

A Consultant's View

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Passing it on

H.L. Hunt, the Texas wildcatter and at one time one of the richest men in the country, believed that he had a special gene for making money and tried to pass it on to lots of children. His sons Nelson and Bunker went bankrupt trying to get control of the silver market.

Passing it on is very difficult. We see that in families. We see that in the work place when handing off pet projects, or delegating tasks to others. We see it in investing when fund managers change. We see that in governments where idealists see their projects fail when handed on. We see the solution in accepting that problems will happen and that we can handle those problems.

People who make something happen have a passion for it that nobody else does. Just try to give the same passion for your house and its chores to your teenager. Passing on the family business is one of the most difficult things to do.

The next people in charge rarely have the same passion or skills and may not have the same accountability. The history of the "great houses" of Britain shows that rarely do any of the next generations match the wealth producing generation. In 99% of the cases, an organization that is wealthy is no longer wealthy in 100 years.

Peter Lynch built the Fidelity Magellan Fund into a powerhouse through his investing capability returning 29.2% during his tenure. Nobody since then has been able to match his ability and

the fund is now smaller than when he ran it.

Currently, we are all watching Tim Cook at Apple as he attempts to carry on the same creativity that Steve Jobs had. The odds are against him.

The same problem shows up in government. Idealists start government programs. After a while, they hand them off to those lacking the same passion.

The result is decay into a bloated and unworkable bureaucracy which is fertile ground for corruption. (This is why so many reforms never work out in the end.)

In companies, we have the same problem. Engineers don't want to let go of their projects and turn them over to

production. Managers don't want to let go and delegate to their staff. Companies stay in businesses and ventures far longer than would be best. Almost never is the decision to exit a venture done too early.

There is no one solution. However, the heart of the matter is to accept that others will make mistakes with our projects, lose money, cause problems with clients, etc. and that the company will survive even with those issues. It doesn't matter how much we have invested already.

It takes psychological courage to let go. Yes, we do not know what the outcome will be. The only thing we know is that we will have problems, but that we can handle those problems.

We can pass it on and not hold on.

They Don't Have Same Passion

Profiting from Failure

While we want to win, most times we fail in some way. Successful organizations know that understanding failures and working to improve their processes is one way to move into the winner's circle. How we fail often determines how well we succeed.

Sports teams have been analyzing failure from the beginning. They used to film all their games and then go through those films to identify places where they could improve. Now, they are using impressive technology to analyze the details of every move. Golf swings and baseball pitchers are analyzed with high speed cameras to help identify improvement. Football teams are building virtual playing fields so that players can practice specific situations over and over again.

In corporations, the way we handle failure can indicate how we will succeed. Everyone fails some time. The organizations that "kill the wounded" often wind up with their best people leaving.

The way to fail better is to first lay the ground work for both failures and successes. We do well to ask what mistakes we want to make and what mistakes we don't want to make. Second, constantly work to improve our processes. Finally, we share the knowledge with the rest of the organization in order to help reduce failures elsewhere.

We do well to identify the mistakes that most help the company. Many a mistake is not harmful, but can be used to learn much.

Some books that help with profiting from failure are: Brilliant Mistakes by Paul Schoemaker and Fail Better: Design Smart Mistakes and Succeed Sooner by Anjali Sastry and Kara Penn.

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Risky World - Your phone on WiFi

The cellular companies are trying to push cell phone traffic over to WiFi as much as possible. This is because that frees up tower space for people in their cars. However, with the spread of WiFi passwords without our knowledge, homeowners are being opened up to security risks where "friends of friends" can use our internet connections.

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