Outdoor Connect
management consulting

When Data Becomes Ignorance

How 'Data Driven' Boards Learn to Look Away

The moment you realise reality never signed off on your forecast.

When data starts to look like truth

"Figures don't lie," the saying goes, "but liars do figures." I learned that line at WorldCom.

As a young quant in the European provisioning organisation, I built what felt like an impressive feat: a budget model with more than 300 parameters. A sensitivity analysis revealed only a handful truly moved the outcome. I made tiny, defensible adjustments to those few parameters—all in the direction the business actually needed. To preserve the appearance of neutrality, I nudged irrelevant parameters the other way.

Provisioning Europe needed about €300 million. Top management tended to cut whatever number came up from below by roughly ten percent. So I let the model converge on €330 million. The final decision came back at €300 million. My manager was uncomfortable, but relieved when I admitted I had anticipated the haircut.

We had not falsified data. Every adjustment was within reason. And in that narrow case, the method produced a more realistic outcome than a mechanical across the board cut.

A year later, WorldCom collapsed under a very different use of numbers—one aimed not at understanding economic reality but at fabricating performance. The tools overlapped: model choices, classifications, timing, selective visibility. The intent did not.

That difference matters. Data manipulation is not inherently immoral; the intent behind it is. Analytical tools are neutral. They can illuminate reality—or disguise it.

Today's dashboards are vastly more sophisticated than anything we built back then. The danger is the same: it becomes effortless to confuse a carefully constructed output with understanding. This essay is not an argument against data. It is an argument against the illusion that more data naturally produces better judgment.

Handled without independent thought, data does not cure ignorance. It industrialises it.

The limits of what data can ever tell you

Beneath every dashboard lies a simple truth: data is not reality. Data is measurement—signal plus noise. Statistics helps us reduce uncertainty, but only to a point. Even under perfect conditions, there is a mathematical floor beneath which no estimator can go. More data helps you get closer to that floor. Nothing takes you past it.

A quick example: $\mathbf{B = V \times C}$

If volume **V** and cost **C** are each uncertain by 10%, the budget **B** is not uncertain by 10%. The uncertainties combine. You end up closer to 14%. Uncertainty compounds.

Now imagine a corporate model where margin, cash flow or "value creation" depends on a cascade of variables: volumes, churn, discounts, FX, uptake rates—each with their own "only 5–10%" uncertainty. The deck looks sophisticated. The underlying uncertainty multiplies.

Add one more layer: the more parameters a model contains, the thinner the information for each parameter becomes. A simple model with two parameters on modest data can guide decisions more reliably than a fifty-parameter monster that fits the past beautifully but swings wildly with every new dataset.

And we rarely know the "right" level of complexity. In business settings, models are routinely made more complex not because reality demands it, but because complexity feels like control.

Modern AI takes this tendency to its logical extreme—and boardrooms are embracing it. Today's large language models contain hundreds of billions of parameters trained on unimaginable volumes of data. Nobody knows how much is signal, how much is noise, or why a specific output emerges.

The models' most visible failure mode—hallucination—is not a bug to be fixed but a mathematical inevitability: when complexity exceeds comprehension, confidence and accuracy decouple. Yet these same systems are now being positioned not as tools but as authorities—the ultimate dashboard, generating answers no human can verify.

This is the final form of data-driven governance: decisions based on outputs from systems whose reasoning is, by design, unknowable. The illusion of understanding reaches its perfection.

Our instinct, faced with uncertainty, has been to build increasingly ornate models. The healthier instinct is the opposite one:

- What is the simplest model that is not obviously wrong?
- Which parameter truly drives the decision?
- How do we measure (or even better: forecast) that parameter as accurately as possible?

Independent thought does not overcomplicate. It clarifies. More data does not move us from uncertainty to certainty. It moves us toward a limit beyond which no precision is possible. Pretending otherwise is not analytics. It is superstition with better charts.

When data becomes ignorance

Ignorance used to be straightforward: we did not know. Today, ignorance often thrives because there are numbers.

