



Type III errors Delphi-Jordan

In statistics, rejecting a null-hypothesis when it should have been accepted is called a *type I* error while accepting a false-hypothesis when it should have been rejected is called *type II* error. So, which type of error is more severe? Definitely, it is *type III* error! One definition of *type III* error is getting the right answer to the wrong hypothesis or problem. Other definition that we commonly practice is fitting a solution to a problem. Based on the last definition, we can define *type IV* error as believing that this solution really works. We can also define *type V* error as not knowing that we have a problem.

What does type III error has to do with a consulting and training firm? It is types III-V errors. Examples: it is quite normal to hear the CEO saying that we don't have a problem while the balance sheet of the firm says the opposite, the inventory turnover ratios is getting low while management is thinking of expanding its warehouses. Problems get worse if we consider IT-related technologies; a manufacturing company failing to categorize its production system as MTO, MTS, discrete or continuous would definitely have a failed selection and implementation of an ERP system.

Training is also a problem where HR managers try to exercise their super natural intelligence abilities. Why does an operation planner need to be certified in project management? What does a warehouse manager working in the public sector has to do with managerial accounting? Again it is one of the errors numbered 3 and above.

So, did you ever commit type III error? definitely yes, but hopefully not in terms of marriage and raising children.