EVIDENCE-BASED MANAGEMENT: WHAT WE HAVE LEARNED

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THE NEED FOR EVIDENCE-BASED MANAGEMENT

- There are many other evidence-based movements
  - Criminology
  - Education (particularly in New Zealand and Singapore)
  - Medicine
  - Social policy, particularly in the U.K.
  - Each has faced similar obstacles and issues
  - www.evidence-basedmanagement.com
THE NEED FOR EVIDENCE-BASED MANAGEMENT

- Administrative/management/leadership activities are consequential, and organizations can have profound effects on people
  - Job dissatisfaction and disengagement
  - Distrust of management
  - Workplace bullying and stress
  - Turnover and talent/leadership shortages
THE NEED FOR EVIDENCE-BASED MANAGEMENT

In medicine and nursing, a lot of the outcomes and improvements are dependent on management actions:

- Nurse staffing ratios
- Organizational learning and the transfer and mastery of new technologies
- Quality initiatives and the search for root causes
WHAT IS EVIDENCE-BASED MANAGEMENT?

A way of thinking

- Holding an attitude of wisdom—knowing what you know, and knowing what you don’t know (because it’s what you know that isn’t so that often gets us into trouble)
- Being willing to act on the basis of what is known at the time while keeping ourselves open to learning from our experience
WHAT IS EVIDENCE-BASED MANAGEMENT?

- A way of thinking
  - Thinking like a scientist or a diagnostician; asking about alternative explanations, about things that don’t work, asking *why*
  - Being committed to fact-based/evidence-based action
WHAT IS EVIDENCE-BASED MANAGEMENT?

- A way of thinking
  - Understanding feedback effects and the interrelationships among decisions and actions in organizations considered as systems
  - After-action or after-event reviews—a commitment to learning without blaming
HOW TO PRACTICE EVIDENCE-BASED MANAGEMENT

- Treat your organization as an unfinished prototype—an attitude of continuous learning, improvement, and experimentation (e.g., Yahoo, Home Shopping Network, Harrah’s Entertainment)

- Know what the theory and evidence is—not just for medicine, but administrative science as well—and use that theory and evidence in constructing policies and practices
WHAT EVIDENCE-BASED MANAGEMENT IS NOT...

- A rationale for not taking action because “we don’t have all the data”
- “Benchmarking” without analysis or thought—copying what others do
- Statistics and data substituting for thought, theory, and insight
BARRIERS TO USING EVIDENCE-BASED MANAGEMENT

- Ideology and belief—convictions about how things *should* be or work—rather than what is
  - Incentives and their effects
  - Competition
  - Unions
BARRIERS TO USING EVIDENCE-BASED MANAGEMENT

- What “everyone else is doing” (or thinking)—the “tyranny” (as well as the “wisdom”) of the crowd
- What people are “good” at doing—what they have been trained to do
BARRIERS TO USING EVIDENCE-BASED MANAGEMENT

- What’s being advocated and hyped in the press, or by vendors
- What we have done in the past—how memory can come to substitute for thinking
- Overconfidence and ego—believing we know more than we do—the story of an oil company
WHY LEADERS SOMETIMES DON’T USE THE EVIDENCE

- Too much information—more than 3,500 new business books published each year and more than 30,000 in print
- Recommendations that are not integrated—so they can not be remembered (lists)
- People who don’t tell you the “downsides” or risks of what they are proposing
WHY LEADERS SOMETIMES DON’T USE THE EVIDENCE

- “Not enough time” to reflect—and learn—and not enough interest in doing “after event” reviews
- Inconsistent guidance and recommendations
WARRING BOOK TITLES

- Love is the Killer Ap
- The Peaceable Kingdom
- Out of the Box
- Managing with Passion
- Charisma
- Built to Last
- Business is Combat
- Capitalizing on Conflict
- Thinking Inside the Box
- Managing by Measuring
- Leading Quietly
- Corporate Failure by Design
WHY LEADERS SOMETIMES DON’T USE THE EVIDENCE

