

**Entrepreneurial Lessons from the
Rise and Fall of Microworkz**

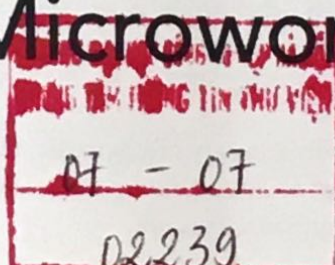
**THE
GOOD
FAIL**

RICHARD KEITH LATMAN



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Entrepreneurial Lessons
from the Rise and Fall
of Microworkz



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*I am very blessed,
after all I have put my friends and family through,
to still have many people who believe in me
and have been supportive through the years.
This book is dedicated to my mother Lynne who,
in good times and bad, when I was right and wrong,
has always been there.
I love you, Mom.*

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Preface

During the first 45 years of my life, I started 11 different businesses, contributed to hundreds of others, and stumbled vastly more than I succeeded. Whether it was creating custom bumper stickers for college students, shooting virtual tours of luxury hotels in Hawaii, or reinventing the distribution model for millions of computers, one thing has stayed completely consistent: I was never afraid of failure.

The definition of a *Good Fail*, as defined by yours truly, is a failure that has a learning value greater than the offset collateral damage. It is a failure that an entrepreneur is unlikely to repeat and one that will positively shape that person's managerial and business acumen. In short, it's a lesson from the hard knocks of the high stakes risks inherent in the pursuit of fame and fortune.

Of course, there are many different kinds of failures and, to be sure, they are not all created equal. I specialize, I hope, in intelligent failures—those that happen quickly and inexpensively and that contribute new critical ideas about your customers and/or business plan. These should be more than just grudgingly acceptable; they should

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be welcomed and embraced. Figuring out how to master this process of failing fast and failing cheaply and stumbling toward success is something companies have to get good at, and it is critically what has helped me avoid an even worse pummeling at the altar of business.

"Getting good" at failure, however, doesn't mean creating anarchy or chaos out of the company. It means leaders, not just at weekly staff lunches, but also in the trenches, every day, who create an environment safe for taking risks and who share stories of their own mistakes. It means bringing in outsiders unattached to a project's past. It means carving out time to honestly reflect on failure, not just success.

Perhaps most important, it means designing ways to measure performance that balance accountability with the freedom to make mistakes. People may fear failure, but they fear the consequences of it even more. It's an unusual executive who can balance the performance culture with the learning culture and avoid deep conflict.

Companies need to remember this is a long-term game and one that is bound to have ups and downs. Downs are failures and ups are successes from the failures: It's that simple. You really don't need to hire a consultant to evaluate this because you've been doing this longer than you can imagine. Your first step upright as a very small child was preceded by hundreds of failures. I hope that you're a little better at that ratio by now, but clearly the long-term goals don't stop just because you trip over your own feet.

Few put it as well as Theodore Roosevelt when he said, "Far better is it to dare mighty things, to win glorious triumphs, even though checkered by failure . . . than to rank with those poor spirits who neither enjoy nor suffer much, because they live in a gray twilight that knows not victory nor defeat." Perhaps this statement is slightly militaristic, but it aptly gets the point across about what all strong leaders embody. There are those who study, those who lecture, and those who execute what they are put on this earth to do. In my new version of rock-paper-scissors, execution always wins over study and lecture.

I have always viewed my business and personal losses as steps toward my eventual success and, although my road has been a painful