We don’t really have an organized industry until we have a model for the typical; then we may cast the future into the mold of the present.

I lied to the future last night. I told it that soon it would be big and strong and profitable. I then tucked it into its crib, turned off the lights, and hoped the day would never come when the future would curse this lie. I not only assured the future it would someday be strong and profitable, I also told it how it would strong and profitable.

My lie was a little more prosaic than my words suggest. I spent the evening not with a small baby but with a plan for a new technology industry that my friend Carl is developing. The industry is an infant in its own way. The technology is still immature, the market is poorly defined, and the firms in this field are still struggling toward that elusive goal of profitability.

Carl asked me to take a look at a business index he was writing for this new field. This index consists of 15 questions that are meant to measure the sophistication and maturity of each company in the field. The questions force all companies to characterize themselves using a five-point scale based on the model created by statistician Rensis Likert: “On a five-point scale, with 1 being the low score, 5 being the high score, and 3 being neutral, rank the company’s ability to deliver new technology to the customer.” The final judgment is the average of the 15 answers.

Industries are rarely static, but business indices tend to be fixed and immovable. The questions formulated by a handful of pioneers serve as standards and goals long after the answers to these questions become irrelevant to the industry. The companies in this industry will have moved to new levels of sophistication and new challenges, but they’ll still measure some of their success by how well they align with outmoded standards and goals.

Of Carl’s 15 questions, 6 concern software platforms. These questions are important for today, as the industry has deployed a dozen or so platforms that are largely incompatible. Each of these systems is the vision of a small group of software developers, freshly graduated from college or recently having fled a larger company that isn’t to their liking. They have different features, models, and implementations. Carl’s new business index should provide gentle pressure for these firms to move their software toward a common model. In two or three years, all the firms will have the same kind of answers to these questions, will check the same kind of boxes, and will get the same kinds of scores. At that moment, the index will lose some of its validity. It will need to find other ways to distinguish the businesses in the field.

Beyond my comments on the technology section, I had little to say about the index. Carl has a lot of experience with these things and knows how to identify the key elements of a business. For the next decade, this index will serve first as a goal for the industry and then as a standard. No firm will be able to say that it properly works in this field without getting an average score of at least 3.5 or even 4.0 on its 15 questions. Yet, like all business indices, this isn’t really a proper standard but an accounting.

The businesses of the future, when they’re big and grown, may use this index to account for their assets, ideas, time, and market share. They’ll believe that they’re talking to their investors, to their markets, and to each other. In fact, they’ll be talking to us—to Carl and me. They’ll tell us that they have grown up big and strong and profitable. They’ll also trust that we didn’t lie to them, that we didn’t tell them the wrong way to grow up.

David Alan Grier
is a professor at the Center for International Science & Technology Policy at the George Washington University. The podcasts for Errant Hashtag can be found at http://erranthashtag.djaghe.com.