

HARD FACTS, DANGEROUS HALF-TRUTHS and TOTAL NONSENSE

Profiting from Evidence-Based Management

JEFFREY PFEFFER and ROBERT SUTTON

JEFFREY PFEFFER is the professor of organizational behavior at Stanford Graduate School of Business in California. He has taught there since 1979. Dr. Pfeffer is a graduate of Carnegie-Mellon University and Stanford University. He currently writes a monthly column for *Business 2.0*, serves on the board of directors of a number of companies and teaches executive seminars throughout the world. He is the author of eleven books including *The Knowing-Doing Gap* which he coauthored with Dr. Sutton.

ROBERT SUTTON is professor of management science and engineering at Stanford University. He is a graduate of the University of Michigan. Dr. Sutton gives numerous executive seminars, consults with a large number of businesses and directs an executive educational program for the Stanford Engineering School. In addition to the book he coauthored with Dr. Pfeffer, Dr. Sutton has published more than 100 articles and book chapters, and has written *Weird Ideas That Work*.

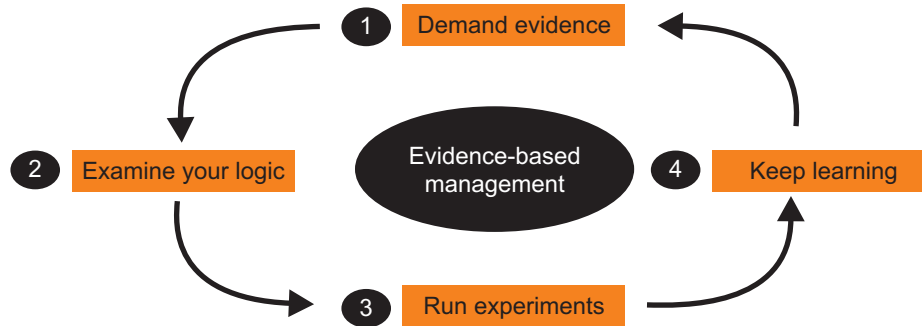
SUMMARIES.COM is a concentrated business information service. Every week, subscribers are e-mailed a concise summary of a different business book. Each summary is about 8 pages long and contains the stripped-down essential ideas from the entire book in a time-saving format. By investing less than one hour per week in these summaries, subscribers gain a working knowledge of the top business titles. Subscriptions are available on a monthly or yearly basis. Further information is available at www.summaries.com.

MAIN IDEA

Managing a business profitably is always hard work. There are intense pressures, incomplete information about what’s happening in the marketplace and an army of consultants, advisors and others who come along with new ideas every day. Under these conditions, it isn’t surprising managers sometimes fall victim to hype about “miracle” cures for management challenges or simply adopt the “best practices” of other successful companies. The result is sometimes poor-quality decisions are made which end up wasting time and money which are badly needed elsewhere.

To avoid these challenges, start using evidence-based management. Every time someone comes up with a new idea:

- Ask for tangible evidence that idea is applicable to your circumstances and will work for you.
- Clarify the logic behind the proposal – and check faulty reasoning is not being used.
- Encourage everyone to experiment on a small scale first to make sure what is being suggested will actually work.
- Insist that everyone stays current in their areas of specialization and provide realistic training opportunities so they can.



In total, evidence-based management is all about facing the hard truths about what works for your business and what will not. It is all about basing business decisions on reality rather than the various and potentially dangerous half-truths which commonly are accepted as business wisdom. Evidence-based management is about making smart decisions on the pressing issues.

1. What currently passes as management wisdom Page 2

Many businesses make decisions based on their hopes and fears, mimicking what the top performers in the industry do, what senior managers have done before or the dearly held ideologies of the CEO. They buy business books, attend seminars, hire consultants and follow the business press for clues. All of these sources can be useful in their own right, but there are always problems ahead when these are the sole sources of new business ideas.

2. The big six business half-truths Pages 3 - 6

There are six tenets of conventional business practice which are accepted almost universally:

- ▶ **1** Work ethics should be fundamentally different.
- ▶ **2** The best organizations have the best people.
- ▶ **3** Financial incentives drive company performance.
- ▶ **4** Strategy is destiny.
- ▶ **5** Organizations must change regularly or die.
- ▶ **6** Great leaders control their companies.

Each of these tenets are partly right and can apply at certain times, but when people apply them forcefully to every decision, they can end up doing more harm than good. The key to using these half-truths usefully is to know when to apply them and when it will be better to ignore them.

3. What exactly is evidence-based management? Page 7

Evidence-based management means you base your decisions on the facts rather than on any of the business half-truths. To start using evidence-based management, whenever someone proposes change:

- Ask for evidence that is the right direction to head.
- Clarify the logic being used and watch for faulty reasoning.
- Encourage people to experiment on a small scale first.
- Reward those who learn, even when projects fail.

More than anything else, evidence-based management is about facing the hard truths of business square on so you can make smart decisions.

4. How to start using evidence-based management Page 8

To learn, use and spread evidence-based management, you’ve got to focus on implementation carefully and deliberately. The benefits of evidence-based management derive from its application, not just in possessing this knowledge. You have to do what it takes to obtain and then sustain this as a competitive advantage

Summaries.Com

The Ultimate Business Library



We condense **300+ page** business books into **8-page** summaries.

By reading summaries, you'll get the **key ideas** in **30 mins**, so you can spend more time turning your ideas into **dollars**.

Knowledge is Power — Invest in Your Future

For just **\$2 per week**, you will...

- Learn from the mistakes and success of the smartest people in business;
- Get fresh ideas, strategies & motivation that could be worth millions to you;
- Follow emerging trends, so you can catch the wave before your competitors do;
- Catch up on the classics you always wanted to read.

1,000 Top Business Book Summaries

Our catalog includes summaries on a range of topics for aspiring entrepreneurs, managers, and consultants.

BUSINESS PLANS

MANAGEMENT

PRESENTATIONS

SALES

LEADERSHIP

MOTIVATION

STRATEGY

AND MORE

