

Good morning everybody! Dennis Engelbrecht with The Family Business Institute and The CEO Roundtable Program for Contractors.

Earlier this week during my roundtable meeting, we had a lot of talk about lessons learned, and that's a pretty common topic about having lessons learned process in construction and how important it is. Again, one of those things companies actually do very poorly. They either don't do the lessons learned, or they don't have a good way of communicating those lessons learned or capturing those lessons learned across their company and to other folks.

I read an article about learning from failure and learned some very interesting things. First of all, what I found is learning from failure is actually the exception. Unfortunately, it's the exception rather than the rule that we actually do learn from failure.

Why is that? Well, it turns out, there's a very strong psychological reason for that, which is we work internally, our minds work very hard to protect our self-image. When we have failures, we'd prefer to forget them so that we think of ourselves better. That's probably one of the big preventers from actually learning from failures. Psychologists call it motivated false memory, a selective amnesia, if you will, but sort of with a positive twist, because we make ourselves feel better by forgetting this stuff.

Interesting, that actually goes on, and it does keep you from learning from your failures, so that it begs the question then, "How do we fail better so that we learn from it? How do we fail better?"

Well, a couple of lessons they found. The first is, it's actually easier to learn from others' failures than your own, so that's something where you can learn. Certainly, our peer group experience promotes a lot of that, because we're sitting around the room with eight or nine other companies, who have all failed at different things. We seem to be better learning from their failures than learning from our own at times.

The other thing they found is, little failures are easier to learn from than big failures. I guess, our mind doesn't check in as strongly to protect us from the little failures. You can learn very well from the little failures, as long as you connect those to a root cause. Sometimes, the little failures are circumstantial, but if you have three, or four, or five, or six of those little failures, there's frequently a root cause. Try to look for the root cause to those small failures, and that can be a little easier for organizational learning to focus on those.

The next thing, of course, is to have a culture that's open and accepting of failure. To talk about that, I want to talk about really the opposite, which is failure avoidance. Sometimes, people are trying so hard not to fail, that when they do fail, it's just too big of a deal, so they avoid failure at all costs. All right.

What avoiding failure at all costs does, is it leads to hiding potential failures, potential problems. Also, actually, leads to unethical behavior. People doing whatever, so they don't get found out, their failure doesn't get found out.

You certainly don't want those two things in your organization, so you want to make sure that your organization is open and accepting of failure. We've talked about before that NASA, in the Challenger disaster, found that when it blew up, that there were engineers that actually had information that should have led them to a no-launch decision.

The culture really wasn't accepting of that knowledge flowing to the top. It didn't happen, and we had a disaster, as a result. Of course, we're just building buildings and trying to make money, so our disasters aren't that big, usually. You got to have a culture that's opening and accepting, or else, the big failures aren't going to show up before they happen.

Also, they found there are two types of failure, in a sense. One is the blameworthy failure. Meaning, "Yeah, we screwed up, we caused it, it was foreseeable. We didn't necessarily have to have a failure," so it's sort of blameworthy. Then, the other kind of failure is experimental. Meaning, we're trying something new, untried, and failures are sort of expected, or a normal kind of thing.

Well, in a survey they asked a bunch of scientists and other folks, "What portion of failures are actually blameworthy?" They thought only one to 4% of the failures were actually blameworthy, as opposed to being in that experimental category. Well, they also asked them the question of, "What percentage of failures were treated as blameworthy?" The answer was around 70%. They thought 70% of failures were treated as blameworthy, whereas only one to 4% of failures were blameworthy.

If you think back to the culture question, if you treat failures as blameworthy, you'll probably get a result that you don't like from that. Make sure, when you do have failures, you go back and say, "Well, is this because we tried a new project, and it was more difficult, and we didn't quite have it all together. We didn't have enough knowledge. It was sort of experimental in nature. Or is it from certainly very preventable failures?" Make sure you're not blaming, where it's really not blameworthy.

Finally, a lot of companies, innovative companies, especially, actually, reward failure, because they want people to be taking chances, stepping out of their box. Companies like Eli Lilly. Eli Lilly has failure parties, when people try something innovative and new, and it doesn't work. Finally, to kind of give it a celebratory postmortem, if you will.

Google X still bonuses both the teams that fail and succeed, because they see the effort towards succeeding resulting in failure, to be just good as the effort towards succeeding in the groups that came up with innovative things.

Then, one other thing about learning from failure. The whole key to learning from a failure is keeping a future focus. Again, you think about blame as backward focus. Future focus is what can we do differently next time to prevent, or teach, or whatever so that we don't repeat our failures, which is the true learning process, is not to repeat them.

Another great suggestion they had is sharing failure stories. However, the interesting part of this, is they said those stories are much more powerful when they come from your most successful people. Again, and you think about setting a culture. If your most successful superintendent is telling one of their worst stories, what you would probably find is all of a sudden that would open up the room to everybody sharing and learning from mistakes.

Sometimes, we place mistakes or associate mistakes with the less capable people. Again, that sort of puts a wall in place from learning from failure. Get your best and most accomplished people to share their failure stories, and I think you'll find better learning.

Finally, one sort of lighthearted message for all of you. We do want to learn better from our failures. Just remember that failure is inevitable. However, learning is optional. Dennis Engelbrecht, digging deeper.