

LEADERSHIP AND ORGANIZATION

# LEARNING FROM FAILURES

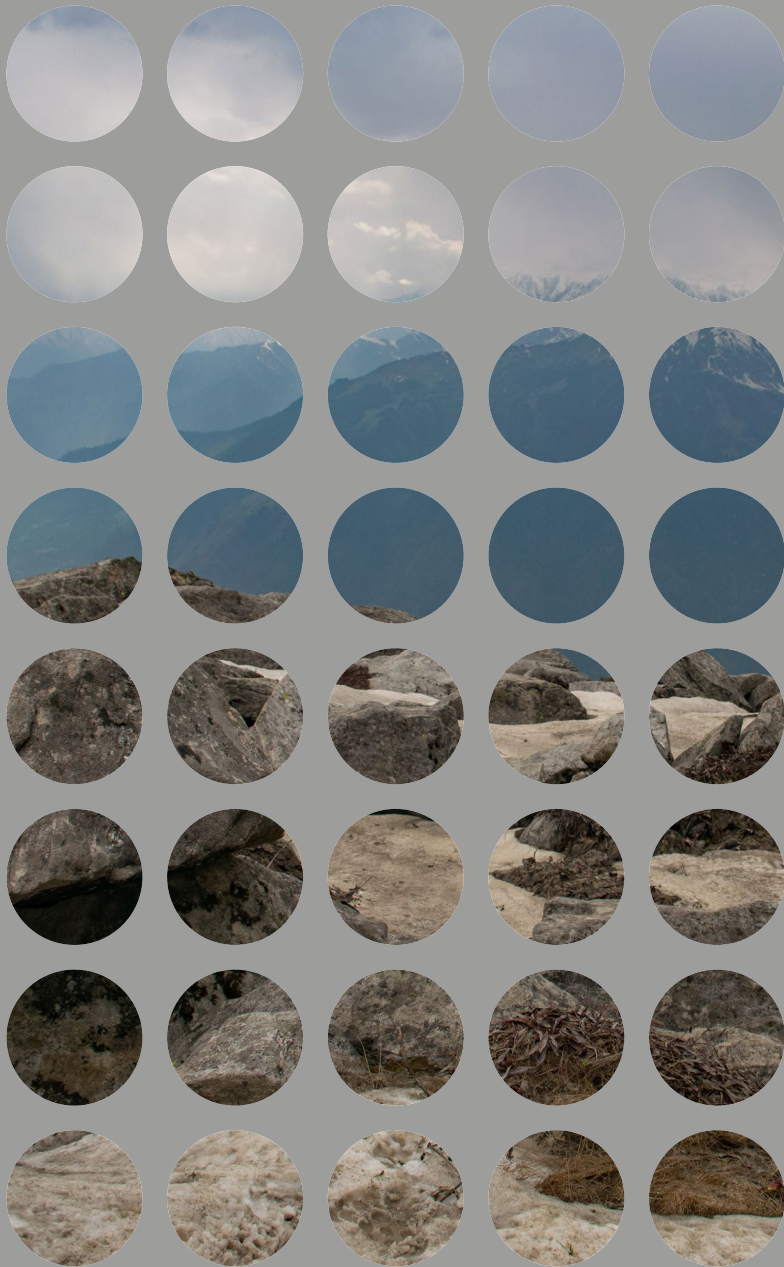
ARE INDIVIDUALS WILLING TO SHARE THEIR MISTAKES, AND HOW CAN THIS BE ENCOURAGED BY ORGANIZATIONS?



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**T**he COVID-19 crisis has challenged established work-practices and initiated a vibrant innovation behaviour. What a couple of months ago seemed impossible is now freely experimented with – and experiences, positive as well as negative, are made at a high rate providing ample opportunities for learning both for individuals and organizations. Research as well as experience, however, tell us that failures, in spite of being an important source of learning, are not often shared and explored as learning opportunities. What do we know about individuals' willingness to share errors and how can this be shaped by organizations?

### **Failures – an underutilized learning opportunity**

While most organizations espouse the idea that failures are unavoidable and should be exploited as a learning opportunity, organizational and managerial action often sends the reverse message. In a study of managers' attitudes and reactions to failures, Amy Edmondson (1) found that even if managers only saw 2-5% of the failures committed in their organizations as "bad" failures that deserved to be punished, 70-90% of failures were actually treated as "bad" and punished in different ways.

Failures, defined as "individuals' decisions and behaviours that 1) result in an undesirable gap between an expected and a real state and 2) may lead to actual or potential negative consequences for the organizational functioning that could have been avoided"<sup>(2)</sup>, are a natural aspect of work, especially in the context of innovation and dealing with the unfamiliar problems brought on by a crisis. And failures may have very different qualities. As pointed out by Amy Edmondson<sup>(1)</sup>, failures may range from blameworthy (e.g. deliberate failures) to praiseworthy (failures that induce profound learning). It is the latter we are concerned with here.

