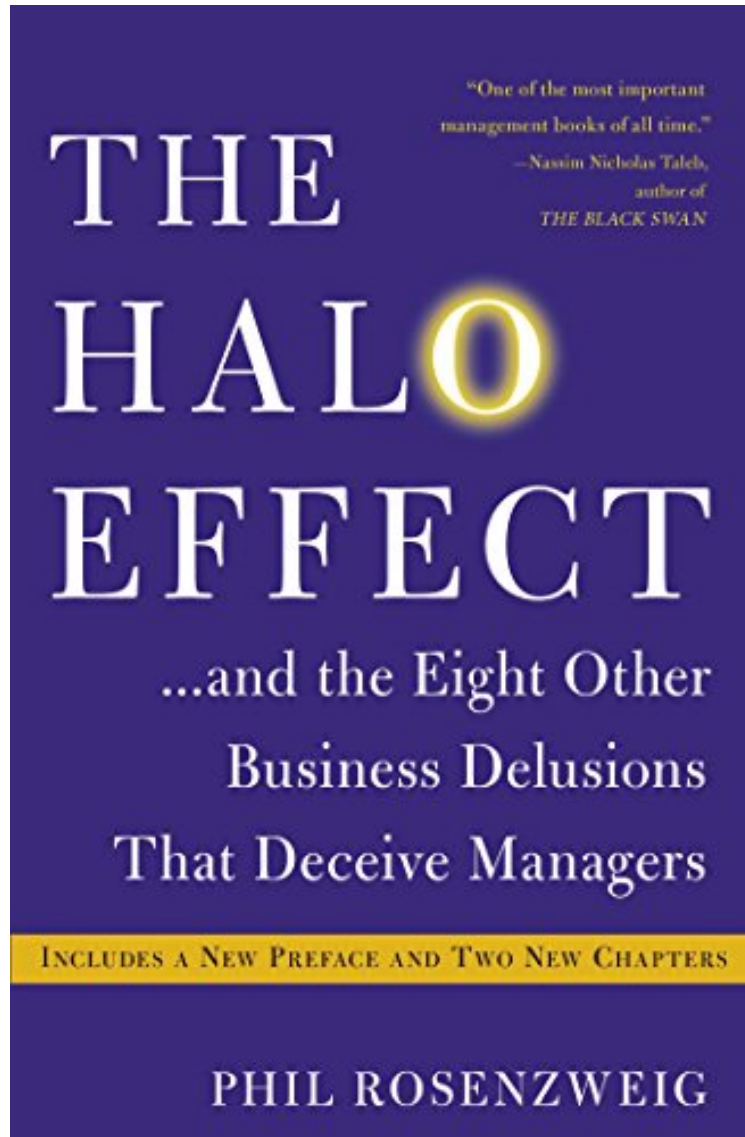


(Read free) The Halo Effect: ... and the Eight Other Business Delusions That Deceive Managers

The Halo Effect: ... and the Eight Other Business Delusions That Deceive Managers

Phil Rosenzweig

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Phil Rosenzweig : The Halo Effect: ... and the Eight Other Business Delusions That Deceive Managers before purchasing it in order to gage whether or not it would be worth my time, and all praised The Halo Effect: ... and the Eight Other Business Delusions That Deceive Managers:

2 of 2 people found the following review helpful. the author discusses eight "delusions" that are often at the root of poor analysis. It is a fact that the business ...By Chris HonanWe are a group of three MBA students who read

