RECOMMENDED BOOK

ANTIFRAGILE: THINGS THAT GAIN FROM DISORDER

Nassim Nicholas Taleb
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One of the biggest challenges facing humanity, above all on the economic front, is managing complexity in a world in constant flux. The book Antifragile is an enlightening read for those looking to discover and understand the effects of this process, and it offers useful tips and insights for addressing them.

According to Taleb, as a result of the interdependence produced by globalization and the widespread obsession with efficiency, most people have begun to behave recklessly.

The term antifragility, coined by the author, attempts to capture something that goes beyond resilience and robustness. The antifragile lies in uncertainty and randomness. In other words, antifragility is quite used to error and, thus, closer to action than thought. This makes it, according to the author, closer to those us who ‘are better at doing than thinking’. The reason for this can be found in the fact that ‘We have been unconsciously exploiting antifragility in practical life and, consciously, rejecting it—particularly in intellectual life’.

Antifragility mechanisms allow people to adopt a non-preventive attitude in decision-taking processes in environments of uncertainty, as ‘[...it is far easier to figure out if something is fragile than to predict the occurrence of an event that may harm it’. This leads to what Taleb calls ‘the Black Swan theory; the impossibility of calculating the probability of consequential events and of predicting when they will occur.

The author suggests learning not only how to make our lives less vulnerable to randomness and chaos, but also how to benefit from stress, mistakes and change, just as the mythological Hydra generated two new heads for each one that was cut off.

Taleb contends that by suppressing volatility and randomness, we have ‘fragilized’ almost our entire environment, from education to health to the economy. In his view, the innovation and discovery process requires antifragile thinking, which is largely more influenced by the capacity to assume risk than by formal education.

While in the past, only those with a high social status assumed major risks, with the ensuing consequences, and they did so to the benefit of the rest, today just the opposite is true. We have witnessed the rise of a new class of ‘inverse heroes’ in the form of bureaucrats and bankers, who game the system while ordinary citizens pay the price. According to Taleb, never in history have so many people without any skin in the game exercised so much control.

The Lebanese-American essayist, researcher and trader predicts that anything that is meticulously planned is likely to fail, because ‘the world is too random and unpredictable to base a policy on visibility of the future’.
In this book, which is highly recommended for the volatile times we are experiencing in nearly all areas of our existence, Taleb advocates making our lives (both public and private) antifragile. And we must do this by rejecting the rampant ‘fragilization’ of the economy, health, politics and education of the last few decades.

From the point of view of family enterprises, one way to be antifragile would be to identify and manage the family enterprise’s own risk profile. To do this, we recommend using the diagnostics and algorithms offered by FBK (www.fbkonline.com), which make it possible to distribute risk among family enterprises and improve financing costs.

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