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The Power of Failure

By *SARIKA BANSAL*

Seven years ago, the consulting group Bridgespan presented details on the performance of several prestigious nonprofits. Nearly all of them had one thing in common - failure. These organizations had a point at which they struggled financially, stalled on a project or experienced high rates of attrition. "Everyone in the room had the same response, which was relief," said Paul Schmitz, the chief executive of the nonprofit Public Allies. "It was good to see that I wasn't the only one struggling with these things."

As in any field, people who work in nonprofits, social enterprises, development agencies, and foundations experience failure on a regular basis. People make hiring and budgeting mistakes. Shipments arrive late, or not at all. Organizations allow their missions to drift. Technologies prove inappropriate for the communities meant to benefit from them.

"We are working in some of the most difficult places in the world," said Wayan Vota, a technology and information expert who organized the third annual FAILFaire conference two weeks ago in Washington. "But failure is literally the 'f-word' in development." The idea behind this FAILFaire, which was hosted by the World Bank, was to highlight, even celebrate, instances of failure in the field of social change as an integral part of the process of innovation and, ultimately, progress.

Some nonprofits are tempted to hide their failures, partially for fear of donor reaction. But most acknowledge that transparency about what works and what doesn't is crucial to their eventual success.

"Not talking about [failure] is the worst thing you can do, as it means you're not helping the rest of the organization learn from it," said Jill Vialet, who runs the nonprofit Playworks. "It gives [the failure] a power and a weight that's not only unnecessary, but damaging." Vialet instead supports failing "out loud" and "forward," meaning that the people involved in the failure should speak about it openly and work to prevent history from repeating itself.

This idea is already ingrained in the cultures of some for-profit industries. "In Silicon Valley, failure is a rite of passage," said Vota. "If you're not failing, you're not considered to be innovating enough." Silicon Valley investors, in turn, regularly reward entrepreneurs' risk-taking behavior, though they know the venture may fail and they will lose their capital.

"The ironic thing," said Schmitz of Public Allies, "is that you have donors who took major risks in their own fortunes, but are very risk averse when giving to charity. People rightly want their dollars to have the maximum impact, but don't apply the same logic model that they give to their

private sector investment." As a result, he said, many social change groups innovate less often and less wildly.

Individuals within the social change community have recognized the value in emulating Silicon Valley's culture of calculated risk-taking, and are actively working to de-stigmatize failure. FAILFaire is one example. At the event, Aleem Walji, the director of the World Bank Institute's Innovation Labs, spoke of a failed collaboration with Google, in which the World Bank would have provided Google's Map Maker program to governments and multilaterals to help with disaster preparedness. However, development experts lambasted the World Bank for supporting Google's closed platform, which would not allow users free access to the map data they would create. A month after the partnership was announced, the bank changed course and announced its commitment to open-source mapping programs.

Walji said the lesson his team learned from the failed partnership was to "not get overly excited about the prospect of working with a big sexy company [like Google] before reading the fine print."

At the same event, Neelley Hicks of United Methodist Communications admitted that her organization spent limited resources flying people to Angola from the United States, when they could have found people within the country to do the same job. Other speakers spoke of ill-conceived partnerships, of unnecessary reports that spent their lives gathering dust, and of spending too much time building a Twitter presence.

Some organizations encourage employees to talk about failure in office events that are closed to the public. The World Bank is holding an internal FailFaire in December, which will be moderated by Jim Yong Kim, the bank's president. DoSomething.org, a nonprofit that supports social change among teenagers, holds a bi-annual Fail Fest conceived and hosted by its chief executive, Nancy Lublin.

Others publish their failures for the world to see. Engineers Without Borders Canada, which creates engineering solutions to international development problems, publishes a "failure report" every year alongside its annual report. "I only let the best failures into the report," said Ashley Good, its editor. The examples that are published, she said, show people who are "taking risks to be innovative."

Good also started a Web site, Admitting Failure, to encourage people working in international development to share their stories of failure. The site includes stories about arriving unprepared to an emergency medical situation in the Middle East, the theft of an expensive and underused water filter, and more.

One of the site's aims, said Good, is to create a "feedback loop" that does not currently exist in the development sector. In the private sector, she said, people know immediately whether a product is of value to customers. By contrast, "there are incentives [in the social change world] to not accept feedback, since your accountability is not to your beneficiaries but to your donors. N.G.O.s need to be able to say to donors, 'Don't fund this, it doesn't work.' "

For a failure to have a resounding impact on an organization and its future activities, several elements need to be in place. It is crucial to talk about failure aloud - and according to Vota, to have the "biggest hippo," or the most senior person, lead the charge. In addition to nurturing a culture of innovation and reflection, talking about failure helps build a canon of knowledge of what not to do in the future.

In addition, Jill Vialet of Playworks emphasizes the importance of "failing fast and cheap" (as opposed to slow and expensive). She sets aside a budget for new programs that intentionally have unpredictable outcomes. They limit the scope of these programs, clearly define failure and success at the outset, and decide when to measure the new program's merits. "It's about being disciplined and rigorous," said Vialet, since human nature normally prevents us from recognizing our mistakes while they are occurring.

Schmitz and several FAILFaire speakers also see the need to change the nature of donor relationships. Instead of trying to constantly dazzle funders, Schmitz recommends developing long-term relationships that allow for failure and growth. If a funder is invested in you, he said, he or she will share your sense of vulnerability if a project is not going as planned, and may sometimes help collectively problem solve.

Not all funders are looking for infallible investees. Talia Milgrom-Elcott, a program officer at the Carnegie Corporation of New York, says that when she evaluates a grant, she is more interested in whether the team can successfully deal with failure - "course correct" - than whether it will fail at all. "You want organizations [in your portfolio] to take calculated risks, you want them to think big," she said. "You want some that are taking big leaps, that are moving in a new direction."

Building a culture of openness to failure takes time and consistent effort. Unfortunately, efforts to normalize failure can be set back by cautionary tales of failures gone wrong. When the public learned in 2011 that the Global Fund that Fights AIDS, Tuberculosis and Malaria had mismanaged some funds, several countries froze their support. "The last thing people want to see is their tax dollars or donations being 'wasted' on failed projects that were not originally designed to help them in the first place," wrote Jessica Keralis on a global health blog.

In the majority of cases, however, failure in the social change world does not involve as many dollars or stakeholders, and admitting it can have a net positive impact on an organization. Doing so can build institutional knowledge and create a culture where people are more open to taking risks. Admitting failure can also signal to funders like Milgrom-Elcott that an organization is "unafraid to change and address the next problem."

Ultimately, said Good, her hope is to remove the negative connotation of failure and instead see it as an "indicator of innovation, and a driver of collaboration that's needed to catalyze systemic change." Only then can the social change world reach its true potential.

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