

actions and how well you can anticipate the change. Unfortunately, without a map, I was stuck.

Hence I turned to next factor which was doctrine or the standard ways of operating. This I thought would be easy as it's just the good practice of business. I started looking into operational strategy and it was during that time another one of those blindingly obvious questions hit me. I was reading up on the great and good of business, those wise men and women who ran corporations along with their secrets of success when a thought popped into my mind — how did I know if they were wise? How do I know this practice is good? What if a lot of it was luck and just outcome bias? The last point is worth exploring more.

Imagine a normal six sided dice. Imagine you have two possible bets either 1 to 5 or the number 6. Now, basic probability would tell you to choose 1 to 5. Let us suppose you choose this, we roll the dice and it turns out to be 6. Were you wrong in your choice? Was the person who bet on six making the right strategic choice? If you didn't understand basic probability, then on an outcome basis alone then you'd argue they were right but it's clearly the wrong strategic choice. Roll the dice a hundred times and you will overwhelmingly win if you stick to betting on 1 to 5. When we choose to copy another is it the right strategic choice or because of outcome bias? Am I copying ExxonMobile, Fannie Mae, Nokia and Blockbuster because of some deep strategic insight or because of past success? Am I copying the wrong thing?