



HARD FACTS, DANGEROUS HALF TRUTHS, AND TOTAL NONSENSE:

PROFITING FROM EVIDENCE-BASED MANAGEMENT

Robert Sutton

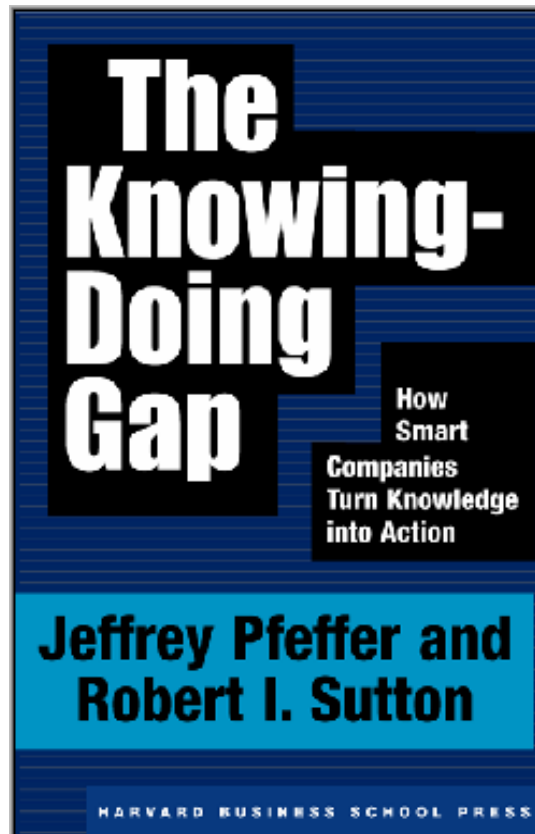
Stanford University



I. Evidence Based-Management

- Two reasons convinced us the time was ripe

IMPETUS #1: REACTIONS TO THE KNOWING-DOING GAP



PAY DISPERSION

Most “experts” are always pushing for more distance between best and worst paid people

CONTRADICTED BY EVERY PEER-REVIEWED STUDY

- “Spread” between CEO pay and next three executives – smaller = better performance.
- Baseball teams: Smaller differences between top 50% and bottom 50% linked to better attendance, media income, and win-loss records

IMPETUS #2: THE EVIDENCE-BASED MEDICINE MOVEMENT

- Striving to “bring the best evidence to the bedside” in ways that physicians can actually use

Dr. Kevin Patterson

“People, doctors included, have a tendency to see what they expect to see. If it makes sense that a treatment will work...then a doctor will, with alarming and disheartening reliability, perceive that it does in fact work.”

DR. DAVID SACKETT AND OTHERS IN THE EBM MOVEMENT

- Weave conversations using evidence into clinical training
- Summarize evidence in forms that physicians can quickly use and grasp, in journals like *Evidence-Based Medicine*
- Often simple things: Hand washing
 - NCH Healthcare “It’s OK to ask” campaign

HARD FACTS

DANGEROUS HALF-TRUTHS,
& TOTAL NONSENSE

PROFITING FROM
EVIDENCE-BASED
MANAGEMENT

Jeffrey Pfeffer
Robert I. Sutton

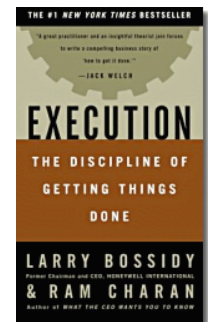
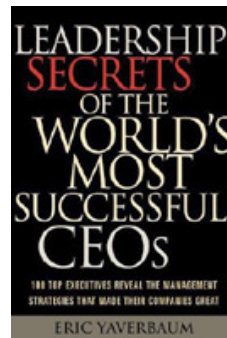
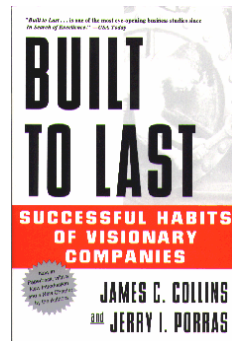
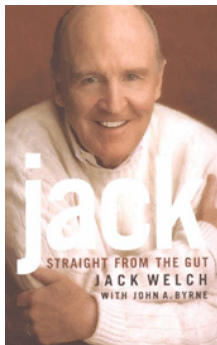
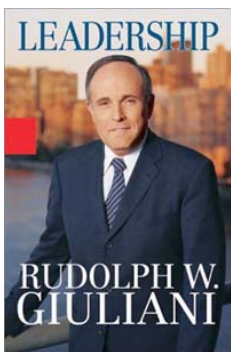
HARVARD BUSINESS SCHOOL PRESS

