



# Don't be afraid to fail

Willingness to make mistakes  
can lead to innovation

BY DONALEE MOULTON

**THE WHEEL.** THE printing press. The Internet. These are among the greatest inventions of all time. Their creation, however, wasn't by happenstance or luck. Yet no one set about to change the world. They set about to solve a problem in a way that problem had never been solved before.

Finding a new way of looking at an old issue is at the heart of innovation, and innovation is at the heart of business today, says Brad McRae, director of the Atlantic Leadership Development Institute in Halifax. However, he notes, using an innovative lens is not a natural way of seeing for most people and most companies. "It's not easy. It's going against every habit you have."

There are several reasons why innovation does not come naturally. First, there is something called status quo bias. "It's non-awareness," said McRae. "It's an attraction to the status quo and thinking it's good enough. It's a blind spot."

This preference for the current state of affairs translates into decisions that reflect the current way of doing business. While those decisions may be sound for this time and this place, they are not innovative. They don't anticipate what



the future holds — or what it could hold. “These [status quo] biases degrade our decisions,” says McRae, author of *Wise Decisions Ahead: Master Decision Makers Workbook*. “You have to give up the mindset that says, ‘This is the way we’ve always done it, and this is what works.’”

Other factors may also be at play in keeping companies from being innovative. “We see some large businesses chose not to innovate because of apathy. We see some small businesses suffer a lack of commitment because of fear or budgetary concerns,” says Peter Aprile, a tax dispute resolution and litigation lawyer in Toronto.

Practical considerations also play a role, he adds. “Some businesses fail to build an innovative culture because of poor project management and division of labour. It is hard to change the wheel of a moving car. It requires discipline and focus.”

Taking a business from status quo to innovative thinking requires a culture shift. It requires both a different way of thinking and

a different way of working. McRae points to the Maplewood, Minn. based 3M Company, which manufactures more than 55,000 products for sale around the world, and the Mountain View, Calif. based Google, one of the planet’s leading technology firms. Both companies help foster creativity and innovation by setting aside time for employees to be inventive. In such an environment, notes McRae, “you see different patterns, which could be a new product.”

Closer to home, Counter Tax Lawyers in Toronto relies on a similar openness-to-ideas approach to inspire innovation. “Every team member questions the status quo, imagines, tweaks, builds new solutions and software to improve our law firm and the ways that we build tax litigation cases,” says Aprile, the firm’s principal.

“When a team member identifies an area of improvement or innovation, we celebrate the idea and support the idea with the right team and resources,” he adds. “Our people and culture generate so many ideas that we

built a system to track, prioritize and manage new ideas.”

Creating a successful culture of innovation means embracing failure. “There has to be a willingness to accept failure. Not everything will work. Employees have to see this and believe that there will be no severe repercussions for failure. You can even celebrate failure — we tried this and it didn’t work but now we know,” says Andy Cutten, a chartered professional accountant and principal with Halifax Global Inc., a management consulting firm based in Nova Scotia.

The transformation from idea to innovation is unlikely to happen on the first try, or even the 30th. What companies need to recognize is that new ideas arise from the ashes of earlier attempts to bring those ideas to life. “Failure is necessary to be innovative,” says McRae.

Embracing failure needs to be a tenet of the company. Employees need to know that they will not be punished or overlooked if

their ideas don't become top-selling products or translate into a huge commercial success. This attitude needs to be engrained, and it starts with the firm's most senior leadership. This can be a difficult goal to achieve, notes McRae. "People at the top are often tied into the status quo. Just like language is passed down, attitudes are also passed down."

Substance is essential. Innovation requires more than lip service — at all levels. "Everyone needs to be all in,

committed to building something new. It requires that every team member understands that it is more than marketing speak. Innovation needs to be a core value, and the business needs to live that core value every day," says Aprile.

Letting go of a singular way of working — especially one that has proven profitable and productive for decades — is not easy. Cutten points to two types of innovation: product or service innovation and process innovation. The former involves

creating something truly new in the marketplace while the second is about always looking for a better way to do something. Both are risky, he says. "By definition innovation is risky. You replace something tried and true with something untried and unproven."

"And there are costs associated with innovation," Cutten stresses. "Salaries and time, investment in equipment and processes, marketing and so on. Innovation is not for the faint of heart."

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Risk is an inherent and unavoidable part of building a culture of innovation within a firm. Those risks must be acknowledged and accepted. "It can hurt or take away from the effort that makes the business successful," notes Aprile. "Building something new generates a certain energy. It can be intoxicating.



It is easy to go down rabbit holes and go too far. It requires a delicate balance.”

For companies looking to build a culture of innovation — whether a new generation of owners or current owners looking to hand over the reins, several elements need to be in place. First and foremost, innovation is about people. “You need to hire the ‘right kind’ of people, develop them once hired and give them the proper environment for them to be successful,” says Cutten.

The “right people” will be different for every company. The key is to identify the attributes and attitudes that foster innovation within your firm. At Counter Tax Lawyers, understanding what makes the team successful was followed by putting processes in place to promote innovation internally. “We have learned, through experience and group reflection that we are a certain type of people. We are built a certain way,” says Aprile. “With this realization, we have built a hiring process and system to identify people that will thrive in our environment and help us continue to build the tools that will make our tax law firm even better.”

Indeed, says McRae, once a company becomes inherently innovative it will attract the people it needs. “If you make the culture strong enough, you’ll hire people to support that culture. People who are risk takers.”

Internal operations must, of course, support the team. In addition to allowing time for creativity to spark, innovation requires collaboration. “We build small teams, and we encourage open and safe communication,” says Aprile. “We believe that working together we can develop better ideas, see mistakes quickly, find solutions, raise our collective intelligence and innovate.”

In its recent report *Innovation State of Play: Oil and Gas Edition*, Deloitte Canada concludes that “the need for oil and gas companies to pursue innovation broadly and systematically is greater than ever, or their long-term survival may be in jeopardy.” The warning is not unique to the oil and gas sector. Innovation is essential to the success of most companies, and for those enterprises looking to replace the current leadership, ensuring innovation continues will be critical.



Successors need to bring both expertise and insight. “You need someone to look at your work from a different perspective,” says McRae. “You need people with local knowledge and a decentralized operation. It’s the complete opposite of group think.”

For individuals or companies looking to take over the helm of an existing firm, caution must be exercised to ensure innovation is central to operations. “Outside buyers will, or should, include in their due diligence process the ability to assess whether or not the company really is an innovator,” says Cutten.

“Listen to the marketplace,” he adds. “They will know if an organization is really an innovator or a blowhard and pretender. There are very few companies that truly have a mantle of innovation.”



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