Fail, Fail, Fail, Win

Idea In Short

Copy the structure, not just the slogans. Supercell pairs elite hiring with radical management restraint, organizes into autonomous cells, keeps only products that deserve to live and toasts champagne when killing the rest. A creative company that has not failed recently is not taking enough risk.

An Amazing Finnish Story

Supercell is the amazing story of a Finnish startup that makes mobile games, including Clash of Clans, at one point the highest-grossing app on both major app stores.1 Founded in 2010, the company sold 84 percent of itself to Tencent in 2016 for 8.6 billion dollars, a price that sounds crazy and is not.2 Player engagement borders on the absurd, as anyone who has donated dozens of hours to the games can testify, and the money follows: 2016 revenues of 2.1 billion euros with net profits of 917 million euros, a 44 percent operating margin. Tencent paid roughly eleven times earnings, rich and defensible, in a market where the maker of Candy Crush sold for 5.9 billion dollars. Revisited years later, the story holds: the same philosophy, around 400 employees, five games and continued winning. Hay Day, Boom Beach, Clash of Clans, Clash Royale: admit it, you have played one.

Hire the Best, Then Get Out of the Way

The founding story, told at length on the company's own site, shows an organization that knows who it is, has a strategy and knows what not to do.3 The first principle sounds generic, since every company claims to hire the best people, and Supercell marries it to a radical corollary: management should do less. The founders describe their sole mission as acquiring the best talent for every single position, creating the best possible environment for them and then getting out of the way, in a setting with zero bureaucracy. The company adds a structural belief in the power of small, because being small means less management and fewer processes, both of which make work more fun, and the explicit goal is keeping the company as small as possible. At the original writing the headcount stood at 244 employees against billions in revenue, overhead economics most conglomerates cannot imagine.

Cells, Focus and the Graveyard

The organizational unit is the cell, a small autonomous team empowered to fast-collaborate, prototype and test. The company's words carry the philosophy: the best quality work comes from small teams where every member is passionate, because bigger teams breed processes, bureaucracy and politics until the work stops being fun. Each game comes from a cell operating extremely independently with complete control over its own roadmap, an organizational model optimized for speed and passion, not control. Focus follows structurally: only four products generating two billion-plus in revenue, a concentration made possible by the fourth principle. Supercell kills products, proudly. A graveyard of developed-then-shuttered games features in the company's own storytelling, and the pride is upbeat, framed as all the products that did not waste players' time. This takes guts, because human nature clings to sunk costs, and no developer cell that spent six months building a game night and day wants to abandon its baby. They do it anyway. Winning.

Champagne for Funerals

The most emblematic ritual is the toast: champagne every time the company makes the difficult decision to sunset a product. The pattern of the company's history reads fail, fail, fail, fail, win, fail, fail, win, repeatedly pouring hearts into products and quickly cutting losses, which demands judgment to know a winner from a loser and heart to let the baby float down the river. The company's own explanation deserves quoting at length: every failure is a unique opportunity to learn, and the lessons get celebrated with champagne because releasing hit games means taking risks, and taking risks means failing more often than succeeding. Whenever the company notices it has not failed in a while, that is a sign it has not taken enough risks, which for a creative company is truly the biggest possible risk.

Why Copying This Is Hard

Executives routinely admire the model and then reproduce none of it, and the failure points are predictable. Cell autonomy dies when leaders grant roadmap control and then review the roadmap monthly, because supervised autonomy is just delegation with extra meetings. Elite hiring dies when the company keeps its existing tolerance for adequate performers, since one merely-fine hire per cell resets the average the whole model depends on. The kill discipline dies first of all, usually at the initial cancellation, when sunk costs, an executive sponsor's pride or a customer commitment rescues a product that should have died, teaching everyone the graveyard is negotiable. The honest prerequisite check: can your organization name the last product it killed proudly, and did anyone toast? If not, start there, not with the reorganization into cells.

The Transferable Lessons

The case generalizes beyond gaming. Small, passionate, focused teams do crushingly good work when elite hiring meets managerial restraint, confirming Jim Collins on getting the right people on the bus and echoing every founder's mentality argument about insurgent scale. The harder transfer is the kill discipline, since most organizations celebrate launches and hide cancellations, teaching employees that stopping is shameful. Supercell inverted the ceremony and got a portfolio where only winners survive. Executives seeking the lesson in one line: build cells, fund many attempts, kill without shame, toast the lessons and keep the company small enough to stay fun. Now back to the game, one level short of the next milestone.

- 1Clash Of Clans
- 2Tencent
- 3Supercell

Summary

Supercell proves the power of small: a few hundred employees, a handful of games, billions in revenue at 44 percent margins. Elite talent, zero bureaucracy, autonomous cells and celebrated failures produce the fail-fail-win rhythm. Judgment kills the products, and heart survives it.