



UCD Michael Smurfit
Graduate Business School

Should Companies Award Innovation Failure?

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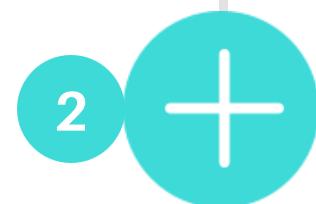


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Outline of Presentation



Definition of Failure and Reward



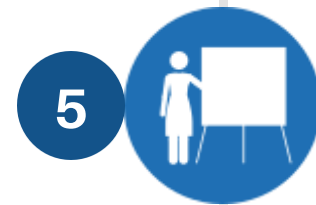
Arguments For Rewarding Failure



Arguments Against Rewarding Failure



Conclusion and Conceptual Model



Recommendations



Methodology

Definition of Failure



Innovation Failure

Innovation projects that have been abandoned, delayed^[1] or discontinued.^[2]

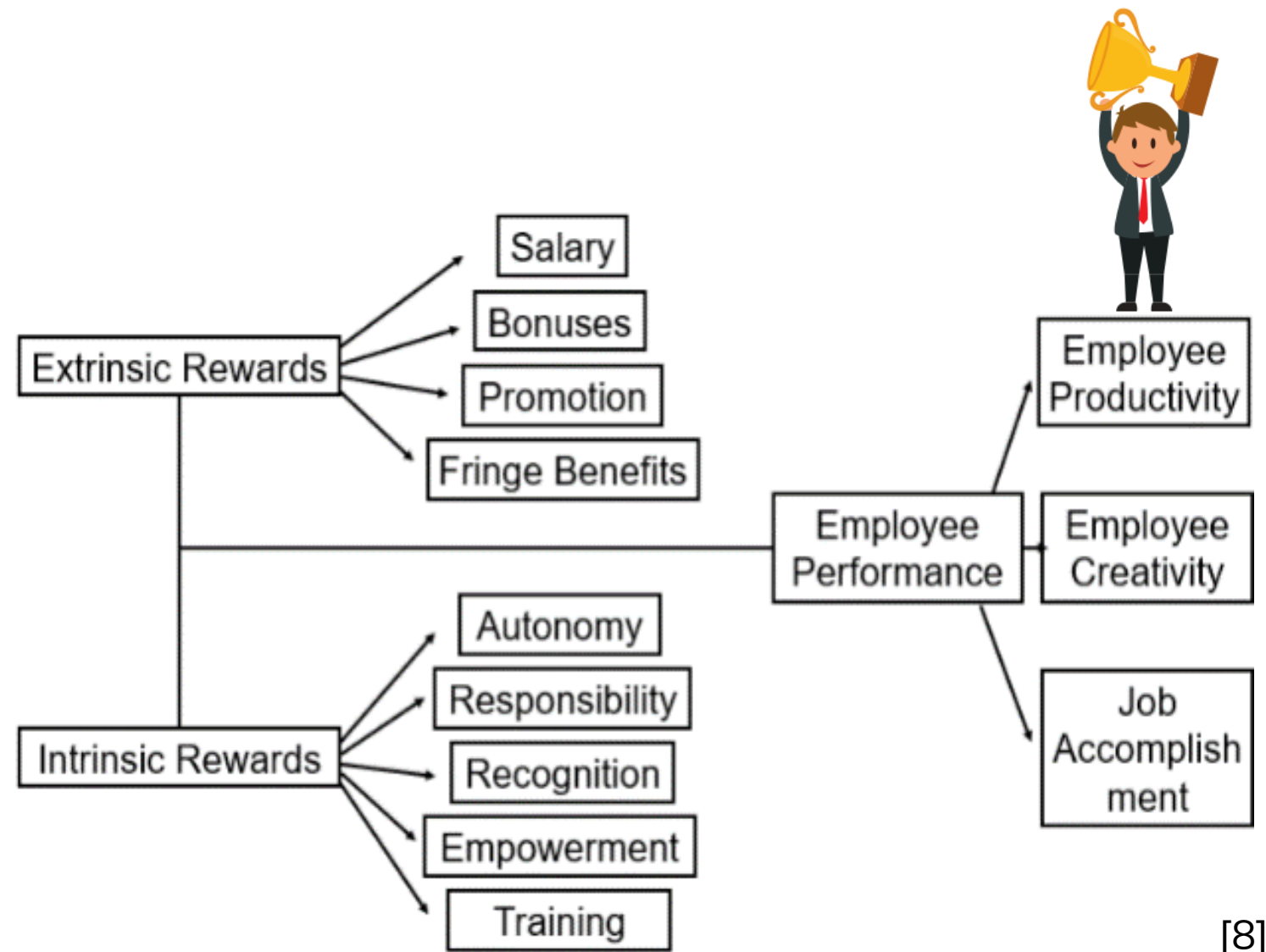


Types of Failures

- Small Vs Large Failures.^[3]
- Intelligent Failure.^[4]



Definition of Rewards



[8]

Rewards

The benefits that workers receive from their jobs,^[1, 2] and significant elements of employee job attitudes such as organizational commitment, motivation and job satisfaction.^[3, 4]

Extrinsic Rewards

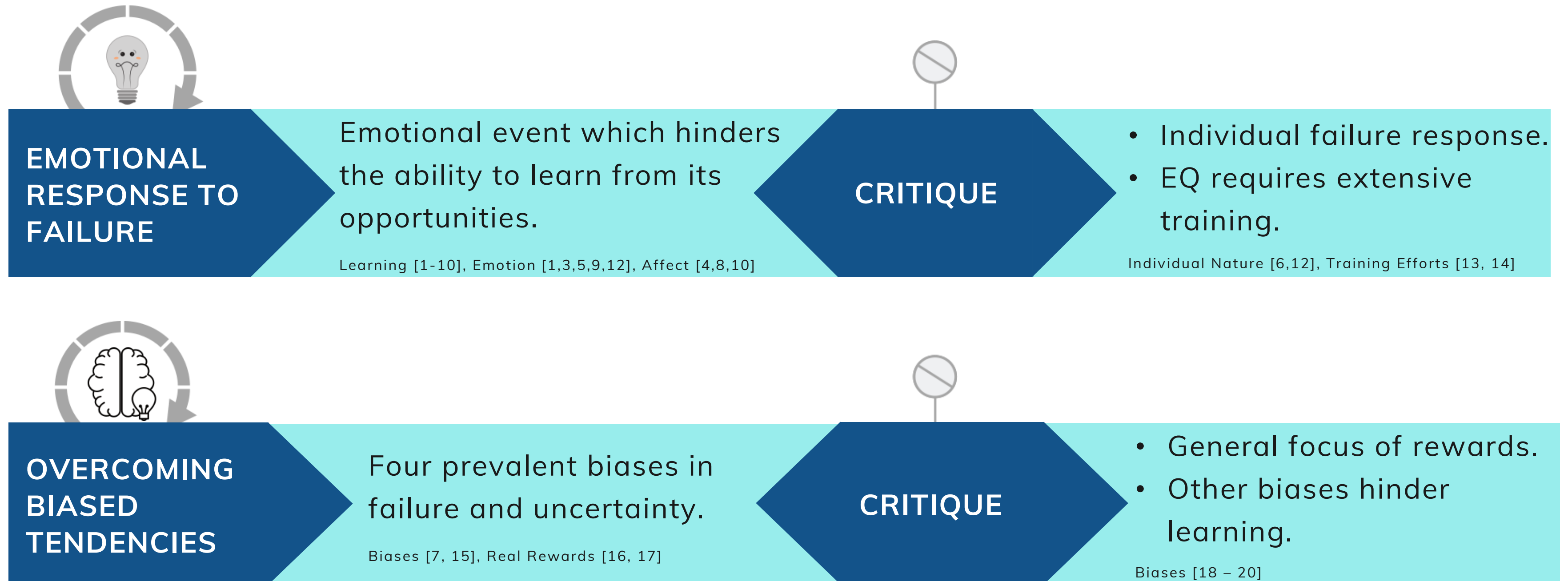
'A host of external things (tangible) that managers can provide that may serve as incentives for employees to increase their productivity'.^[5, 8]

