

No Excuses

Treating mistakes as intellectual capital • BY JEFF GRIMSHAW



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Most CLOs would agree that mistakes are often the best learning opportunities. Or at least they can be. But there's usually something that gets in the way of organizations being able to extract maximum insight from foul-ups and near misses.

Blame it on evolution, which equipped us with powerful survival instincts. One of those instincts, researchers say, is a hypersensitivity to negative information. This hypersensitivity helps us detect and respond to threats.

The problem is, it turns out the brain is wired to process threats to the ego the same way it processes physical threats: defensively. So instead of learning from our mistakes, we rapidly deploy excuses to defend our egos, using stories and circumstances to minimize our personal responsibility.

One of the CLO's many responsibilities is to help create an environment where people channel their energy into learning from mistakes instead of covering them up. That requires wholesale reappraisal. In this case, it means confronting negative information without feeling negatively.

So how do you do this? In my experience, there are four common traits among organizations that are effective at treating mistakes as intellectual capital.

Smart Hiring

If employees believe that leaders have confidence in them and want to make them even better, they'll be much more likely to process negative feedback the way you'd like them to.

"My former organization describes itself as a feedback-rich environment. But the joke was that everyone is hired 'despite grave reservation,'" an executive once told me. "The orientation was, 'We didn't really know what we got when we hired you, and whether it will work is anyone's guess.'"

This executive now works for another company with a very strenuous hiring process. Because of this, he said, the organization projects a culture of, "We think you're great. You wouldn't be here if we didn't. And the feedback is going to help you — anything that we can do to help you get even stronger."

Leverage Pride and Perspective

Hai Le, senior director for Hughes Network Systems

in Indonesia, is famous for the question he asks everyone he brings on board: "Why are you here?"

By encouraging people to frame their experiences as career development and pursuit of potential — instead of, say, looking good and collecting the next paycheck — he promotes an environment in which people are willing, even eager, to learn from their mistakes. When someone messes up, his orientation is: Don't be embarrassed, and don't hide it. "My goodness!" he'll say. "How are we going to solve it if we don't know about it?"

Another exemplary leader is Walt Buckley, chairman and CEO of Internet Capital Group (ICG). At the height of the Internet boom, ICG's market capitalization exceeded GM's. The company — and its employees — enjoyed a false sense of invincibility. So when the dot-com crash came, it hit hard. But rather than blaming everything on external forces, Buckley led his team in meditating on their own mistakes and created an environment where he and his team could treat them as intellectual capital and apply them in their return to battle.

Reflection: Standard Operating Procedure

If your organization is like most, leaders conduct "lessons learned" sessions only after projects that go badly. That usually means that the participants, especially those who most need to learn from their mistakes, will show up with a defensive attitude.

However, if "lessons learned" sessions are done routinely, employees don't need to feel hypersensitive. And, as a result, the brain's negativity bias to personal attack is less likely to come into play.

Don't Ask Who — Ask Why

Jack Brennan, chairman and former CEO of Vanguard, said his company embraces the acronym DAWAW, which stands for "Don't ask who, ask why."

"We're always trying to do things better on behalf of our clients. But the way we do that is not by pointing fingers or assessing blame," he said. Instead, it is about asking, "Why aren't we doing as well as we can? Where are the opportunities to improve? And what are the opportunities to capitalize on businesses that we can build?" **CLO**