**Building Leadership Capacity**



**Reacting to Failure**

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##### Reacting to Failure

*New Reality Leadership*

*The first response*

**Overview**

Leaders coach employees in different situations. One challenge is coaching when others have failed to perform a task the right way, make an error, or make a poor decision. Leaders have tremendous opportunities to positively impact the work environment by the way they ***initially react*** to these situations. Although we prefer not to have these adverse situations, we can view them as learning opportunities. This module provides viewpoints and case studies to help leaders evaluate how they react to these situations and develop a plan to respond in ways that will positively impact the person or organization when a failure occurs.

|  |  |  |
| --- | --- | --- |
|  |  | **Objectives**   1. Identify healthy leadership characteristics when reacting to a failure of a report or team. 2. Apply these characteristics to case studies where failure has occurred. 3. Assess how you react to failure and develop a strategy to apply the principles discovered in this module. |
|  |  | **Contents**   * 1. Reacting to Mistakes: What is at Stake?   2. Connecting to the Leadership Principles   3. Reacting to Failure Assessment   4. Perspectives on Failure   5. Reacting to Failure Model   6. Case Studies   7. Tools and Checklists   8. Application Exercise   9. Organizational View Assessment   10. Competency Focus   11. Summary and Application   1. |

**Perspective**

This concept impacts the ability of an employee to contribute to the workplace. A *few* wrong responses to a mistake can have devastating results on the person and the organization. Entire teams and organizations have crumbled because leaders did not understand and apply this skill. Children with great potential have been squashed. This principle costs absolutely nothing to apply but costs millions when done poorly.

Leaders need to address employees who have made mistakes or poor judgment, but you can coach employees in a way that grows the person and the organization.

**1. Reacting to Mistakes: What is at Stake?**

Scott took a risk to directly contact a VP about a new idea. The email included his manager. That was the last risk Scott took. Why? His manager called him into the office and yelled for several minutes on why Scott should not have contacted a VP directly. Scott had no chance to explain and never understood what was wrong about the decision. He took no more risks during his stay in the group. He left a year later. That group lost half of its employees in a year and accomplished only a quarter of its goals. The leader could have changed just a few words and approaches to the way he interacted with employees ***that would have cost him nothing***!! His negative reactions cost well over one million dollars in recruiting fees, hiring outside consultants, lost productivity, and lack of services that others had to build themselves.

List a couple of examples you have seen where leaders either positively or negatively reacted to a mistake. List the impact of these reactions, either positive or negative. Be prepared to share these when asked.

|  |  |
| --- | --- |
| **Situation** | **Impact** |
|  |  |
|  |  |
|  |  |



Many people dream of success. To me success can only achieved through repeated failure and introspection. In fact, success represents the 1% of your work that results from the 99% that is called failure."

Soichiro Honda



**2. Connecting to the Leadership Principles**

A role of a leader is to maximize the performance of the team. Some businesses today are ***operating at a fraction of their potential***. Learning to react appropriately to mistakes is one skill leaders can apply to close the gap.



Responding effectively to mistakes closes the gap. Responding negatively opens the gap.

Coaching poorly through mistakes erodes the team and causes huge performance and financial impact.

We also need to accelerate the development. It is common for organizations to do a short orientation and then to let the employee find their way and fumble along. These organizations may not compete well with those who have a systematic, focused approach.

**To**

**From**

Development

Organizations must ***accelerate*** the development of employees vs. just letting them learn at a leisurely pace.

Just letting development happen

Development

Time

Time

**3. Reacting to Failure Assessment**

Time

**Assessment**

**Reacting to Failure**

This assessment looks at perspectives and reactions you may have when others fail to accomplish your goals or make the right decisions. Check how you react to the scenarios. Use the results to enhance how you react in these situations. Think also about situations outside of work including those with children or spouse, sports teams, and other interests.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Challenged** | | **More like me** | **Sometimes like me** | **More like me** | **Strength** |
| I react negatively in these situations | |  |  |  | I react calmly |
| I respond quickly with little thought | |  |  |  | I tend to ask questions before responding |
| I have high standards and do not view failure as a learning avenue | |  |  |  | I have a coaching perspective when others fail or struggle |
| I have a hard time turning negatives into positives | |  |  |  | I find positives in a negative situation |
| I am impatient with those who do not learn quickly or accomplish a task promptly | |  |  |  | I am patient with those who are learning |
| I take over if others are not accomplishing the work | |  |  |  | I resist the urge to take over when others are struggling and take time to coach through the process |
| My team tends only to do what they are directed to do | |  |  |  | My team has developed the capacity to work without my regular presence |
| My team lacks creativity or fears taking risks in many situations | |  |  |  | My team has a healthy, adventurous and creative spirit knowing they can take calculated risks without fear of chastisement if they are wrong |
| **Total**  Add each column |  |  |  |  |  |

