

Failure Is the Best Medicine

The Silicon Valley of today is built less atop the spires of earlier triumphs than upon the rubble of earlier debacles. BY PAUL SAFFO

THE DOT-COM COLLAPSE MAY HAVE BEEN A DISASTER for Wall Street, but here in Silicon Valley, it was a blessing. It was the welcome end to an abnormal condition that very nearly destroyed the area in an overabundance of success. You see, the secret to the valley's astounding multiple-decade boom is failure. Failure is what fuels and renews this place. Failure is the foundation for innovation.

The valley's business ecology depends on failure the same way the chaparral-covered hills around us depend on fire—it wipes out the old growth and creates space for new life. No fire, no grass. No grass, no deer. No deer, no predators. Pretty soon, you have a sterile monoculture devoid of life. Down among the industrial parks and in the suburbs, it is no different. The valley has always been in danger of drowning in the unwelcome waste products of success—too many people, too expensive houses, too much traffic, too little office space and too much money chasing too few start-ups. Failure is the safety valve, the destructive renewing force that frees up people, ideas and capital and recombines them, creating new revolutions.

Consider how the Internet revolution came to be. The cornerstone was the invention of the World Wide Web in 1989 by Tim Berners-Lee, a British boffin toiling away at CERN, a physics lab on the Swiss-French border. But the revolution started half a planet away in Silicon Valley, and the trigger was fortuitous failure. Just as Berners-Lee launched the Web, an entire industry—interactive television—was imploding in California. After half a decade of start-up struggles, hundreds of millions of Hollywood dollars were going up in smoke. It all seemed like a terrible waste, but no one noticed that the debacle left one very important byproduct, a community of laid-off C++ programmers who were now expert in multimedia design, and out on the street looking for the next big thing.

These media geeks were the vanguard of the dot-com revolution. They were the Web's business pioneers, applying their newfound media sensibilities to create one weird little company after another. Most of these start-ups failed, but even in failure they advanced the new medium of cyberspace. A few geeks, like Silicon Graphics founder Jim Clark, succeeded and utterly changed our

lives. In 1994 Clark was unemployed after leaving the company he founded, doggedly trying to develop a new interactive-TV concept. He approached Marc Andreessen, the nerdy codeveloper of Mosaic, the first widely used Internet browser, in hope of persuading Andreessen to help him design his new system. Instead, Andreessen opened Clark's eyes to the Web's potential. Clark promptly tossed his TV plans in the trash, and the two cofounded Netscape, the cornerstone of the consumer-Web revolution.

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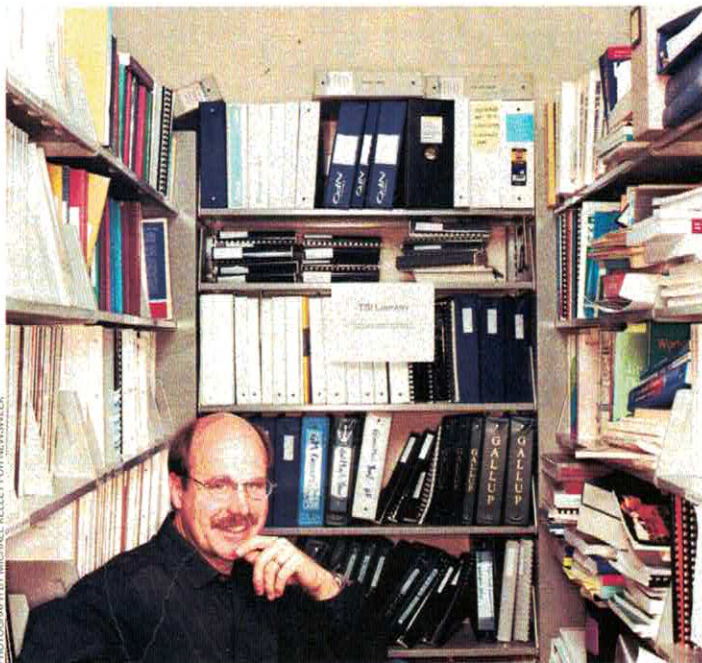
plishments than upon the rubble of earlier failures. USWeb, in its day the largest Web builder on the planet, traces its roots to CKS Partners, a three-person start-up that in 1994 moved into Apple Computer's state-of-the-art interactive-TV studios. Glad to be rid of its white elephant, Apple handed the building over to CKS at fire-sale prices. And CKS promptly put its new resource to work, growing its company and building an industry overlooked by Apple.

The valley also recycles its most important resource—people. Observers are quick to lampoon the callow folly of the fallen dot-comers, but they overlook the experience gained by these pioneers. An

entire generation of twenty- and thirtysomethings just rocketed through an accelerated business cycle. They got in, shot up, crashed down and now they are out, and their careers still lie more before than behind them. Few are rushing to embrace the security of the corporate establishment. Rather, they are busy starting over.

Like the interactive-TV refugees and generations of innovators before them, the dot-comers are already hatching new companies. Many are revisiting good ideas executed badly in the '90s, while others are striking out into entirely new spaces. This happy chaos is certain to mature into a new order likely to upset a tottering establishment, as it delivers life-changing wonders to the rest of us. But this is just the start, for revolutions beget revolutions. So let's hope for more of Silicon Valley's successful failures.

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NEW BEGINNINGS: Like forest fires, business disasters can have the positive effect of cleaning out deadwood, making room for new growth