

A close-up portrait of a man with glasses, eyes closed, wearing a white shirt and a tan jacket. The lighting is soft and directional, coming from the left, highlighting the contours of his face and the texture of his clothing. The background is blurred, showing what appears to be a window with curtains.

MARK LEE FORD

My Rubric

MY RUBRIC

Are you struggling with your Socratic dialogues in Professor Ford's classes? Or perhaps you are having trouble creating a term paper or executive education deliverable for him?

"My Rubric" originated as a crib sheet for university students and executives in Ford's popular courses about leadership, strategy, entrepreneurship, technology in business, and Asian business. Beyond coursework, they find "My Rubric" helpful for avoiding the ideological pitfalls and fanciful academic theories that pervade listed companies of Western democracies today.

MARK LEE FORD is an entrepreneur, scientist, and engineer.

LENNOX SAMUELS is a writer and editor based in Bangkok. He is a former senior editor and foreign correspondent for *Newsweek* and the *Dallas Morning News*, has reported from numerous countries, and covered conflicts in Iraq and Somalia, among others. He was an editor on the multi-part newspaper series "Violence Against Women," which won the Pulitzer Prize for International Reporting in 1994.

Books by Mark Lee Ford

A Treatise on Leaders

Mandy & Allie

Everyone

Freedom

My Rubric

MARK LEE FORD

My Rubric

EDITED BY

LENNOX SAMUELS

THE MONEO COMPANY

My Rubric

Copyright © 2022 by Mark Lee Ford

All rights reserved.

No part of this publication may be reproduced, distributed, or transmitted in any form or by any means, including photocopying, recording, or other electronic or mechanical methods, without the prior written permission of the publisher, except in the case of brief quotations embodied in critical reviews and certain other noncommercial uses permitted by copyright law. For permission requests, contact the publisher:

The Moneo Company, Box 1343, Uxbridge, Ontario L9P1N5 Canada

THE MONEO COMPANY

www.moneo.jp

Puto. Eligo. Faciam.

Think. Decide. Do.®

ISBN: 978-1-988210-24-7

Printed in the United States of America

Cover portrait by Mr. Edward Osborn

CONTENTS

Business	9
Leaders	15
Strategy	21
Cases and Essays	45
Sensible Iconoclasm	53

BUSINESS

Existence and will

You exist. To do so, you consume and expend energy. Both activities are executed at the cellular and sub-cellular levels. Thought arises at those levels and, from thought, will¹ Therefore, your will cannot be split from your existence because your will is your existence.

Labor

When you direct your energy at any purpose for a duration of time from your life, you are transmuting the energy and time into a product that is, by the physical law of the conservation of energy, equivalent to the energy and time. The transmutation process is called “labor.” It is a process of your will. Thinking, loving, speaking—all manner of doing things and making things—are your labor. The products of your labor are made from what you once were. The products that you are about to make during the next second are made from what you—your energy, time, and will—are now. The process is irreversible. Your labor cannot be separated or “alienated” from your will; it is inalienable.

¹ The faculty by which a person decides on and initiates action

Mark Lee Ford

Alienability of one's products

The transmutation process of labor alienates the products from your existence while you are creating them.

Disposition of the products of one's labor

You can then trade your products for those of other people to acquire time and energy from their lives. You also can take their products by coercion. And they can do the same to you.

Consequences of the above

Time is the currency of our lives.

Money is a way to store an amount of time and energy from your life in the form of the products of your labor for conversion into the products of someone else's labor for the benefit of yourself (or another person), later. In other words, it is a way to use time from your life to bargain for time from others' lives.

Business is the act of two or more parties bargaining for the products of each other's labor that they perceive are more valuable than their own.

Freedom is the state of one being free to choose the disposition of the products of one's labor. A man is free only when all the

products of his labor are subject to his will alone. Such a man has dominion—sovereignty—over the products of his labor.

Strategy is a plan to reach a financial objective.

The utility of money and business

By laboring to make products that are more valuable to others than yourself, then trading them for products of other people's labor that are more valuable to you than to them, you can accomplish more of what you want in your finite lifespan than you could otherwise do alone. Although each person's lifespan is finite, trading the products of your labor for another person's increases the utility of the finite time and energy available in both lives because the will is, for all practical purposes, an infinite resource. Only sovereign people can accomplish this.

Why do we want more money?

The universe as a whole naturally tends towards disorder.² All organisms, however, increase order "locally" (inside each one) to

² The second law of thermodynamics states that the entropy (a measure of disorder) of a closed system will never decrease. As Sir Arthur Eddington put it, "The law that entropy always increases holds, I think, the supreme position among the laws of Nature." Life does not violate the second law, but physicists have been stumped by why life should arise in the first place. Recently, Professor Jeremy England has proposed that life exists because the law of increasing entropy drives matter to acquire lifelike physical properties. Matter restructures itself to dissipate increasingly more energy.

survive long enough to reproduce. In doing so, they minimize the expenditure of their own time and energy while maximizing their use of energy from other organisms and the environment. This self-interest appears to be the most efficient way for each organism to create the local order in the universe necessary for life to arise and grow. Man is no different. He seeks to lower his entropy by maximizing his use of the time and energy of other organisms (including his fellow man's) while minimizing the expenditure of his own. Because money is a way to store and trade time and energy from our lives, man treats it as he does any other source of time and energy.

The economic manifestation of this fact is that nobody spends someone else's money as carefully as he spends his own money. Everyone pursues his own economic self-interest.

The four ways of spending money³

People can spend money in only four ways. Because nobody spends some else's money as carefully as he spends his own, the following happens.

A person can spend his money on himself. In doing so, he minimizes his cost (i.e., he economizes because his money is being spent) and, because he is the beneficiary, seeks the highest value from the deal for himself.

