your agenda with the most important priorities of your clients, even if they don't know the difference between the Zachman Stack and a short stack of pancakes. Applied rigorously to your own domain, it can complement your existing tools to anticipate, identify, and preempt potential failures-in-waiting, whether occasioned by malevolent hackers from the outside or inadequately examined failure scenarios inside.

- **If you work in finance**, you're concerned with how your organization manages its resources to get the best results from its investments and spending. You're also keenly aware of the disparity between the strategic objectives and commitments your CEO has established and the limited resources you have to allocate. We can't promise you a silver bullet, but we can offer you silver buckshot to help hit your targets.

We'll show you how to extract unexpected value from your organization's "garden mulch pile," the accumulated residue from past product, technology, or market failures. We'll provide examples of how others have increased their ROSI (return on sunk investments), whether in the form of reconfiguring product offerings or repositioning solutions for entirely new markets. We can help you get more mileage out of your investments in innovation and operational improvement by facilitating an environment in which potential failures get flagged more rapidly, and better ideas for future actions get discussed and critiqued more openly. You know better than most how relatively small improvements in your working capital or net portfolio returns can cascade into dramatic positive results for your organization.

- **If you're involved with strategic planning**, you're in the business of recommending and making bets about the future. While leadership is fundamentally assertion in the face of uncertainty, your role is to advise the heads of your organization about which direction and mix of actions offer the best prospect for success. You must constantly balance the

possibility for the results you want with the probability of the risks you will encounter.

Our book will not replace your traditional arsenal (e.g., scenario planning, Monte Carlo analyses, SWOT charts, BHAGs [big, hairy, audacious goals], affinity diagrams, etc.), but we’ll help you improve the range of possibilities you are considering and the value of their vetting by your colleagues. Simply stated, if your organizational culture does not tolerate failure, you are never likely to hear what your fellow workers really think, whether the issue is where the organization should be headed, ideas for new products and marketing initiatives, or what the real chances are for implementing a particular strategic agenda.

- **If you’re an operations executive**, you know what it’s like to try to convert lofty strategy into practical results. What’s in this book for you as a head-down, roll-up-your-sleeves leader?

We’ll show you how overemphasis on operational improvement in the vein of Six Sigma and total quality management (TQM) programs can inadvertently jeopardize real strategic performance improvement, especially when it comes to reinforcing a culture of innovation. This is exactly what happened at 3M, one of the best-run, most highly respected organizations around. We’ll help you change the conversation you have with your direct reports so you’re better able to identify failures faster and embed best practices in applying the lessons learned.

- **If you’re a key talent or HR executive**, you’re already attuned to the cultural strengths and weaknesses of your organization. You know in your gut whether your company’s office environment is closer to a *Dilbert* cartoon¹ or one of *Fortune*’s Best Companies to Work For. And you are keenly aware of the difficulty of both continually invigorating your workforce while improving their skills and finding the next generation of talent to drive your organization’s future success. We’re not going to solve your comp design or succession planning problems, but we can help you strengthen your fundamental workplace culture.

Fear of failure greatly compromises an organization’s ability to inspire, retain, reward, recognize, and replace great talent. We will show you examples of how others have successfully confronted this issue and how to best change the conversation and culture in your organization.

- **If you’re an entrepreneur**, you already know failure is your constant companion as you try to keep your investors’ support, motivate your team, gain a toehold in a competitive market, and, above all, convince customers you have something they need. We’ve been there. We know what it’s like to bootstrap a venture, convince your friends and family it’s

worth supporting with their patience and money, and go about converting a dream into a bona fide business.

We can help improve your odds of success by balancing your tenacity and love for your product, strategy, and vision with the open-minded curiosity to be alert to the wisdom contained in the setbacks you and your team will undoubtedly encounter. We share the experiences of other entrepreneurs who have struck the right balance between confident leadership and wise insight in launching successful businesses. Consider them honorary members of your startup team.