In boardrooms, it tends to appear in three forms:

- **Naïve ignorance** — we genuinely lack information. The world is noisy. Surprise happens.
- **Negligent ignorance** — the information existed, but was inconvenient and therefore ignored. It sat in footnotes, risk memos, or the lived experience of people who never appear in the deck.

- **Willful ignorance** — the board did not want to know. Dashboards had been built to reassure. KPIs had been chosen because they made success look measurable. The systems were designed to show progress, not understanding.

Data accelerates all three. The thicker the deck, the easier it becomes to behave as if insight has taken place.

Underneath this sits a sociological truth: data is not just an analytical tool; in many boardrooms it is a psychological one. It soothes anxiety. It creates a ritual of control. It allows leaders to feel informed even when the underlying business is poorly understood.

When a dashboard is elaborate enough, the very presence of numbers becomes a substitute for thought. The illusion of understanding replaces understanding itself. Ignorance, in the age of data, is rarely caused by a lack of information. It is caused by a lack of independent thought.

When data becomes an alibi

Take working capital "war rooms". Dashboards show DSO dropping, DPO rising, cash conversion soaring. The board sees discipline. Off the dashboard, suppliers struggle, margins shift, resilience erodes.

Or consider revenue. If you reward "sell in"—what leaves your warehouses—rather than "sell through"—what real customers buy—you can produce excellent charts while the channel silently clogs with inventory nobody needs.

In neither case does anyone need to lie. The system massages the numbers automatically. Models optimise what is easy to count. Presentations highlight what looks favourable. Governance becomes the art of nodding at charts.

With enough parameters and enough uncertainty, a model can produce a wide range of "reasonable" outcomes. Tiny changes in assumptions—each defendable—can move a budget from €280 million to €330 million. My WorldCom model did exactly that, albeit with honest intent. The method is neutral. The incentives are not.

This is how data becomes an alibi: it allows intelligent people to stop thinking critically. If the numbers look sophisticated enough, the board behaves as if disagreement is irrational. That is not governance. It is abdication.

How boards reclaim independent thought

The real problem in data heavy governance is not malice. It is the suspension of thinking. Once a decision is "in the numbers", it feels validated, even if the numbers were produced by models nobody really understands. Boards that avoid this trap do three unfashionable things.

1. **They start from logic, not the slide.**

Before diving into analytics, they ask simple, top down questions:

- **What are we really trying to achieve?**
- **What must be true for this plan to work?**
- **At an order of magnitude level, does this even make sense?**

A rough back of the envelope check often reveals more than 300 pages of analysis.

2. **They separate understanding from validation.**

   First, the narrative—in plain language. Only then the data. If the story cannot be explained without slides, the numbers are unlikely to rescue it. If the data contradicts the story, the story needs work. If the data merely decorates the story, the board has learned nothing.

3. **They critique the model, not just the output.**

   Someone around the table must be free to ask:

   - **What can this model not possibly see?**
   - **Which assumptions matter most, and who chose them?**
   - **If this were dangerously wrong, how would that wrongness show up—or stay hidden—in the dashboard?**

This is not obstructionism. It is the restoration of leadership's primary obligation: to think independently about the world, rather than deferring to whatever the machinery prints out. Independent thought does not reject data. It refuses to be ruled by it.

Responsibility begins where the dataset ends

WorldCom was an extreme case of what happens when numbers replace thinking. Most failures are quieter: a bit more leverage here, a slightly optimistic model there, a metric chosen because it flatters. The pattern is the same. We build intricate systems to translate reality into numbers. We forget that someone still has to interpret those numbers—and decide.

About Outdoor Connect

Outdoor Connect is an independent strategy advisory platform focused on board-level value creation for mid-sized, growth-driven companies (€50–€1B). We bring direct senior engagement—without the traditional consulting pyramid—to help founders, CEOs and boards set direction, make sharper capital allocation choices, and embed an execution rhythm. Core areas include growth strategy in technology and the energy transition, strategic repositioning in fragmented markets, and board-level sparring on value creation and M&A preparation.