A person can spend his money on someone else. He minimizes his cost because his money is being spent, and he is

³ Attributed to Professor Milton Friedman

indifferent to the value from the deal because he is not a beneficiary.

A person can spend someone else's money on himself. He is indifferent to the cost because it's not his money, and he seeks the highest value from the deal for himself because he is the beneficiary.

A person can spend someone else's money on someone else. In other words, he spends A's money on B. He is indifferent to the cost because it's not his money and to the value from the deal because he is not a beneficiary.

Of the four ways, the fourth yields the worst value for all the parties in the deal. Moreover, the person who spends A's money on B usually takes a cut for himself in the process. Bureaucrats in government and companies behave in this manner; they seek to entrench their positions and expand their authority.

Implications for business leaders

The phenomena described in the preceding sections are neither good nor bad; they are simply the universe at work. They are intrinsic to each of us by way of 3.7 billion years of evolution so do not attach value judgements to natural human behavior.

Successful leaders understand—and exploit—the evolutionary programming. Diseconomies of scale, social loafing, diffusion of responsibilities, and the Ringlemann effect are examples of secondary phenomena that arise in companies because of the programming. Divergent interests of executives, employees, and shareholder can be made to align, for example, if everyone becomes a shareholder. Even then, the alignment is

opportunistic; everyone would still be chasing their own economic self-interests, only now doing it while facing the same direction. The degree of one's alignment runs in proportion to the ratio of the value of one's stock to net worth. In other words, the more you see the company as your private property, the more your mindset shifts from that of an employee (i.e., "spending someone else's money on yourself") to a business owner (i.e., "spending your money on yourself").

Adversarial economic interests cannot be eradicated, nor should we want to do so. Counterintuitive and true, the prosperity of the largest possible number of people is maximized only by allowing everyone to pursue his own economic self-interest freely—his natural programming—as long as there is equal application of rules to all of them. Policies that attempt to curb or eradicate the behavior fail disastrously because man always seeks to quench the insatiable thirst of self-interest.

True prosperity comes only by creating value for others—customers, workers, members of the community, and so on—by doing the right thing for them at minimum expenditure (cost) to your life. Helping others is the only mechanism known to create the person who you want to be in your life.

How can you cope with all of this as a leader?

You do so by accepting that you can control only one thing in your life: your decisions. You can influence others, but you can never control their decisions nor any outcome in business with total certainty. And you exploit the fact that economics drives behaviors, including yours. Change the economics to change behaviors.

LEADERS

Definitions

A leader is a creator who collaborates with others to co-create his desired outcome that he could not otherwise do alone. (Co-create means “to bring something into existence with another party.”)

Leadership is how the leader behaves while collaborating with others. Leadership is a form of behavior.

Axioms

First Axiom. A man’s natural state of existence occupies spacetime and is finite.

Second Axiom. A man has will that gives him dominion over the use of his energy and time from his life.

Third Axiom. Labor is a process of man’s will such that when he directs his energy at any purpose for some time from his life, he transmutes the energy and time into a product that is, by the physical law of the conservation of energy, equivalent to them.

Mark Lee Ford

Fourth Axiom. A man has dominion over the products of his labor.⁴

The usefulness of a leader

First Postulate. The utility of a leader is to produce his desired outcome at the minimum expenditure of his labor and of the people he leads under the condition that their sovereignties are not usurped.

Second Postulate. For a leader to produce his desired outcome of the First Postulate, it is necessary and sufficient for him to have: (i) the faculty of rational thought to deduce his desired outcome, the optimum actions to produce his desired outcome, and the instances of labor that he desires to perform the actions to produce his desired outcome; (ii) the ability to convince others to labor in the way that he desires to produce his desired outcome; and, (iii) the will to accomplish (i) and (ii).

The Three Canonical Sets of Leader Traits

Per the Second Postulate, each trait required to lead can be categorized in only one of three canonical sets of traits. A person who is deficient in one or more of the canonical sets cannot satisfy the First Postulate.

⁴ The Fourth Axiom can only come from an agreement (known as a right) between two or more individuals. It is inalienable only by such an agreement, not by natural physical law.

The First Canonical Set and Second Canonical Set represent all things that are internal to man's mind and over which he has dominion by using the power of his decision. The Third Canonical Set has to do with all things that he might be able to influence, but over which he does not have dominion. In other words, these are things that are external to his mind, namely, the decisions of other people, which he cannot control.

The leader can use forms of inducement to recruit others to his cause by appealing to their rationality—or even to their irrationality—but he cannot use the intention of physical force (e.g., threats) because that encroaches on the sovereignty of those he leads and does not satisfy the First Postulate.

The First Canonical Set: Intellect. All that pertains to the leader's faculty of rational thought to deduce his desired outcome, the optimum actions to produce his desired outcome, and the instances of labor required to perform the actions to produce his desired outcome. Examples are natural curiosity (e.g., to learn and experience), rational thought (e.g., to analyze, hypothesize, and sympathize), and all other powers of intellect that give rise to insight about causations so as to create messages, solutions, and plans for others to execute.

The Second Canonical Set: Will. All that pertains to the leader's ability to act upon his sense of agency to produce his desired outcome. Examples are self-discipline (e.g., not to encroach upon another's sovereignty, to regulate one's emotions, to listen), honesty, humility (e.g., to obey laws, ethics, or another person; to admit ignorance), and courage (e.g., to disobey laws,

Mark Lee Ford

ethics, or another person; to proceed into the unknown, ambiguous, or contentious; to assess oneself).

The Third Canonical Set: Collaboration. All that pertains to the leader's ability to convince others to labor in the way that he desires to produce his desired outcome. Examples are compassion and emotional intelligence (e.g., to influence and persuade by one's communication of messages).

