The Daily Drucker

366 Days of Insight and Motivation for Getting the Right Things Done

By Peter F. Drucker with Joseph Maciariello

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Integrity in Leadership

The proof of the sincerity and seriousness of a management is uncompromising emphasis on integrity of character. This, above all, has to be symbolized in management’s “people” decisions.

It’s character through which leadership is exercised — it’s character that sets the example and is imitated. Character isn’t something one can fool people about. The people with whom a person works, and especially subordinates, know in a few weeks whether he or she has integrity or not. They may forgive a person a great deal — incompetence, ignorance, insecurity or bad manners — but they won’t forgive a lack of integrity. Nor will they forgive management for choosing that person.

Organizational Inertia

All organizations need to know that virtually no program or activity will perform effectively for a long time without modification and redesign.
Eventually every activity becomes obsolete. Among organizations that ignore this fact, the worst offender is government. Indeed, the inability to stop doing anything is the central disease of government and a major reason why government today is sick. Hospitals and universities are only a little better than government in getting rid of yesterday.

Abandonment

Successful executives know they have to get many things done effectively. Therefore, they concentrate. And the first rule for the concentration of executive effort is to slough off the past that has ceased to be productive.

Without systematic and purposeful abandonment, an organization will be overtaken by
events. It will squander its best resources on things it should never have been doing or should no longer do. As a result, it will lack the resources, especially capable people, needed to exploit the opportunities that arise. Far too few businesses are willing to slough off yesterday and, as a result, far too few have resources available for tomorrow.

**Autonomy in Knowledge Work**

Demanding of knowledge workers that they define their own task and its results is necessary because knowledge workers must be autonomous. Knowledge workers should be asked to think through their own work plans and then submit them. What am I going to focus on? What results can be expected for which I should be held accountable? By what deadline? Knowledge work requires both autonomy and accountability.

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Managers draw on all of the knowledges and insights of the humanities and social sciences
Management and Liberal Arts

Management is what tradition used to call a liberal art — “liberal” because it deals with the fundamentals of knowledge, self-knowledge, wisdom and leadership; “art” because it deals with practice and application.

Managers draw on all of the knowledges and insights of the humanities and social sciences — on psychology and philosophy, on economics and history, on the physical sciences and ethics. But they have to focus this knowledge on effectiveness and results — on healing a sick patient, teaching a student, building a bridge, designing and selling a “user-friendly” software program.

Society of Organizations

Society in all developed countries has become a society of organizations in which most, if not all, social tasks are done in and by organizations. Organizations don’t exist for their own sake. They are means — each society’s organ for the
discharge of one social task. The organization’s goal is a specific contribution to individual and society. The test of its performance, unlike that of a biological organism, therefore, always lies outside itself.

Each institution will be stronger the more clearly it defines its objectives. It will be more effective the more yardsticks there are against which its performance can be appraised. It will be more legitimate the more strictly it bases authority on justification by performance.

Organizations as Destabilizers

The only way in which an institution — whether it’s a government, a university, a business, a labor union or an army — can maintain continuity is by building systematic, organized innovation into its very structure.

Institutions, systems and policies eventually outlive themselves, as do products, processes and services. They do it when they accomplish
their objectives and when they fail to accomplish their objectives. Innovation and entrepreneurship are thus needed in society as much as in the economy, in public-service institutions as much as in business. The modern organization must be a destabilizer — it must be organized for innovation.

The Dangers of Charisma

Charisma is “hot” today. But the desire for charisma is a political death wish. No century has seen more leaders with more charisma than the 20th century, and never have political leaders done greater damage than the four giant leaders of the 20th century: Stalin, Mussolini, Hitler and Mao. What matters is not charisma. What matters is whether the leader leads in the right direction or misleads.

The desire for charisma is a political death wish

The constructive achievements of the 20th century were the work of completely uncharismatic people. The
two military men who guided the Allies to victory in World War II were Dwight Eisenhower and George Marshall. Both were highly disciplined, highly competent and deadly dull.

Salvation by Society

Surely the collapse of Marxism as a creed signifies the end of the belief in salvation by society. What will emerge next, we can’t know — we can only hope and pray. Perhaps a rebirth of traditional religion, addressing itself to the needs and challenge of the person in the knowledge society? The explosive growth of “pastoral” Christian churches in America — Protestant, Catholic, non-denominational — might be a portent. But so might be the resurgence of fundamentalist Islam. The young people in the Muslim world who now so fervently embrace Islamic fundamental-
ism would, 40 years ago, have been equally fervent Marxists.

