

The Concept of Validation

Leaders who are real stars (as opposed to simple celebrities) excel at strategic thinking rather than at producing and step-by-step following of a document labelled 'strategy'. The gap between the two is enormous. It appears that the strategic thinking is what will be essential for the future. Not the several-decades-old methods that are just too easy to (photo)copy. Thus we urge you to acquire the skill of thinking as soon as possible. If the mindset (and so the value system) is ready for strategic thinking and the day-to-day functioning is well-regulated, the new conceptions of the master-strategist can be allowed some space within the organization. The tough question is which one(s) to attack, meaning, that the strategist will need some means of validating the appearing conceptions. This is not possible with the available toolkits. Some of the three-letter accessories of management may be useful for controlling the functioning but there is out of question to use them for validating the new conceptions.

Many will recall the trilogy of support-tolerate-prohibit classification; some even feel that they got thrown out from the second category. Mourning for the lost neutral position of the better days is useless. But it would be good to understand what is going on: the market does not tolerate anything. Either it buys and sells something and by doing so it supports, or it does not buy and sell it and thus prohibits. Nevertheless, it rarely happened that a market prohibited everything. It is impossible to predict the direction of the evolution; it may even lead to the extinction of the supporting-prohibiting market. The situation is no different in the market of conceptions. There is nobody to say which conception will be useful and which one useless at some time in the future. This basically means paraphrasing the questions originally put forward by Michael Polanyi: "How can we know, out of those things we do not understand yet, which ones can be understood at all?" Let us examine what validating means. It is a strange word, which is something like approval, acceptance, applicable – yet completely unlike these. Only a few understand that validating does not require knowing more than the author of the conception. The validator must be able to somehow sense whether the new is valuable – i.e. whether it will be valuable at some time in the future.

It is unimaginable that someone could model the scope of validity of some conception, then verified the model, incidentally predicting which conception will be supported by the market. "By the time you know where you ought to go, it's too late to go there." – wans us Charles Handy. The shaping of the meanings of concepts is not necessarily about their gradual clearing; it may also be about the shifting scopes of validities. The role of Adam Smith's metaphor, the "invisible hand" has not been to become some sort of best model and promote some sort of most convincing explanations. A good community may open doors for validating new conceptions and creating metaphors.

Contextualizing Validation

We are afraid of those who are claiming to predict the certain future, but...

MACBETH: Speak, if you can: what are you?

First Witch: All hail, Macbeth! hail to thee, thane of Glamis!

Second Witch: All hail, Macbeth, hail to thee, thane of Cawdor!

Third Witch: All hail, Macbeth, thou shalt be king hereafter!

BANQUO: Good sir, why do you start; and seem to fear. Things that do sound so fair?

(William Shakespeare: Macbeth)

We can never know with absolute certainty if a statement is true only if it is false.

(Karl Popper)

The Dilemma of the Master-Strategist: Probable vs. Unimaginable

The master-strategist is quick getting rid of the illusion that it is possible to calculate the probability of everything. However, in order to take up applying those unimaginable conceptions, it is useful for the master-strategist to also have some cash cows in the portfolio.

Let us picture the portfolio of a farmer in the mid-20th Century: a number of cows and chicken (low risk) and some rabbits (high risk). It would have been unimaginable for the farmer to also include several ostriches in the portfolio. It was impossible to calculate the probability of the income from ostrich-farming, and it was unimaginable that the customers would switch from chicken-eggs to ostrich-eggs. This does not mean that the switch would have been impossible. Every farmer included a bit of this and a bit of that in her/his portfolio hoping that the invisible hand will support something. The farmer listened to the sane reason and the market supported this.

The believers of Mediocristan (average) cannot understand the believers of Extremistan (outliers, extremes), says Nassim Nicholas Taleb in his “The Black Swan”. We spend most of our lives in Mediocristan but the important events almost never belong there. The really important conceptions are those that are unimaginable to the believers of Mediocristan rather than those with low or high probabilities. The problem is that nobody can tell in advance which conception is the ‘cert winner’. The past experience cannot help. Let us take an example: Helenio Herrera in the early sixties re-created a game as a sport. The soccer historians do not have to agree. Today we can provide multiple explanations for the then unimaginable conception according to which this is about winning rather than about tricking the opponent and kicking the ball between someone’s legs. As Francis Fukuyama says in his “Our Posthuman Future”; most people find it acceptable that Mozart, Einstein or Michael Jordan, being extremely talented, receive much more respect and material reward from the society than the average. The creators of the unimaginable conceptions live in Extremistan.

Why the medical students of Yale visit museums and galleries? They trick their left brain so that they would see the big picture. Studying the tiny details of the paintings they polish their perception. They learn how to put together the apparently unfitting components, they learn sensing the proportions. As the funky guys, Nordström and Ridderstråle stated: In the turbulent world it is impossible to achieve radical innovation by studying forecast reports and market analyses.

Contextualizing the Probable vs. Unimaginable

We do not calculate the probability of implementing the conception, even when it is possible, but...

It is ended, Sultan,
For all that follows may be guessed of course.
Scarce is the father dead, each with his ring
Appears, and claims to be the lord o' th' house.
Comes question, strife, complaint—all to no end;
For the true ring could no more be distinguished
Than now can—the true faith.
(Gotthold Ephraim Lessing: Nathan the Wise)

No matter how many white swans you see, you cannot be certain that all swans are white. But as soon as you see a black one, you know the right answer.
(Nassim Nicholas Taleb)
