

The Organization as a Prototype

Interview with Jeffrey Pfeffer

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Coert Visser (coert.visser@planet.nl) is a consultant, coach and trainer using the solution-focused change approach. This approach is focused on simply helping individuals, teams and organizations to make progress in the direction of their own choice. Coert wrote many articles and a few books. More information: <http://solutionfocusedchange.blogspot.com/>

Jeffrey Pfeffer is Thomas D. Dee II Professor of Organizational Behavior at Stanford Graduate School of Business and (co-)author of many well-known management books, like [Competitive Advantage Through People](#) (1996), [The Human Equation](#) (1998), [The Knowing-Doing Gap](#) (2000), [Hidden Value](#) (2000) and [Hard Facts, Dangerous Half-Truths, and Total Nonsense](#) (2006). Some recurring themes in his work are the strong links between the way people are treated and organizational success, the importance of aligning values, strategy and management practices and the importance of bridging the knowing doing gap. [Managementsite.com](#) interviews him about his new book.

CV: Let's start off with a question about your latest book, 'Hard Facts, Dangerous Half-Truths and Total Nonsense: Profiting From Evidence-Based Management', which you wrote together with Robert Sutton. In this book you make a strong plea for evidence based management. You debunk some popular management practices and you offer a list of facts about what works and what doesn't in management. The book came out a few months ago. How was it received?

JEFFREY PFEFFER: It depends on what you mean by "received." The reviews it has received in the media (places like Business Week, The Wall Street Journal, etc.) as well as informal reviews on places like Amazon.com

and comments we have heard through even more informal channels have been just amazingly positive. It has been particularly well received in health-care organizations such as the Mayo Clinic where there is an interest in putting the same sort of thinking and discipline that has improved the practice of medicine to work on the management of medical organizations so that the management can be held to the same standards as the doctors in terms of the rigor of thought and analysis. We have also received very positive comments from executive audiences that have received the book.

But at the same time we ought to acknowledge that in spite of the great reviews and good publicity, actual sales, while strong, have not been as good as we had hoped. That may be because the book does not offer a single, easy (or apparently easy) answer to what to do about the craft of managing and instead argues for a way of thinking about the management process. In that respect, it is actually quite similar to the quality management movement, where the emphasis is on a process (in this instance, of thought and analysis) rather than on a single thing to do, although in the case of TQM, there were things that people could grab onto--such as cords to pull to stop the line in the case of defects, statistical process quality charts, and inventory methods--although it turns out that these more tangible and visible things were

not that important for successful implementation but the way of thinking was. It may also be because as we talk about in the book, the business book and idea marketplace is extremely crowded, with some 50 new books being published each week, in an environment where, at least in the U.S., people are reading less. We (Bob Sutton) and I are launching an evidence-based management web site so we do hope to start and keep going a movement to really get evidence-based ways of thinking more widely understood and embraced in the management community.

CV: You say the book argues for a way of thinking about the management process. Could you clarify what this way of thinking is?"

JEFFREY PFEFFER: There are several dimensions to this way of thinking. First is to consider one's organization much as you consider its products or services--as an unfinished prototype. This entails adopting an experimenting, somewhat skeptical mind set. We do not assume that a product design, be it for a piece of software or an automobile, or a service such as some banking service, is perfect or fixed forever. Instead, we offer the best we can do at that time, while continuing product and service development, continuing to develop new technologies and ideas, and continuing, in other words, to make things better. In management practice, we have gotten into the "it's done" frame of mind, and do things everywhere or nowhere. More testing, more experimenting, is useful.

Second, it is holding a commitment to trying to make decisions based on the best evidence that is available, being committed to trying to build better evidence for future decisions, and mostly seeking to avoid decisions based on belief, casual benchmarking, what has been done in the past, and so forth. So, for instance, Harrah's Entertainment is committed to basing decisions on evidence, on trying experiments, and learning--there are no sacred cows. DaVita, the kidney dialysis company, is committed to facing the truth and gathering information--so much so that

when important measures are not available, they are put on reports anyway with the notation, "not available," as a way of reminding people to try and devise ways to gather information on important aspects of operations.

