

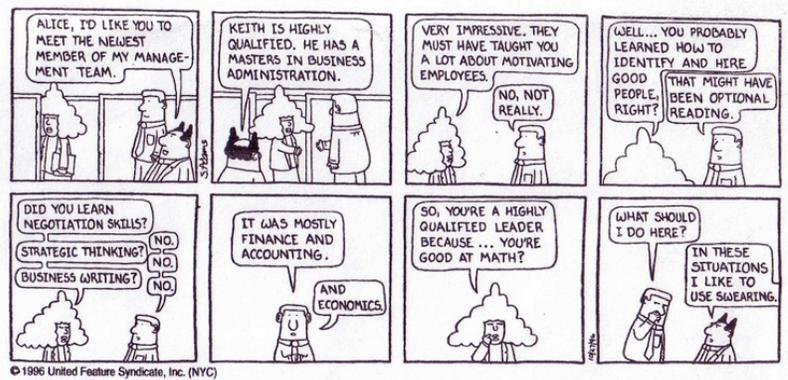
# Essentials of Effective Management

Business 38811 (XP)

Chicago GSB

Summer, 2008

Nicholas Epley



## Your Costs...

Financial:  $\approx$  \$18,000 per quarter, plus travel costs.

Temporal: 5 classes @ 3 hrs. each = 15 in-class hours

Assignments, readings, re-readings = ???

Psychological:

Daily papers, Performance anxiety, Time away from home/family, hassles of traveling, Could be doing...

Annoying discussion from THAT guy.

## Your Benefits...

???

## Essentials of Effective Management

“Management consists of getting things done through people.”

—D. McGregor

- Primary requirement for management is to understand people
  - key determinants of thoughts, behaviors, attitudes, and motivations.
  - Primary problem is a failure to understand people...

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## Essentials of Effective Management

- Course designed to:
  1. Provide core knowledge about the determinants of thought and action (judgment and behavior) that enable insights into your specific work contexts.

(You provide domain knowledge)

Evaluating others, Working with others, Influencing others.

— Core knowledge from Behavioral Science:  
Psychology (particularly social and cognitive psychology)

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## Essentials of Effective Management

- Course designed to:

1. Provide core knowledge about the determinants of thought and action (judgment and behavior) that enable insight to your specific work contexts.

—Core knowledge from Behavioral Science:

Psychology (particularly social and cognitive psychology)

Neuroscience

Sociology

Behavioral Economics (psychology applied to economics)

Behavior Genetics

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- The GSB Approach to Core Knowledge:

“The really useful training yields a comprehension of a few general principles with a thorough grounding in the way they apply in a variety of concrete details.”

— Alfred North Whitehead, 1929

“The more serious is the trouble, the more probable it is that some knowledge of scientific theory will be required: and though the theorist will be called unpractical, he will probably be also indispensable.”

— G.K. Chesterton, 1932

“A university has its greatest comparative advantage in teaching underlying scientific knowledge and procedures; it has least advantage in trying to teach the detailed application of this knowledge.

— “The Chicago Approach to Business Education” James Lorie, 1956

“We’re not in the business of teaching people business practice. We’re in the business of teaching people how to think.

— Dean Ted Snyder, March 11, 2007

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## Essentials of Effective Management

- Course designed to:
  1. Provide core knowledge about the determinants of thought and action (judgment and behavior) that enable insight to your specific work contexts.
  2. Help you to think about people like a scientist, rather than like an *intuitive* scientist.

Change your thinking to enable accurate evaluation, insight, and action.

Enable identification of illusion versus reality.

Separate common sense from common nonsense.

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### An example:

Does a distracting environment hinder performance?

Operationalization: A precise statement of how a conceptual variable (i.e., distraction, performance) is measured (performance) or manipulated (distraction)

Does distraction hinder *cognitive* performance?

Does distraction hinder effortful reasoning?

Does shouting and throwing objects at a person lengthen the amount of time required to solve 5 math problems?

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## An example:

Does shouting and throwing objects at a person lengthen the amount of time required to solve 5 math problems?

Measure (Dependent Variable): Reaction time to solve 5 math problems.

Manipulate (Independent Variable): Distracting versus non-distracting condition.

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**Is this a good experiment?**

**Problems with data:**

No random assignment to conditions (pre-existing differences?)

Not equivalent across conditions—manipulated more than one variable at a time.

