

## Experiential Modeling: “KVC’s Science to harness the reasoning ability of people with experiences”

EXPERIENTIAL MODELING is the science that Kesting Ventures® Corp has been developing for more than 20 years to help companies create tangible blocks of knowledge that they can use to solve business, technology and market puzzles and forecast future market behavior.

The concept of experiential modeling took shape during an innovation conference that Kesting Ventures® Corp hosted in 1984. Participants were asked whether they thought that it would be more helpful to dialogue with a team of 10 technology, market and business experts in specific industries or with 1,000 professionals, who had general experience. The answer was overwhelmingly that dialog with 10 technology, market and business experts

who are in the frontier of specific industries would be more helpful.

Then the participants were asked to suggest some questions that they would like to ask industry experts and to mention how they would formulate their questions. The participants responded that this was very difficult. They said that it would take a lot of time to decide what questions to ask and that they generally didn’t have enough time or experience to formulate insightful questions for industry experts. They even wondered whether industry experts would want to dialog with them.

By the end of the conference the following insights were discovered that ultimately led to the creation and development of the science of experiential modeling.

- Experts develop good communication skills.
- Experts want to dialog with others because experts learn from each experience.
- Good communicators are interesting to others.
- Good communicators listen intently to others and show their interest by stimulating

further dialog.

- Good communicators want dialog to last for a long time (hours instead of minutes).
- Structure and focus facilitate good communication.
- Good communicators realize that nobody has the complete answer to complex problems. Good communicators search out others who want to share their experiences.
- The science of experiential modeling facilitates communication among experts by providing structures that capture focused judgment.

Experiential modeling is the science that Kesting Ventures® Corp developed to harness the reasoning ability of experts. During an experiential modeling session, experts are asked to judge the importance and status of factors (inputs) that are mathematically structured to describe complete subjects. The resulting models (outputs) stimulate intense dialog, which is captured by facilitators. The models are refined and tested until the experts have high confidence that the models are correct. ■

## Guesses versus Judgments

Webster defines guess as “to form an opinion from little or no evidence” and judgment as “the act or process of the mind in comparing its ideas to find their agreement or disagreement, and to ascertain truth.”

The conditions that produce judgments rather than guesses are:

1. Experience is necessary for judgments. Inexperienced people are only guessing.
2. The depth of the parameters and amount of detail to be included provide the structure for judgment. Structure is required for a judgment to be more than a guess and structure must encourage experts to focus.
3. Individuals who make judgments have confidence.

Guesses, by definition, carry very little (if any) responsibility. People are responsible for the consequences of judgments. Judgments are not safe; they may be wrong; they may fail; they may be ridiculed. In addition, judgments are open to review by peers. There is no reason for peers to review guesses.

Those who are accustomed to making judgments realize that others may think differently and that their judgment also has value. Confident people communicate the basis for their judgment, and exchange evidence so that everyone can move closer to the truth.

## Normal Reaction to the Unexpected: How knowledge-based solutions might be perceived.

Kesting Ventures® Corp’s services utilize experiential modeling science to harness the reasoning ability of experts, who are working in the frontier of businesses, technologies and markets. The goal is to create new tangible blocks of knowledge that can be used by our clients to solve complex business, technology and market puzzles and forecast future market behavior.

Because the pictures that surface during experiential modeling sessions are unexpected, Kesting Ventures® Corp has observed behavioral responses to incongruity and learned to understand them. The first point to make is that all responses to incongruous data

(the unexpected) are normal behavior.

The landmark research of J. S. Bruner and Leo Postman, “On the Perception of Incongruity,” sheds light on the behavioral response to be expected when people see incongruous data.

The authors’ basic premise is that perceiving is a process that results from individuals whose thinking is influenced by rules ingrained through education and experience. This means that experienced people, who have been working to solve a puzzle for a period of time, usually come to an experiential modeling session with a mental picture that has already been ingrained in their minds. Nevertheless, knowledge block structures typically produce very detailed new pictures that are unexpected.

A second premise is that, given a stimulus input of certain characteristics, directive processes in the individual operate to organize the perceptual field to maximize percepts relevant to current needs and expectations and to minimize percepts inimical to such needs and expectations. This is called the

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construction-defense balance in perceiving.

The authors' second premise means that experienced people, who have been working on a puzzle for a long period of time, typically try to change unexpected pictures that surface to make them conform to and support their prior views.

