

**Maximizing Results Through People**  
**A CEO to CEO Quarterly Newsletter**

**2/15/06**

**The Agony of Business Defeat**

Dear Fellow CEO:

Since last quarter's letter was about the spoils of victory, symmetry suggests this newsletter should address the agony of defeat. For, in order to be a successful leader, we must try things that have the possibility of failure. Unfortunately, the reality is that the more we try things to achieve success, the more opportunities we have to fail. And, even the best of us have our failures. What happens when we suffer defeat? How should we treat failure? What are the ramifications to the organization and how can our behaviors influence those?

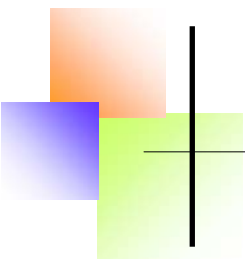
**When do we suffer defeat?** There aren't too many days in leadership where we don't. We've simply got to accept that defeat comes with the job of leadership and then, most importantly, deal with it wisely when it comes. While every day we want to wake up and do everything in our power to achieve victory in all of our organization's endeavors, defeat and failure always lurk in the background and sometimes visit us in the foreground too. People decisions and expectations, customer losses and disappointments, vendor mistakes and inadequacies – these all provide us with an almost daily dose of failure. As a leader, we must display the confidence of conviction – for it is this confidence that helps to inspire others to follow – even when the shadow of defeat hangs over our actions.

**How should we treat failure?** This may be one of the most important and frequently overlooked aspects of successful leadership. I believe there are a number of critical behaviors we should all attempt to build in to our response to failure. I'd like to say I'm successful following each of these suggestions all the time. I'm not. But, I still try to follow them. They include:

1. ***Adopt lots of orphans.*** One of the truest and wisest quotes on success and failure is, "Success has many fathers, but failure is an orphan." As leaders, it is in our interest to adopt as many of these orphans as we can. When the people around us perceive that they've failed, it knocks the wind out of their sails. Being blamed for a business defeat exacerbates employees' self incrimination and self doubt. Their performance falters. Their confidence is shaken. Conversely, where we as leaders can see we've touched defeat, we should endeavor to take the blame. Saying, "It's my fault", serves to energize others and show strength, not weakness. It's hard to do, but who said leadership was easy?

2. ***Attack what happened with a rigorous post mortem to preclude defeat's recurrence.*** Post mortems are hard to do without assessing blame, but necessary to do to correct what has gone wrong. Defeat and failure do lurk everywhere but we want to, wherever possible, seek to prevent their recurrence. Where a leader can absorb the blame to begin with, it makes the process easier, but it's still not an easy process. Many people don't like to address what went wrong. Lots of folks would just like to focus on the positive and find "drilling down" to the root cause of problems too unpleasant and painful to want to participate. However, where defeat was suffered, you must try to determine what caused it to assure that it won't happen in the same way again. Remember, defeat does lurk around every corner – and, with careful analysis and preparation you can come out the winner more often than you come out the loser.

3. ***Don't whine about defeat to those who work around you.*** This is one of the hardest things for me to overcome in dealing with failure. YPO, TEC and other CEO-focused groups offer the opportunity of commiseration, but many of us don't have these external safety valves to vent day-to-day pressures. If you've adopted the orphan and figured out the best way to preclude its recurrence, act proud, go forward and don't whine to your troops. (I'm going to repeat that to myself every time I face defeat, I promise.)



4. ***Celebrate the benefits of each defeat.*** This sounds disingenuous, but isn't. Defeat often doesn't occur unless chances are taken – and taking chances is necessary to the generation of success. We learn from our mistakes and each time we make a mistake we need to determine what we've learned and go back to trying. To encourage and develop an environment of attempted success, always find the good in each effort – even when it yields failure – and do your best to celebrate it.

5. ***Maintain your confidence.*** This is really tough where it's apparent that you've not succeeded in whatever you've attempted. As a leader, if you act defeated, your team will be defeated. If instead, when you're down, you brush yourself off, get up and start attacking the next problem, the team will adopt your aura of confidence and follow. Even if you have to fake every second of the day after what is to you a devastating loss, if you can continue to act with confidence, people will rally to your side to help you take on the next battle.

6. ***Defeat may slow you, but never let it stop you.*** Whenever you're faced with a really bad outcome, begin the plans for the next successful outcome immediately. There is nothing more uplifting at the worst of bad times than creating and aiming for the accomplishment of a new goal. It allows you to show your confidence. This has the effect of creating a self-fulfilling prophecy –when you show confidence it helps sustain it – for you and for those who would follow.

When and where we treat defeat as a necessary and valuable part of our efforts in achieving victory, we create an environment where eventual victory is more likely to be achieved. Likely, we all hate to lose and are even more loath to admit defeat. That's a good thing and the theme that drives this letter. Admitting you lose a battle is acceptable. Getting back up to fight the war again simply signals to everyone in the organization that the war is not over – because ultimate defeat has not been suffered. Ultimate victory is still in sight. As leaders, those who would follow always want to believe in the truth that victory is in sight. It's your job as a leader to create that reality with your actions.

I hope you've found this letter valuable

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