

## **By Daniel Calano - The accident theory, and avoiding the alignment of bad things and occurrences**

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There is one commonly accepted theory of how accidents happen. Most evidence points to the fact that accidents are a culmination of smaller things, happening in sequence, and aligning, that cause a catastrophic result. It is rarely a single event or "act of God" that causes most accidents, according to the theory.

The theory is applied to anything, but it is most commonly referred to in the cause of airplane accidents. Analysts find that such accidents are caused by individual circumstances such as a tired flight crew, a less experienced captain, crowded air travel, bad weather, an absent minded pre-flight mechanic. The theorists say that if one of these circumstances existed, without the others, in most cases people could solve around it, compensate, and land a plane safely. However, if several of them occur in sequence or at the same time, fully aligned, it becomes extremely difficult to get the plane out of trouble.

On the positive side, the same analysis can apply to a good outcome. The stars can also be aligned in a good way. Several modestly positive factors can come together to create one extremely successful outcome.

We have all experienced both outcomes. The important take away is that each of the circumstances or factors involved in the outcome must be considered individually, with the best information available, so that if one factor is uncontrollable, it does not individually bring the plane down. In other words, it never just random good luck or bad luck that creates outcomes; rather it is hopefully a thorough analytical process eliminating uncertainty, that creates certainty.

As I think about this with regards to real estate decision making, typically in investment or development, there are striking parallels. In the real estate process, there are a lot of smaller analyses made along the path to decision, such as study of recent sales, rentals, market size and depth, environmental issues, design and construction considerations, permit process, available funding, timing, etc. As a consultant to a client, we try to approach each of these factors with competence and consistency. We don't take the attitude that if we successfully analyze 75%, we can rely on "happenstance" for the rest. We know that, despite our analysis, as thorough as it may be, we will be off by small degrees in some of the categories. We hope that our small imperfections and analyses do not align in a negative way.

It can be difficult, however, when we or a client, based on past entrepreneurial successes, choose to ignore some of the obvious obstacles. The thinking goes: the problem can be solved down the road; we're too far into the project to quit; we can cross that bridge when we come to it.

It is an admirable person that pushes through adversity, but that same person might be seeing or hearing what they want, ignoring the obvious facts, believing they can solve every problem by virtue

of their substantial perseverance. And well they may, but if a few problems remain unsolved, they can align in a way that even the most experienced person cannot right the plane before the crash. So, be a believer, an entrepreneur, and take a chance or two. But, don't be overly confident, ignoring the facts, believing you can solve all. Anyone can get lucky, but a few negatives can also align in an overpowering way. Consider the theory of how accidents (or good things) happen: the power of alignment of small good or bad occurrences, leading inextricably towards the outcome.

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