No replication—two participants, merely an anecdote.

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## Problems with data from everyday life:

No random assignment to conditions (pre-existing differences?)

Not equivalent across conditions—manipulates more than one variable at a time.

No replication—few participants, essentially an anecdote.

Also,

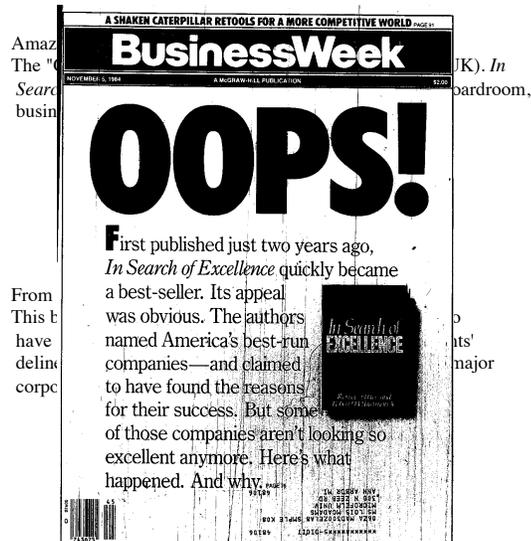
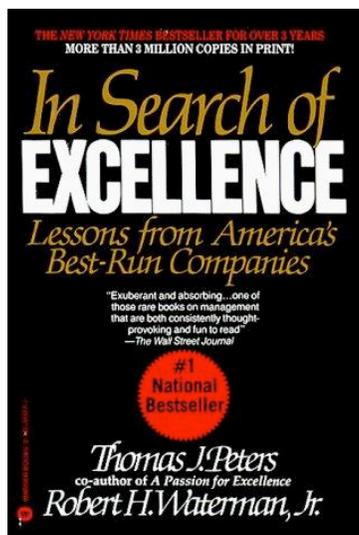
Dependent measures may be poorly specified, or operationalized.

Variables generally correlated (measured), very rarely manipulated.

Learning is often post-hoc. We make sense of events after they have happened, rather than concretely predict them.

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## Problems with everyday life:



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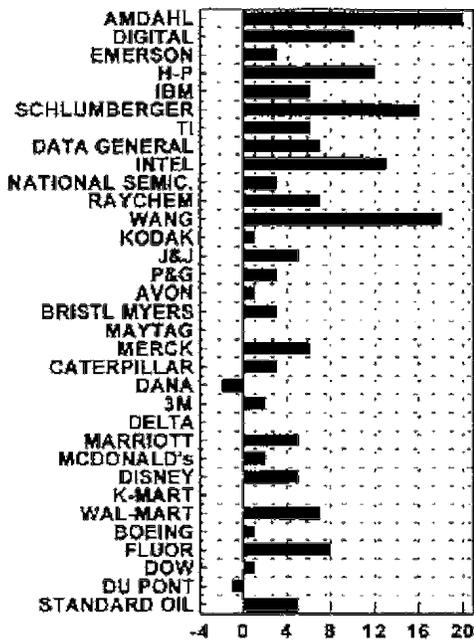


Fig. 1. Excellent companies: their P/E ratios in comparison to those of all firms in 1980.

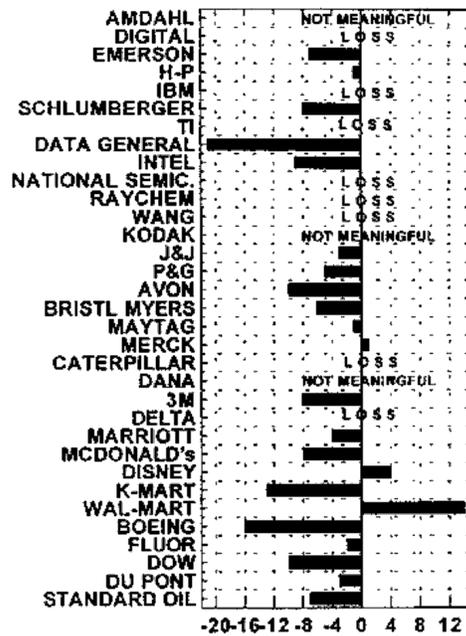


Fig. 2. 'Excellent companies': their P/E ratios in comparison to those of all firms in 1992.