Intrinsic Rewards

The psychological reward that is experienced directly by an employee,^[6] which is much more varied and harder to measure.^[7, 8]

For Rewarding Failure

Individual Level





Learning Strategies

- Intelligent Failure.^[3-8]
- Mistake Tolerance.^[2]

**Organisations
Can Learn^[1-9]**



Critique

- Organisations often neglect to learn from failure.^[4, 7]
- Busy schedules leave little time to reflect and learn.^[10]

**For Rewarding Failure
Organisational Level**

**Encourages
Exploration**

Exploration Activities

- Reward systems influence a company's strategic activities.^[1, 2]
- Overcompensating success creates inertia.^[2, 3, 15]

Critique

- Exploration doesn't add significant value in certain and stable environments.^[11]
- An exploration emphasis leads to undeveloped ideas.^[11]

Fail-Fast Strategy

• What is failing fast?

Continuously assessing an initiatives reward and probability of success and discontinuing unsatisfactory initiatives early in order to minimise losses.^[6, 16]

• What are the main benefits?

Increased performance, effectively diverts resources and prevents a snowball effect.^[6, 8, 12]

Critique

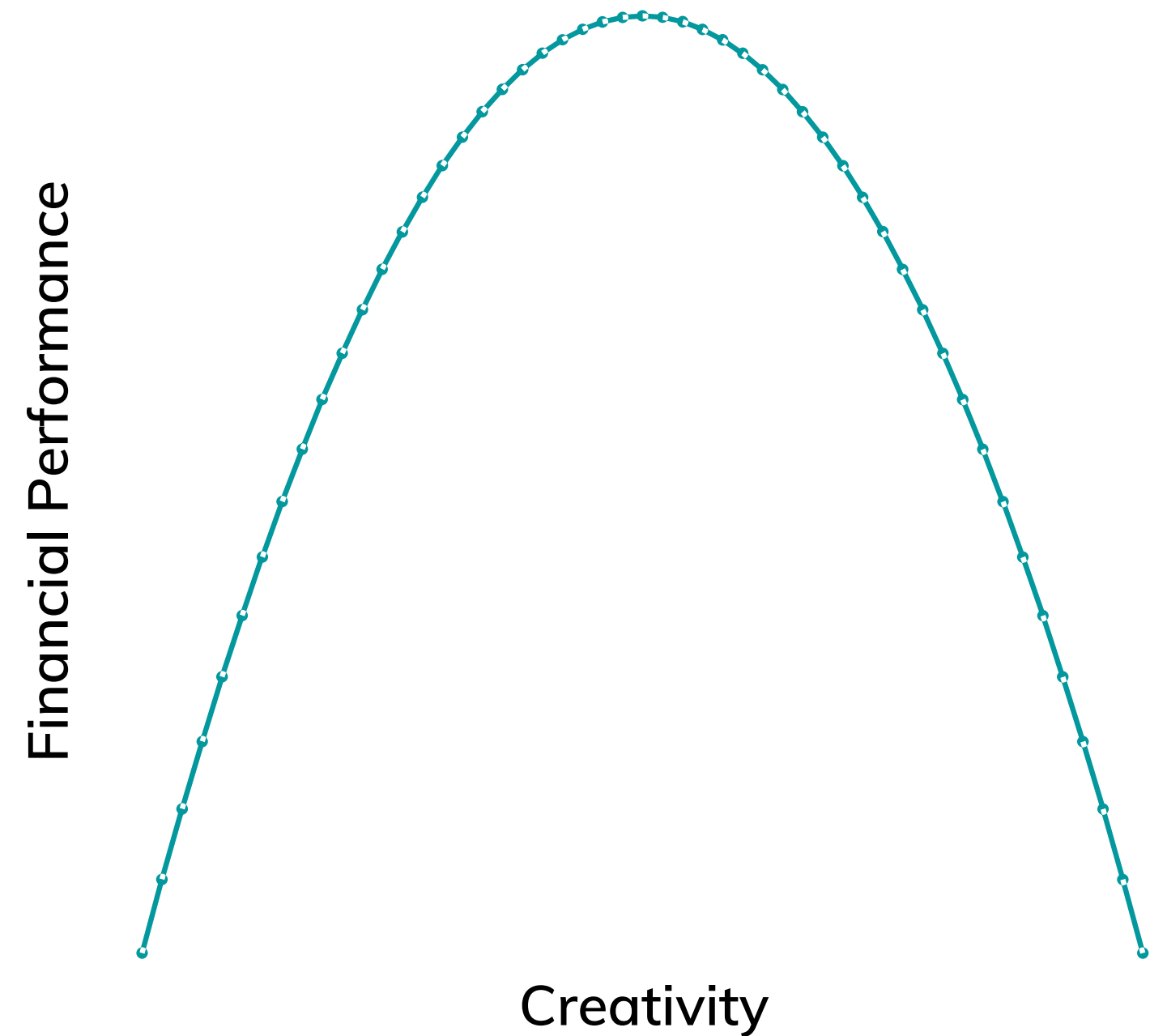
- Going into uncertain projects with this philosophy can:^[13]
 - Endorse minimal investment.
 - Prematurely end projects.
- Failing Fast or failing isn't an option for high-stake projects.^[14]

