



Creative Disruption

Failing Up

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When I begin a C-level executive search, most of my clients in the consumer goods sector have a similar request: "Show me the winners." With a company's future at stake, boards of directors understandably want to focus on top executives from dominant players ranging from Google to Ralph Lauren. As a result, recruiters often shy away from candidates who have spent even a moment's time at troubled companies.

Yet as we head deeper into economic uncertainty, I question the wisdom behind fixating on executives from top organizations. Perhaps it's time to re-examine our definition of success. By avoiding candidates at struggling companies, we eliminate those who possess the most valuable skill sets for today: The ability to navigate through corporate crises.

Anyone who has led a company through a difficult period walks away with management lessons that a "winning" leader has yet to learn. It's like a quarterback whose linemen are so skilled that he has never been shaken by a sack. Many would argue that a more seasoned QB, one who can take a hit, is a better leader. Indeed, some of business' most influential CEOs have run companies through severe downturns and usually attribute their long-term achievements to such experiences.

Sometimes a leader's trademark strategies were born out of lessons learned from past missteps. During the '80s, Michael Jeffries founded Alcott & Andrews, a career women's brand that fell into bankruptcy as a result of overexpansion and an inability to keep up with women's tastes. According to a *The New York Times* story from 1989, "Alcott & Andrews got off to a good start in 1984 ... But after a few years, women began to seek a wider range of styles for office wear."

Ten years later, Jeffries went on to transform Abercrombie & Fitch into a defining look for millennial teens. As A&F continues to dictate how high school and college kids dress, no one today could accuse Jeffries of letting styles grow stale.

As we head deeper into this recession, companies must not only keep their merchandising fresh to survive, but they must also be willing to rethink their overall business strategy. The art of reinvention is best understood by CEOs who have experienced rough patches. In 2005, Avon Cosmetics' growth rate slowed drastically. As CEO [Andrea Jung](#) told a group of Harvard Business School students three years ago, Avon "hit a wall in 2005 that forced the company to reassess" many aspects of their business.

So Jung changed course by eliminating layers of management, reduced product offerings, and introduced a new media strategy. Today, Avon is living through the recession as one of the leanest, most agile cosmetic companies in the industry.

Yet when it comes to hiring, Estee Lauder always tops the list of recruiters' target companies for talent. Lauder is a winner. It has controlled the cosmetics floor of the department store for nearly 40 years. Lauder has historically met little resistance when selling its products. By contrast, I am far more attracted to a top candidate from the underdog who fought for every inch of space at Sephora and kept track of every penny spent.

Important as persistent sales and cost management may be to a business, the seed of growth is innovation. Inevitably, the term "innovation" inspires images of Apple, which, despite this horrid economy, continues to sell iPhones like it's a boom time. Lest we forget that Apple's genius CEO and founder, Steve Jobs, was thrown out in 1985 when the company hit a sales slump.

As *Fortune* magazine put it in a story dated Aug. 5, 1985: "Apple's stepped-up effort to sell the machine to businesses was making no headway." It was a shortcoming the magazine in no small part attributed to Jobs' inability to meet design deadlines. Twelve years later, Jobs returned to coax Apple back from near bankruptcy and went on to introduce some of the most groundbreaking products in retail.

That's why I am often wary of candidates from companies with perfect track records. I am far more intrigued by leaders who were forced to overcome their challenges. To me, managing failure tests an executive's mettle, teaches valuable lessons and is a key ingredient in becoming a long-term winner.

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