**4. Perspectives on Failure**

1. **A Failed Experiment**

An engineer had a brainstorm. In his operating area, they used sugar to flush contaminants from the process equipment. Disposing of this contaminated sugar in a landfill was expensive. His idea was to slowly discard and deactivate the sugar using an on-site wastewater system. It appeared to be sure savings. However, as the sugar entered the system, it clogged the pumping system causing the process to shut down. Everyone harassed the engineer for the idea and walked away…except one person. This person looked at the engineer and commented that the thought process was great and nothing ventured, nothing gained. They talked about the need to try new things, explore ideas. It cost a day’s production and some craft time to clean the pump. The engineer was able to shrug his shoulders at the criticism and keep an adventurous spirit. Others may not have fared as well.

Be not ashsamed of mistakes and thus make them crimes - confusius

This is an example of a failing situation. The supervisor could have reprimanded the engineer. And while many criticized the attempt, at least one person saw the value in the experiment even with the downtime in the process.

Your role is to bring out the creativity in your team. You can unleash or squash an adventurous, explorative spirit by how you react to the results of their work. Here are thoughts on viewing failure as a building block of success. Read these views in preparation for completing the case studies.

1. **Failure as a Primary Vehicle for Success**

Failure provides a great learning opportunity and should be viewed as the very lifeblood of success. "Although most people hate to be labeled a failure and love to be labeled a success, it is only through seeming failure that most of life's greatest successes are achieved. Usually, "failure" or "success" is almost entirely in the eye of the beholder... Failure is often a misperception about the difference between what exists and goes unnoticed (such as growth and learning when we fall short of reaching a goal) and what is realized later (longer-term success)."

1. **Differentiate Between Noble Failure and Stupid Failure**

David Pottruck, the CEO of Charles Schwab, says: "The idea that failure is okay is ridiculous. I am not going to go around the company and reward someone for failing. But here at Schwab we differentiate between *noble* failure and *stupid* failure."1

Charles Schwab has a set of criteria for defining noble failure. Noble failure occurs when:

* You have a good plan and know what you're doing, you've thought everything through carefully, and have implemented with sufficient management discipline, that if you look back in review, you'd conclude it was thoughtfully done
* You have a reasonable contingency plan to deal with an initial failure and the contingency plan must have been implemented
* You need to debrief yourself and ask what you can learn from the experience that will lead your company to be smarter next time.

1. **Turning Failures into Opportunities**

To profit from experience, you must be *open and willing* to learn, even from what some people might consider a failure. "Generally, people have a narrow and negative understanding of the meaning of failure, and therefore tend to hide from it, a reflex that can block valuable learning. What may seem to be a failure can lead to new opportunities, especially if the knowledge acquired from the failed projects can be exploited. *Right learning questions* can serve as a starting point for the assimilation of learning.

Changing your *perspective* *is the key to finding success in seeming failure*. "Optimistic thinking has sometimes gotten a bad rap as being unrealistic, but research has found that we can indeed live happier, healthier, and more successful lives if we can learn to discover opportunities in problems.” These problems then become merely challenging opportunities that we can turn to our advantage.

Excerpts taken from [Building From Failure](http://www.1000ventures.com/business_guide/crosscuttings/failure_managing.html)

Ten3 Business e-Coach

[version 2004b](http://www.1000ventures.com/2004b_new.html).

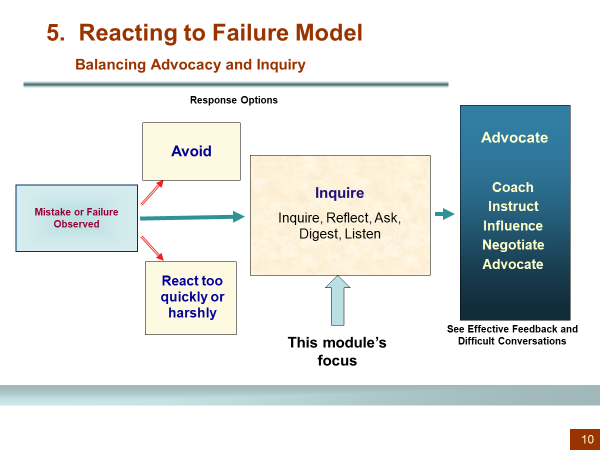
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**5. Reacting to Failure Model**

**The Initial Response**



This model represents the initial response options. We have three choices: avoid, react quickly, or inquire. By responding through the inquiring process and asking questions, you gain the needed information to make rational responses. This process may only take 30 seconds in situations. A harsh, quick response can be eternally damaging to the team. They will remember that response almost forever.