My credo

- Don't grumble; get on with the job.
- Admit my ignorance.
- Get the basics right.
- Never lie.

Leader as creator

Happiness is a state of well-being that comes when all your abilities flourish, a mentally and physically arduous undertaking in creativity, not the popular notion of happiness as pleasure or contentment. Your creative products are the outward signs of your will, in other words, who you are. They are anything that you can make from your mind, heart, and hands.

The necessity of honesty and sacrifice

People draw out the best in each other only when they love each other with a quality of love rooted in honesty and sacrifice. Oxford professor Terry Eagleton has said that love is the reciprocity between people that allows their abilities to flourish. Compassionate treatment of others is a condition for our own thriving.

This quality of love, therefore, is indispensable for reaching our optimum creativity. It is the only way for us to create who we want to be; while creating, happiness as a state of well-being will naturally arise within us. And we will know it because we will feel satisfied about what we are creating despite the necessary struggle and pain from the act of true creation.

The meaning of life

The universe is, for all its glory and beauty, appallingly dumb. It is beholden to change without design. In all this, and perhaps more, the love of which I write is the only immutable thing, beyond the reach of all natural forces. The purpose of the universe is what you decide it to be. For in a universe that otherwise knows only change—dumb change—love is the only fixed point that enables you to thrive with a change of your own making—intelligent change—to have a meaningful life.

STRATEGY

What is strategy?

Strategy is a plan to reach a financial objective.

Implications

“Strategy is a plan...”

1. What is a plan?
2. What are the building blocks of the plan?
3. Who makes the blocks?
4. How are the blocks made?
5. How are the blocks selected?
6. How are the blocks prioritized?
7. How are the blocks combined, sequenced, and connected?
8. How are all of the above tested and corrected?
9. Who decides all of the above?

“...to reach...”

1. How is strategy connected to its execution?
2. Who executes the plan?
3. What are the dependencies, scope, resources, and timelines for the components of the plan?

4. What are the risks?
5. How is the plan executed?
6. How is risk mitigated?
7. How are changes made to the plan?
8. How and to whom are the results communicated, and by whom?
9. How are progress and success of execution measured?
10. Who decides all of the above?

“...a financial...”

1. What is money?
2. What is business?
3. Why is the objective a financial one?
4. Is this only about money? What about value judgements concerning ethics, morality, social responsibility, the environment, equality, diversity, and so on?
5. Who decides all of the above?

“...objective.”

1. How is the objective determined?
2. Who is responsible for making the objective?
3. Who is responsible for fulfilling the objective?
4. How is progress toward the objective measured?
5. What happens when the outcome differs from the objective?

6. How does one modify the objective?
7. What are the dependencies?
8. Who decides all of the above?

A method of strategy formulation and execution

Whatever method you use to formulate and execute strategy, the resulting strategy must be:

- logically consistent within a set of precisely stated definitions, assumptions, and limitations; and
- falsifiable (i.e., able to be tested to the point of failure).

If you use the method herein correctly, you will learn which business actions are more likely or less likely to produce your desired business results. The method also provides a way for you to develop your argument in support of the causation that you purport to exist, to test your rationale, and to defend your conclusions and recommendations. But the method will not tell you an answer. Discovering causation between a business action and a business result depends on your reasoning and intuitive insight.

Step 1: Specify the Financial Objective. See the section “Role of the financial objective in strategy.”

Step 2: Create Hypos. Create hypos and design projects that are congruent with the hypos.

To do so successfully, one must first understand the current state of the company viz. the Three Fundamental Questions of Business, then anticipate what the answers should be in the desired future state. Who is my customer? What is his issue? Do I have a product or service that addresses the issue better than the competitors?

A major undertaking in this step is the collection and analysis of data about matters inside and outside the company. The span of topics can be almost limitless, and at least usually cover the following essentials about the company and its competitors: target customers, their needs, and the value propositions to those customers by way of products and services; the state and trends of the industry; analysis of the country or region's relevant politics, economics, social factors, and technologies that affect the business; past and present strategies, business models, financial analyses, products and services, partners, key activities, distribution, manufacturing, performance measures, cost structure, and revenue structure; capabilities of staff, processes, and technology in all business functions (e.g., IT, supply chain, marketing, and so on); strengths, weaknesses, opportunities, and threats.

Frameworks are helpful for organizing data so you can look for patterns and trends that might inspire you to create a hypo. Other commonly used tools are the Business Model Canvas, cost-benefit analysis, forecasts, simulations, risk analysis, real options modeling, decision models and trees, and scenario planning.

Two essential considerations are often neglected: the ability of the company to execute projects and strategies (e.g., by way of people, processes, and systems) and alternatives to whatever the management is doing now or wants to do.

Step 3: Formulate the Strategy. Negotiate the selection, prioritization, funding, portfolio design and optimization, and sequencing of projects. Integrate individual hypos into a portfolio of hypos with overall investments, returns, risks, and probabilities. The result will be your strategy.

Step 4: Execute the Strategy. Whatever your strategy, execute it properly. Otherwise, it is worthless.

Proper execution depends on having the correct number of people with the skills and discipline to do their jobs correctly and precisely at the time that they are needed. Program and project management are essential for mitigating risks, managing changes, and resolving issues to ensure the strategy is executed on time, within budget, and to scope. Program and project managers do not set strategic direction; they mitigate risks to it.

Activities include the measurement of execution performance and the validity of the strategy. Ask yourself

- How accurate were your hypos, including your estimation of the execution abilities?
- What can be improved?
- Did you meet or exceed the financial objective?

Return to Step 1: Iterate. Repeat the process and refine all aspects of the activities. The method is iterated continually during the life of the company.

