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reality check



As the business world gets more competitive and innovation takes centre stage, companies are making sure employees don't get punished for failing *By Priyanka Sangani*

Make it Safe

Differentiate between preventable mistakes, deliberate oversight and exploratory failures

Communicate and let employees know that it's okay to fail

Lead from the top - managers will reflect the behaviours of the senior leaders in the company

Focus on the learnings from the experience

Make it safe to experiment - and fail-quickly

A few years ago, FMCG company Marico did a test launch for Zest, a healthy snack product. The results weren't encouraging and the product soon died a quiet death. The same team that had worked on this failed product eventually went on to launch the hugely successful Saffola Masala Oats a few years later. Sameer Satpathy, CMO, Marico says, "Success has its roots in failure. If you want to be innovative, you have to push boundaries and if things don't work out, question, learn, fix and reapply." It is this clear policy of not punishing failure that resulted in the birth of the value added oats line, which is almost a Rs 100 crore brand today. The important thing with the Zest experience was that the company focused on the learnings from the failed experiment - how to handle taste and product formats - and applied these elsewhere, rather than reprimand the team working on it.

At SAP Labs, a team spent 60 days

working on a traffic management product which finally had to be shelved. It hasn't been worked on in six months and it sits in 'Ideaspace' a cloud where ideas are stored, but if there is interest, it could be revived in the future.

Over the last few years, there has been a marked change in how companies deal with failure. Further, just how failure is defined is undergoing a subtle change. A few years ago, a product which didn't see light of day was instantly dubbed a failure and there were likely to be consequences for the team, but companies like SAP are encouraging employees to experiment. "Physical infrastructure, like 'Braincloud' and 'Apphouse' are available for employees to play with devices and conceptualise products which could be relevant now or in the long term," says Srikanth Gopalakrishnan, VP-Product Innovation, SAP Labs.

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Try And Try Again

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Outside of innovation-focused initiatives too, the approach to business failure is changing. "Working on new initiatives has its own risks; no one is fired for taking calculated risks while working on such projects," says Sriram Ramachandran, Senior Vice-President, Group Strategy Office, Mahindra Group. Integrity is the key though. As long as the employee's personal integrity has been established and it isn't a mistake made of sheer callousness, most errors and failures aren't punished.

An important reason why attitudes are changing is the changing reality of the business world. It is an uncertain world out there and this is throwing up opportunities for business all over the world and companies are realising that they cannot use the same template in the new economy. "You have to be innovative and question the rules of the game. In fact, you have to get on the field and define the rules yourself," says David Lobo, Head of HR, GE South Asia. In this environment, it becomes essential for companies to allow employees to take calculated business risks without the fear of failure dragging them down if they want to remain relevant.

Globally, GE has a long history of moving people across divisions to businesses where they have no background. The message is clear – do something new and don't be afraid of failing. Since the start of the year, the company has been working to communicate this more visibly through its rank and file and making it an integral part of its beliefs and culture. So, upon failing, an employee is asked what he learned from it and what can be done differently. "We have leaders asking these questions so it percolates down to the managers. A manager will do this only if he feels safe making a mistake with a senior leader," says Lobo. The company is aligning its reward and appreciation systems around it as well.

Sending out a clear message that it is okay to fail is one of the most important things an organisation needs to do. Pharma major Eli Lilly used to hold 'failure parties' for drugs that failed in the trial stage but soon realised that scientists didn't necessarily take well to their best efforts being tagged failures. At SAP Labs, innovation is at the core of its business, and employees need to know that it is safe to experiment and fail. "Whether you take risk or

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not depends on your manager. In India, we have over 50 lines of business and we actually evangelise the concept with the managers," says Gopalakrishnan.

The performance management process at Marico makes a clear distinction between results and potential. "If a new launch didn't do well and a person didn't meet targets, their incentives may be hit but not their overall appraisal," says Ashutosh Telang, CHRO, Marico. When employees see people who have failed at certain projects still being promoted and doing well in the organisation, it sends out a clear message of the organisation not punishing failure.

Recognising failure as a necessary evil when talking about innovation also helps. Most companies like the Tata Group who have innovation awards take special cognizance of ideas that failed. The Mahindra Group has introduced a 'failed innovation' category as part of its innovation awards where people are invited to talk about what didn't work. "The focus is on capturing the learnings—what went wrong and what can be done differently. The team with the maximum learnings gleaned from their experience wins," says Ramachandran. The company also holds a 'Spark Talk' series at all its locations, where two innovators

share their experiences, including what it means to fail and dealing with failure.

Rahul Gama, EVP-HR, Godrej Consumer Products, says that the key lies in making this message a part of the culture based on actions, not just words. So while there is no specific policy to this effect, the senior management routinely addresses employees and talks about various hits and misses. "When leaders consistently talk about successes and failures in the same manner and tone, the message becomes a part of the organisational culture," says Gama.

Similarly, for the innovation awards at GCPL, innovation is not necessarily something that resulted in a new product but it could be something that's disruptive, or simply a better way of doing things. Companies are working to ensure that the message is clearly communicated and percolates down from the management. At Marico, new recruits are taken through the company's successes as well as failures. The most important thing is to give people the confidence to stand up and admit they failed. "The leadership, organisational culture and ecosystem all play an important role," says Satpathy. GE's Lobo sums it up when he says, "It's better to fail rather than not do anything at all. But just don't fail at the same thing twice." □



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