

## **INSIDE WISCONSIN**

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**“Embracing failure is a necessary step for successful entrepreneurs”**

**By Tom Still**

WHITEWATER – Thomas Edison invented the electric light, the central power station, the phonograph and recorded 1,000 patents, but his effort to extract low-grade iron ore from sand cost him millions of dollars and was dubbed “Edison’s Folly” in the late 1800s.

Steve Jobs was fired by Apple Computers, the very company he helped to create. Dean Kamen, the creator of the Segway Human Transporter and holder of 150 patents, jokes that his biggest failure is “that I have too many to talk about.”

For each of these famous entrepreneurs, however, failure was a milestone on the road to success. They actually celebrated their failures for what those mistakes taught them – and used the experience to move to the next idea.

Embracing failure as a teacher in the school of hard knocks was the theme of last week’s “Ideas to Profits” conference at UW-Whitewater, where the Wisconsin Innovation Service Center marked its 25<sup>th</sup> year of helping entrepreneurs grow their businesses.

Three successful Wisconsin entrepreneurs told their stories to conference participants during a panel discussion that illustrated how most – if not all – innovators have overcome obstacles along the road to growing profitable businesses. About 200 people attended the two-day conference organized by Dr. Deb Malewicki, UW-Whitewater’s director of business outreach services.

“Embracing failure is mandatory if you’re going to succeed,” said Craig Schiefelbein, president of Paragon Development Systems, a 19-year-old Oconomowoc firm with 215 employees and more than \$100 million in annual sales. Paragon has survived because it adapted with each wave of change in the information technology industry.

Paragon first evolved into a component distributor after a start as a computer memory broker. Later, responding to market changes, it built and sold computers wholesale, then became a direct seller of hardware to large companies and ultimately moved into IT consulting and outsourcing. Today, Paragon Development Systems is a full-service IT infrastructure designer, supplier and manager.

“Agility is the only sustainable edge,” said Schiefelbein, who told how the company could have folded several times, but instead diversified and learned from its own mistakes.

Ralph Kauten, president of Madison-based Quintessence Biosciences, described how his company was launched with a portfolio of five separate cancer-fighting technologies – and sputtered when it initially picked the wrong technology to pursue.

“Most things don’t work,” said Kauten, who has been a part of starting four biotech companies over time, “and if they do work, they don’t work the way you think they’re going to work.”

After much time and investment, Kauten said, Quintessence eventually set aside the first technology and moved to developing what the company now believes is its most promising idea. The company now appears on the road to developing a safe and effective cancer drug, he said.

Jan Eddy’s example of failure involved a company that she developed – Wingra Technologies – and later sold to a larger software company about the time of the “tech bubble” bust in 2001. The sale had been a stock sale, and Eddy became frustrated as she watched the company she built from scratch slowly slipping away, along with the jobs of some of her closest friends and colleagues. So, in 2002, she bought back the company and rebuilt it.

This month, Eddy retired with Wingra Technologies showing record sales and profits and having been sold again (this time for cash) to a company that is dedicated to continuing its growth.

“Failure is seldom a single event,” Eddy said, but a collection of mistakes and circumstances that add up in ways that test the patience of entrepreneurs. Failure plus an underlying sense of business ethics can motivate and produce innovation, while failure combined with a lack of ethics can lead to desperation.

As Edison said a century ago, “I am not discouraged, because every wrong attempt discarded is another step forward.” For entrepreneurs just starting out, there’s some comfort in knowing that innovators, past and present, profited by their own mistakes.

*Still is president of the Wisconsin Technology Council. He is the former associate editor of the Wisconsin State Journal in Madison.*

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