The goal is to obtain the correct information and then respond. Often the leader assumes what happens, responds inappropriately, and misses the mark.

Even in mistakes, there may be positives. A strong leader will recognize these positives.

**6. Case Studies**



**The Adventures of building a home**

## Case Study 1

You are assigned to help Jack, a building contractor, understand his leadership challenges and why his crew is struggling and turnover is high. Consider the following scenarios. Describe how you would coach this builder/leader to be more effective.

# Scenario 1

Jack sets up the work at 7 am. His crew today consists of two workers. One has experience; the other a helper. He instructs them to finish framing the first floor. He returns later and finds they have completed the work as instructed, but while talking on the phone, he realizes that the back wall is seemingly not secured, and any wind could take it out. He panics, drops the phone and begins yelling orders to grab supports to secure the wall. He reprimands them for not being attentive. The crew thought they had secured the wall and is not sure what the commotion is about. They both quietly continued their work for the rest of the day.

# Scenario 2

Jack is operating a crane and his crew is setting a large truss on the roof. The team is struggling to position it in place while Jack is running the crane. He impatiently waits and then finally sets the brake on the lift and impatiently tells the two workers to step aside. He completes setting the truss on his own.

# Scenario 3

Dave, a worker, is making a complicated cut on a beam. He cuts it backward making it unusable. Jack looks at him and shakes his head, steps down and completes the work.

**At the Plant**

[](https://pixabay.com/en/grain-factory-industry-industrial-2543915/)

## Case Study 2

Jan is the leader of a crew in the plant. Jan’s leader asks you to observe the interactions with her team and make recommendations to help her be more effective. Discuss the scenarios with your group.

# Scenario 1

As the weekend approaches, Jan determines the game plan for the weekend crew that consists of making the X1 grade of product for a critical customer request for the following week. She sends the instructions via email since she will not see the weekend shifts. Monday morning, she fully expects to see 4000 pounds of X1 but sees only X3. She storms into the office and demands an explanation of why they did not follow her orders. She does not give the shift supervisor a chance to explain. She now tells them that the customer was expecting this material by Wednesday and it will be impossible to deliver it on time. The shift lead informs her that they did not have all the ingredients for X1 so thought it would be prudent to make the X3 over the weekend and then start the X1 on Tuesday when the shipment was expected. From Jan’s perspective, she was upset because now the customer had to wait and her leadership would be disappointed with her.

# Scenario 2

Jan has asked the shift leader of the midnight crew to train Mike on the granulation process. Typical batch yields for this process are 80%. The following morning, Jan reviews the midnight shift’s yield and notices that the midnight yield was 30%. Enraged, she catches the shift leader before he leaves to inquisition him on the disaster. The shift leader informs Jan that they had trained Mike all week on this process and this was Mike’s solo run of this process. He said he knew Mike was off course but decided to let him go to gain the confidence of making critical decisions. The shift leader knew they could rework the batch within an acceptable time for the customer. Jan tells the shift leader jump in and save the batch the next time this happens.

*See the end of this document for perspectives on each of these cases*

# 7. Tools and Checklists

# Reacting to Failure

Tips to guide your reactions and set employees up for success

1. Do not react quickly and abruptly. If it is an emergency, rally the team, give clear directions and closely monitor the progress. Take time after the emergency to review the situation with the team.

2. Inquire respectfully and calmly about the apparent failure. State what you observed and then let the other person or team explain the situation from their point of view. Once you see the situation, respond accordingly.

3. Use all situations as coaching and learning opportunities. Determine how to help people grow and have the mindset that all people will miss the mark and will need coaching during these times. If you have the mindset that each employee will be perfect, or will meet your standards all the time, you will be coaching from frustration vs. development.

4. Ensure instructions are clear.

5. Develop your team. Provide opportunities for your team to be independent. With independence, there are times when the team will respond differently than you expect. Be prepared and know how you will react.