As new problems are tackled and new ideas tested, occasional failure is unavoidable. In these situations, understanding why the decisions and behaviours did not lead to the expected outcomes thus becomes an

important trigger for revising our current understanding of a problem or situation that may help us deal with it more constructively in the future. While this analysis can be done on the individual level, the real potential lies in the collective analysis as this may provide more profound insights as well as make this learning available to more individuals. Unfortunately, however, we know that individuals in organizations are far more prone to share their successes than their failures with each other – and when they share failures this seldom leads to the kind of profound analysis that identifies root causes and prevents the failure from being repeated<sup>(3)</sup>.

The COVID-19 crisis has met organizations with a large set of new challenges calling for untested solutions. For example, a majority of the workforce was suddenly forced to work from home on a regular basis and meetings were moved from a physical to a virtual space. This scenario is set up for the possibility of failures, in turn leading to learning opportunities. But, will they be shared and discussed as learning opportunities? Or hidden and soon forgotten to be repeated by others?

The Pharmaceutical company Roche is one of the many organizations exploring the new challenges caused by COVID-19 – and learning from their experiences of distance work as they go. In reflecting on the experiences, the Head of People & Culture at Roche Sweden acknowledges a greater openness to failures in a crisis context:

*We have seen that we have a more open, a more forgiving environment, for example accepting failures from the facilitators, who run the meetings [which have moved from physical to virtual space]. We have been more pragmatic and tolerant if some things have not been perfect and we have given more clear feedback, e.g. "Can you please mute since there is a noise in the background" or "Is your wife aware that she is visible in the background?" One practical example of acceptance of failure I experienced just recently was when we divided a group of leaders into pairs during a workshop for a coaching session. During the selection one colleague*

gue was left by herself. Without blame, she reached out and said, “I am alone here in my group.” This gave me the chance to fix the mistake and jump into her group and start to coach her.

The crisis context has also generated new formal and informal arenas for sharing experiences of failure and learning from them:

*A key insight has been that we have had more improvised ways to capture the learnings so far – especially learning from experiences that did not turn out the way we wanted or expected. Examples include sharing of “worst” and “best” practices, both in digital meetings and from our digital communities. We have also seen more of self-organized sharing of both failure and success experiences where different learning groups have emerged.*

This constructive exploitation of experiences of failure at Roche is viewed as strongly enabled by the organization’s dedication to build a culture more appreciative of failures as a learning opportunity. The investments are currently seen to bear fruit:

*Fortunately, ahead of COVID-19 we established several formal practices which have supported us and made it more acceptable to experiment and systematically learn from our experiences, especially from failures. One example is our “Failure Days” which we have had for three consecutive years. Another practice which is a part of how we do things at Roche are “After Burners”, where we openly share experiences, analyze and evaluate our key projects. All these practices have contributed to that we more often ask ourselves: “Ok, it did not go according to plan but what did we learn?” (Head of People and Culture, Roche Sweden)*

**Encouraging failure sharing in organizations**

While few organizations will object to the general idea that failures

should be shared and learnt from, making this happen is more challenging, and, as our own and previous research indicates, it is easy to fail even with the best intentions. In the following we summarize some of the actions organizations may take to increase the sharing of failures.

**Decrease the costs and increase the benefits of failure sharing.**

Failure sharing has in previous research been viewed as a discretionary and potentially risky behaviour which is the result of a deliberate decision process that is affected by both individual and contextual factors<sup>(2)</sup>. In line with this, previous research has argued that individuals decide whether to share failures or not based on a situation assessment, in which the costs and benefits of sharing are identified and weighted against each other (see table 1).

COSTS OF FAILURE SHARING	BENEFITS OF FAILURE SHARING
<p><b>Material costs</b> E.g. monetary penalties, suspension, deducted rewards lack of career development, missing assignments, job loss.</p> <p><b>Image Costs</b> Being perceived as less competent and attractive in the eyes of others.</p> <p><b>Effort costs</b> Time and energy spent on error sharing.</p> <p><b>Economic costs</b> Financial consequences that the group or organization may suffer if the error becomes public.</p> <p><b>Reputation costs</b> Damage to the group’s or organization’s reputation.</p>	<p><b>Sustaining self-image</b> Sharing failures may make us feel like better persons.</p> <p><b>Personal learning</b> Perception that sharing and discussing failures with others contributes to individual learning.</p> <p><b>Group learning</b> Perception that sharing and discussing failures with others will contribute to group learning.</p> <p><b>Organizational learning</b> Perception that sharing and discussing failures with others will contribute to organizational learning.</p>

TABLE 1: POTENTIAL COSTS AND BENEFITS CONSIDERED IN INDIVIDUALS’ FAILURE SHARING DECISIONS (2).

Organizations that want to increase failure sharing need to reduce the perceived costs and increase the perceived benefits. The costs of failure sharing could be reduced, for example, by abolishing explicit punishments for failures, reducing the stigma of failures to lessen image costs, creating formal occasions for failure sharing to reduce effort costs, or putting into place systems to detect and deal with errors to reduce economic and reputation costs. They may also increase the perceived benefits by openly acknowledging and communicating lessons learnt from failures.

