



The Joys of Failure

In our last issue, we asked eight successful entrepreneurs to tell us about their greatest business failures. Then we invited executives from the *Report on Business* list of Canada's Top Growing Companies to share their own tales of defeat—and what they learned from losing.

VADIM KATCHEROVSKI CEO, EASY PROJECTS

Develops project- and work-management software for businesses

› One of my biggest mistakes was not investing in the right people early on. For a number of years, the strategy was to hire people we could afford instead of paying a premium for the top talent. As a result, our company was not growing as fast as it could and eventually hit a plateau. Once I took the plunge and started hiring A players, we experienced double-digit growth within a year. That's one investment where you can get the highest returns.

JUSTIN L. THOUIN CEO, LOWESTRATES.CA

Runs a website that allows users to compare financial products

› I tried my hand at consulting before launching LowestRates.ca and was parachuted into companies by banks to help turn things around. My career as a consultant was short: It only involved two assignments, and I was essentially fired from both. I made some tough suggestions that neither company's management wanted to hear. It was clear they had their own ideas and wanted me to parrot those back to them rather than make the radical changes I recommended. What I learned—in addition to realizing I may be the world's worst consultant—was that if I truly believed in my ideas, I should put my money where my mouth is. I took my recommendations and implemented them into LowestRates.ca.

SOURCE: STARTUP CANADA

LENA KOKE CEO, AXESS LAW

Provides affordable legal services via retail outlets

› It's June 2, 2013. I opened my business one hour ago, and I have my first client. Winning. Three weeks later, I'm suffering from a severe lack of sleep and have epically failed at appropriately backing up my client files. Our computer network has gone down and now I'm manually retyping three weeks' worth of client meetings. Losing. Two weeks later, and things are going well again. Winning. I got this. Three weeks after that and ... can you guess? Losing. Losing badly. Entrepreneurship isn't about one or two big failures that teach you everything you need to know; it's about daily failures that test your ability to regulate emotions, develop the right mindset and simply show up. When you show up—and I mean, show up like your life depends on it—you will find success in every failure. One day you'll wake up and realize the mindset you developed was the most important thing you have ever had and will ever have.



A customer punched me in the face for interrupting his dinner. That was rock bottom for me.



PETER KALEN CEO, FLEXITI FINANCIAL

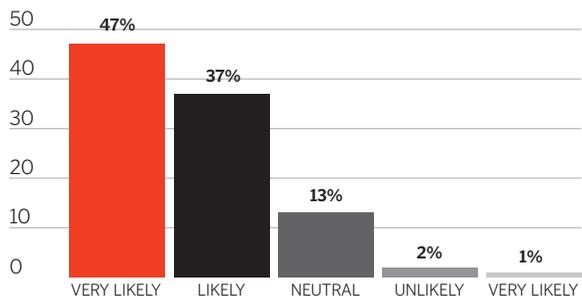
Issues private-label credit cards for retail and consumer clients

› Flexiti Financial was born out of Wellspring Financial. After just over a year of operations, Wellspring's senior lender pulled its funding due to circumstances beyond our control. As a result, in fall 2015, Wellspring was forced to downsize the team to refocus on recapitalizing the company. Within six months,

Wellspring had found a new investor, rebranded as Flexiti and was back in business, scaling up its team and originating new loans. This experience helped us understand the importance of perseverance, especially when launching a business, and the importance of establishing a clear vision in the market.

Send us your thoughts at robmagletters@globeandmail.com, tweet us @robmagca

HOW LIKELY ARE YOU TO TAKE RISKS DESPITE THE FEAR OF FAILURE?



JOSH NILSON

CO-FOUNDER AND CEO, EAST SIDE GAMES

Develops narrative-idle video games for mobile

› When we started in 2011, we decided to scale up as quickly as possible to get more products to market. We grew our team to 40 people from 12—that was a huge strain—while still working to establish our culture. We have a scrappy, world-class

team and were able to recover, but I wouldn't grow at that scale again starting out. I would focus on growing slowly while getting our early products to market, ensuring we have properly defined what our core values are as a company.

RAHIM MADHAVJI

PRESIDENT, KNIGHTSBRIDGEFX

Offers currency exchange at discounted rates

› Failure teaches you that you suck. It's always your fault. Whatever you are doing is not working, and you need to change. You have not met the standard needed to succeed. Change or die. When it comes to marketing and sales, the best thing you can do is realize you are failing, so you stop throwing good money after bad. Change your process and fail until you get it right.

ANNE MARIE KIRBY,

CEO, COREHEALTH TECHNOLOGIES

Operates a platform used by corporate wellness providers

› Over the years, I've recognized that, for the most part, failure is doled out in doses that allow us to contend with it. Looking back, now that I'm operating a growth-mode company and have another startup in a very challenging field, if I knew ahead of time the plethora of "failures," big and small, that I would face at different points, I'd likely not have jumped into either venture. I can't imagine humans would take any of the chances we have to advance the world, and a few of us would still be living in caves. Ultimately, I've learned that each failure gives us the opportunity to solve it, take a new direction or just rethink our purpose. Those who are open will not only survive but grow.

DAVID CICCARELLI

CEO, VOICES.COM

Operates an online marketplace to connect businesses with voice talent

› In the early days, we took out a \$30,000 loan for a direct mailing campaign. We sent oversized postcards to a list of ad agencies in New York and Los Angeles. There was a promo code on the postcard that people could input on our website for a chance to win an iPod. At the end of the campaign, we had a whopping two entries. Our cost per lead was \$15,000! This (epic) failure taught us a few things. First, never ask someone to switch channels (like from a physical postcard to a website). Second, if you sell online, advertise online. Not only did I learn these valuable lessons, but it also made me willing to experiment. I knew even the worst failure would bring insights.



Failure teaches you that you suck. It's always your fault. Whatever you are doing is not working, and you need to change.

BRIAN YOUNG,

CEO, HOME PAINTERS TORONTO

Offers residential and commercial painting and handyman services

› I went through 15 years of struggling sales as a door-to-door residential painter. The product was fine. But my way of marketing my business was completely wrong. My competitors were all going online, and I refused. I was just set in my ways as a typical hard-headed, old-school marketer.

In September 2011, I was cold-calling a house in North Toronto and a customer punched me in the face for interrupting his dinner. Although the punch didn't do any major damage, that was rock bottom for me.

I finally capitulated and woke up to face my fears in 2012. I hired a business coach, who established a website for me and changed the way we marketed ourselves. The rest is history.

We have gone from \$350,000 in sales in 2011 to over \$3.3 million in 2019. That's almost 10 times the business. I think this exemplifies how hard work, perseverance and tenacity—coupled with up-to-date digital marketing methods—can grow your business exponentially.

ALEXANDRE GRAVEL

CO-PRESIDENT OF STRATEGY, TOAST

Runs a digital content agency and produces television

› Toast is now a 20-year-old organization. In 2011, we hit a wall. A solid wall. We had to lay off 100% of our employees. The reason? To survive with the model we had, we had to either be the flavour of the moment with a highly hip, creative team or be cheap. Both of these options came with types of risk management that didn't fit our vision. As entrepreneurs, we need to always have an eye on the market. But we also need to make sure the way we are differentiating ourselves from the competition is also in sync with what the market is looking for. It is not just a question of product-market fit, but a question of making sure the narrative the organization puts out there matches the vocabulary of the market.

Since 2011 we've rebuilt around a new narrative that fits the market and its needs, and still remains aligned with the values and vision we are aiming for.