this book and are giving this review as a part of a class assignment. We chose the Halo Effect because the class we are taking is on Strategic Business Analysis and the Halo Effect seemed likely to present some interesting ways to interpret traditional business analyses. This book is essentially the observations of the author on how analysts, including those writing for business magazines and many business management books, fail to see through the biases (halos) created by a business's financial success or failure. If a business is experiencing financial success, its "halo" will glow brightly and most of its characteristics will often be described in a favorable light. If a business is performing poorly financially, its halo will dim and all of its actions will likely be painted as missteps or errors. Additionally, the author discusses eight "delusions" that are often at the root of poor analysis. It is a fact that the business world is complicated. According to the author it is because of the changing environment day after day, uncertainty in the economic variables, limited information for the decision making process, different circumstances underlying tremendous success, biases and halos that we are entangled. Many business management books promise methods that promise any business success if they follow the precepts inside. However, in reality, it is not possible for all businesses to be successful at the same time, and this book, the Halo Effect, clearly shows us the fallacy of their claims. This book gives precise and unique examples of several business stories in which different scenarios are being analyzed. This book is an easy to read page-turner for anyone interested in or working in the business world. In separate sections, Rosenzweig gives different examples in order to show the fact that business success is not only based on one or two certain variables such as simply focusing on strategy or execution or understanding the customers. Using a conversational writing style, his book drives us to think critically and to make in-depth analyses regarding successful businesses. Lastly, the book shows that there is a common tendency for Halos surrounding big, successful, and eminent corporations to be highly likely to affect our decisions, opinions and perspectives towards them. Here, this insightful and thought-provoking book teaches us to approach the business-oriented issues, success stories, and reputation bubbles more critically and deftly not to be fooled by those Halos stemming from those variables itself. Despite all the positive aspects, we found some negative points. First of all, the book is a bit repetitive. Same examples for the same companies are used in different parts of the book. Another point is that there are no clear suggestions or solutions to action presented in the book. It may be disappointing for readers looking for these in a book. But the writer reports that there is no formula for success in business world. All in all, The Halo Effect and the Eight Other Business Delusions that Deceive Managers is a must-have book for anyone interested in business. The examples and the explanations inside provides awareness of the halos in the business world. We strongly recommend reading this book.

0 of 0 people found the following review helpful. Good to Great; it seems like every few years a ... By Paul "What leads to high performance in business?" This seemingly simple question is the basis of all business theory. It has sprouted an entire industry of managerial books, each promising an answer and implying that by following some basic rules, any manager can make their business succeed. We know the names: In Search of Excellence, Built to Last, What Really Works, Good to Great; it seems like every few years a new blockbuster book takes the management field by storm. And yet despite the praise, despite all of the research, why do companies still fail? The Halo Effect does not answer this question. Instead, it tackles the issue of why the "Holy Grail" of business questions is a white whale. Author Phil Rosenzweig believes that much of the research on business theory is corrupted by nine delusions. He makes a powerful argument that we prefer to tell stories explaining business rather than following accurate evidence. The book starts with and frequently revisits the first delusion: the Halo Effect. Coined by American psychologist Edward Thorndike in his research about soldiers in World War I, this delusion involves the overall impression of a company biasing the perceptions of specific factors in it. When business is good, we are more likely to perceive things like managerial style, company culture, and strategy as drivers that led to success. When business is bad, those exact same factors are usually viewed negatively; regardless of whether they led to the poor outcomes or not! The other delusions are: The Delusion of Correlation and Causality, where cause and correlation are frequently confused. The Delusion of Single Explanations, where parts of a business may be interconnected, but we delude ourselves into overestimating the effect of each one individually. The Delusion of Connecting the Winning Dots, where researchers only examine successful companies. The Delusion of Rigorous Research, stating that simply performing more research doesn't lead to accurate conclusions if the research is flawed. The Delusion of Lasting Success, which notes that almost all companies have high and low points rather than consistently succeeding. The Delusion of Absolute Performance, where we overestimate the impact of a company's business choices. A company may make all the "right choices" but still fail due to external factors. The Delusion of the Wrong End of the Stick, where there's a tendency to confuse cause and effect. The example in this book analyzes "the Hedgehog Concept" from Good to Great, stating that while successful companies tend to be focused (more conservative "hedgehogs" rather than more risk-taking "foxes"), that does not mean that all highly-focused companies succeed. The Delusion of Organizational Physics, which states that no matter how well we set up our research and experiments, we will never achieve perfect conditions and results like we would in a laboratory. The Halo Effect is not without its flaws. The author spends a large amount of time on the titular delusion, while some of the others barely get a mention. He also tears apart other books for faulty research and conclusions, but yet presents two factors he claims will lead to success and profiles business

leaders he thinks are great managerial examples. Thankfully the latest edition contains additional chapters, where Rosenzweig revisits his conclusions and admits they were not absolute. One of the leaders he gushed about previously was partly responsible for the Great Recession. The Halo Effect won't give you the key to consistent high performance. But it will provide insight into why we keep failing to answer the question, as well as making you aware of the delusions that you may be suffering from right now. 0 of 0 people found the following review helpful. Don't get caught up in the hype. By Customer The Halo Effect is a poignant reminder of the human need for a satisfying story, even when it's not rational. Rosenzweig manages to quickly point out the problems with many pseudo-science, pop-culture explanations for business success. He doesn't necessarily dismiss the conclusions of the common descriptions, but rather points out the problems with their applications in the real world. If you are looking for hard solutions for real problems you will not find them here. But if you are trying to avoid falling into the traps of business science, the same traps the plagued psychology throughout the 20th century, this is worth the read.