There are four types of normal reaction to incongruity (the unexpected):

1. Dominance reaction - Perceptual denial. (A picture is not seen even though it is directly in view.) *Some participants may not see the picture that surfaced during an experiential modeling session or they may not know what it means.*



2. Compromise reaction - Perceptual change. (A picture is changed to fit established paradigms.) *Some participants may change the new picture in their mind to match their prior views.*

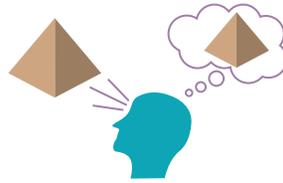


3. Disruption reaction - Perceptual disturbance. (A picture is so different that it causes the perceiver to be upset.) *Some participants may see the new picture and realize that it is different. Some of the participants may be upset because they might feel that they are being criticized. Other participants may want more time to understand the new picture.*



4. Recognition reaction - Perceptual awareness. (A picture is seen and appreciated. This may be accompanied by a sense of wrongness in past beliefs.) *Some participants may see and accept the new picture. This may be accompanied by a sense of wrongness because of the feeling that they should have seen the complete picture earlier. They may even say that the tools that were used to sur-*

*face the new picture are too complicated and beyond their ability to use.*



The strength of experiential modeling science is that complete pictures always surface despite firmly entrenched prior views. It should be again emphasized that all responses to incongruity are normal behavior. Surfacing unexpected pictures of solutions of business, technology and market puzzles is the goal of every experiential modeling session. When the puzzle is solved, participants are given the credit since their judgment created the solution.

Whenever people work on a complex puzzle for a long period of time without the benefit of experiential modeling science, fuzzy pictures of incomplete solutions become ingrained. People who have been working for a period of time sense when a complete solution has not been developed. This causes distress (bad stress).

However, whenever a team of people begin a project by choosing a research pattern, formulating their argument, identifying the knowledge blocks they need, and creating their knowledge blocks to solve the puzzle by proof of logic, none of these behavioral responses occur. This is because the knowledge-based solution is immediately owned by the team as it is developed. It is their solution!

Company champions that seek to make knowledge management a corporate strength are certain to cause many unexpected pictures to surface. In fact, this ought to be one measure of the success of an effective knowledge management program. Please see "Breakthroughs in knowledge management" Volume 2, Number 1, January 2004 for a discussion of future best practices of knowledge management.

Unexpected pictures can cause distress when we close our minds to different views. The same pictures can cause stress (good stress) when we open our minds to different views. Through practice, the creation of knowledge blocks and market value models can result in the excitement of discovery in a knowledge-based company.

### **The Market Value System versus Conjoint Analysis**

Before The Market Value System, conjoint analysis, with all of its flaws, was the best available methodology to forecast a market's future acceptance of specific product features.

Conjoint analysis is used to measure the perceived value of specific product features, to learn how demand for a particular product or service is related to price, and to forecast what the likely acceptance of a product would be if brought to market. Conjoint analysis attempts

to measure product feature vs. price trade-offs.

Conjoint analysis methodology has not advanced to a level that produces a mathematical model of all of a product's properties so that a complete technology assessment can be made and property gaps determined.

Although two-dimensional conjoint analysis has been successfully used to forecast the behavior of logical extensions of existing products and services, conjoint analysis is limited because:

1. Conjoint analysis can only handle a small number of features or variables.
2. Conjoint analysis data collection methods are limited.
3. Conjoint analysis can't be used as an innovation tool.
4. Conjoint analysis is two-dimensional.

Experiential modeling is similar to conjoint analysis in that it is based on the judgment of people, but that is where the similarity ends. One need only look at a knowledge block that is produced by means of experiential modeling to see the difference.

Both conjoint analysis and experiential modeling allow trade-offs but experiential modeling can correlate property, economic and marketing (three-dimensional) trade-offs and link knowledge blocks together to create complete mathematical market value models. See "Breakthroughs in Knowledge Management" Volume 1, Number 3, November 2003 for a discussion of The Market Value System. ■

## **breakthroughs** *in knowledge management*

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### **About Kesting Ventures**

Since 1984, the mission of Kesting Ventures Corp. has been to develop, improve, record and facilitate the problem-solving methodology required by R&D, marketing and commercial development specialists.

The powerful problem-solving methodology of Experiential Modeling embodied in KVC's Extend® and Start® Programs enable your organization to form specific operational plans for entire businesses, envision and then invent new products and technologies – even renew the growth of existing businesses.

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