

Learning to Fail-Fast

Innovation is a top priority for CEOs, but how do you set about it in a way that's cost effective, fast, and delivers results? **Emma Carroll** speaks to a mix of senior leaders to find out





A fail-fast approach should enable an organisation to be more agile in how it innovates. However, business structures and the established culture can get in the way. Experts recommend assigning your top talent to such initiatives and preparing a sound foundation for scaling up early on.

Before even taking the first steps towards establishing this new fail-fast culture, the term itself can have negative connotations for some. **Julian Goldsmith**, Senior Relationship Manager at Criticaleye, finds this is often down to the implication of underperformance. “What’s certain is that no organisation sets out with failure in mind. It’s more about asking questions and trying something new,” he says.

“Use whatever term works best for your business and the culture you are trying to create, whether that’s being agile, lean, ‘quick-pivoting’ or adopting a culture of learning.”

Terminology aside, what defines a fail-fast approach? For **Paul Brennan**, Chair of OnApp and a Board Mentor at Criticaleye, it’s about incremental change and focusing on small steps rather than big issues: “I think about it as an approach to running a company, or how you might develop your products; it’s lots of little experiments where some will work and grow, and others will fail and won’t go forward.

“Things don’t always work first time, so you’re giving yourself the opportunity to iterate and get it right in the future,” he says. “You can try a quick prototype, see if it works for the market, and if it doesn’t work then fail-fast, pivot and try something else.”

“The people who are taking part are critically important; they must be the top talent”

Paul distinguishes fail-fast from complex change management or process reengineering: “It needs a lean-type approach. It doesn’t always apply as easily to larger organisations that might have detailed engagement processes, with multiple stakeholders and complex sign off,” he says.

Diana Barea, Managing Director of Talent and Organisation at Accenture, recognises that initiatives in larger organisations can need some protection to allow experimentation to take place. She recounts a project with a FTSE 100 retailer where a hub was set up away from the main business.

“Establishing a separate environment can be very important,” she explains, “one where you’re not expected to behave according to the cultural norms, and you’re not measured in the same way.”

James Welsh, Group Finance and Operations Director at dmg Media, agrees that the structure of an

organisation is key to successful innovation: “Change is constant, and the speed is phenomenal, so it’s always difficult to see where things are heading. We’ve got quite flat structures in our businesses, which enables us to be agile.

“The great thing about digital is that it’s very easy to test things: you can trial initiatives on one channel of your website, or on one subset of your population, and then see the results quickly.”

Rapid Decision-making

When it comes to assessing success, **Paul** believes there needs to be clarity and precision around what you are measuring. “When you break things down into very small components then you can quickly understand whether you are achieving a goal or not. If you realise that a small step isn’t taking you forward, then you need to pivot and change.”

However, he cautions against over analysis and prevarication: “Measurement can sometimes be used as a crux to iterate against rather than as a tool to base decisions upon,” he says.

Diana explains that how you resource innovation needs to be a priority: “The people who are taking part are critically important; they must be the top talent,” she says. “The hub needs to be a place where you go to do something successful.

“Ideally, you should put a high-flier in to lead the hub, especially someone who is seen as an operator that gets things done. Often, they’ll have an innovative, slightly leftfield person alongside them. >



“When you put someone who’s been the COO, for example, into the lead role, then the board will trust them. So – and as long as they are receptive to doing things differently and can set aside the processes, measures and traditional style – this will earn you enough time to make initiatives successful and then scale them back into the main organisation.”

Where **Diana** has seen things fall down is when there’s been a lack of thought about incentives. “An organisation can be talking about how they want experimentation while they are holding the leadership accountable for other measures.”

She advises reviewing how leaders are incentivised, particularly where bonuses or opportunities for promotion come into play. “If any of those measures go against trying new things then you’ll need to remove those incentives and put new ones in place,” she says. “You need to encourage leaders to focus on things like extracting and sharing learnings, copying with pride and taking other people’s ideas to market.”

Ultimately any fail-fast initiative will only be judged a success once it has been launched onto the market or incorporated into the main organisation.

TOP 5 PRIORITIES FOR CEOs: 2018 - 19

1. Retaining key talent and developing skills
2. Innovation
3. Digital disruption
4. Improved cross-team collaboration
5. Cost reduction

Source: CEO Retreat Research 2018

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Raman Sankaran, former Chief Commercial Officer for Growth and Innovation at Simplyhealth, believes the seeds for this need to be sown early.

“The scale-up part of the fail-fast process will only be successful if its foundations have been put in place during the earlier test-and-learn cycles and have answered some of the fundamental questions around success. That will give the business confidence to commit.

“Equally, it is important to have the right levels of involvement and sponsorship from the relevant business areas early in the process, so that there is the necessary buy-in and understanding to take the proposition forward.”

Raman believes that the “rapid-learning approach” should be embedded into the organisation to enable continual improvement, even post launch.

“We’ve done this with one of our newer propositions, where we’ve joined

forces with dentists as co-owners of practices to enable growth and effective succession,” he explains.

“While we had developed and tested this venture in the market, since scaling up we have continued to make further significant improvements, to both performance and speed of process, based on ongoing review and assessment.”

Ultimately, a fail-fast approach is about learning and making decisions quickly based on what you find out.

“It’s how you should be running any organisation: when you want to make a change communicate it with clarity, integrity and just get on with it. It’s about making decisions bravely,” **Paul** says. ■

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