

MANAGERS FAILING TO LEARN FROM FAILURE

Embargoed until 00:01 on Friday 15th December

A recent study reveals that, despite much talk of the "learning organisation", many organisations are still bottom of the class when it comes to learning from past mistakes. Instead, says the report by the Advanced Institute of Management Research, organisational politics and the blame culture prevent managers from acknowledging and learning from failures.

Large failures remain unreported until it is impossible to conceal them. Then people blame unusual circumstances or external factors. Smaller failures are labelled "inevitable" because they don't conform to the organisation's core beliefs. If that doesn't wash they are dismissed as experiments that were bound to fail. Such ostrich like behaviour means failures are repeated, often by the same managers.

Five lessons senior managers need to know:

The report suggests five lessons for organisations that want to learn from failure:

- Link the outcomes of ventures, projects etc., to the personal rewards of the people who manage them. Both financial and reputational rewards can be effective motivators. The challenge is motivate managers to seek improvements without inflicting such high penalties on the managers of failures that they block data gathering and analysis.
- Labelling a venture as an "experiment" is a double-edged sword. It may keep participants from exerting the extreme efforts that would turn an "experiment" into a success, plus the label "experiment" may imply that people need not extract general lessons and allow them to dismiss failure as inevitable because of its experimental nature.
- Be suspicious of efforts to explain failures in terms of idiosyncratic circumstances or external events. Such explanations surface after every failure, but they never appear after successes.
- Do not underestimate the cynicism or self-interest of participants in ventures. Managers in large organisations know that there is a high probability that their organisation will not hold them responsible for failures. External advisors are likely to recommend actions that serve their own interests, such as additional fees.
- Managers who participated in more than two failures seemed to express extreme confidence in their abilities to reproduce past successes. It may be that unlearning successes is a prerequisite for learning from failures.

Co--author of the report William H. Starbuck, AIM International Visiting Fellow, and professor in residence at University of Oregon in the US comments: "The learning that should follow failure often does not happen, and when it does, it often teaches the wrong lessons. It seems that most organisations could benefit from paying more

explicit attention to learning, whether it is taking place, and what lessons it is teaching, as well as to the processes they have created to make it happen."

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Notes for Editors

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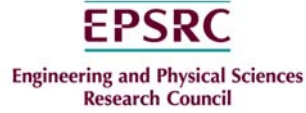
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