II. Hazards of Management Advice

- There is too much
- Much of it is bad
- Much of it clashes

The market for management knowledge

- 2000+ business books published per year (35,000 in print, conferences, dozens of business publications films and Web events, “experts,” consultants, and consulting firms, lots of “research”)



WARRING BOOK TITLES

Charisma: Seven Keys to
Developing the
Magnetism that Leads
to Success

Leading Quietly: An
Unorthodox Guide to Doing
the Right Thing

Love is the Killer App

Business is Combat

The Peaceable Kingdom

Capitalizing on Conflict

Managing with Passion

Managing by Measuring

Out of the Box

Thinking Inside the Box

Built to Last: Successful
Habits
of Visionary Companies

Corporate Failure by Design:
Why Organizations are Built
to Fail

III. Judging Management Advice: 4 Traps

- What do you do *now* to avoid these traps?
- How could you do a better job?

1. The breakthrough idea trap: Treating old ideas as if they are new ideas

- HBR's "breakthrough ideas"
 - Don't hire "jerks?"
 - Do practice evidence-based management?

ALSO: We can't find any breakthrough studies either!

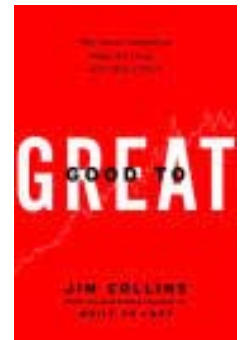
James March on “breakthroughs”

“Most claims of originality are testimony to ignorance and most claims of magic are testimonial to hubris.”



Good to Great

- A lovely read – but draws on virtually no prior research except *Built to Last*.
- Inferences based on 11 “great” companies.



2. The Incentive Trap

- Mergers and ERP implementations
 - Who gains and loses, *regardless* of the outcome for your organization?

(Advice for screening consultants: Ask for examples of UNSUCCESSFUL and UNHAPPY clients)

3. The success story trap: The trouble with talking to winners and losers

Success and failure stories are essential for getting sound ideas to “stick”

But too much of management education and management practice is based on retrospective “success” and “failure” stories ONLY.

Ambrose Bierce's Devil's Dictionary

Recollect: "to recall with additions not previously known."

Barry Staw's Old Study

- Groups of MBA's are given annual reports for a company and asked to predict stock price and earnings 12 months later.
- 50% told they got it almost exactly right; 50% told they missed big time (lied to –randomly assigned as winners and losers).
- Retrospective survey: Winners “remembered” being more motivated, more cohesive, more open to other's ideas, more constructive conflict, and having greater ability.

4. The best practices trap: Even when you get the story right, best practices are dangerous

- It might help you, if implementing it doesn't kill your organization first
- What is good for *them* might be bad for *you*.
- Great people and companies succeed *despite* rather than *because* of some practices

"Correlation is Not Causation"



Herb and Southwest

- Should you start drinking a quart of Wild Turkey each day?

Parting Thought: THE BEST SINGLE DIAGNOSTIC QUESTION

- What Happens When People Fail?
 - › Forgive and remember
 - › The importance of setbacks for innovation and learning

A Year at IDEO's "Toy Department"

- 4,000 ideas generated
- 226 developed into a nice drawing or prototype
- 12 sold
- 2 or 3 are moderate commercial successes

Want to Steal that Hotel Coat Hanger?



Deluxe Jumperoo for Fisher-Price



GM Executive Jamie Hresko at NUMMI

- He kept trying to be irresponsible and make mistakes...

Every single violation was noticed and commented on immediately

Teach us more, learn more

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www.evidence-basedmanagement.com

www.bobsutton.net