

# The right way to innovate

Because if you want to succeed, you must fail fast

The Silicon Valley adage is that you must fail fast. But failing fast hardly seems like a desirable goal. Why would anyone strive to fail? And why fail fast?



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Companies with an innovation culture are constantly testing everything. The staff not only embraces, but also drives change. But not all change is good. Some changes lead to less sales, more confusion or higher cost without any benefits.

Traditionally, we used focus groups to determine whether something is a good idea. But is this the best approach? Focus groups are often asked hypothetical questions. Good focus group design is hard, burns a lot of time and the validity of results is dubious when substandard design or participants are used.

Being in supply chain, I see this issue repeatedly. Companies have very little feel for whether a new product will flop or be a wild success. Consequently, they may order too much or too little inventory. With too much inventory they incur unnecessary cost. With too little inventory, they may miss out on sales.

The other problem is that testing cannot drag out forever. It will slow innovation in the company and give competition a head start.

## The real world

This begs the question how to test new ideas. Increasingly innovative companies have figured out that it is ideal to structure a real-life situation for testing. Elon Musk did just that when he recently put new storage batteries for sale before the factory

was built. Allowing the public to preorder the batteries directly from the manufacturer afforded a chance to test a new delivery system, and more importantly, the price point. This brilliant move immediately made it much easier to raise capital and increased the valuation of his company.

In contrast, consider Target, which went into Canada full steam ahead in 2013 with 133 stores. In January 2015, the company decided to take a loss and close them down. The bill for this botched experiment: \$5.4 billion.

Target was surprised by regulations, inventory problems and customer reaction. Not only did Target miss the opportunity to test a new market, its own inability to operate and scale in a different market was also a surprise. Surely, in retrospect, Target could have failed faster and less expensively.

Fear of failure must not stop innovation. So, to minimize the risk and investment, ask:

1. What is the cheapest and fastest way to test whether this idea will work?
2. Will the test have validity, such as being in real-life situations or with the actual target market?
3. Which results will trigger the idea to move forward, be redesigned or rethought, or to be scrapped entirely?
4. Will I get information to optimize the final implementation of the idea?

Failure is associated with somebody having egg on his or her face. But testing and experimenting are inherent elements to positive innovation. It is better with a toe in the water than a dead body in the pool. So fail fast, and use the failure as a springboard for ultimate success. ●



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