- **If you're running a small or medium-sized enterprise**, this book lets you compare notes with others facing similar agendas. We understand how lonely and isolated your job can be and have reached out to leading players in the SME arena to elicit ideas on how to best address the challenge of failure as you build and grow your organization. We'll share examples of how they've done it and suggest other possibilities you might want to experiment with. Our Failure Value Cycle isn't just for the big guys; you can start using it today in your business.
- **If you're a board member or advisor**, you're already attuned to thinking independently about opportunities, risks, and failures; how to prepare for them; and how to respond. How have other organizations addressed these failure-related issues? What examples, frameworks, or failure-savvy practices have helped? What questions should you ask of leaders and teams? We'll offer specific suggestions of how other companies and leaders have tackled the other F word to improve their performance—examples that can strengthen your role as well.
- **If you're a student or still early in your career and aspiring to leadership roles**, prepare for a guided expedition across a fascinating landscape of organizations, cultures, functions, and settings in which failure appears and is addressed by men and women in the kinds of positions you see in your future. As you read about their experiences, ask yourself how you might do things differently. What other strategies or techniques could you use in the situation at hand? After all, we are all experts at creating failures, but it's much harder to expertly leverage the underlying value failures create. So try your own hand. Take a look at how we approach the other F word in our classes in the Appendix. We welcome your vicarious involvement, and you don't even have to pay tuition to Berkeley or Princeton to sit in. (Grading is pass/fail, of course.)
- **Finally, if you're just curious** about the phenomenon of failure in contemporary organizations, we welcome you on our tour of this fascinating frontier. It can be uncomfortable and unfamiliar terrain,

but it can also offer unexpected resources and insights that may change how you think, how you live, and how you lead.

However, if you’re the kind of executive who firmly believes fear is the best motivator of performance, please buy another book. The good news for you is you’re not alone. Many organizations and the people working there live in an atmosphere of fear; if it’s not overt then it’s just below the surface. If that’s your style, good luck. But if your first instinct when failure happens is to look for someone to blame, you might think of this book as a mirror: be willing to see your own fingerprints on the situation. And welcome to the family of the fallible.

OUR ROLES IN THIS BOOK

We will be wearing three hats during our time together. First, we will be your scouts, exploring the frontier of failure and pointing out valuable insights based on our research, teaching, and professional experience as well as the insights of others. Second, we’ll be your challengers, inviting you to rethink your assumptions about the other F word. Third, we’ll be your coaches, helping you identify a range of specific, practical actions you can take as a leader in your organization to make it more failure-savvy and successful. Not all of these suggestions will fit every style of leadership, culture, or organization; but we offer them as possibilities worth experimenting with on your journey to becoming a more failure-savvy leader. Think of them as a playbook of options, some offensive, some defensive; some plays work best with a less experienced team, while others are best left to seasoned veterans.

As professors, we’ve read lots of research studies and books about leadership, strategy, innovation, and growth. Many of those books, including classic bestsellers, rightfully urge their readers to think big and lead boldly. Jim Collins understandably wants more companies to escape mediocrity on their climb from “good to great,”² and a few do just that, at least temporarily. Clayton Christensen lays out a comparably daunting challenge in his two classics, *The Innovator’s Dilemma*³ and its companion, *The Innovator’s Solution*.⁴ Christensen throws down the gauntlet of disruptive innovation, those with far-reaching strategic impacts capable of creating and defining entire new industries or business platforms.

Venture capitalists also shoot for the stars. They can do very well if as few as 1 in 10 of their portfolio investments hits the big time, earning a huge multiple on their money. Those big wins can outweigh the underperformance of the other nine, including some otherwise fine businesses as well as outright losers.

Of course, it would be wonderful if every startup venture could become the next IPO darling of Silicon Valley, New York, Chicago, Paris, São Paulo, Hong Kong, Mumbai, or wherever you are; every enterprise could go from good to great; every leader could pursue and attain excellence; and every major company could re-innovate itself. These moon-shot objectives are inspiring and admirable, but they don't reflect everyday reality for most executives and organizations.

What most executives need now is help dealing with and improving the on-the-ground reality they face every day. We understand most of you may not have all the "right people on your bus," and your company may not need or be able to dramatically innovate, but you still have high expectations for the future and your role in shaping it.

We wrote this book with that in mind. We don't assume you are Batman or Wonder Woman, even though you might covet their superpowers. We don't presume your business has had a rocket trajectory like Facebook or Google, or that your organization is awash with cash like Apple. And we doubt your workforce is God's gift to exceptional talent, extraordinary commitment, and brilliant judgment. We wrote this book for you to read where you are now, with the team you have, in the business you're leading today and tomorrow. We encourage you to shoot for the stars, but our focus is preparing you to lead better while you're on the ground.

We've organized the book into four main parts, each addressing a major dimension of the other F word and the issues it poses:

- Part I. What: The Facts and Facets of Failure
- Part II. When and Where: How Failure Appears at Different Organizational Phases
- Part III. How: Using the Failure Value Cycle to Advance Your Organization
- Part IV. Now: Put the Other F Word to Work

Each chapter includes specific tools you can start using immediately, and closes with a handful of WIIFM takeaways.

The frameworks, tools, and resources you find in these pages will help you truly set yourself and your organization up for failure—the right way. If we aren’t offering you new ways to think about failure and how to use it to advance your leadership agenda, please stop reading and accept our apologies for spending your hard-earned money. In that case, we will have failed *you*.