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Wearing Your Failures on Your Sleeve

By CLAIRE MARTIN NOV. 8, 2014

Five years ago, Cassandra Phillipps founded FailCon, a one-day conference in San Francisco celebrating failure. Discouraged by a growing chorus of start-up founders promoting their triumphs throughout Silicon Valley, and nervous about her own prospects as an entrepreneur, she craved the stories of people who had flopped.

The conference was a success. And every October for the next four years, up to 500 tech start-up newbies have gathered with industry veterans who dish on their “biggest fail” and lead round-table discussions with titles like “How to Conduct Yourself When It All Goes Off the Rails.”

But this year, the FailCon event in San Francisco was canceled, and Ms. Phillipps says part of the reason is that failure chatter is now so pervasive in Silicon Valley that a conference almost seems superfluous. “It’s in the lexicon that you’re going to fail,” she says.

According to research by Shikhar Ghosh, a senior lecturer in the entrepreneurial management unit at Harvard Business School, 30 to 40 percent of venture-backed start-ups blow through most or all of their investors’ money, and 70 to 80 percent do not deliver their projected return on investment.

Now failure is emerging as a badge of honor among some Silicon Valley start-ups, as entrepreneurs publicly trumpet how they have faced adversity head-on.

In a blog post titled “Today My Start-Up Failed,” the New York-based entrepreneur Chris Poole did not mince words in describing the demise of

his company DrawQuest, a drawing-game app. “No soft landing, no happy ending — we simply failed,” Mr. Poole wrote in February.

In the 720 words that followed, his tone was confessional. “Few in business will know the pain of what it means to fail as a venture-backed C.E.O.,” he wrote. This, he added, came on the heels of the failure of his earlier tech start-up Canvas. (It also followed his founding of the hugely successful 4chan, an anonymous online messaging forum.)

Mr. Poole explained to his readers that even though the DrawQuest app had been downloaded 1.4 million times, the business could not survive. “It may seem surprising that a seemingly successful product could fail,” he wrote. “But it happens all the time.”

He is not the first to publicly dissect his own entrepreneurial failure. Blog posts like his have become so common in the Silicon Valley start-up world that the blog for the information services firm website CB Insights anthologized several dozen similar posts in a January article titled “51 Start-Up Failure Post Mortems.” Since June, the site has updated the article with an additional 50.

One post in the early wave of entries was by Jordan Nemrow, whose app Zillionears.com allowed musicians to sell their music directly to consumers through short-term sales known as flash sales. Mr. Nemrow wrote that Zillionears.com imploded because “people really didn’t LIKE anything about our product.” He added, “No one that used the service thought it was that cool.”

After the post went viral, something odd happened. “We got like 100,000 hits in a weekend on that blog, which actually resulted in like 10,000 views of our app,” Mr. Nemrow says. “Before that we had 100 views total.”

But unfortunately for him, by the time he outed Zillionears.com for its ghastly performance, it was too late to translate the resulting frenzy of interest into sales. The company had already gone belly up.

Mr. Nemrow went on to describe the company’s missteps in an interview on a website, the Startup Sessions. And along with his co-founder,

Dan Polaske, he continued discussing his flaws in a YouTube video.

Beyond Silicon Valley, start-up circles are lagging in their gusto for failure — and that has presented Ms. Phillipps with another business opportunity. Four years ago, she began licensing the FailCon event for a \$1,500 fee to producers in other countries, including Brazil, Japan, Iran, Saudi Arabia and Israel. And in Toronto, a company called Fail Forward consults with companies looking to examine and learn from their failures. Last July, it led a conference similar to FailCon.

“Nobody wants to fail,” says Ashley Good, chief executive and founder of Fail Forward. “It’s awful. You will never hear me say to celebrate failure.” But, she added, “failing intelligently is an increasingly important skill.”

By that, Ms. Good means looking for ways to change the conversation about failure by using different, more positive language and by being able to separate ego from activities.

“You can actually say to yourself, ‘Just because I failed doesn’t mean I am a failure,’ ” Ms. Good says.

She sees a benefit to post-mortems like those rippling through Silicon Valley, but she says mea culpas are meaningless if company founders do not use the information to learn and change.

Mr. Nemrow of Zillionears.com says that when people saw the popularity of posts like his, they started thinking they could describe how their own businesses faltered, “and then everyone went to it.”

Looking at the other posts, he realized that it did not seem to matter whether the idea was half-baked, or the effort expended halfhearted. The failure could be a résumé booster, and the online post-mortem a calling card.

