



## The Power of Failing Fast and Often

How a business simulation can accelerate learning, and build experience – fast.

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About the  
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**Overview:** *Business simulations offer a powerful method of accelerating learning and quickly building years of experience. The value of learning from failure is indisputable, but it is under-utilized in developing people due to stigmatization and risk aversion. A key principle of free markets, and harnessed by innovators and startups, failure is something to be learned from. Business simulations allow this happen, without risk, and with speed and scale.*

A mantra of lean tech startups and innovators is the concept of failing fast, failing cheap, and failing often.

But what if you're not a serial entrepreneur, and not managing a portfolio of 'small bets' that you can afford to fail and learn from?

Perhaps you work in one of the 88% of companies where management 'doesn't tolerate failure well if an entrepreneurial idea doesn't work out', or perhaps you just cannot afford the reputational risk of getting something wrong – maybe you're leading your first team, managing a major account, responsible for a P&L, or launching a major product.<sup>1</sup>

In Michael Jordan's famous Nike advert he boasts about his mistakes: *"I've missed more than 9000 shots in my career. I've lost almost 300 games. 26 times, I've been trusted to take the game winning shot and missed. I've failed over and over and over again in my life. And that is why I succeed."*

Learning from mistakes like Michael Jordan, or in the way the military does in After Action Reviews, requires two things: a system to give feedback, and the right mindset (not to reframe or ignore the feedback). It was this mindset that drove Thomas Edison to invent the light bulb, persevering and improving through more than a thousand failed attempts.

In business it's often harder to learn from mistakes than in sports or the military. In basketball the ball either goes through the hoop, or it does not. Results in business are less black and white. They can always be given a makeover, leaders often latch onto any number of justifications, and because failure is so threatening we tend to edit it out so much that we can no longer learn from it. Having the intellectual honesty to admit, even to oneself, where we have gone wrong is difficult and risky.

Despite recognition that our world is becoming more and more complex, failures are not seen as inevitable consequences of that complexity, but indictments of those who made them. This is true particularly at senior levels where CEO tenures shrink year on year and careers rest on a sense of infallibility that is fragile and can be shattered in a moment.

The experience of learning from mistakes becomes scarcer in more senior roles, and observing cause and effect is also harder in industries with high complexity. So, in the most challenging roles or environments, where there is potentially the greatest benefit, there is often very little opportunity to learn from mistakes.

Using business simulations, these organizations are able to accelerate learning and allow leaders to accumulate decades of experience in a very short space of time. Complex business simulations give instant feedback on critical business decisions. Benchmarking with peers in identical situations also prevents latching onto the comforts of justification and makeovers. They can fail fast, fail safely, and the whole organization can learn rapidly from everyone's mistakes. See Sidebar 1 for conditions that need to be true for optimal learning in a simulation.

<b>About Your Business</b>	It needs to be about your business, not just any business. Context is key, and so underlying business metrics, key performance indicators, strategies and goals all need to be accurate to ensure learning is transferable. If a simulation is too abstract or theoretical, application of learning in the real world will be impossible.
<b>Define &amp; Experience Great</b>	By clearly defining what 'great' looks like, and allowing people to recognize it, they will be able to know if they are meeting expectations back on the job. Without a clear picture of success, application will be challenging.
<b>Clear, Unambiguous Feedback</b>	Use a data-driven approach to identify what caused success or failure. Without a direct link between actions and results, insights will be lost, disputed, avoided or ignored.
<b>Dynamic and Forward-Looking</b>	Business priorities, behaviors and mindsets must evolve and shift and to remain static will mean being left behind. Any simulation based purely in the past will not equip anyone to manage the future.

Sidebar 1: Learning from Simulation

Business simulations can also be used to shift and broaden perspectives of participants. While standard simulations focus on the performance of a task, in some cases it is more powerful to give someone a different perspective – perhaps that of a customer, supplier, the CEO – or the experience of managing a whole ecosystem of organizations. See sidebar 2 for different types of simulations.

<b>Ecosystem Simulations</b>	Demonstrate critical interrelationships between organizations along a value chain
<b>Enterprise Business Simulation</b>	Provides business insight and strategic understanding of a company or enterprise
<b>Customer Business Simulation</b>	Places learners in the shoes of their customer to understand their business, strategic priorities and goals
<b>Initiative or Project Management Simulations</b>	Teach project implementation and risk management skills
<b>Future State Simulations</b>	Build alignment around strategy and future direction of a company
<b>Scenario Simulations</b>	Convey role and functional clarity and build leadership, business acumen, sales and a host of other essential skills.
<b>Individual Simulations</b>	Used for knowledge and awareness building, performance support and assessments

Sidebar 2: The BTS Simulation Continuum

The controlled environment of a simulation also allows for observation and feedback to be richer. Debriefs or After-Action-Reviews can then be more objective and fact-based, and trained observers can provide better feedback in order to close observed performance gaps. Assessments Centers, delivered in person or virtually, provide these insights for high potential leaders, as well as candidates in the talent recruitment pipeline.<sup>2</sup>

Another area where we see business simulations providing enormous value is in organizations striving to become more 'innovative'. Innovation Leadership is one discipline frequently omitted in a firm's innovation calculus and refers to the unique set of behaviors required to create an environment in which managers feel both trusted and energized to take on risk and experiment in innovation projects. These skills are quite different from the behaviors expected for successful leadership of a "low risk" business, and business simulations can develop the core leadership skills required to create and sustain a culture of innovation.<sup>3</sup>

So, your approach could be like the big lumbering incumbents ripe for startup disruption – making the wrong decisions, slowly. Or, by using a simulation of your business context, your team could learn by experiencing rich feedback from many

tiny failures – beta testing without landing on our faces. A simulation that provides a powerful representation of your business environment has the ability to bring decades of experience to the classroom in a matter of hours, and allows people to truly understand the consequences of actions without risking their team or their capital.

In conclusion, business simulations can deliver tremendous value to organizations and individuals by accelerating learning. Failures are powerful at changing behavior and increasing knowledge of the consequences of our actions and behaviours. They do this because in some way they are telling us that the world behaves differently from how we expect it to, and so there is huge benefit from being able to make mistakes in a risk-free environment and dissect failures without finger-pointing and blame. "To err is human", and it is also the single most important enabler of progress.

### **About BTS**

BTS focuses on the people side of strategy, working with leaders at all levels to help them make better decisions, convert those decisions to actions and deliver results. At our core, we believe people learn best by doing. For 30 years, we've been designing fun, powerful experiences™ that have profound and lasting impact on people and their careers. We inspire new ways of thinking, build critical capabilities and unleash business success. It's strategy made personal.

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1 <http://bit.ly/1UCkCwd>

2 <http://www.bts.com/news-insights/strategy-execution-blog/strategy-execution/using-assessment-centers-and-business-simulations-to-identify-and-develop-great-sales-people>

3 <http://www.bts.com/news-insights/strategy-execution-blog/strategy-execution/how-to-develop-innovation-leadership-before-your-leadership-derails-innovation-1>