Management Half-Truths and Nonsense: How to Practice Evidence-Based Management

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"Instead of being interested in what is *new*, we ought to be interested in what is *true*."
—Pfeffer's Law

"If you think that you have a new idea, you are wrong. Someone probably already had it. This idea isn't original either; I stole it from someone else."
—Sutton's Law

The quest for information and research-based insight is an obsession in the capital markets. There is a veritable industry of analysts, investment bankers, portfolio managers, and investors who seek any informational advantage, which is one reason that academics who study finance—such as Nobel Prize winners Myron Scholes, William Sharpe, and Michael Spence—have been recruited to work on Wall Street and with money managers. The value of evidenced-based investment decisions also explains why acting on private information—insider trading—is regulated so tightly, and why U.S. companies are forbidden from releasing information to elite groups of investors and analysts. Instead, they must make conference calls and announcements simultaneously available to the general public. Quantitative research on capital markets abounds, and companies such as Vanguard, Fidelity, Barclays Global Investors, and hundreds more have used it to develop investment products and strategies.

The potential payoff for using valid evidence is even greater when it comes to *managing* organizations. Capital markets are among the most efficient