6. When an employee does not perform according to expectations, take extra time to work with that employee to fully explain the discrepancy. Avoid criticizing or degrading the employee.

7. Not all employees may be at your level and you will have to be patient with their growth and understanding. Invest early and regularly in your team.

8. Highlight the positive parts of a decision thought process and build on that to develop the reasoning of the employee.

9. There are situations where employees have refused to be coachable and have not been successful. There is a limit to coaching employees who are not flexible, who are resistant to coaching and who regularly operate outside the clear bounds you have set. Coach people through failure but know when and how to use the corrective action guidelines for your area.

10. Realize your role is to *develop* your team to excellence. This involves working with many types of people and requires tremendous energy. However, investing up front pays down the road.

11. Apologize when you mess up.

**Checklist**

**Reacting to Failure**

As you address a person who has made an error or not accomplished a task according to your standards…

|  |  |
| --- | --- |
| Your initial response… |  |
| 1. Remain calm. |  |
| 2. State the situation without an initial judgment. |  |
| 3. Ask probing questions. Inquire before advocating your perspective. |  |
| 4. Acknowledge the positive. (find the parts that were right) |  |

Next steps in the discussion if needed

|  |  |
| --- | --- |
| 5. Use the situation to coach the employee to a higher level vs. denigrate. |  |
| 6. Be patient with employees who do not possess your skill level. Has this person been adequately trained? |  |
| 7. View the failure as part of the overall training and development process. |  |
| 8. If this is a repeat problem, take time to prepare. Document the situations so you can objectively state the past occurrences without debate. |  |
| 9. Determine if you need human resources in the situation. There may be legal issues such as substance abuse that may be a cause. |  |
| 10. Ensure there are no safety implications involved. If there are, react calmly but purposefully. |  |

The items are similar to holding a performance discussion. In many situations, the mistake will require a performance discussion. The key to this module is to *improve the initial way you react* in the situation. The response you make in the *first few minutes* is the focus of this module.

Reacting correctly is the first step. This is one of the biggest challenges of leaders today.

Once you have this skill down, you can determine your response and type of feedback required. This module focuses on the reaction. The modules called **Providing Effective Feedback** and **Difficult Discussions** focus on the response. Both skills are critical, but we have separated the response since the reacting behavior is so important.



**8. Application Exercise**

List a lost opportunity you had to build up a team or person during a failure. What did you do and what could you do the next time differently?

List a time where you did build up a person or team through a failed opportunity. How did you do this and what was the result?

**9.** **Organizational View Assessment**

Think about the organization you run or are a part of. Describe how you would view their overall attitude in this area. Fill out the same assessment but with a *focus of your entire organization.*

**Assessment**

**Leading Through Failure**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Challenged** | **More like Organization** | **Sometimes like Organization** | **More like Organization** | **Strength** |
| Overall leaders react negatively in these situations |  |  |  | Leaders react calmly |
| Leaders respond quickly with little thought |  |  |  | Leaders ask questions before responding |
| Leaders have high standards and do not view failure as a learning avenue |  |  |  | Leaders have a coaching perspective when others fail or struggle |
| Leaders have a hard time turning negatives into positives |  |  |  | Leaders tend to find positives in a negative situation |
| Leaders are impatient with those who do not learn quickly or accomplish a task promptly |  |  |  | Leaders are patient with those who are learning new skills |
| Leaders take over and do work if others are not accomplishing the work |  |  |  | Leaders resist the urge to take over when others are struggling but take time to coach through the process |
| Teams tend only to do what they are directed to do |  |  |  | Teams have developed the capacity to work without a leader’s regular presence |
| Teams lack creativity or fear taking risks |  |  |  | Teams have a healthy, adventurous and creative spirit knowing they can take prudent risks without fear of chastisement if they are wrong |
| **Total**  Add each column |  |  |  |  |

What difference do you see between this overall assessment and your assessment?

The results of the above assessment provide insights into the health of an organization. Cultures form throughout an organization based on leaders establishing patterns over time. Reactive leaders breed similar behaviors with other leaders. If you are a leader in this type of organization, you can still control how you manage your reactions. You may receive stronger reactions from your leader when you make a mistake, but you can break the cycle.



**10. Competency Focus: Changing the Mindset of the Organization**

Think about the following mindsets of successful companies. How does applying the principle of this module increase the application of these mindsets?