- Reluctance to “face the facts”
  - Delivering bad news is unpleasant and dangerous, and hearing bad news is often depressing
  - “What’s done is done” so we need to go forward—an unwillingness to evaluate and therefore learn from past decisions and decision processes
  - People see what they believe
PRACTICING EVIDENCE-BASED MANAGEMENT

- Develop skill at uncovering assumptions (about organizational interventions) and testing them
- Challenge “conventional wisdom” and advocate basing decisions on the facts
- Avoid the “dangerous half-truths” of management
UNCOVERING ASSUMPTIONS: WHAT DO YOU DO WHEN YOU CAN’T KNOW EVERYTHING

- *Every* intervention is predicated on (sometimes implicit) assumptions about people and organizations. What are those assumptions?
- Confront the assumptions—particularly the most crucial ones—with the evidence or at least informed opinion.
- Adapt more effective models and practices on the basis of the evidence and what you think is true.
EXAMPLES...

- Forced curve ranking systems
- Merit pay for teachers
- Cuts in total compensation
- Pay for performance in medicine
MAKING FACT-BASED DECISIONS: DaVita

- DaVita’s mantra—”no brag, just facts”
- Facility reports that have “not available” for important measures that can’t yet be captured and reported by the information system
- Admitting mistakes
- Admitting ignorance
- Worrying about variance in, not just average, levels of performance
- Teaching people how to use the data
MAKING FACT-BASED DECISIONS: Harrah’s

- Three ways to lose your job: theft, harassing an associate, doing something without trying an experiment first
- No acceptance of “conventional wisdom” in the gaming industry
- A leader who demands the truth and admits mistakes
SOME DANGEROUS HALF-TRUTHS OF MANAGEMENT

- Work is different—and separate from—the rest of life, and ought to be
- The best organizations have the “best” people—there is a “war for talent”—so hire the “best” and ignore the rest
- Financial incentives drive performance
- Strategy is destiny
SOME DANGEROUS HALF-TRUTHS OF MANAGEMENT

- Change is difficult and takes a long time
- Leaders are heroic figures in control of their organizations—and they need to be
DEMING’S FIRST PRINCIPLE: DRIVE OUT FEAR

- Fear produces a “knowing-doing” gap—because people are afraid to act on what they know.
- Fear also leads to withholding information or telling lies.
- Fear creates stress.
SOMETIMES THE BEST LEADERSHIP IS DISTRIBUTED: OPRHEUS CHAMBER ORCHESTRA

- People listen more attentively to each other
- People take responsibility—including for things they wouldn’t normally (fundraising, public relations, programming, hiring)
- People learn more and develop skills
Sometimes the best leadership is distributed

- At Google, people vote on new technology and product ideas, and these votes determine what the company does.
- At Rite-Solutions (military software), an “internal market” for proposals (traded like stocks)—the proposals with the highest prices (most supporters) get implemented.
PARTING THOUGHT #1: YOUR ORGANIZATION IS AN UNFINISHED PROTOTYPE

IDEO’s David Kelley shaved off his mustache—anything can be changed, and the changes can be reversed.

Yahoo! does about 20 controlled experiments a day.
PARTING THOUGHT #2: BE A MASTER OF THE OBVIOUS AND MUNDANE

- Nothing works unless you actually do it. Action requires believing that improvement is possible.
- Don’t make excuses for why things can’t be done—Laura Esserman at UCSF
- The Mundane: hand washing, standing up, flying on time, setting goals
PARTING THOUGHT #3: THE MOST IMPORTANT DIAGNOSTIC QUESTION

- What happens when there are failures and setbacks?
  - Forgive and remember
  - The importance of setbacks for leadership development, and for organizational learning
  - Blaming versus learning: Southwest v. American Airlines
BUILD A PHILOSOPHY THAT PROMOTES ACTION

“Enlightened trial and error outperforms the planning of flawless intellects”

“Fail early and fail often.” This is better than failing once, failing at the end, and failing big.

David Kelley,
IDEO