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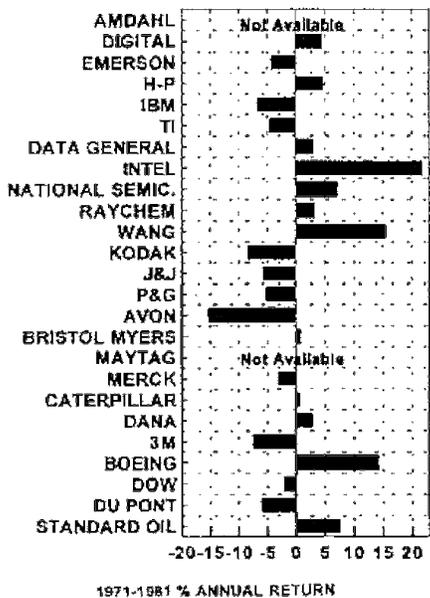


Fig. 3. 'Excellent companies': their return to investors in comparison to *Fortune's* 500 median.

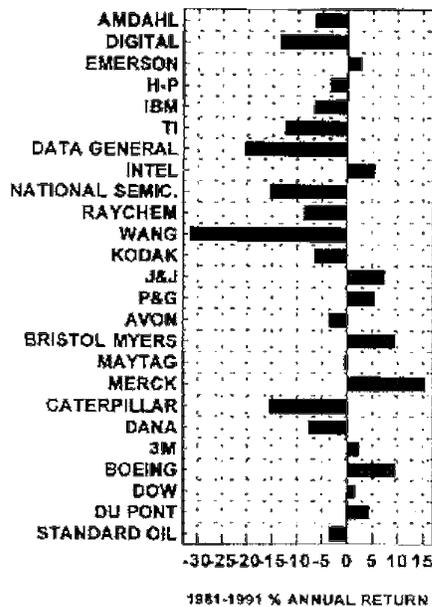
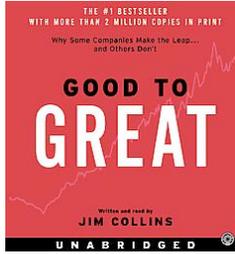
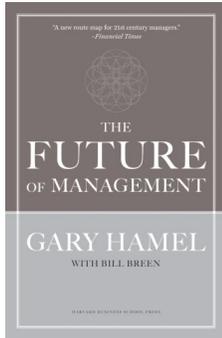


Fig. 4. 'Excellent companies': their return to investors in comparison to *Fortune's* 500 median.

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**Amazon.com's Best of 2001** Five years ago, Jim Collins asked the question, "Can a good company become a great company and if so, how?" In *Good to Great* Collins, the author of *Built to Last*, concludes that it is possible, but finds there are no silver bullets. Collins and his team of researchers began their quest by sorting through a list of 1,435 companies, looking for those that made substantial improvements in their performance over time. They finally settled on 11--including Fannie Mae, Gillette, Walgreens, and Wells Fargo--and discovered common traits that challenged many of the conventional notions of corporate success... Peppared with dozens of stories and examples, the book offers a well-reasoned road map to excellence that any organization would do well to consider. Like *Built to Last*, *Good to Great* is one of those books that managers and CEOs will be reading and rereading for years to come. --*Harry C. Edwards*



**Amazon.com's Best of 2007** Though this authoritative examination of today's static corporate management systems reads like a business school treatise, it isn't the same-old thing. Hamel, a well-known business thinker and author (*Leading the Revolution*), advocates that dogma be rooted out and a new future be imagined and invented. To aid managers and leaders on this mission, Hamel offers case studies and measured analysis of management innovators like Google and W.L. Gore (makers of Gore-Tex), then lists lessons that can be drawn from them...