Both of these mind sets come from an "attitude of wisdom"--being willing to act on the best knowledge and insight available at the moment that action is required, while also doubting one's own knowledge so that you can learn even as you act and in the process gather more information.

CV: Why is this way of thinking even more important than for instance choosing a good structure, implementing some advanced technology or finding an interesting niche in the market?

JEFFREY PFEFFER: As a colleague once said, in order to have different results, you need to do things differently. But in order to do things differently, at least on a consistent basis, you need to think differently. We act and decide, including deciding on the structures we implement and the technologies we develop, based on our assumptions, mental models, and mind sets. That is why it is how we think that is the most important factor that affects what we do.

CV: This deciding on the basis of the best evidence available is appealing. How does it exactly work? Should evidence based management be based on self-generated company-specific evidence which is based on the kind of experiments you mentioned? Or is there also a body of generic knowledge managers can fall back on? And if so, when should you develop company specific knowledge and when can you rely on already existing generic knowledge? Could you give some hints?

JEFFREY PFEFFER: In our judgment, managers should rely both on company-specific and more general knowledge. The first guideline is that people ought to know

what the general literature says--what the existing evidence is on things like incentive compensation, etc. It is amazing to us how even consulting firms, which supposedly are in the intellectual capital business, are incredibly ill-informed about theories and data on management. This is a situation that would not be tolerated in many other fields. We have a colleague in Scotland, Dennis Tourish, who is actually doing a study of how little managers read in the relevant literature--he argues that management as a field is almost unique in its being disconnected from the relevant professional literature.

The general knowledge should guide what people try in their own organizations, but they should see what works for them. So, for instance, when Gary Loveman got to Harrah's as a COO, he knew from his study of the retail industry that same-store (or same facility) sales growth was a good indicator of performance. He also knew that the "broadcast" model of advertising -running advertisements in newspapers and television-often didn't work very well as it failed to target a company's specific client base. So, he instituted same-store sales as a measure of performance. And he encouraged experiments with different ways of reaching out to past and potential customers. Those experiments confirmed his intuition that direct mail offering some incentive to come to a Harrah's casino--e.g., a coupon for free chips, etc.--worked much better in generating traffic, revenues, and profits than general advertising. He could then encourage further experimentation to see what sorts of inducements worked best in what regions, what customers, etc. So, the answer is to know the general state of knowledge about some subject, and then see what works in your specific situation.

CV: What is the role of intuition and improvisation? There seems to be a huge interest in intuition in particular, fuelled by, among others things, books like 'Blink' by Malcolm Gladwell. What do you think about the book and about the topic? To what extent is intuition important? When is intuition something

to rely on and when isn't it? Can it be managed? Can it be developed?

JEFFREY PFEFFER: There is no question that people often form impressions, including impressions of other people, very quickly and make snap judgments. There is also evidence to suggest that thinking too much about choices, such as choices of consumer products, can actually lead people to choose things they like somewhat less. Nonetheless, the idea that using preconscious reasoning, the kind often captured in the word "intuition," is superior to making decisions based on reflection and analysis is clearly incorrect. Intuition is fine for making decisions with a strong preference or feeling or emotional component, such as the choice of consumer products or impressions about people. It is probably not how you would want to decide on the technology to operate an oil refinery.

CV: Like Henry Mintzberg, you are known as a strong critic of the dominant approach to management education of many business schools. What's wrong with it and how can it be done more effectively?

JEFFREY PFEFFER: Contemporary management education is too focused on economics with not enough emphasis on the behavioral sciences, has too little concern for values and ethics, but most importantly, leaves students in too passive a role in the learning process. The recently introduced curriculum at Stanford is a good step toward remedying these problems. This revision has been extensively described in [materials from Stanford](#).

CV: Thank you very much for taking the time for this interview!

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