Strategic Direction

The acclaim of failure: Why BMW reward employee mistakes

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The acclaim of failure

Why BMW reward employee mistakes

When a BMW employee spent months on talks and negotiations for a project that soon failed, they were rewarded with a bottle of fine wine from the boss's cellar and an official company award. Praised for the ''creative error of the month'', the employee was recognized for ''an outstanding and bold idea, which was well planned, an excellent contribution!'', and was one of around 12 members of staff who was rewarded for failure over a period of three years.

It was an unusual strategy, but nevertheless is one that Bernd Kriegesmann, Thomas Kley and Markus G. Schwering believe made sense. In the case in question, a member of the BMW personnel and social services department took it upon themselves to make the production line a possible place of work for a blind new employee. Having gone through weeks of talks and consultations with relevant authorities and having won the belief of a lot of experts, the blind employee ended up working only a few days before feeling overwhelmed and leaving. Though the initiative failed and valuable time and resource was wasted, Gerhard Bihl, head of personnel and social services, believed that the initiative and willingness to take on a calculated risk that could have potentially brought great benefit to the company was worthy of acclaim.

The thinking behind having an official creative error of the month award was to avoid having a workforce that failed to challenge the status quo, rested on their laurels and favored tested strategies over innovation. The idea was to remove the stigma from making a mistake at work, so a situation whereby cynical managers said ''I told you so'' could no longer happen. As well as being important in terms of the personal development of dynamic, and thus highly valuable, members of staff, the strategy existed to promote new ideas that would lead to improved, more profitable business.

As Kriegesmann, Kley and Schwering's article explains, too many companies, however unwittingly, operate according to what can be described as ''innovation stalemate''. Managers are too ready to favor traditional ways of going about business, and the most praise is reserved for those who go about continuing these traditions flawlessly. Although in theory a senior management team can be supportive of signs of innovation, in practice the fear of failure and its associated reputation mean that potentially great brainwaves go

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unexplored. Having a strategy whereby having the bravery to work out the risk potential of a new idea and the tenacity to see it through was therefore Bihl's way of making sure that everyone was officially allowed to make mistakes.

For such a policy to make business sense, however, managers are cautioned to be careful about how they define these failures, or, as BMW put it ''creative errors''. Obviously, rewarding foolish oversights or poorly considered ideas will send out the wrong message and no doubt fail to win the support and respect of the workforce. The kinds of errors, then, that should never be tolerated are deliberate ones, such as fraud or material damage and concealment of an error. Also looked down on are blunders through negligence or an overestimation of one's ability, failure through lack of understanding, repeated errors and mistakes that come from a mismatch between capabilities and responsibilities. What are tolerable, on the other hand, are system errors through changing circumstances and ''successful failures'', which come about through calculated risk and bad luck or coincidence. Bihl believed it was important that when a good idea did not work out, no-one was put off trying again. In his own words:

> It is still about learning from mistakes, but the real message is – don't let one failure stifle your innovative power! Trust yourself not only to think the unthinkable, but also do try and put it into action and risk something, even if it does go wrong . . .

Thus, the strategy really aims to bring about big cultural change, challenging accepted practice in the name of improving business within today's highly competitive marketplace. For it to work, it has to be openly supported at the top, so that staff and their colleagues can see that there is real organizational power backing them, so that, in turn, they feel confident and trusted. Employees have to feel that if they take a risk and it fails, they will be supported and the case will be handled fairly. Further, those who constantly fail to innovate or show openness to change attract the same stigma that is often reserved for those who try and fail. Ultimately lasting success through changing business climates, comes to those who stand up and believe in ''just doing it.''

Comment

This is a review of ''Creative errors and heroic failures: capturing their innovative potential'' by Bernd Kriegesmann, Thomas Kley and Markus G. Schwering. The article explores the idea of rewarding ''creative errors'', a term applied to a demonstration of taking a well-calculated risk that ultimately failed. Through a case study of BMW's ''creative error of the month award'', which ran from 1990 to 1993, the writers make the case for a company strategy whereby some failures are officially recognized and rewarded by the top. The idea is that such an approach overcomes an arrogant unwillingness to try new things or think differently, and care is taken to make sure the term is correctly defined. The concluding argument is some errors need to be officially recognized as positives if corporate culture is to develop and change with the times.

Reference

Kley, T., Kriegesmann, B. and Schwering, M.G. (2005), ''Creative errors and heroic failures: capturing their innovative potential'', *Journal of Business Strategy*, Vol. 26 No. 3, pp. 57-64, ISSN 0275-6668.

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