

Why Companies Don't Do What They Know

Today's business landscape is cluttered with organizations that lack an action orientation, according to Stanford's Dee Professor of Organizational Behaviour **Jeffrey Pfeffer**. "There seems to be a belief that – with enough effort – planning, analysis and meetings can actually solve problems. But in most cases, very little actually gets implemented," says the author of *The Knowing-Doing Gap: How Smart Companies Turn Knowledge Into Action*. Pfeffer spoke in the 45th installment of the *Rotman Integrative Thinking Seminar Series* on October 24.

"Strategy is important, of course – but execution is what's critical," says Pfeffer. Why don't companies do what they know? "Many things get in the way," says Pfeffer: "A lack of courage or a fear of being different; pressure from the financial community; and pressure from peers in the industry, to name a few."

There are too many measures out there, and most are measuring the wrong things, he says. "True focus requires very few, key measures; but organizations often measure what is easy rather than what is

important. They measure outcomes instead of processes." Too many organizations are committed to the past, he says, and doing things 'the way they've always been done' seems safer. "For instance, if a product isn't selling well? Well, we must just need more advertising!"

Having things get worse before better is the only path to real change, says Pfeffer, but most firms choose better before worse. How to overcome all this? "Promote action. Put people in senior positions who actually know and do the organization's work. Be a culture that values simplicity and common sense." In many cases, he says, the answer is sitting right in front of people, but it looks way too easy – so they say to themselves, 'it can't possibly be that easy'. "For instance, I have some ideas for the airline industry, and they are pretty simple: fly your planes on time, and stop abusing your customers." But simplicity is feared, says Pfeffer.

"To have different results, you have to do different things; and to do different things, you have to *think* differently." Pfeffer encouraged the crowd to "challenge your

mental models, and your assumptions about why things are the way they are. And refuse to accept trade offs."

"The only way you get much better (or worse) is by finding your own path, and that takes courage," he says. "It's the same in the business school marketplace. The Rotman school has taken a huge leap by choosing to do something different, and carrying it out." In his presentation, Pfeffer was highly complimentary to the School. "What [Dean] Roger [Martin] has done at the Rotman School is both exceptional and extraordinary," he said.

by *Karen Christensen*



Photo: Ken McGuffin

Jeffrey Pfeffer