

“IS FEAR OF FAILURE PROMOTING SLOW PLODDING GROWTH IN OUR COMPANIES?”

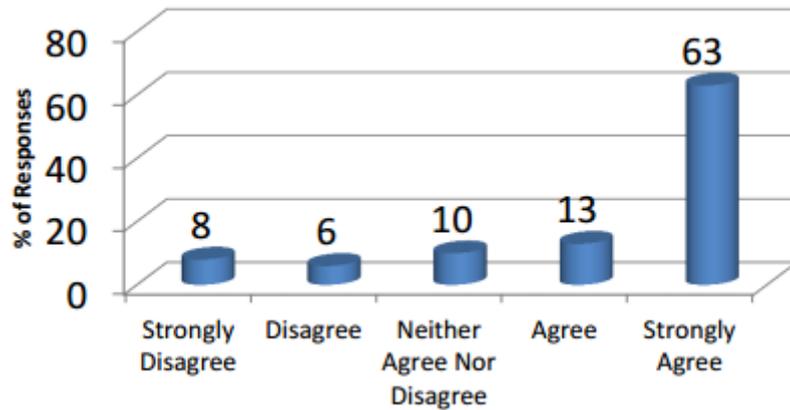


“No crime is so great as daring to excel” Sir Winston Churchill

A recently published Blenheim Partners Paper highlights that the lack of acceptance of failure as a legitimate means of learning, development and refinement may be dampening the appetite for ambitious growth in Australian companies.

In the Figure below the responses are highly skewed with 76% of responses either Agree or Strongly Agree with the view that in Australia we are far tougher on failure and the way it is considered, treated and remembered in this country compared with other countries. It was highlighted by some participants that corporate Australia is a small place and that there is nowhere to hide, hence providing some explanation as to this fear of failure.

Figure: Participant Responses as a Percentage to the Question “In many countries failure is accepted as a learning and pathway to growth. In your experience, do you believe this view is **“not accepted”** in Australia?”



It was also presented by the participants that fear of failure was not only limited to the Non-Executive Directors but it was set in at C-level management. There is a real concern of leadership taking the middle ground as opposed to stretching the business to achieve outperformance in terms of growth.

Participants noted that many Directors have incentives to take the safe route if they want to hold onto their positions. Slow, plodding growth minimises the risk of failure and will allow them to keep their Board positions and indeed pursue future Board positions. However, one mistake in the pursuit of major growth opportunity could impair their reputation and put at jeopardy future Board positions.

The following quotes highlight this:

“...it’s safer, in dealing with public companies, to do nothing than to take aggressive positioning because you don’t get fired for making a mistake that way, the status quo is business as usual.”

“For Directors there is very little incentive to stick your neck out.”

“The current position where ‘people are frightened to take a punt’ would appear to be unsustainable as it, among other things, stifles innovation, a key building block of competitiveness” said Gregory Robinson, Managing Partner of Blenheim Partners.

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