Much of our business thinking is shaped by delusions -- errors of logic and flawed judgments that distort our understanding of the real reasons for a company's performance. In a brilliant and unconventional book, Phil Rosenzweig unmask the delusions that are commonly found in the corporate world. These delusions affect the business press and academic research, as well as many bestselling books that promise to reveal the secrets of success or the path to greatness. Such books claim to be based on rigorous thinking, but operate mainly at the level of storytelling. They provide comfort and inspiration, but deceive managers about the true nature of business success. The most pervasive delusion is the Halo Effect. When a company's sales and profits are up, people often conclude that it has a brilliant strategy, a visionary leader, capable employees, and a superb corporate culture. When performance falters, they conclude that the strategy was wrong, the leader became arrogant, the people were complacent, and the culture was stagnant. In fact, little may have changed -- company performance creates a Halo that shapes the way we perceive strategy, leadership, people, culture, and more. Drawing on examples from leading companies including Cisco Systems, IBM, Nokia, and ABB, Rosenzweig shows how the Halo Effect is widespread, undermining the usefulness of business bestsellers from *In Search of Excellence* to *Built to Last* and *Good to Great*. Rosenzweig identifies nine popular business delusions. Among them: The Delusion of Absolute Performance: Company performance is relative to competition, not absolute, which is why following a formula can never guarantee results. Success comes from doing things better than rivals, which means that managers have to take risks. The Delusion of Rigorous Research: Many bestselling authors praise themselves for the vast amount of data they have gathered, but forget that if the data aren't valid, it doesn't matter how much was gathered or how sophisticated the research methods appear to be. They trick the reader by substituting sizzle for substance. The Delusion of Single Explanations: Many studies show that a particular factor, such as corporate culture or social responsibility or customer focus, leads to improved performance. But since many of these factors are highly correlated, the effect of each one is usually less than suggested. In what promises to be a landmark book, *The Halo Effect* replaces mistaken thinking with a sharper understanding of what drives business success and failure. The Halo Effect is a guide for the thinking manager, a way to detect errors in business research and to reach a clearer understanding of what drives business success and failure. Skeptical, brilliant, iconoclastic, and mercifully free of business jargon, Rosenzweig's book is nevertheless dead serious, making his arguments about important issues in an unsparing and direct way that will appeal to a broad business audience. For managers who want to separate fact from fiction in the world of business, *The Halo Effect* is essential reading -- witty, often funny, and sharply argued, it's an antidote to so much of the conventional thinking that clutters business bookshelves.

From Publishers Weekly This tart takedown of fashionable management theories is a refreshing antidote to the glut of simplistic books about achieving high performance. Rosenzweig, a veteran business manager turned professor, argues that most popular business ideas are no more than soothing platitudes that promise easy success to harried managers. Consultants, journalists and other pundits tap scientifically suspect methods to produce what he calls "business delusions": deeply flawed and widely held assumptions tainted by the "halo effect," or the need to attribute sweeping positive qualities to any company that has achieved success. Following these delusions might provide managers with a comforting story that helps them frame their actions, but it also leads them to gross simplification and to ignore the constant demands of changing technologies, markets, customers and situations. Mega-selling books like *Good to Great*, Rosenzweig argues, are nothing more than comforting, highbrow business fables. Unfortunately, Rosenzweig hedges his own principles for success so much that managers will find little practical use for them. His argument about the complexity of sustained achievement, and his observation that success comes down to "shrewd strategy, superb execution and good luck," may end up limiting the market for this smart and spicy critique. (Feb. 6) Copyright copy; Reed Business Information, a division of Reed Elsevier Inc. All rights reserved. "Rosenzweig doesn't only poke fun at the mass of bad writing and bad science in the management world. He explains why it is so bad -- and how you can learn from it, despite the efforts of the authors." -- John Kay, Financial Times columnist and author of *Everlasting Light Bulbs: How Economics Illuminates the World* About the Author Phil Rosenzweig is a professor at IMD in

Lausanne, Switzerland, where he works with leading companies on questions of strategy and organization. He earned his PhD from The Wharton School, University of Pennsylvania, and spent six years on the faculty of Harvard Business School. He is a native of Northern California. Comments to the author can be sent to Phil@The-Halo-Effect.com. Visit The-Halo-Effect.com to download a user's guide to The Halo Effect for your company or classroom, or to join a discussion forum about delusions in the business world.