Role of the financial objective in strategy

The financial objective for the company comes from the financial requirements of the shareholders weighted according to each one's proportion of ownership of the company. The company is their private property so they have the sole right to set the financial objective for the company as they see fit—full stop. Not the employees, unless each one owns stock (and plenty of it). Not “stakeholders.” And certainly not “society.”

One is either a net provider of capital to the company or a net consumer of capital from the company. Any strategy that is incongruent with these facts is incongruent with the axiomatic truths set forth in the preceding section, “Business,” and, therefore, will fail.

What do the shareholders do to reach their financial objective? They elect a board of directors, led by a chairman. The board hires a president, then gives him three things:

1. the shareholders' financial objective;
2. the shareholders' money (e.g., as represented by the company's short- and long-term assets); and
3. the power to decide how to spend the money to reach the financial objective.

The president spends the shareholders' money in such a way as to reach the financial objective.

How does the president know on what to spend the shareholders' money? Most continue what the company has always done or copy what other companies are doing. Whatever he decides, he should arrive at his decision by way of strategic hypothesis or "hypo," not his feelings.

The usefulness of a hypothesis (hypo)

Most ideas are untenable. The scientific method—of which the proper use of hypos is central—helps us to kill as many of our lousy ideas as possible while giving a fighting chance to the mediocre ones left over. When done properly, the scientific method helps us to make quantum leaps forward—literally and figuratively.

A hypo is a way to test your idea about "If you do A, then will B will happen?" In business, for example, if you buy something, will you get the return that you want? Hypos help you to:

1. prevent damaging other people by your false ideas;
2. prevent other people from damaging you or others by their false ideas;
3. refine your best ideas into something better; and
4. achieve breakthroughs by disproving accepted paradigms.

Parts of a hypo

A well-posed hypo describes causation, for example, “If I do X, then it will cause Y will happen.” It consists of three components, each of which has several variables:

IF (cause), THEN (effect) BECAUSE (of evidence).

Hypos in business strategy have the following form:

IF we spend \$X during time T1 at cost-of-capital C to do Project ABC having risk R,

THEN we expect return \$Y during time T2 having probability P%,

BECAUSE of evidence.

The “IF” component contains the amount(s) of investment \$X, the schedule of investment T1, the cost(s) of capital if the investment C, the specification of the project (e.g., Project ABC), the project’s risk R, and expressions of the uncertainty associated with each variable as well as the overall limitations and assumptions that govern the “IF” component of the model.

“THEN” contains the amount(s) of the expected returns \$Y, the schedule of the expected return(s) T2, the probability of achieving the return P%, and expressions of the uncertainty associated with each variable as well as the overall limitations

and assumptions that govern the “THEN” component of the model.

“BECAUSE” contains all the supporting evidence and analysis required of the author of the hypo to make his case. The burden of proof is on the author’s shoulders.

An example is:

IF we spend \$10 million +/- 5% from 2022.6 to 2022.12 +/- 90 days in four equal tranches at cost-of-capital 2% to do Cloud Outsourcing Project having risk beta 1.2,

THEN we expect \$1 million +/- 7% savings by the end of the period 2023.1 to 2028.1 +/- 90 days with a probability of 75%

BECAUSE (insert data and analysis) show that we can reduce IT fixed costs by 35% +/- 10% by using cloud services under the assumption that cloud service costs remain fixed during the period 2023.1 to 2028.1 +/- 90 days.

Discovering causation: tips to link “If” with “Then”⁵

1. Do not create strategies only by hunting for patterns in data –you will only see what you have seen elsewhere.
2. Keep looking around because there will always be something that you have missed.

⁵ Attributed to Mr. Evan Dudik

Mark Lee Ford

3. Use hypos.
4. Make the hypo testable and falsifiable.
5. Create competing hypos and ask teams to defend them in an adversarial competition.
6. Understand the value of outliers.
7. Look for deeper layers of causality.

Frameworks

A framework is a way to organize information so as to make it easier to identify patterns and trends. Examples of frameworks are Porter's Five Forces, SWOT Analysis, and PEST Analysis.

When information is organized according to a framework, one might have a better chance of discovering potential correlations, causations, and opportunities. Information that has been organized according to a framework, however, is not a strategy, nor can a strategy appear from a framework. Analysis of historical data is important, but you must go beyond it by understanding your customer's needs today and anticipating how the needs will change.

Some frameworks represent complicated economic models. If you do not fully understand a framework, do not use it.

Consideration of execution is essential

You must fully consider how the hypos and strategy will be executed while you are developing them. Otherwise, your

purported causation between the business action and business result will be incomplete.

Test your hypo until it fails

One can never prove that a hypo is true. The best that can be done is to state something is more likely or less likely to be true. A single datum, however, is sufficient to show that a hypo is false so keep testing your hypo until it fails. Failure does not mean that your hypo is unusable; instead, it necessary for revealing its limits.

You can test a hypo, strategy, or any idea for that matter with the following three cardinal tests:⁶

1. What is the cost?⁷
2. What is your evidence?
3. What are the alternatives?

Happiness is a disproven hypo

Rejoice and be thankful when your hypo has been disproven, whether by you or someone else, especially a hypo on which you have labored long and hard. Your labors have been rewarded with new knowledge. In other words, you have learned

⁶ Attributed to Professor Thomas Sowell

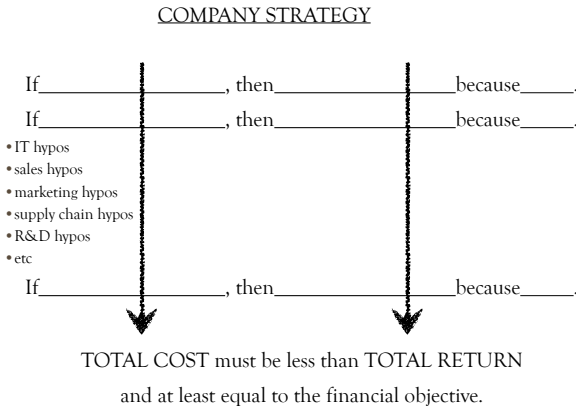
⁷ The tradeoffs—the true costs of your purported benefit

something, not just about the topic of your investigation, but about yourself.