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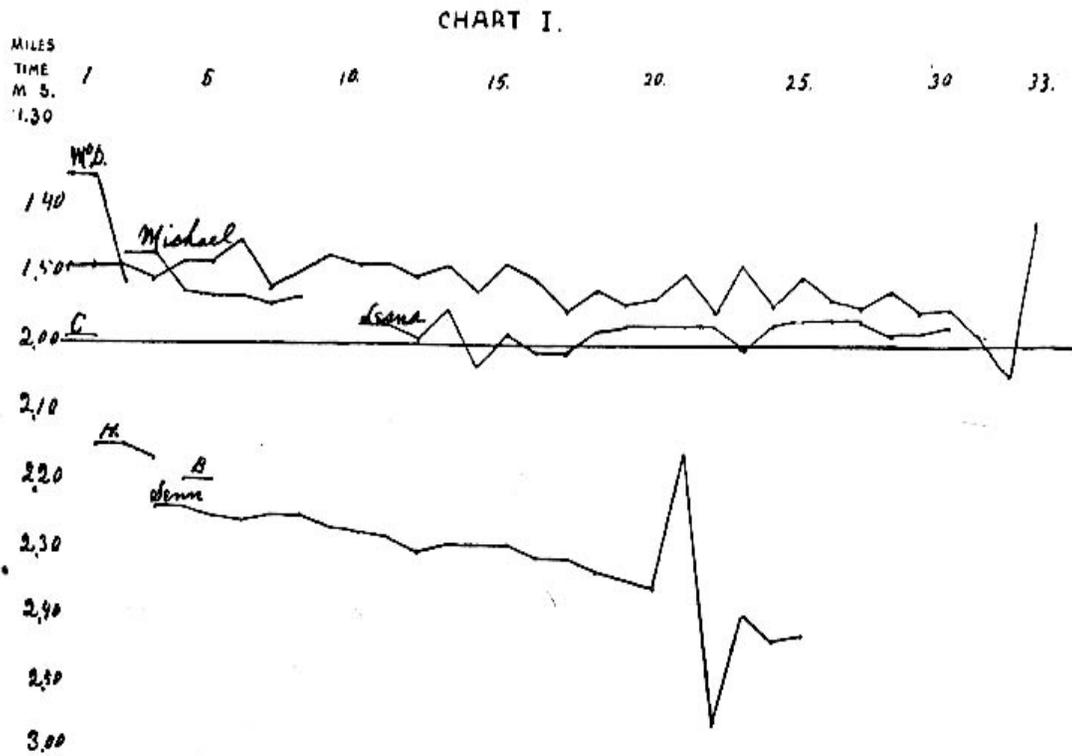
## A real example: Social Facilitation

The beginning of experimental psychology...

Does the mere presence of another person influence task performance?

—Norman Triplett's observation (1897)

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Lower curve, unpaced — against time. Middle curve, paced — against time. Upper curve, paced competition race.

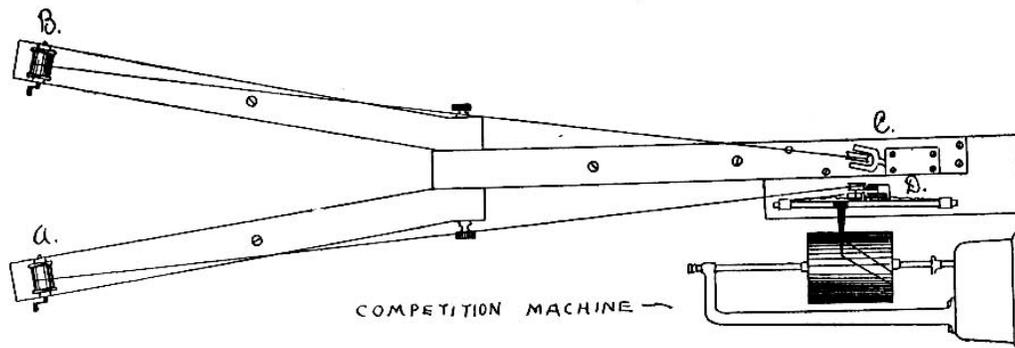
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## Basic Question:

How does the presence of others influence task performance?

First social psychology experiment—

Norman Triplett (1897), Indiana University, and fishing line



### Results:

50% faster with co-actor (Allport: Social Facilitation)

25% no difference

25% slower with co-actor

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### Social facilitation also found in:

-the *mere* presence of an audience: Prehistoric mice (Travis, 1925)

-Mental, not just motor, tasks: Allport (1925), arguments, and associations

-Other species:

Chickens (rats, dogs, cats, pigeons, ants ... ) and feeding, flying, maze running, digging, etc.

