



TenStep Supplemental Paper

12 March 2007

Analysis Paralysis

Success lies in analyzing and not justifying failure...

Key Learnings

- Identifying failure analysis
- Recognizing the benefits of failure analysis
- Strategies for effectively implementing failure analysis

Success and failure are integral to corporate growth and cannot be considered as independent entities. Hence, corporations have to be adequately equipped to handle the associated challenges. Success is relatively easy to handle; however, companies falter while managing failure. Self-defense is the immediate response to failure. Individuals involved in an unsuccessful project react strongly. When asked for an explanation they attempt to justify their intentions and actions, ignoring the reasons for failure. This is precisely why most corporations repeat mistakes in regular intervals.

Failure is the most important source of learning. An analysis of the causes of the failure constructively can provide the missing link between success and business strategy. Companies who shun such healthy discussions repeat the mistakes unlike their counterparts who benefit from the exercise. Most often they make allegations against others sometimes wholly unconnected trying to shield their mistakes. Experts consider this is a suicidal approach. It provides only temporary relief, blinding the repercussions of failure.

The airline industry is an ideal example of effective failure analysis. In the case of an air crash, for instance, the company spends hours together analyzing the probable causes, studying the black box and brainstorming with engineers and pilots. The analysis aims to identify the reason for the crash and enlightening engineers and pilots about the possible pitfalls. This analysis is in stark contrast to what is observed in the corporate set-up where it is discouraged. The reasons could be many.

First, failure is a hit to individual ego and confidence. Hence, people prefer to shove it under the carpet. Second, the process demands patience, tolerance, introspection and a spirit for inquiry, while companies normally reward qualities like decisiveness and action. Managers therefore feel less motivated to dwell on the reasons for their failure. Finally, the inherent psychological biases and mindsets prevent people from taking a realistic and practical view of the problem. Thereby, they succumb to the temptation of mental biases. So analyzing failure in neutrality has become a rather far-fetched proposition

Reasoning - paralyzed

Everyone wants to hear what pleases them. Analyzing failure is therefore a disturbing thought that according to most people best deserves to be pushed under wraps or passed

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on to others. People seldom recognize the gain in scrutinizing failure since it would only expose weaknesses and unpleasant experiences and it is in everyone's interest to move on. A study of the telecom industry operating in the European markets reinforced this attitude towards failure analysis. The study revealed that companies committed similar mistakes over a span of twenty years and there was little and no learning from their failures. Managers in these companies tend to justify their failure instead of learning from it.

A similar trend is observed in consulting firms. For them it is even easier to blame their failures on the client! Thus, organizations must institute formal systems of failure analysis. The insights received need to be compiled for future use. To establish the learning failure, analysts should probe deeply into the matter. This would entail a mix of functional experts, technical experts and people with a skill to conduct scientific inquiry.

The most common source of failure analysis is a failed product. The analysts focus on market trends and customer needs in case a product fails. However, when the failure is internal, then parameters like employee and customer defection are studied.

Why failure analysis?

So what's the big deal about failure analysis? What advantages and benefits does it offer?

Failure analysis has great potential for minimizing the risks associated with business strategies. It provides guidance and direction to the process of strategy implementation. In addition, it also has significant social and organizational benefits. For instance, it provides insights into possible pitfalls even for those not part of the failure. Second, it brings new approaches to solve problematic issues. It also teaches people to positively apply learning from failed attempts and discourages them from engaging in the blame game. Finally, it enlightens the value addition aspect of failure.

Corporations need to realize that failure and success are integral to the growth process. Success has always enjoyed maximum attention, but it is time people get positive about failure and recognize its inherent benefits.