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## ***Billions and Billions Served: The Delusion of Data Quantity***

Back in the 1960s, when it was growing rapidly in the USA but not yet a global giant, McDonalds used to keep track of its sales in little plastic numbers on its golden arches. *More than 2 billion served*, it read for a time. Then the number changed to 3 billion, then 4 billion, and so on. Finally the numbers were changing so fast that it was hard to keep up, so the sign just said *Billions and Billions Served*. By then, of course, the exact number didn't matter anyway. What the sign really meant was: *We sell lots of burgers! People love our food—and you probably will, too!*

I'm often reminded of McDonalds and its billions of burgers when I read business books. For the last couple of decades, many business books have tried to impress readers with the sheer amount of data they gathered. In many cases, however, the data are highly suspect, much of it coming from flawed sources. Yet unlike hamburgers, most of the general reading public—which includes not just managers but reviewers at newspapers—doesn't have a good sense of what constitutes valid data and what doesn't. The result is that many people are impressed with data *quantity* because they are unable to assess data *quality*. *Billions and billions of companies studied!* It all looks so persuasive!

The first modern business best-seller was the 1982 hit, *In Search of Excellence*, by Tom Peters and Bob Waterman. It was a new kind of business book, an apparently rigorous study of hundreds of companies, aimed at finding the keys to high performance. The authors spent eight pages of their first chapter describing their research methods. They depicted an approach that seemed to be methodical and thorough. They had started with a very large data set and then, in a structured and careful manner, crunched numbers until they had isolated the reasons why 40 or so American companies had achieved excellent performance. Unfortunately, the study was deeply flawed by, among other things, the Halo Effect. What was claimed to *drive* company performance was, in all likelihood, a set of attributions *based on* performance, as I describe in Chapter 6 of my book. Yet despite its many flaws, the America public loved *In Search of Excellence*. It seemed to make sense. It appeared to be authoritative. Few people questioned its methods or conclusions. And there was one more result: in the wake of its massive success, any subsequent study that wanted to match *Excellence*—or go a step better—would have to present itself as just as thorough in terms of research method. *In Search of Excellence* was the first to tell readers how many companies it had studied.

The next business mega-hit was *Built to Last*, published in 1994 by Jim Collins and Jerry Porras. To show how thorough they had been, the authors went beyond the description of research offered by Peters and Waterman. At the start of their book, they presented an

overview of their research approach. Then, in a separate Appendix at the end of the book, Collins and Porras spent no less than 40 pages detailing their research—how companies had been selected for study, how data had been gathered and analyzed, and how conclusions had been reached. The impression? *We were very thorough. We were exhaustive. Our findings are solid!* And the reading public was convinced. *Built to Last* was named the best business book for 1995 by *Industry Week*, and by 1996 had spent more than 18 months on the *Business Week* best-seller list. Both the design and the data were deeply flawed, as I describe in Chapter 6 of my book. But that didn't seem to matter. The research appeared to be solid. After all, look at the vast quantities of data. *We studied hundreds companies and read thousands of articles!*

A next study, which I also describe in Chapter 7 of my book, was called The Evergreen Project. It was undertaken by a joint consulting-academic team that included a former McKinsey partner and professors from Harvard and Dartmouth. This study, the authors declared, was “the world’s most systematic, large scale study of the practices that create business winners.” It was “based on a massive research project conducted with scientific rigor and verified by measured fact.” And indeed, the Evergreen Project collected large amounts of documents about the companies—“newspaper and magazine articles, business-school cases, government filings, and analysts’ reports.” A stack of paper three inches deep was collected for each of the 160 companies, adding up to sixty thousand documents that filled fifty storage boxes. Unfortunately, this study was no better than its predecessors, as the data were severely flawed and the conclusions drawn from the data erroneous, but few members of the reading public can tell the difference. Once again, researchers piled on ever larger quantities of data, lending an appearance of solid and rigorous research. *Billions and billions served!*

Jim Collins’s *Good to Great*, published in 2001 and a fixture on bestseller lists ever since, served up even more burgers. It devoted more than 40 pages to its research method—Appendix 1.A begins on p.219 of my hardback edition; the last appendix ends on p.260. As Collins recounted, he and his team of researchers labored for nearly five years. They devoted than 15,000 hours to the project. They looked at a wide range of evidence, “everything from acquisitions to executive compensation, from business strategy to corporate culture, from layoffs to leadership style, from financial ratios to management turnover.” They read dozens of books, reviewed more than 6,000 articles, and conducted scores of interviews. The data filled many crates and entire cabinets, and totaled 384 million bytes. The effect is to overwhelm the reader with the apparent thoroughness of the research. And since few if any readers have done an equal amount of research, the effect is to silence any concerns. *I haven’t done an equivalent amount of work*, the reader might think, *so who am I to question their findings?*

But once again, the sheer quantity of data gathered doesn’t matter much if the quality isn’t good, and that’s where the problem lies. In fact, much of the data were problematic, as I write in Chapter 7 of my book. Yet the impression, once again, was one of credibility, in large part based on the vast amount of data and sheer scale of the research project somehow. The average reader can be forgiven for thinking: *If Collins and his team did all this work, they must be right!*

The massive success of Collins's book raised the bar yet again. Any new study that tries to tackle the question of company performance—and reach a wide popular audience—has to try to measure up. There's no end in sight. In early 2006, David Sirota of the consulting company, Sirota and Co., published *The Enthusiastic Employee: How Companies Profit by Giving Employees What they Want*. It devoted thirty pages, from p.305 to p.334, to an explanation of its research methods—the data that were gathered and the mammoth data base that supports the findings. As with so many other business books, the data of this study are questionable and the inferences doubtful—there are problems of data quality, of mistaking correlation for causality, and of the Halo Effect. Yet the cover says it all. Beneath the title, we find the words: *Based on years of research with millions of employees*. There's no need to be more specific. The exact number no longer matters. The impression is one of serious, diligent, exhaustive research. *Billions and Billions Served!*

The reading public should know that the sheer quantity can't make up for poor quality. If the data aren't valid, it really doesn't matter how much has been gathered, crunched, processed, and churned out. To borrow an expression from McDonald's legendary boss, Ray Kroc, just grinding it out isn't enough.