Hypos are the building blocks of strategy

All the hypos form the plan to reach a financial objective: the strategy. Each team, department, and business unit should follow the same method. The IT strategy, for example, consists of a portfolio of hypos having to do with IT in the company as will the sales strategy from the sales department, marketing strategy, supply chain strategy, R&D strategy, and on and on.

The total return from all the hypos must be greater than their total cost and at least equal to the financial objective:



Value Proposition

RELEVANCE "I want..." "I need..."	UNIQUENESS "No better alternatives.,"	CREDIBILITY "I trust..." "I believe..."	CUSTOMER'S SENTIMENT
X	○	○	"I don't need you."
○	X	○	"What's your best price?"
○	○	X	"I am skeptical. I cannot risk it"

Whenever you buy something, there are three—and only three—considerations that determine whether you make the purchase. You might not be even consciously aware of them, but they are always in play: "Is the product relevant to your need?", "Is the product unique for you?", and "Is the product credible to you?" These considerations are purely from your perspective as the buyer, not what is the norm for other people. What might be perfectly credible to you, for example, might be bogus to another person.

If you are attempting to sell something, then you must try your best to understand relevance, credibility, and uniqueness from the perspective of your potential customer—not yourself. Subordinating your biases (e.g., love of your product, idea, or company; fear of your boss or going against the grain) to put yourself in your customer's shoes demands absolute humility and self-control. Even then, you can never truly know what your customer's interest is inside his heart versus the positions he outwardly expresses.

If you are relevant, credible, and unique to your customer, then you can charge a premium; your competitors will be scrambling to keep up with you. Being weak in one or more of these variables does not mean that you cannot have a business; it means that the business is suboptimal.

The Three Fundamental Questions of Business

1. Who is my customer?
2. What is his issue?
3. Do I have a product (or service) that solves his issue better than the competitors?

If you are operating a business, the first two questions have to do with everything that is external to yourself, in other words, the market. People and their needs are independent of you, and would exist even if you had never been born or your company never existed.

The third question has solely to do with you. Your answer to the third question by way of what your company does in the market determines your success or failure.

The ultimate test of a strategy

1. What do you want your company to be?
2. Who do *you* want to be?

PITFALLS

Common mistakes⁸

The illusion of certainty. Acting as if strategy were a fixed puzzle which has a correct answer that is capable of being worked out.

Obsession with the competition. Focusing attention on a zero-sum fight with competitors (*i.e.*, if he wins, then I lose) rather than creating value for customers.

Internal politics. Playing strategy as an internal political game rather than as an authentic search for business success.

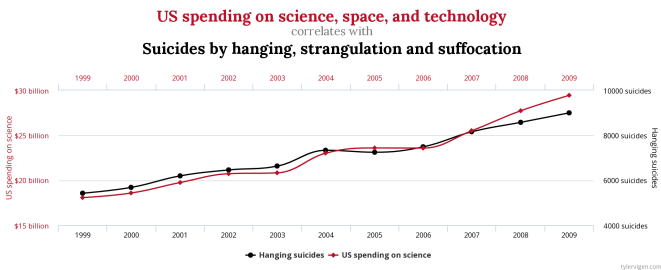
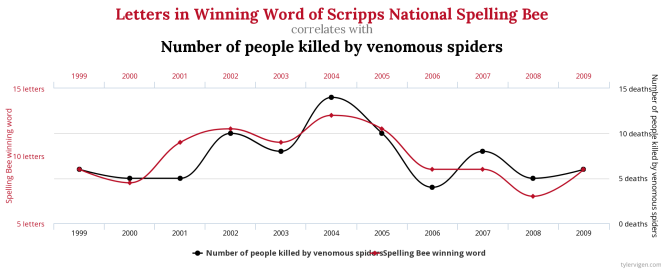
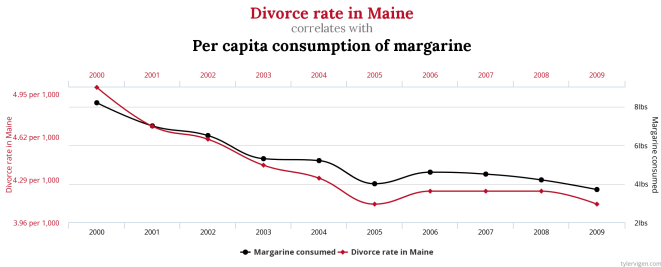
Ignoring Implementation. Putting energy into coming up with good strategic ideas but neglecting the reality that an idea only has value if and when it is executed.

Arguments from Authority. Replacing data with arguments that are moral, political, cultural, or derived from policy: “The majority thinks...”, “Most companies do...”, “The standard is...”, “Our corporate culture says...”, “The trend is...”, “We have always done it this way...”, “The Japanese (or American or Martian) Way is...”, “The Key Opinion Leader says”, “The best practice is...”, and so forth.

⁸ Attributed in part to Mr. Evan Dudik

Definitions that are not agreed upon or thoroughly understood. Using words, expressions, and concepts that are ambiguous, vague, cliché, or jargon.

Correlation is not causation⁹



⁹ Charts by Mr. Tyler Vigen

A thought experiment about causation

Consider two examples of definitions of excellence:

- A. Define excellence as: *“the ability for a project manager to execute projects within budget, on time, and to scope.”*

- B. Define excellence as: *“the ability for a manager to develop young managers into global leaders.”*

For each of the definitions above, is “excellence a consequence of diversity” or is “diversity a consequence of excellence”? Can you make a testable hypo for either of these?