— Full chicken eats 70% more when in presence of co-actor

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## • But, consistent contradictions:

- Allport (1925)- More arguments, worse quality
- Pessin (1933)- Faster learning nonsense syllables, more errors
- Husband (1931)- Slower learning a finger maze w/ audience
- Tripplett (1897)- 25% performed worse w/ audience

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## An Audience:

### Helps

Reeling fishing line (for most)  
Tracking movement (Prehistoric mice)  
Generating arguments  
Food eating  
Ants digging  
Pigeons flying

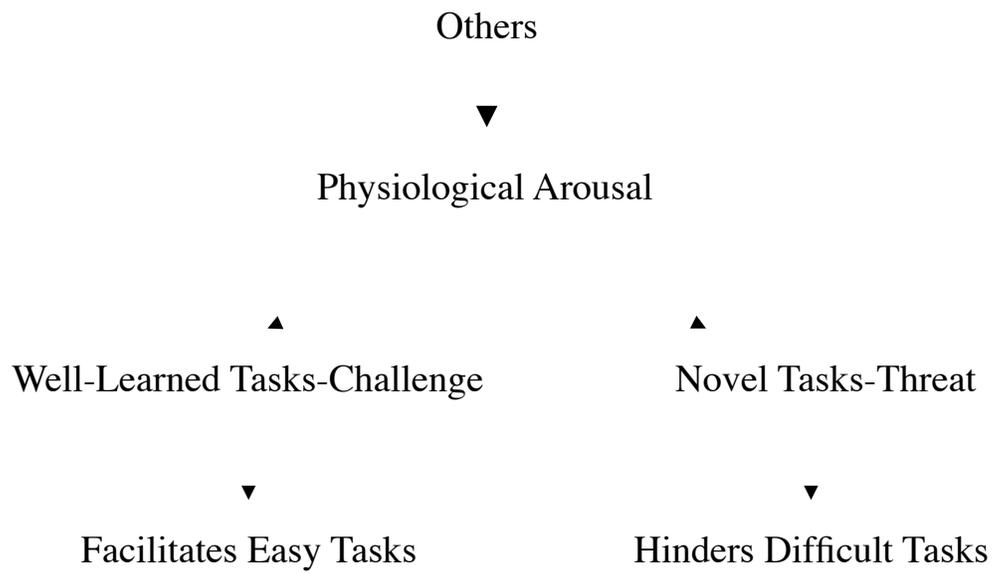
### Hurts

Reeling fishing line (for some)  
Generating quality arguments  
Accurately learning nonsense words  
Learning finger maze

## What's the resolution?

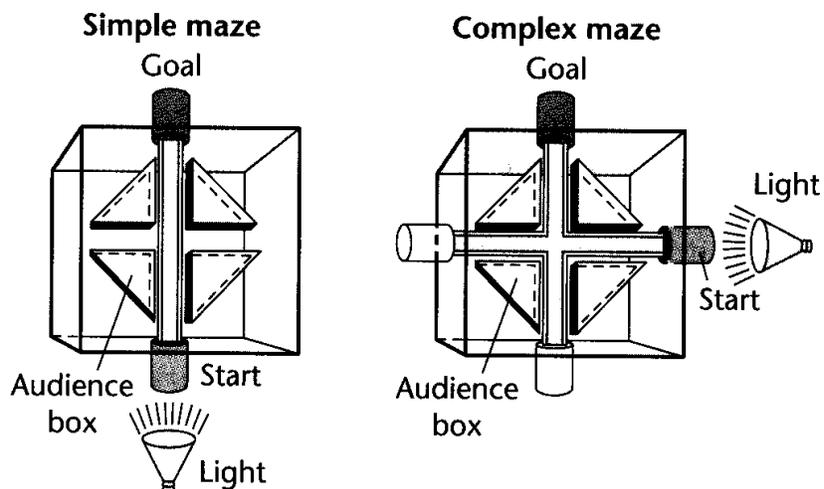
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Zajonc, 1980:



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Zajonc's Cockroach study (1969):



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Running Time (in seconds):

Maze:	Social Condition	
	Alone	Audience
Simple	62.65	39.30
Complex	221.35	296.64

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### Other findings (with PEOPLE):

- **Public speaking:**  
Perform better with audience if well-learned, worse with audience if poorly learned.
- **Creativity:**  
Perform better with others present if task is easy, worse if task is difficult.
- **Athletic performance:**  
Experts perform better with audience, novices worse.
- **Stereotyping and Prejudice:**  
*More* likely to apply well-learned stereotypes in the presence of others.  
*Less* likely to apply poorly-learned stereotypes in the presence of others.
- **Personal vs. electronic monitoring in the workplace.**

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## Core Management Knowledge:

- The presence of others:
  - Improves performance on well-learned (or easy) tasks.
  - Hinders performance on poorly-learned (or difficult) tasks.
- Works with:
  - Co-workers.
  - Merely present others.
  - Virtual others and electronic surveillance.
- Applications:
  - Workplace design (open versus closed spaces).
  - Group versus individual problem solving.
  - Innovating versus extending.

