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Uncle Lenny and the iPod

"You can prosper even when most of your ventures fail—so long as your successes are successful enough" Dan Moyer writes on the penultimate page of October's Harvard Business Review. Not far away, in a recent issue of Fortune, Brent Schlender disdainfully recounts the failure of Apple TV.

Our Take

Family legend has it that Leonard Sperry (great Uncle Lenny) quipped, "a stock can only go down 100% but it can go up and up and up." Despite Fortune's indictment of Steve Jobs, Apple TV demonstrates a company's ability to achieve impressive growth on a mix of successes and utter failures. (Is your iPod connected to a Lisa computer? A Newton?) However, the articles captured only one piece of how Apple and Uncle Lenny made fortunes with their combinations of high-flying hits and disastrous duds. Three other factors can help you mirror their performance:

First, re-orient your company to achieve success rather than avoid failure. While this seems obvious, the approaches, processes and incentives I encounter every day reflect a corporate America that has evolved to be 70% failure prevention and 30% success achievement. The reverse should be true. Procedures, rules and cultural norms designed to mitigate risk have been adopted in response to past failures, and while each response makes sense in its own right, as a total system they form a culture intent on failure-prevention. Put simply: we're not in business to avoid failure; we're in business to create successes.

Second, use a better process to select winners. Uncle Lenny's formula doesn't work out so well if you have a hundred failures for every winner. Some characteristics of superior selection processes:

- Select your new product/new market efforts in the context of the portfolio of possibilities you will pursue. Rather than evaluating each opportunity on its own merit, use some sort of tool (we use perceptual mapping) to understand how it could affect the other projects you may pursue concurrently or in the future.

- Understand risk tolerance limits. Most companies have an upper limit on the absolute risk they will adopt, regardless of the potential reward. Be explicit with that risk tolerance then walk right up to the edge with your investments in new market opportunities.
- Validate the selection. Project teams which have received the go-ahead can feel like they have crossed the Rubicon. They haven't. Immediately after selecting a new opportunity is the best time get a round of market validation.

Third, improve your chances of succeeding with the project you have chosen.

- Use marketplace feedback effectively along the entire development path. Your customer understanding should evolve in layers; a continuous endeavor which increases your depth of knowledge at each point in the process.
- Develop Plan Bs early on. Have you ever been part of an effort which proceeded as originally conceived? Yet, very few new market efforts incorporate a solid raft of backup plans because project leaders don't want to portray any doubt about their prowess or imply a lack of confidence in their proposal. Great backup plans are a hallmark of companies who are focused on success creation.

Last spring we issued a report called "Capturing New Markets" which gives detailed direction on how to use the Big Digs strategy to achieve success with new ventures. You can download it [here](#). Or call me to discuss how you can create a fortune equivalent to Steve Jobs' (or even Uncle Lenny's).

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Some examples of initiatives we are currently engaged in with companies including FMC, General Chemical, Warner Home Video, ITT and Abbott Laboratories:

- Boosting sales by setting a galvanizing strategy for the Sales force and improving the Sales force's capabilities.
- Steering new product ventures toward success by digging into what customers Need, Want and Can afford.

- Creating millions of dollars in incremental profits by improving the Operations/Manufacturing process and aligning it with the customer needs.

Are you tired of slugging it out for market share? You can supercharge your sales and profit growth by successfully pursuing big "digs" (new distribution channels, industries, geographies, solutions). [Learn more here](#). <<http://ascendantconsulting.com/resources/NewMktsExecSumm.pdf>> 60;

Read David's latest article in IndustryWeek, "The Profit Pitfall" <<http://www.industryweek.com/ReadArticle.aspx?ArticleID=14158>>

The American Management Association published a great article: "Minor Changes Can Lead to Major Improvements" <<http://www.amanet.org/LeadersEdge/editorial.cfm?Ed=555&BNKNAVID=16&nwsID=99&display=1>>

Listen to David being interviewed by the [Better Process Podcast](#) (Please "Digg" the podcast when you listen to it)

Members of the IACCM can [listen to David](#) being interviewed by Executive Director, Tim Cummins

Keep your eyes open for David's upcoming articles in *The Journal of the American Management Association*, *IndustryWeek*, and *Leader's Edge* magazine.

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