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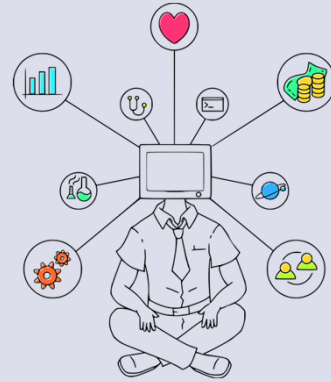


Failure as a Stepping-Stone to Success

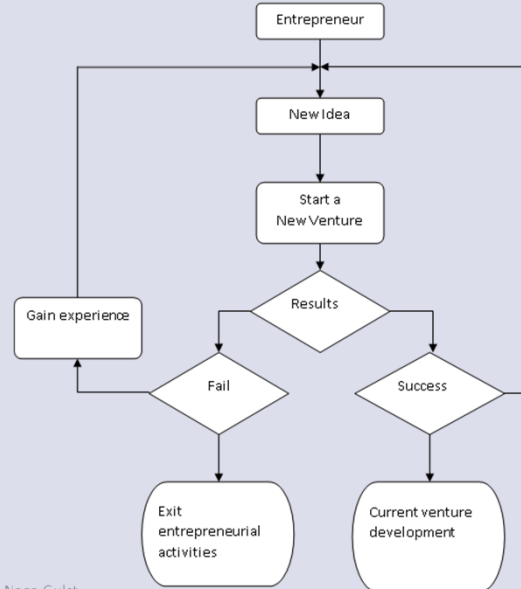
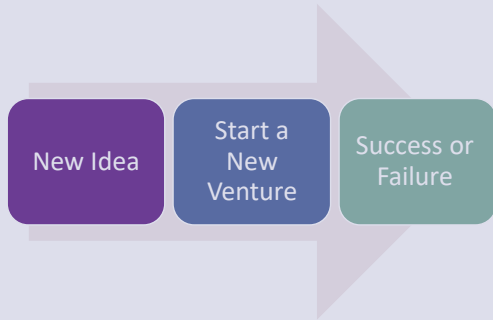
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Entrepreneur

- Individuals who can see “what is not there” (McKenzie & Sud, 2008)
- A person who habitually creates and innovates to build something of value around perceived opportunities (Bolton & Thompson, 2004)
- An individual who applies innovative solutions to opportunities in new or existing organizations (Gulst & Maritz, 2011)



The Entrepreneurial Process



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What is New Venture Success?

- A successful new venture is a profitable new venture.
- A successful new venture is a growing venture.



Chat GPT3 said that: a successful new venture is one that has a clear value proposition, a sustainable business model, and the ability to adapt and innovate in response to changing market conditions

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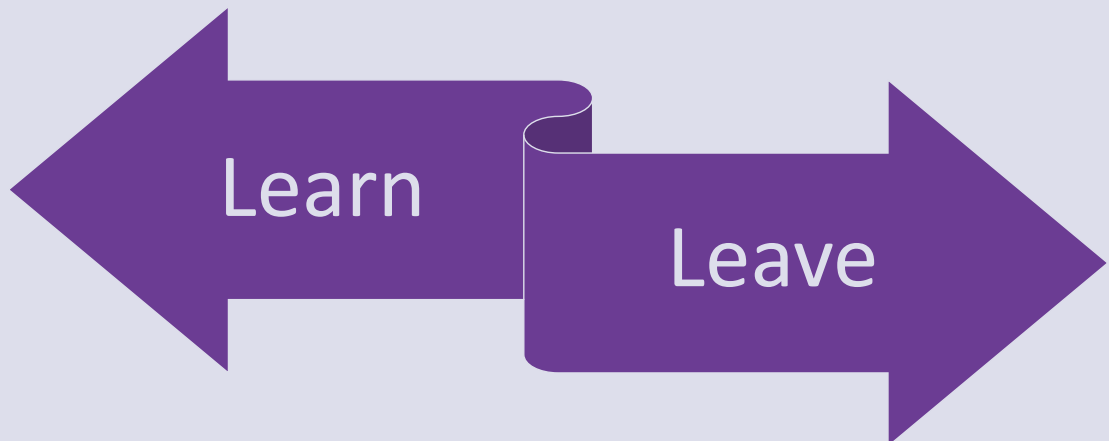
What is New Venture Failure?