Now, repeat the exercise with this third definition of excellence:

- C. Define excellence as: *“the ability for a factory worker to remove defective tongue depressors (defined as any spilt in the wood) from a production line that passes 10 tongue depressors per second in front of the worker for periods of one hour at a time, allowing for a 10 minute break after each hour of work, and a one hour lunch break, for the duration of a ten hour day, 21 person-days per month”*

For this new definition, is “excellence a consequence of diversity” or is “diversity a consequence of excellence”? Can you make a testable hypo for it? Compare the results that you found

using the different definitions of A, B, and C. What did you find? What are your conclusions?

Policy is not business strategy

Policy and law are value judgements that arise from the political process. While policy and law can be based on a hypo, a hypo and evidence are neither necessary nor sufficient for a value judgement to exist. Examples of policy are diversity and inclusion, equality of outcomes, CSR, “empower our employees,” “the customer is always right,” and so on.

If you are going to spend someone’s money (*i.e.*, the shareholders’) on a policy project, then first attempt to formulate the rationale for the policy as a testable hypo to determine objectively if the desired outcome is more likely or less likely to happen. If you find that the evidence does not support the desired outcome, then use moral and legal arguments—value judgements—to advocate the policy, not strategic arguments and hypos. It does not mean that the policy should not be undertaken, but that the premise of the policy cannot be supported by the scientific method.

A policy that is incongruent with reality will always financially benefit the policy’s authors and advocates at the expense of the policy’s purported beneficiaries. Well-tested and dependable, such policies are the main handiwork of the politician, be he in congress or the corporate suite.

Vision, mission, and values

When “vision,” “mission,” and “values” are expressed as ideological statements, they are impossible to support with hypos. As with the road to hell, the way of vision, mission, and values is paved with good intentions; incompetence and deceit are the mortar’s aggregates.

In today’s political climate, for example, any public comment by corporate leaders and managers about wanting to maximize profit as their top priority is anathema. *Every one of them wants it*; few are insusceptible enough to say so.

Executives deftly use so-called values to maximize their compensation without being fingered, proclaiming that their mission in life is to use the company (i.e., someone else’s private property) to improve society, albeit only according to their idea of what constitutes improvement. They feign that profit is a necessary evil—an unwanted and unavoidable by-product of their “socially responsible” business—as if it is a noxious exhaust that belches from the company’s tailpipe as they truck down the road of their grand moral cause. One is left with the impression that they do not want their companies to be profitable, or at least not too profitable, in the same vein as using unleaded gasoline to reduce toxic emissions while driving.

University administrators and their entourage of bureaucrats act the purest form of the charade. After all, they invented it. In the 21st Century, the lofty titles of chancellor, president, dean, and so forth denote mere corporate executive jobs. Such executives use their only product—namely, bad ideas—to suck tuition from the neurotic parents of the dimwits

recruited as students, proceeds from student loans underwritten by the taxpayer, and alumni donations. At these diploma factories, which were once institutions of laudable scholarship, one can hear executives crow about values, but they do so only for their political survival and career advancement. Offer a sizable donation to any top-ranked American university to hear the administrators' real thoughts, given with a wink and a nudge behind closed doors.

And whether someone is called a managing director or a dean, his corporate propaganda is the same, predictable to the point of being boring. The executive casts himself as an innovative underdog humbly serving mankind, selflessly leading the creation of a just and sustainable world with the right hand while fighting the evils of profit and inequality with the left. One only has to experience the appalling customer service ubiquitous in the United States to realize that all of this is a grand farce. Just like UNICEF eliminating hunger in "Africa"—since 1946.

Corporate values are a mulch of hackneyed non sequiturs in which only the hypocrisy is coherent. And because the values are easily debunked, they end up aggravating the cynicism of employees, who are seldom heard let alone heeded in this game.

A closer look reveals that CEOs pledge altruism only to intangible, faceless groups, not to individuals with names and faces who can hold the CEO accountable. "Society" and the ever-popular "stakeholders" are words so vague as to include everyone on the planet. But society has no needs or values;

individuals do. “Providing value to society” means providing value to no one...and all the while trying to line one’s pocket.¹⁰

Genuine, trustworthy people never talk about their altruism and good behavior. Nailing a litany of “values” to the door of your company does not make them valuable. Executives who wear virtue on their sleeves or decry profit are up to no good.

Danger from strategy consultants

The most common approach to strategy consulting starts from analyzing data because it seems certain. Anything derived from data analysis, therefore, feels reliable. But all data is derived from the past whereas strategy is concerned with the future.

Strategy consultants concoct fanciful theories couched in smart talk and important-looking slides that offer the illusion of certainty as strategic advice. As with most intellectuals, strategy consultants are in love with what they deem as their intellectual prowess, and yearn for recognition of their opinions; they pump bad ideas into the market without a modicum of humility or accountability for the damage caused.

Their business objective, moreover, is to increase revenue to their firms, which is done by expanding the scope and duration of their consulting projects. The most common practice for doing this is to mouth the opinions of their client sponsor. Their concoctions of strategy are incomprehensible, and are presented with conviction and authority. All of this makes a

¹⁰ Read the section, “The four ways of spending money.”

cudgel for the sponsor to use against people who stand in the way of his personal agenda.

Few strategy consultants have actually led a company or built one from scratch. As with the rest of us mortals, the “experts” are only guessing about the future, too.

Authenticity

Artisan cheese. Heirloom tomatoes. Ancient grains. “There is a sucker born every minute,” is as true in our day as it was in P.T. Barnum’s.

