



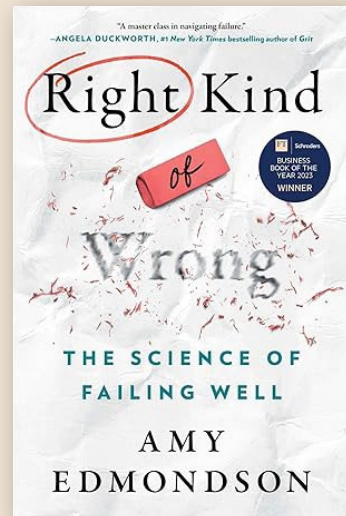
AMY EDMONDSON

RIGHT KIND OF WRONG

Leading in an Uncertain World



Amy C. Edmondson, PhD



“
We’re going to fail all day.”

—Dr. Jennifer Heemstra



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“
Fail often in order to succeed sooner.”

— David Kelley
Co-founder, IDEO



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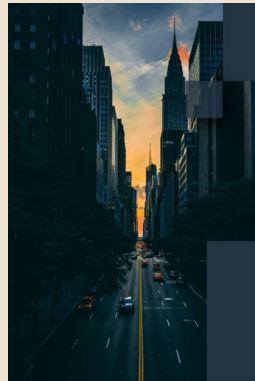
THE PROBLEM WITH THE FAILURE FAD

Deep down we know:
Failure is bad!



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When failure is “off limits”



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1

Basic Failures



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2

Complex Failures



The right kind of wrong. ↻

3

Intelligent Failures



BASIC FAILURE

Citibank, August 11, 2020

An employee made a mistake that accidentally transferred \$900 million to a group of lenders.

Basic ≠ Small



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COMPLEX FAILURE



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INTELLIGENT FAILURE

“
I have not failed.
I've just found
10,000 ways that
won't work.
—Thomas A. Edison



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FOUR AND A HALF ATTRIBUTES OF Intelligent Failure



It takes
place in new
territory



With a credible
opportunity to
advance toward
a desired goal



Informed by
available
knowledge;
(hypothesis-
driven)



The failure is
no larger than
needed to
gain the new
knowledge

→ **Bonus:** The failure's lessons are identified, shared, & used

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Investing TO REAP HUGE REWARDS

Dalio had been especially proud of his
ability to predict long-term trends.



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INTELLIGENT FAILURE?

New territory?	YES
Opportunity driven?	YES
Good reason to believe it can work?	YES
As small as possible?	Oops!

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INTELLIGENT FAILURE?

New territory?	YES
Opportunity driven?	YES
Good reason to believe it can work?	YES
As small as possible?	NO

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“

In retrospect, that failure was
one of the best things that ever
happened to me. It gave me the
humility I needed to balance my
aggressiveness and shift [my]
mindset from thinking 'I'm right'
to asking myself...

'How do I know I'm right?'

—Ray Dalio



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INNOVATION AT "TELCO"

- Excellent provider of local and long-distance telephony
- "NewTech" developed by R&D
- Small, well-staffed, successful suburban pilot
- Decision to approve full-scale launch



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Why didn't the pilot prevent the fiasco?

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BECAUSE THE PILOT WAS A SUCCESS!

Your pilots should fail. (Yes, fail.)

Essential diagnostic questions

- Is the pilot being tested under typical circumstances?
- Is the goal of the pilot to learn as much as possible?

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BECAUSE THE PILOT WAS A SUCCESS!

Your pilots should fail. (Yes, fail.)

Essential diagnostic questions

- Is it clear that compensation and performance reviews are not based on a successful outcome of the pilot?
- Were explicit changes made as a result of the pilot?

The "NewTech" launch fiasco was not the right kind of wrong.

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GOOD PILOTS BRING INTELLIGENT FAILURES

New territory?	YES
Opportunity driven?	YES
Good reason to believe it can work?	YES
As small as possible?	YES

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TAKING THE *intelligence* OF INTELLIGENT FAILURE TO HEART

In new territory, the only way to make progress is through trial and failure.