**Increasing Prudent Risk Taking**

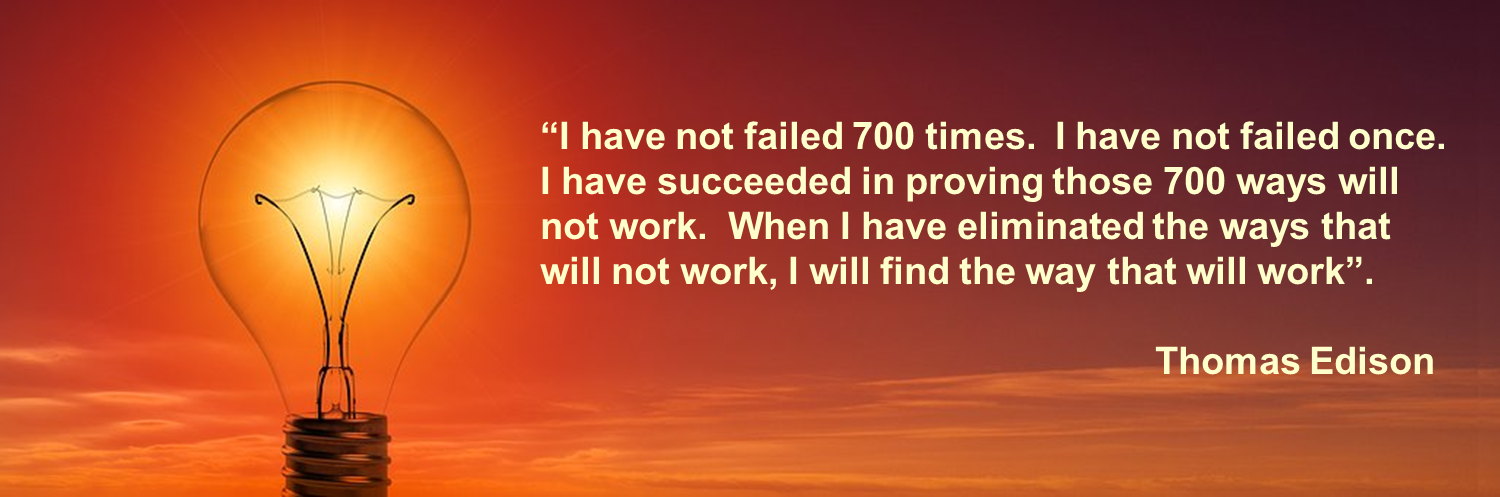
**Accelerating Employee Development**

**Helping employees work independently**

**Shifting control and decision making to the front line**

**Perspectives on Failure**

* "Failure is the foundation of success, and the means by which it is achieved" - Lao Tzu
* "Be not ashamed of mistakes and thus make them crimes." - Confucius
* "Many people dream of success. To me, success can only be achieved through repeated failure and introspection. In fact, success represents the 1% of your work that results from the 99% that is called failure." - Soichiro Honda
* "In the West, our fixation on success discourages us from *risk-taking* because it values success over learning, and it abhors failure whether we learn from it or not." - Parker Palmer
* "Failure is the opportunity to begin again more intelligently" - Henry Ford
* "Whatever doesn't kill you, makes you stronger" - Marlon Brando
  + "Once you embrace unpleasant news not as negative but as evidence of a need for change, you aren't defeated by it. You're learning from it." - Bill Gates

**11.** **Summary**

Mastering this approach costs little. You are wired in how you react, and it will take time to adjust. The benefits for you, the team, and the business are high. Pick several application exercises to work on over the next months.

**Application**

1. Journal your reactions for a few weeks.

|  |  |
| --- | --- |
| **Situation** | **My Reaction** |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |

2. Complete the modules on Feedback and Coaching.

3. If you are doing this module with others, take a few minutes in meetings to share success stories or mistakes you have made and encourage each other to improve continually.

**

**Coaching Perspectives** *(From case studies)*

**Reacting to Failure**

**The Adventures of Building a home…**

## Case Study 1

# Scenario 1

Jack sets up the work at 7 am. His crew today consists of two workers. One has experience; the other a helper. He instructs them to finish framing the first floor. He returns later and finds they have completed the work as instructed, but while talking on the phone, he realizes that the back wall is seemingly not secured, and any wind could take it out. He panics, drops the phone and begins yelling orders to grab supports to secure the wall. He reprimands them for not being attentive. The crew thought they had secured the wall and is not sure what the commotion is about. They both quietly continued their work for the rest of the day.