Against Rewarding Failure

Individual Level



Individual Creativity & Financial Performance^[8]



Against Rewarding Failure

Organisational Level



Ineffective Learning.^[1, 2]

Critique: Disregards Failure Magnitude.^[3, 4]



Disrupts Core Competences.^[5, 6]

Critique: Overemphasises Success.^[1, 7]

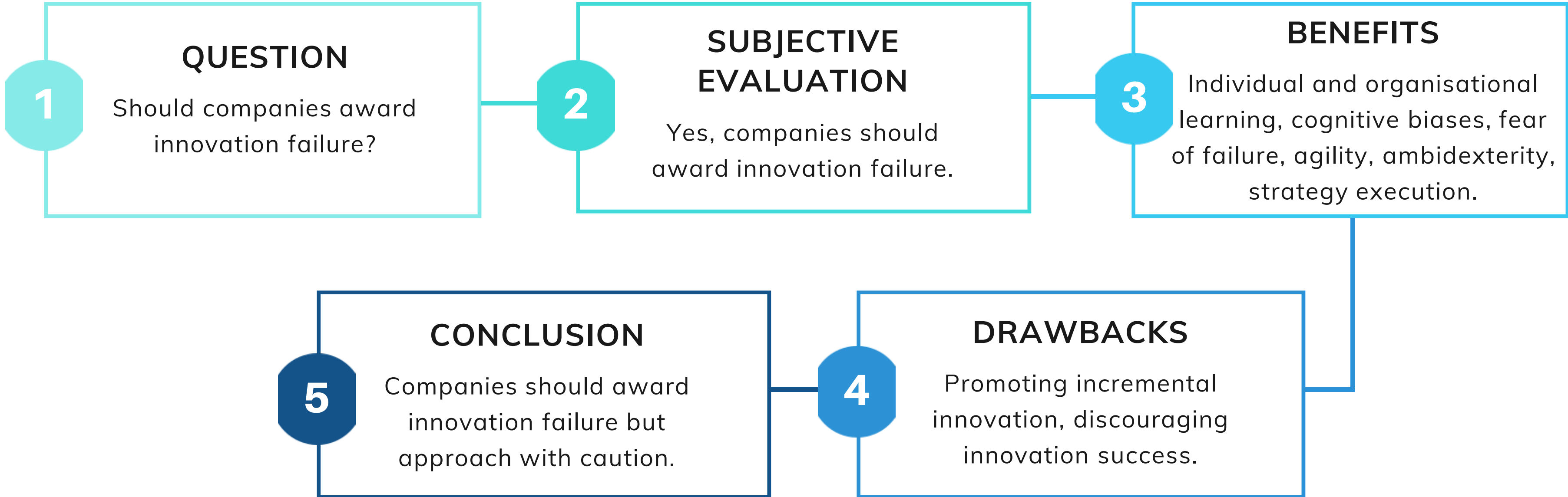


Encourages Failure.^[4, 8]

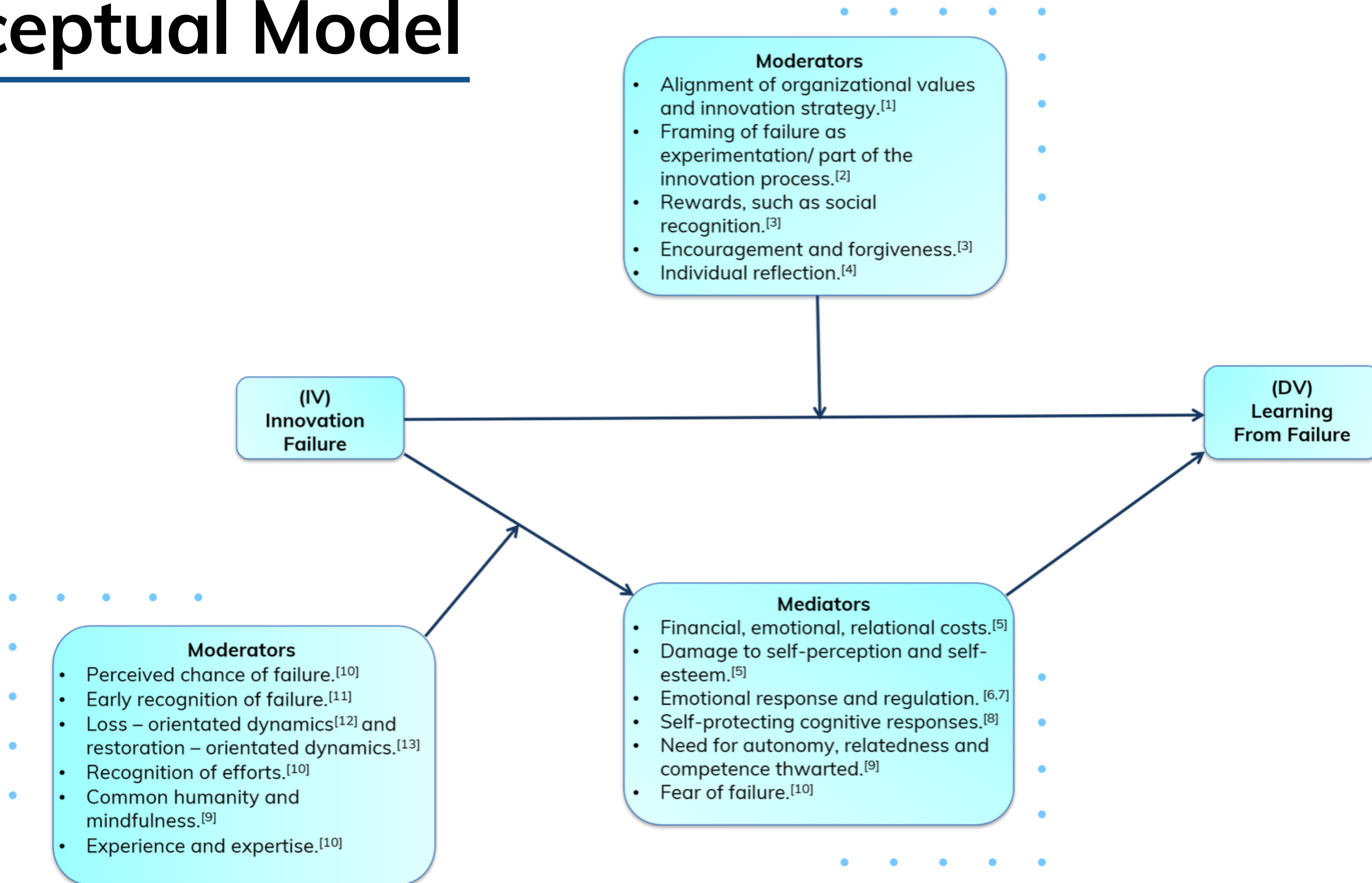
Critique: Overlooks Reward Complexity.^[9-11]