The professionalization of the mundane has developed to the point of having become the *de facto* style to communicate to—that is, to dupe—customers in 21st Century business. It is so efficacious that perpetrators—the marketeers, corporate executives, and their sycophants—half believe their lies themselves because this is how they talk to each other, and even to their families and friends. So it is with the word “authentic,” which has become so hackneyed and poorly defined as to be pliable enough to use in any situation, including to advance the professionalization of the mundane.

The market, however, eventually ferrets out bunk, though it can take years to do so. And it comes by way of customers learning to discern quality from style. If they were not taught by older generations how to do it, they will eventually figure it out for themselves and at great cost. Credibility, relevance, and uniqueness, that is, how the customer perceives value of a product or service to himself, is invariant to era, ethnicity, or

culture, be he an elderly farmer in rural Japan or an intellectual from the laptop class in Boston.

When the customer has penetrated the bunk to achieve this awareness, he is deciding what is authentic for himself, and not what Mr. Barnum purports it to be.

CASES AND ESSAYS

How to prepare your cases

Every hour of lecture time requires approximately three hours of preparation by the student. For a three-hour class once per week, you should set aside approximately nine hours of study per week.

Step 1: Alone. Read the case and look up all terms that are new to you or that you do not fully understand. Document what you find. Thoroughly familiarize yourself with the country of the case (e.g., by performing a PEST analysis). Next, familiarize yourself with the industry of the case. Understand the industry trends, opportunities, and the drivers of cost. Thereafter, learn about the company that is featured in the case. Finally, understand the actors in the story of the case. Learn about their jobs, capabilities, personalities, biases, the dilemmas and important decisions facing them. Most of the information that you will need for your preparation is not in the case. Use the Internet.

Step 2: Meet in a small group. Assemble in small groups of three to five students to compare your findings from Step 1. Refine your understanding. Validate and correct errors in each others' findings. Try to form an understanding of the story or stories that are taking place in the case. Put yourself in the shoes of the characters.

Step 3: Alone again. Formulate a message that you want to convey to the class based on your findings in Steps 1 and 2. In class, the professor will go through Step 1 (i.e., country, industry, company, actors) as preparation and warm-up before going into the case question(s) of the day. Anticipate the kinds of questions that will be put to you during the Socratic dialogue in class.

Socratic dialogue involves students engaging in adversarial arguments, but based on a cooperative premise: students take a stance and attempt to defend their positions while taking the best of—or criticizing—the rationale and evidence of their classmates. This is done by asking and answering questions of each other to promote rational thought and illuminate the premise of each person's argument. Socratic questions in class are of six forms, namely, those which:

1. clarify concepts;
2. test and develop assumptions;
3. test and develop rationale and evidence;
4. develop alternatives;
5. discover limitations and consequences; and
6. question the question.

How to write a strategy essay

What is value and rationale of creating a strategy essay?

It is an opportunity for you to find your own voice and to make your words your own, not by repeating the opinions of

others, but by diligently researching, writing, and editing your ideas and formulating your arguments over a period of several months. All of this culminates in an original work that you will have expressed clearly, simply, and logically.

The key to a superior essay is a narrow focus on a hypo having a specific cause-and-effect with evidence that is provided in a clinically objective, dispassionate manner.

The paper should start with a well-posed, defensible hypothesis (hypo), explanation of the limitations and assumptions of the hypo, and definition of the terms used in and associated with the hypo. Thereafter, you should expound on the hypo and your evidence for it; use deductive and/or inductive reasoning and, of course, evidence (i.e., data). Anecdotal examples (e.g., personal experiences, autobiographical examples) are, in general, too small a set on which to base a defensible inductive argument in support of the validity of a general, extensible hypo.

Hypos are fragile, meaning that they can be easily disproven, which is why they are so valuable for illuminating our breaks in logic and exposing our biases to which we tend to cling with emotion. Only one contrary datum is required to disprove a hypo. Moreover, hypos that are presented as axioms (i.e., hypos that are presented as being unconditionally valid under all circumstances and all times) are easily discredited. The value of a hypo is in specifying the limitations of the purported causality so hypos must be testable. The boundaries of validity of the hypo—where the hypo breaks down—hold the key to refining the next iteration of the hypo.

When expounding on your hypo, you should state the causal relationship of a phenomenon that you purport is true. Remember, the structure of a hypo is “IF-THEN-BECAUSE” (i.e., If ABC exists/occurs THEN XYZ happens BECAUSE of evidence). One attempts to prove (or disprove) the causal relationship between the “IF” part and the “THEN” part using deductive and/or inductive reasoning. Be careful not to confuse correlation with causation. There is an abundance of information and videos on the Internet about how to create a hypothesis and the differences between correlation and causation.

A useful way to structure your paper is to:

- state your hypo and its limitations and assumptions;
- present your evidence and deductive and/or inductive reasoning;
- discuss your hypo’s usefulness, the circumstances under which it can fail, and how it can be misunderstood or misused; and
- present two or three case studies showing the practical application of the hypo and its limitations.

Are you stuck for an idea for your paper? Try using the scientific method to debunk an idea that you and your friends passionately believe is true. If you happen to find its Achilles’ Heel, ask them what they think. Be prepared for their harsh criticism and listen to it. When a popular belief is debunked, people get upset. On the other hand, you should not rub their noses in it or embark on a crusade of your own if the evidence

is in your favor. Usually the premises behind wrong popular ideas are not defined properly from the beginning, especially the limitations and assumptions. If you are able to debunk an idea, you have an opportunity to better define the premise and improve the statement of the problem to create a better idea, which is valuable enough in itself, even if you do not have a solution to go with it. Academia is a wellspring of bad ideas so finding a topic using this approach should be easy.

Grades

Your deconstruction of the case, readings, or simulation of the day is an oral deliverable that will be graded. By way of Socratic dialogues with your classmates and the professor, you shall present logical arguments and defend them with evidence from the case, reading, and/or simulation and from your research external to those materials. The purpose of the class time is to test the validity of your arguments by receiving and giving criticism, stimulating rational thinking, and illuminating ideas. Class time is not for the recitation of facts or rote learning.

