

Avoiding the Fear of Failure

Paul Winter March 2009

Enterprises are the economic engine of our economy and we need to do all we can to support them as they continue to make their own business judgements, based on the factors that are relevant to their specific business environment. Yes, some will be assisted by the various government programmes coming out of their “rolling maul” of initiatives, but in large part each remains dependant on their own resources and support networks.

Through our March series of briefing sessions with members I have been able to engage with a wide range of business managers and discuss with them the threats and opportunities they are facing right now and in their foreseeable future. The ratio of those performing well and seeing opportunities in the current market places is naturally a lot lower, relative to the ratio of those facing some real challenges. Yet, I am heartened by the way the vast majority realise that their destiny has always been in their own hands and that they need to get on and make the best decisions they can.

My plea to the business owners and managers reading this article is don't be distracted by the doom and gloom in the media. The fear of failure looms larger in difficult times but it needs to be put back in perspective. The continual course correction of a heat seeking missile uses new information to detect whether its track was right or its target has moved. Logically if the current course won't enable it to hit its target, you could say it has failed. Using the latest information it makes changes to get back on track, and so you could say it has learnt from both failure and new insights.

All forms of business plan are just maps of what we expect to happen on our business journey. A good basic map is better than no map. However, it is the ability to capture the insights from our own experiences as well as to learn from the failures and successes of others that enables us to continually improve our business map or plans.

I am still amazed at the number of business owners that rely too much on a business plan that is essentially in their head and rely on budgets formed from some projections of past financials. Regularly updating a business plan that has been documented has lots of benefits and is much easier to share with others who you are relying on to help make the plan a reality. It also makes it easier to test scenarios for your key performance indicators and the impact on budget projections and cash flow statements for the bank.

The Management Focus website has a simple tool for entrepreneurs called MITE. It asks a number of questions about the eight most important areas that a

typical business owner/operators needs to consider when creating a simple action plan. Your answers help you decide the most important actions you should take for each area.

Sharing a written action oriented business plan with others also helps you avoid having wrong personal perceptions about key elements of the plan taking you in the wrong direction. It also enables you to better integrate the insights and capabilities of your people who will help deliver the plan. The evidence is that greater business success relies on building greater business capability.

Apart from capital equipment, systems, processes and IP that can be purchased to build business capability, it is a business' ability to capture and use the capability of its people and its suppliers and to tap into the insights of its customers that really transforms business capability and success.

The fascinating thing is that good and bad businesses can pay similar amounts for these resources, but achieve startling different results. Clearly the good businesses are better at engaging with their people, suppliers and customers and that doesn't have to be an expensive process. They have learnt to make continual course corrections and they keep on learning from failures and listening to and evaluating feedback from their engagements.

Everyone needs to take responsibility for their own contributions and to help their enterprise succeed and not fear failure individually or as a business.