Conclusion



Conceptual Model



Failure Toss^[1]

Class Activity



1.

What does failure mean to you?

2.

Take a sheet of paper and fold it in half vertically, creating two columns.

3.

Write FAILURES on the top left-hand column, listing most notable failures in school/college and life.

4.

Write WISDOMS on the top right-hand column, listing wisdoms gained from each corresponding failure, share with class.

5.

Tear paper in half along the fold. Consider whether you would rather keep your wisdoms, failures, or both. Discuss.

Managerial Recommendations

Transition Period^[1-4]

- Overcome challenges: fear of failure.
- Environment to support: develop psychological safety.

Intelligent Fast Failure^[5]

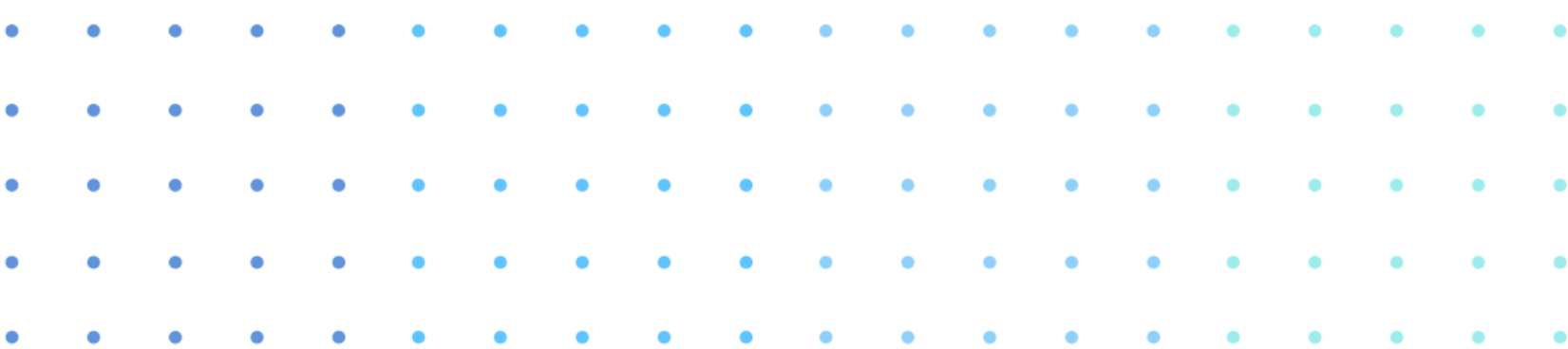
- Associate failure with future success.
- Encourage manageable risks.
- Accelerate risk for accelerated learning.
- Examine failure and identify what went wrong and why.

Reward System^[6]

- Extrinsic and intrinsic rewards.