- Liquidation
- Closer from financial reason
- Closer from any reason

Falling short of goals

One of the intrapreneurs emphasized that *“I believe it is better to close it quickly than to drag it on. But that's a hard decision. It's hard to cut it”*. This is an important message which suggests that the decision regarding failure should be personal and should be taken before the venture reaches the stage at which it is ailing financially. It gives the entrepreneurs and intrapreneurs the ability to reflect on their actions, learn from their mistakes and start a new venture adding the experience they have gained from the failed venture to their knowledge, which means that they have learned from the failure.

So, we Failed – What's Next?



One of the intrapreneurs emphasized that *“I believe it is better to close it quickly than to drag it on. But that's a hard decision. It's hard to cut it”*. This is an important message which suggests that the decision regarding failure should be personal and should be taken before the venture reaches the stage at which it is ailing financially. It gives the entrepreneurs and intrapreneurs the ability to reflect on their actions, learn from their mistakes and start a new venture adding the experience they have gained from the failed venture to their knowledge, which means that they have learned from the failure.

What Would You Do?



You are a video editor.

A client asked you to edit his short movie.

You told him the price and how much time it will take you.

You asked and received a downpayment for 50% of the price.

You did your part, the client was happy, or so he said.

When you asked to receive the rest of the payment, the client said that he actually forgot to send you some of the footage, and you need to start over the editing

What would you do?

Was This a Failure?



It is a failure, a small one, but a failure any how.

The idea is to find small failures and learn from them, so next time you will work better.

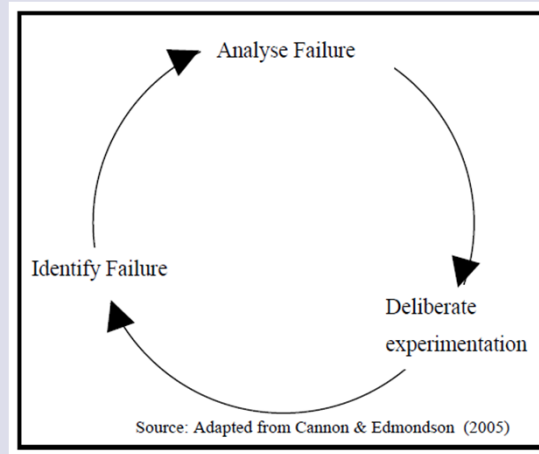
In this case my suggestion to the video editor were:

1. Always send written quotes
2. Never start working before you get a written notification that you got all the materials
3. Everything should be done in writing and not oral

First
Attempt
In
Learning



Entrepreneurial Learning



These three stages should be an endless process of learning: identifying small failures, analysing them and learning by experimentation to achieve better results.

1. **Identifying failure** – Failure is a process; it does not happen suddenly. Major failures are often preceded by smaller failures that were not identified and, therefore, were not used as learning stages that could have prevented catastrophic failure. The tendency to ignore small failures can result in the repetition of those behaviours and actions which can lead to major failures that can lead to the termination of ventures (Cannon & Edmondson 2005; Petroski 1985). When a small failure is identified, it is a signal that there is a problem in the

process. Therefore, having a process for recognising failures as they occur is crucial for business survival. Although it is easier to recognise larger rather than smaller failures, the reaction towards the large ones might be more protective than exploratory. As the smaller failures are less threatening, they may be able to attain the dual goal of capturing attention and enabling the avoidance of major failures (Sitkin 1992).

2. Analysing failure – It is not enough to recognise a failure, one needs to reflect and find the reasons for that failure. Only then can learning start. Without the process of analysing and reflecting on failure, there is no learning (Cannon &

Edmondson 2005). Furthermore, by analysing small failures that appear during the lifetime of the venture, bigger failures may be prevented (Sharma & Mahajan 1980). To properly revise one's actions, entrepreneurs must understand

why the failure happened, analyse it and understand what they should do to prevent it in the future (Shepherd 2003). Clarke et al. (2006: 443) summarise the issue by saying that “Through reflection about one's actions and the consequences, which result from these actions, reflective learning occurs which may enable possible constraints and difficulties in the environment to be identified”. They suggest that the entrepreneur should become a “reflective practitioner”, meaning that they should use critical reflection, which will help move the business beyond “adaptive” learning.

3. Deliberate experimentation – This is the third and

most proactive process used by organisations and entrepreneurs to learn from failure. Firms experiment with new procedures for learning and innovation purposes. These experiments may increase the failure rate of the procedures, though they open the up the possibility of discovering novel and innovative solutions (Cannon & Edmondson 2005).

How do we do it?

1. Preparation
2. Persistence
3. Cautious Optimism
4. Clear Goals
5. Early Detection
6. Fix
7. Repeat

Most Important!
When detecting a failure:
stop,
investigate what went wrong,
learn from your mistakes
and
proceed to your next venture!

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