As illustrated by the example of Roche, times of crisis may temporarily change the salience of different costs and benefits as some of the potential costs of failures may be temporarily lowered and the benefits increase. As the organization is faced with new problems without obvious solutions, tolerance for failure may increase, thus lowering image and reputation costs and as many are struggling with similar issues the benefits of sharing experiences of failure increase.

**Emphasize learning over performance to avoid the shame of failing.** Current organizations in their formal and informal assessment of individuals typically focus on performance rather than learning. However, continuous performance comes from learning. The seminal work by psychologist Carol Dweck<sup>(4)</sup> has shown that individuals who are mainly focused on achieving high performance are less likely to seek challenges and seize learning opportunities and respond constructively to failures than individuals seeking out opportunities for learning. These latter individuals are more prone to seek challenges – and deal with and learn from potential failures.

The organizational context may push individuals either towards a performance goal orientation or towards a learning goal orientation. While “excellence” is an often-celebrated virtue in organizations, this may risk inducing a performance goal orientation and make failing a shameful experience. In a professional services firm we studied, the individual consultant was depicted as possessing unlimited abilities and was generally portrayed as successful reflecting a performance goal

orientation. This well-intentioned boosting of the employees, however, had the unintended consequence of stigmatizing failures as a potential personal flaw. As employees were depicted as flawless, those experiencing failures to a large extent questioned their professional selves, thus inducing shame, a feeling that led them to hide and withdraw, or blame others, rather than share and learn from their failures with colleagues.

Instead, organizations may strive towards inducing a learning goal orientation, which is more conducive to failure sharing. This may be done by an open acknowledgement of failures and their potential for learning and by depicting the employee not as a “perfect” individual but as a developing individual. To enforce this, organizations may institutionalize processes of feedback and reflection. In such a context, failures become a natural aspect of work with a positive potential for learning. Effort and creativity in approaching an issue should be rewarded as highly – if not even more so – than the achievement of performance itself.

In this vein, another professional services firm we researched depicted the ideal consultant as “proud but not satisfied” and encouraged the provision of developmental feedback to colleagues after each client assignment. The positive image of the highly competent consultant was combined with an emphasis on seeking out learning opportunities. “Nothing is ever so good that it cannot become better” was a message repeatedly communicated by the CEO. This induced a learning goal orientation<sup>(4)</sup> among consultants – a concern with increasing competence – which made failures a more natural and potentially valuable aspect of work that could be more openly talked about.

**Create opportunities for failure sharing.** Effort and emotional costs of failure sharing can be reduced by legitimate contexts in which failures can be shared. In this vein, managers may systematically incorporate failure sharing in their supervisory routines. They may, for example, discuss failures in weekly meetings. One of the organizations studied by us had the item “the week’s hit and shit” on the agenda of the weekly department meeting. Other organizations hosted failure sharing lunches,

threw failure parties or handed out “failure-of-the-month awards”. And Roche, as discussed above, had recurring project debriefs (so called After Burners), and an annual Failure Day that gathered large parts of the organization in a sharing and learning from failures. A central activity on that day was the opening session where members of the top management team stepped up on stage to share their own professional failures. They disclosed both their painful emotions and learnings and thereby helped employees to mind shift to a failure sharing culture that emphasizes the unavoidable nature and benefits of failure. The Failure Day was also a “dare-to-share” event in which participants gained appreciation for their failure sharing. At the most recent Failure Day at Roche a spontaneously shared story by a first-line manager about failing in her leadership role, and consequently learning from it received a long applause and a positive boost from the participants.

**Create a safe space.** Sharing failures is a risky activity for the individual. This risk may be mitigated by the social climate in which the failures are to be shared. Amy Edmondson<sup>(5)</sup> has identified “psychological safety” – “beliefs about how others will respond when one puts oneself on the line, such as by taking a risk, asking a question, seeking feedback, reporting a mistake, or proposing a new idea”<sup>(5)</sup> – as an important condition for failure sharing and learning in organizations. In order to share failures, individuals need to feel that they will be supported by their peers and that the failures will not be used against them, but rather appreciated as a learning opportunity. While a climate of psychological safety is a collective responsibility, managers have an important role to initiate and safeguard it. Managers may do that by showing vulnerability by, for example, asking for help, inviting feedback, sharing own failures and weaknesses, and encouraging others to follow, but also by guarding the norms of support and mutual respect by other team members (see also the chapter by Runsten & Werr).

### Concluding thoughts

The COVID-19 crisis has confronted many individuals and organi-

zations with unprecedented disruptions in their current ways of working (see also article by Peme) which has led to vibrant innovation activity where new ways of working are developed and tested – with successes and failures following. This provides a unique opportunity to profoundly redesign work as we move through the crisis – and many are convinced that the world of work after the crisis will be fundamentally different. The quality of the emerging ways of working will, however, depend on our ability to learn from the experiences, and especially the failures, made, so we had better start building the contexts in which these can be freely shared and learned from.

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