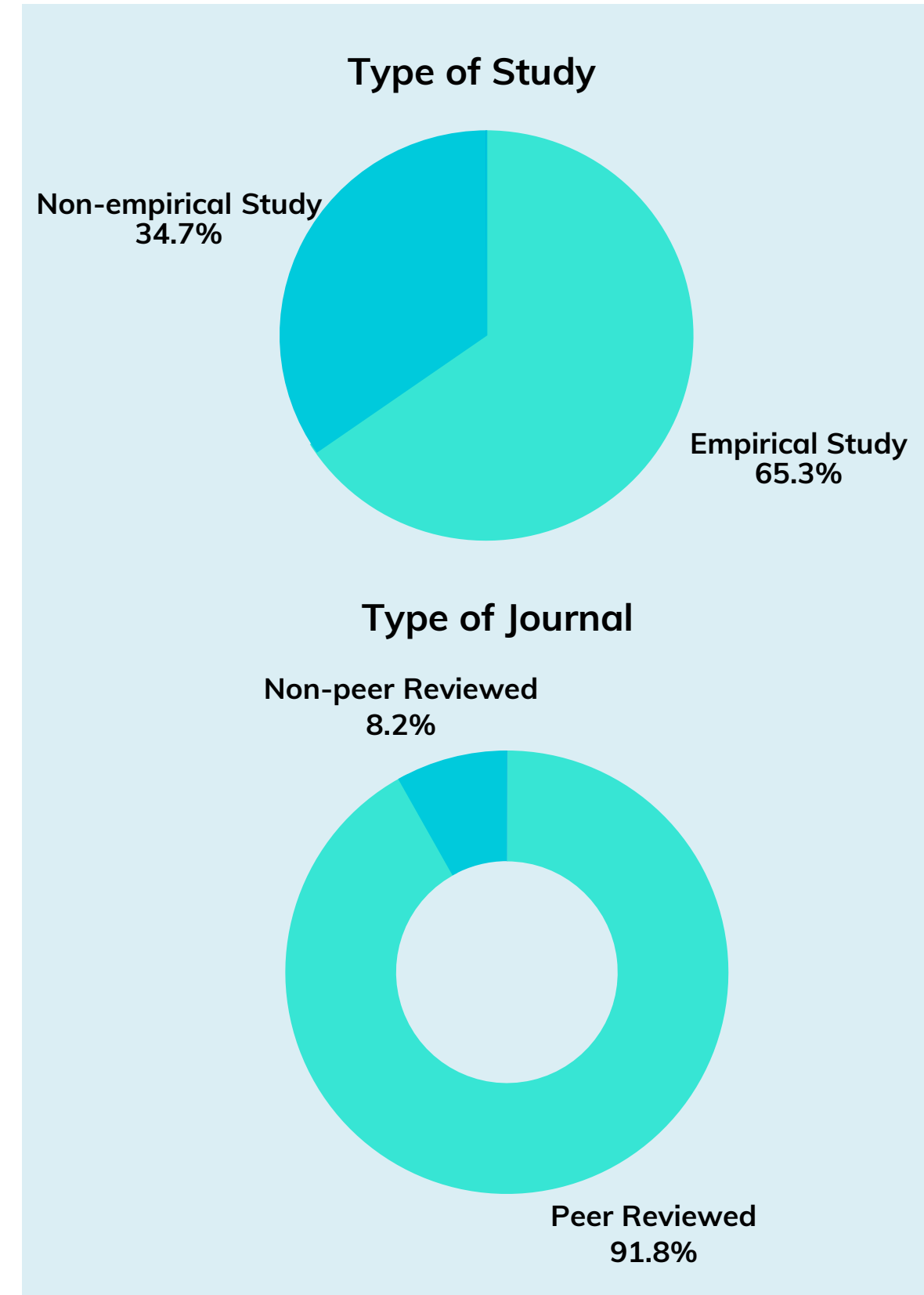
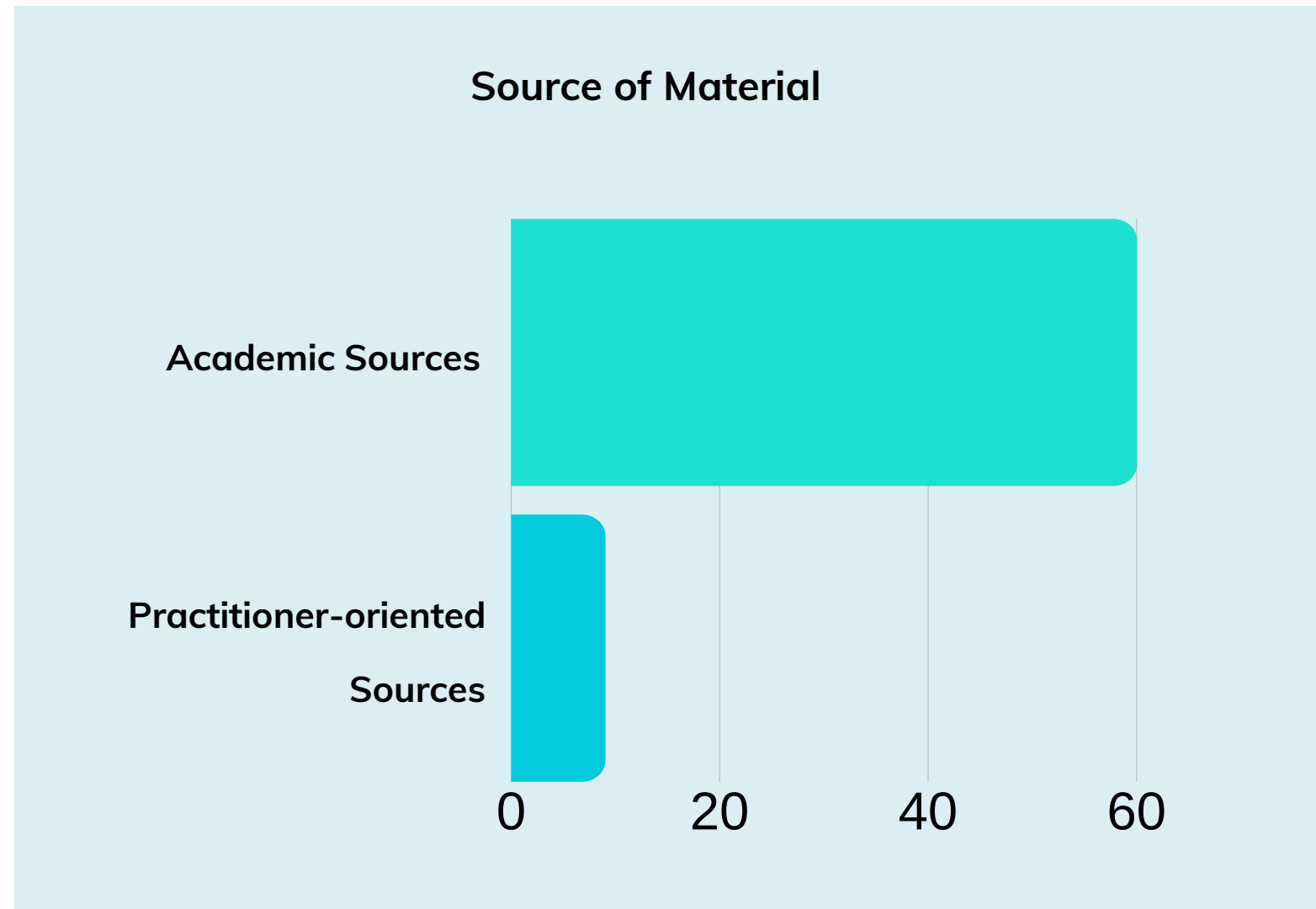
Methodology

How We Searched for Relevant Information



Methodology

The Credibility of Sources





Thank you for listening!

QUESTIONS?



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