You are obliged to critique your classmates' arguments. Criticism of an idea does not constitute criticism of the individual. Critique ideas, not the person who created the idea. Also, help each other by drawing out each other's ideas.

If you are silent during the deconstruction, the professor might call upon you. This is courtesy to stimulate you to engage in the Socratic dialogue. It also means that you are failing the case, reading, and/or simulation for the day and you are being given an opportunity to recover. It does not mean that you will

Mark Lee Ford

pass the case, reading, and/or simulation for the day. Conversely, if you are not called upon, it *does not* mean that you are passing.

Your performance for each case, reading, and/or simulation of the day is graded on a 0, 1, 2 scale. It is valueless to use a measurement scale having a degree of resolution that is finer than the human can see with repeatable precision (e.g., such as a 0 to 100 scale or even a 1 to 5 scale). The most practical measurement is a 0, 1, and 2 scale. In the real world, you get things mainly right (i.e., 1), mainly wrong (i.e., 0), or, rarely, totally right (i.e., 2).

Wholly Satisfactory: 2 points. For the case, reading, and/or simulation of the day, you:

- lead the Socratic discourse;
- present and defend your arguments—and critique other student’s arguments—by using logical reasoning that is always backed by data and evidence from the case and other sources; and
- help your classmates.

Mainly Satisfactory: 1 point. For the case, reading, and/or simulation of the day, you:

- contribute to the Socratic discourse;

- present and defend your arguments by using logical reasoning that is always backed by data and evidence from the case and other sources; and
- help your classmates.

Mainly Unsatisfactory: 0 points. For the case, reading, and/or simulation of the day, you:

- miss the class, or attend the class but are silent; or
- present and defend your arguments based on opinion without evidence.

How to fail in Professor Ford's courses

The only skill that you need to pass any course by Professor Ford is sincerity: in your studies, towards your classmates, and towards him. Learn, and your grades will take care of themselves. Failing is impossible if you are sincere.

Yet, approximately forty percent of college students fail his courses because the word “sincerity” is not in their book. The behaviors of students who fail are exclusively the following:

1. not preparing one's cases, then trying to bluff in class;
2. skipping classes;
3. cobbling together a three-month research paper a few days before the deadline, never having discussed the paper with Professor Ford during the term;
4. assuming that one is passing the course;

Mark Lee Ford

5. not contacting Professor Ford for help all term—even just once—while believing that things will improve on their own;
6. attending classes but remaining silent during Socratic dialogues; and/or
7. never helping your classmates or dumping your share of the work on your teammates.

SENSIBLE ICONOCLASM

Do not live your life as if there is an afterlife.

Your opportunities are created solely by your own hands and are unique unto yourself. Opportunity cannot be bestowed upon you, nor can you bestow it upon others.

Success has to do with creating the person who you want to be in your life. The only mechanism for doing so is to help others. Money comes—if it comes at all—as a by-product. Success does not depend on chance (i.e., not knowing in advance that something will happen), but in your reduction of chance by knowing more, and mitigation of chance by absorbing, deflecting, or exploiting it.

Delete your social media accounts.

Do not argue with an arguer.

Do not be afraid to scrutinize the veracity of anything that is predicated on:

- the opinions of strategy consultants, business school professors, economists, and equity analysts;
- Corporate Social Responsibility;
- Diversity, Equity, and Inclusion;
- Environmental, Social, and Governance (ESG);

Mark Lee Ford

- “following the science”;
- HR policies;
- what “the majority of scientists say”;
- sensitivity training;
- social entrepreneurship;
- social responsibility;
- society’s values;
- solutions (as opposed to tradeoffs);
- statements about vision, mission, or values;
- strategies of executives in large companies;
- sustainability; and
- unconscious bias training.

Avoid arguments having to do with the following...unless

COVID-19 policies...unless you and your opponent are fluent in the basics by having studied first-hand at least two large-scale COVID-19 studies about *each* of the following topics published in the New England Journal of Medicine, The Journal of the American Medical Association, The British Medical Journal, and The Lancet in 2022 or later: epidemiology and virology, safety of vaccines, efficacy of vaccines, and effectiveness of masks.

Global warming...unless you and your opponent are fluent in the basics by having studied first-hand the governing equations, assumptions, approximations, limitations, and numerical analysis—and the full derivations—of at least one major inductive model, one major general circulation model, the methods of collection and analysis of experimental data used to

validate the models, and all the IPCC reports in their entirety to date.

Roe v. Wade...unless you and your opponent are fluent in the basics by having studied first-hand the oral arguments to the Burger Court and its majority opinion and dissenting opinions, the oral arguments to the Roberts Court and its majority opinion and dissenting opinions, the US Constitution, the Declaration of Independence, the Articles of Confederation, the Federalist Papers, and British Common Law predating the Articles of Confederation.

Who among us has not jumped headfirst into fervent arguments about these matters while being fully ignorant of the source material? Do not mouth other's opinions as if they are your own. Whatever the bone of contention might be, always study the source material yourself. Examine the original data, research papers, and documents, not third-hand summaries and commentaries—especially by journalists, policymakers, or politicians.

Understanding source material is onerous. So it should be. You will get a dose of humility by discovering that you know nothing. You will become inclined to keep your mouth shut and ears open. And you are more likely to come up with an original idea that can actually help someone.

Abandon trust in your hunches and feelings. Be especially watchful of your zeal and angst. If your zeal and angst are rising, then your position is likely to be wrong and you are on your way to becoming an ideologue. You will end up ruining the people and causes that you purport to help.

To wit, do not be intellectually lazy.