Intelligent failures are not preventable (BUT THEY ARE AVOIDABLE)

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“
right, into
the bin it goes



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RETHINKING EXCELLENCE FOR AN UNCERTAIN WORLD



EXCELLENCE MEANS ERROR AWARENESS—*catching and correcting error*—ALL THE WAY THROUGH A PROCESS OR PROJECT, ALONG WITH A WILLINGNESS TO *take smart risks*.

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RETHINKING EXCELLENCE FOR AN UNCERTAIN WORLD

“
I've never flown a perfect flight
— and it won't happen today
either. I need to hear from you.

—Captain Ben Berman,
briefing the cockpit crew



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RETHINKING EXCELLENCE FOR AN UNCERTAIN WORLD

This is not failure...

Doing Your Best!

...this is failure.

Playing Not to Lose

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RETHINKING EXCELLENCE FOR AN UNCERTAIN WORLD

To ensure *intelligent failures* in your organization:

1
Set the Stage

2
Create Space to Explore

3
Respond & Reinforce

RETHINKING EXCELLENCE FOR AN UNCERTAIN WORLD

To ensure *intelligent failures* in your organization:

1
Set the Stage

- ✓ Convey an inspiring purpose
- ✓ Emphasize the need for experiments to achieve it

RETHINKING EXCELLENCE FOR AN UNCERTAIN WORLD

To ensure *intelligent failures* in your organization:

2
Create Space to Explore

- ✓ Create space to experiment
- ✓ Distinguish between preventable and intelligent failures

RETHINKING EXCELLENCE FOR AN UNCERTAIN WORLD

To ensure *intelligent failures* in your organization:

3
Respond & Reinforce

- ✓ Share news about all failures as widely as possible
- ✓ Reward speaking up about mistakes, problems and failures

PSYCHOLOGICAL SAFETY

A belief that the context is safe for interpersonal risks – that speaking up with ideas, questions, concerns, or failures will be welcomed and valued.

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PSYCHOLOGICAL SAFETY is NOT:

Being Nice
Being Comfortable
Job Security
Lowering Standards

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CHECK YOUR RATIOS

What percent of what you hear is...

This?	Compared to this?
AGREEMENT	DISSENT
PROGRESS	PROBLEMS
ALL'S WELL	I NEED HELP
GOOD NEWS	BAD NEWS

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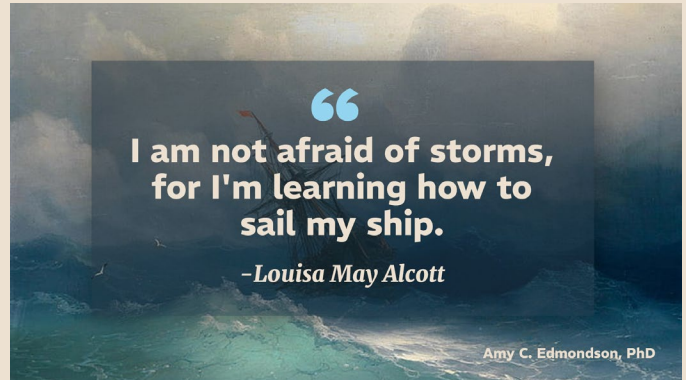


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THRIVING AS A *Fallible* HUMAN BEING

- ✔ Encourage yourself and others to take *smart risks* – take a chance rather than risking regret for not trying.
- ✔ Be mindful, supportive, and vigilant in upholding the *highest standards* for physical safety and moral actions.
- ✔ Resist perfectionism: set *realistic goals that require stretching* –and don't expect immediate success.
- ✔ Practice persistence, reflection, and taking accountability.
- ✔ When you fail, *learn and pivot*.

Amy C. Edmondson, PhD



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