

Learning from Business Failure

By Don Sutherland

In my BBA 407 Strategic Management course, I emphasize the need for companies to continually learn and the myriad learning opportunities that are available to every company, no matter how young or enduring, no matter how small or large. Painful as it might be, failure also provides rich learning opportunities.

When asked about his failures in a Harvard Business Review interview conducted by Karen Dillon, A.G. Lafley, former CEO of Procter & Gamble explained:

They were all part of my growth and development. What's the single-biggest reason that leaders stop developing and growing? They stop becoming adaptable; they stop becoming agile. It's Darwin's theory. When you stop learning, you stop developing and you stop growing. That's the end of a leader.

Such opportunities can be so valuable that Paul J.H. Schoemaker, chairman and CEO of Decision Strategies International, and Robert E. Gunther, founder of Robert E. Gunther Communications, extol the virtues of learning from “deliberate mistakes.” In the June 2006 edition of Harvard Business Review, they wrote:

When fundamental assumptions are wrong, companies can achieve success more quickly by deliberately making errors than by considering only data that support the assumptions...

Overconfident individuals and businesses are usually uninterested in subjecting their presumed expertise to empirical tests. But to be more successful in the long run, managers sometimes need to be less successful in the short run. Leaders who understand this will foster an organizational culture that encourages intelligent, deliberate mistake making.

Mistakes and failure can allow those who learn from them to reduce their own biases, as mistakes and failures often reveal unrealistic assumptions. Unrealistic assumptions result in suboptimal choices.

In today's high-tech world, one often finds the narratives of the firms that grew into global successes. Apple, Google, and Microsoft are among the companies that populate the headlines. Those narratives provide great material for business classes. However, much can also be learned from the companies that were launched and ultimately failed.

Although those companies might turn up as one searches databases and looks further into a given firm, they seldom garner the kind of attention that is fixated on their enormously successful counterparts. However, that may now change, as a website has been created to focus strictly on those failed companies.

Autopsy.io, which was recently featured on Bloombergview.com, was developed to serve as a repository of failed technology startups. “Most startups fail—everyone accepts that, but you

never really hear about them—so the focus is on learning from other startup mistakes,” site cofounder Niral Patel explained.

The site provides a simple format. It contains the month and year a failed company was added, the name of the company, a brief description of the idea behind the company, a brief description of the reason for failure, a short write-up concerning the company’s failure, and even the founder’s e-mail address. Readers are invited to subscribe for e-mail updates.

Submit an Autopsy		Autopsy - Lessons from Failed Startups			created by: @NiralSJP + mlc.co
Autopsy Date	Startup	Idea	Reason for Failure	Full Story	Founder
June 2015	Lumos	Machine learning enabled smart electrical switches	<i>Overestimated machine learning and underestimated</i>	5 Reasons Why My IoT Startup Failed	@yashpkotak
June 2015	Rate My Speech	Improve people's public speaking skills	<i>Lack of problem-solution fit, no real team, too much eg</i>	Let it go, let it go... Sunset of my first	@asziq
June 2015	RewardMe	Loyalty platform for restaurants and retailers	<i>Premature scaling and founder misalignment</i>	Premature scaling killed us	@junloayza
June 2015	UDesign	Create and buy beautifully patterned women's clothi	<i>We didn't stick to our original vision, and let spending g</i>	We went from fashion-tech prodigies	@econstreams
June 2015	Fastr	Whatsapp for Customer Service	<i>"Wrong approach, wrong target market"</i>	Fastr - Pitch	@greqdsouza
June 2015	GuGo	A group-centric social intelligence platform	<i>"Cofounder disagreements, couldn't secure funding"</i>	How to Learn From Your Mistakes in a Tech Startup in Order to Succeed	@shermanbiz
May 2015	Wattage	average person easily create customized hardware	<i>run out of cash</i>	Well, We Failed	@jeremybell
May 2015	Allmyapps	first appstore for Windows PC to make it easy to discover, install and update PC software	<i>"not enough time spent on vision in the early days, too early marketing spending, too many early hires, and a lot more..."</i>	Allmyapps—Story of an Almost Successful French Startup	@thibauld
May 2015	BitShuva Radio	Pandora for niche music genres and indie bands	<i>"Failed business model was around customized software builds; it should have been a platform"</i>	My startup's dead! 5 things I learned	@judahgabriel
April 2015	KOLOS	The first iPad racing wheel	<i>"Not something people wanted"</i>	Kolossal failure: 10 lessons I learned from burning through \$50,000 on a hardware project that bombed	@k ivaylo

This website could mark a starting point for students who are interested in researching reasons companies fail, gaining some insight into the validity of their own possible entrepreneurial idea, and thinking about the strategic requirements for success in emerging industries.