The tendency of a leader is to panic especially when they see something that is critical and urgent. Jack could have accomplished this feedback with the same results but not in such a reactive mode. He could quickly safely get the crew to help him secure the wall and then discuss the situation afterward. By asking a few questions to ascertain their reasoning and then explaining what he saw, he would have helped them understand how to support the wall without squashing their enthusiasm. In this case, both workers became cautious about making any decisions. They feared the reaction of the leader and left within two weeks of this incident due to continued similar harsh reactions. This builder hired and lost 9 out of 11 employees. It took two extra months to complete the project and he lost $20,000.00.

As a leader, your role is to help workers explore and learn from poor decisions. By reacting and coaching effectively, you can build their capacity in the future vs. causing them to shy away from taking risks.

# Scenario 2

Jack is operating a crane and his crew is setting a large truss on the roof. The team is struggling to position it in place while Jack is running the crane. He impatiently waits and then finally sets the brake on the lift and impatiently tells the two workers to step aside. He completes setting the truss on his own.

This task was easy for Jack and he could not understand why it was taking so long for his crew. Although it would have taken longer to coach the crew through this challenge, it would have paid substantial dividends in the long run. These workers will not learn from this challenge but will again shy away from trying new challenging tasks especially when the leader is present. When workers are not performing to expectations or accomplishing something as quickly as you feel is reasonable, invest in the time to coach them.

# Scenario 3

Dave, a worker, is making a complicated cut on a beam. He cuts it backward making it unusable. Jack looks at him and shakes his head, steps down and completes the work.

Non-verbal reactions can be as harmful as words. Dave had made a few errors over several weeks but none that could not he could not fix. Rather than coaching and guiding, Jack was intimidating. Dave left the next week.

**Coaching Perspectives**

**At the Plant…**

## Case Study 2

Jan is the leader of a crew in the plant. Jan’s leader asks you to observe the interactions with her team and make recommendations to help her be more effective. Discuss the scenarios with your group.

# Scenario 1

As the weekend approaches, Jan determines the game plan for the weekend crew that consists of making the X1 grade of product for a critical customer request for the following week. She sends the instructions via email since she will not see the weekend shifts. Monday morning, she fully expects to see 4000 pounds of X1 but sees only X3. She storms into the office and demands an explanation of why they did not follow her orders. She does not give the shift supervisor a chance to explain. She now tells them that the customer was expecting this material by Wednesday and it will be impossible to deliver it on time. The shift lead informs her that they did not have all the ingredients for X1 so thought it would be prudent to make the X3 over the weekend and then start the X1 on Tuesday when the shipment was expected. From Jan’s perspective, she was upset because now the customer had to wait and her leadership would be disappointed with her.

Listen to the reasoning behind the decision. If the logic was sound, acknowledge that as a positive. Check to see if the weekendend crew had all the information around the critical customer need. They may not have seen this need based on communication. If it was clear and your plan of action still would have differed from theirs, ask them what they might have done differently given the presented communications. They may come up with the preferred answer, and this process will help them think through the scenario effectively the next time. If they do not see the right course of action, state what would be acceptable in future situations. Avoid dwelling on the past.

If this situation was an act of insubordination, you might have to take more direct actions around managing the performance of this crew or person such as a verbal or written notice.

# Scenario 2

Jan has asked the shift leader of the midnight crew to train Mike on the granulation process. Typical batch yields for this process are 80%. The following morning, Jan reviews the midnight shift’s yield and notices that the midnight yield was 30%. Enraged, she catches the shift leader before he leaves to inquisition him on the disaster. The shift leader informs Jan that they had trained Mike all week on this process and this was Mike’s solo run of this process. He said he knew Mike was off course but decided to let him go to gain the confidence of making critical decisions. The shift leader knew they could rework the batch within an acceptable time for the customer. Jan tells the shift leader jump in and save the batch the next time this happens.

Coaching in this situation involves gaining additional information about the decision made by the shift leader. In this case, the shift leader was trying to build independence with Mike. At some point, Mike needed to make a decision, see the consequence of the action and determine how to proceed next time. Jan would inhibit the learning process by telling the shift leader to make all of the decisions. If it was critical at this time that the yield be high (critical customer need or timing with no chance to rework the batch) coaching could highlight the positive intentions of the reasoning and then discuss the need to be selective in the timing of when to let go. If this was a critical batch, then use a subsequent batch as the solo batch. Coaching also involves viewing the longer-term perspective on situations. This trainee went on to consistently produce the highest yields. He felt confident in his ability to make decisions and take prudent risks.