Ms. Phillipps says she has noticed the trend, too. “There are so many people who worked on a start-up for six months and were just like: ‘Well, that didn’t work out. I’m moving on to my next thing,’ ” she says. “Did you really need to write a 10-page post about all the things you learned from your six-month-long failure?”

In her five years running FailCon as a side project while holding down

other full-time jobs, Ms. Phillipps gathered a fair amount of entrepreneurial wisdom. In her current job as a game designer for the mobile gaming company Pocket Gems, she says she always assumes that new products her group creates will hit the skids in several ways. They will discover a problematic employee in the mix, for example, or the products will garner some negative user reviews.

“There has never been a product launched that didn’t have those failures,” she says.

Ms. Phillipps and her team pre-emptively draft plans for how to handle these and other problems. They brainstorm specific solutions and set up warning systems to clue them in to the fact that a fiasco has occurred in the first place.

In some ways, FailCon’s success created a quandary for Ms. Phillipps. The last three conferences sold out, each drawing 400 to 500 people who paid \$100 to \$350 each. And FailCon attracted big-name sponsors, including Amazon Web Services, Comcast and Microsoft. She says the conference was financially profitable.

Now, she says that Silicon Valley’s embrace of failure has outgrown the FailCon format — and that a one-day conference no longer seems to be the best fit.

So she is aiming to reboot FailCon. She may turn to smaller, more interactive workshops and an invitation-only application process. FailCon 2.0 is to make its debut in October 2015.

Entrepreneurs still need to learn about failure because Silicon Valley tech incubators typically don’t advise start-ups about how to prepare for it, says Dr. Michael A. Freeman, a clinical professor of psychiatry at the University of California, San Francisco, who works with entrepreneurs in tech start-ups. Affiliated with the Entrepreneurship Center at the university, he ran a workshop called “First Aid for Failure” at FailCon in San Francisco last year.

He says failure has been “significantly destigmatized” on a cultural level in Silicon Valley and the Bay Area, even though on an individual level it can

still be painful to endure.

With researchers at the University of California, Berkeley, he is now conducting a study on failure and success among entrepreneurs. “We are getting a billion dollars a month of new investor money coming into the region,” says Dr. Freeman, a co-founder of a nonprofit and a start-up. “If you fail, some investors believe that you’ve got the guts to take it to the mat. That you’re not personally going to be so damaged by adversity as to lose your persistence in business. That you’ll fight.”

For Trey Griffith, running a failing tech start-up felt like “pounding your head against the wall and trying a bunch of things, but nothing’s working,” he says.

Mr. Griffith presided over a start-up called Endorse.me, which set out to help companies recruit college students by using teacher recommendations. He sent out what he calls an S.O.S. when he was in the throes of trying to keep his business going. It was a blog post detailing his plight and pleading for advice from readers.

He is glad he voiced his woes so publicly — he met his current boss as a result.

Mr. Griffith is now vice president for technology at Teleborder, a company based in San Francisco that makes software for human resources departments to use in organizing visas for overseas employees. He says that when interviewing job candidates for positions at Teleborder, he doesn’t shy away from candidates with failures on their résumés.

Part of that is a matter of practicality. Mr. Griffith is interested in candidates who have experienced the hardships of a start-up, and in entrepreneurs whose companies are succeeding and therefore aren’t looking for jobs.

He wrote about his failings about the same time Mr. Nemrow of Zillionears.com wrote about his. Mr. Nemrow offered support. The two commiserated over drinks at a Bay Area bar, and they stayed in touch after Mr. Nemrow took a job at the shopping website Shop It to Me and Mr. Griffith began working at Teleborder.

Soon they had something new in common: success.

“I thought it would be really important to see start-ups that succeed,” says Mr. Nemrow of his decision to work at Shop It to Me. “I wanted to see the inside workings of them.”

And Mr. Griffith no longer feels as if he is risking a head injury.

“It’s really different when your company is doing well and growing,” he says. “Our company now is at a stage where things are working. Like, it’s not perfect, and we definitely have to fix some stuff, but we’re moving in the right direction. It’s a really exciting feeling.”

A couple of months ago, Mr. Griffith recruited Mr. Nemrow to work with him at Teleborder as a software engineer.

“It’s, like, the least sexy business,” Mr. Nemrow says of his new company. “It’s like, ‘Oh, yeah, we do visas.’ But right now, there are so many sexy businesses that are failing. It’s going to be much different. It’ll be an interesting change.”

Correction: November 16, 2014

An article last Sunday about entrepreneurs’ increased willingness to discuss their failures misstated the location of Chris Poole, founder of the successful messaging forum 4chan, who wrote a blog post describing the demise of his company DrawQuest. He is based in New York, not Silicon Valley.

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