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Innovation: The Academics' Perspectives (3)

Author: Ms. Kristi Bradford

Space Policy Institute, George Washington University, United States, kbradford@gwu.edu

Mr. Ross Hatley

Space Policy Institute, George Washington University, United States, rosshatley@gmail.com

Mr. Dillon MacInnis

Space Policy Institute, George Washington University, United States, dmacinnis88@gwu.edu

FAILURE IS NOT AN OPTION, BUT IT SHOULD BE (PART 2): EVALUATING THE POSITIVE
IMPACTS OF COMPANY FAILURES IN SPACE INNOVATION ECOSYSTEMS**Abstract**

The innovation process is highly uncertain and some failures are inevitable. Social acceptance of failure has proven to be an essential cultural component for successful innovation ecosystems. Despite the centrality of failure to innovation, there has been limited study of the impact of company failures on the actors, networks, institutions, knowledge, and technology that constitute an innovation ecosystem. This study leverages the system of innovation literature to understand how company failures contribute to the learning process, which is a critical non-market interaction in innovation ecosystems.

Analysis is based on data collected from space sector stakeholders, including investors, founders, employees, and government personnel using survey methodologies. This data enables evaluation of the impacts of company failure, such as changes in the risk posture, geographic location, and professional network dynamics of the stakeholders due to the failure. Furthermore, self-reported lessons learned by stakeholders from the failure are evaluated.

Company failures appear to mature innovation ecosystems as lessons learned from the failure can diffuse through innovation ecosystems because company stakeholders become dispersed across many other firms and entities following a failure. This dispersion can also create new networks across an innovation ecosystem creating new communication channels for further learning.

By understanding such positive effects of space company failures and the role they play in maturing space innovation ecosystems, it can aid space innovation policy makers in bringing nuance to innovation policy that can be used to maximize the positive impacts of inevitable failure and minimize the negative impacts.