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## Course Content

- Monday (Today): The Power of the Situation
- Tuesday: Decision Making

### Part 1: Receiving Information

Biases in the information we notice, talk about, and receive from others.

What information about people is sticky, and what is not?

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## Course Content

- Monday (Today): The Power of the Situation
- Tuesday: Decision Making

### Part 1: Receiving Information

Biases in the information we notice, talk about, and receive from others.

What information about people is sticky, and what is not?

### Part 2: Recruiting Information

Biases in the information we seek, and the information we overlook.

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## Course Content

- Monday (Today): The Power of the Situation
- Tuesday: Decision Making
- Wednesday: Evaluating others
  - How do we understand and make sense of others' behavior? Causal attribution, Expectations, and Stereotypes...
  - How our beliefs create reality: self-fulfilling prophecies.

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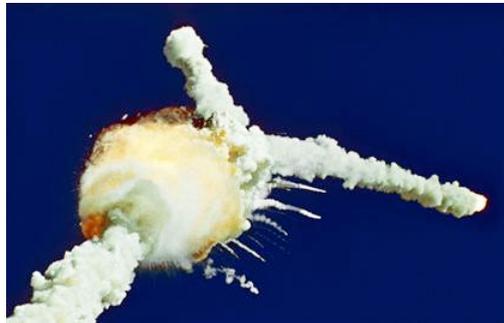
## Course Content

- Monday (Today): The Power of the Situation
- Tuesday: Decision Making
- Wednesday: Evaluating others
- Thursday: Team Dynamics and Group Processes

None of us is as good as all of us.

—Ray Kroc, founder of McDonalds

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—The Senate Intelligence Committee 2004 Unanimous Report:  
"the Intelligence Community (IC) suffered from a collective presumption that Iraq had an active and growing weapons of mass destruction (WMD) program. This "group think" dynamic led Intelligence Community analysts, collectors, and managers, to both interpret ambiguous evidence as conclusively indicative of a WMD program as well as ignore or minimize evidence that Iraq did not have active and expanding weapons of mass destruction programs. This presumption was so strong that formalized IC mechanisms established to challenge assumptions and group think were not utilized."

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## Course Content

- Monday (Today): The Power of the Situation
- Tuesday: Decision Making
- Wednesday: Evaluating others
- Thursday: Team Dynamics and Group Processes
- Friday: Social Influence and Change

### Part 1: Passive influence

Norms, culture, and commitment

Sometimes explicit, sometimes subtle, surprisingly powerful.

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## Course Content

- Monday (Today): The Power of the Situation
- Tuesday: Decision Making
- Wednesday: Evaluating others
- Thursday: Team Dynamics and Group Processes
- Friday: Social Influence and Change

### Part 2: Active influence

Managerial Persuasion and induced attitude change.

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## Course Content

- Course :
  1. Provide core knowledge about the determinants of thought and action (judgment and behavior) that enable insight to your specific work contexts.
  2. Change your thinking to enable accurate evaluation, insight, and action.
    - Help you to think like a scientist, rather than like an intuitive scientist.

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## Course Syllabus

—The Staff...

T.A.—Stacey Finkelstein  
[sfinkels@chicagogsb.edu](mailto:sfinkels@chicagogsb.edu)



Office Hours: Rm. 511

6:30-7:30, Monday

1:00-2:00, 5:00-6:00, Tuesday, Wednesday, Thursday

## Course Syllabus

—Staff...

—Course Materials:

Reading Packet

Books (2)

Handouts (routinely after class)

My lecture slides (posted on website):

<http://faculty.chicagogsb.edu/nicholas.epley/html/Summer08XP.html>

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## Course Syllabus

—Staff...

—Course Materials...

—Course Requirements:

Daily papers:

Bring 2 copies each day

Hand in at beginning of class

M & F are individual, T/Wed/Th are group

Study group assignments posted on boards.

3-point grading (check-minus, check, check plus)

Participation

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## Course Syllabus

- Staff...
- Course Materials...
- Course Requirements:
- Online background questionnaire:

Please complete ASAP! Will remove this evening by 9 PM.