Still, redemption, self-renewal, spiritual growth, goodness and virtue are likely to be seen again as existential rather than social goals or political prescriptions. The end of the belief in salvation by society surely marks an inward turning. It makes possible renewed emphasis on the individual, the person. It may even lead — at least we can hope so — to a return to individual responsibility.

What the Customer Buys

The customer never buys a product. By definition the customer buys the satisfaction of a want. The customer buys value.

The Purpose of a Business

Any business enterprise has two — and only two — basic functions: marketing and innovation. These are unique entrepreneurial func-
tions. Marketing is the distinguishing, unique function of business.

Entrepreneurial Disciplines

Every institution — and not only businesses — must build into its day-to-day management four entrepreneurial activities that run in parallel. One is organized abandonment of products, services, processes, markets, distribution channels and so on that are no longer an optimal allocation of resources. Then any organization must organize for systematic, continuing improvement. Then it has to organize for systematic and continuous exploitation, especially of its successes. Finally it has to organize systematic innovation, i.e. create the different tomorrow that makes obsolete, and to a large extent replaces, even the most successful products of today in an organization. These dis- Any organization must organize for systematic, continuing improvement
ciplines aren’t just desirable — they’re conditions for survival today.

Information for Strategy

Major changes always start outside an organization. A retailer may know a great deal about the people who shop at its stores. But no matter how successful, no retailer ever has more than a small fraction of the market as its customers — the great majority are non-customers. It’s always with non-customers that basic changes begin and become significant. At least half of the important new technologies that have transformed an industry in the past 50 years came from outside the industry itself.

Qualities of a Leader

The leader who basically focuses on himself or herself is going to mislead. Leadership is the lifting of a person’s vision to higher sights, the raising of a person’s performance to a higher standard, the building of a person’s personality
beyond its normal limitations. Nothing better prepares the ground for such leadership than a spirit of management that confirms strict principles of conduct and responsibility, high standards of performance, and respect for the individual and his or her work.

Base Leadership on Strength

The task of an executive is not to change human beings. Rather, as the Bible tells us in the parable of the talents, the task is to multiply the performance capacity of the whole by putting to use whatever strength, whatever health, whatever aspiration there is in individuals.

Leadership Is Responsibility

A leader is someone who has followers. Popularity isn’t leadership, results are. Leaders are highly visible — they set examples. Leadership
isn’t rank, privilege, titles or money — it’s responsibility.

Placements that Fail

There’s no such thing as a perfect record in making people decisions. Successful executives follow five ground rules.

First, the executive must accept responsibility for any placement that fails. To blame the non-performer is a cop-out. The executive made a mistake in selecting that particular person.

Second, the executive does have the responsibility to remove people who don’t perform. The incompetent or poor performer, when left in his or her job, penalizes all others and demoralizes the entire organization.

Third, just because a person doesn’t perform in the job he or she was put in doesn’t mean the person is a bad worker whom the company should let go. It only means he or she is in the wrong job.
Fourth, the executive must try to make the right people decisions for every position. An organization can only perform to the capacity of its individual workers — thus people decisions must be right.

Fifth, newcomers are best put in established positions where the expectations are known and help is available. New major assignments should go mainly to people whose behaviors and habits are well known and who have already earned trust and credibility.

Corporate Greed and Corruption

It’s easy to look good in a boom. But also, every boom puts crooks in at the top.

Managing Knowledge Workers

The management of knowledge workers is a “marketing job.” And in marketing one doesn’t begin with the question, “What do we want?” One begins with the questions, “What does the
other party want? What are its values? What are its goals? What does it consider results?”

What motivates knowledge workers is what motivates volunteers. Volunteers have to get more satisfaction from their work than paid employees, precisely because they don’t get a paycheck. They need, above all, challenges.

Exploiting Success

The first — and usually the best — opportunity for successful change is to exploit one’s own successes and build on them. Problems can’t be ignored. And serious problems have to be taken care of. But to be change leaders, enterprises have to focus on opportunities. They have to starve problems and feed opportunities.

This requires a small but fundamental procedural change — an additional
“first page” to the monthly report, one that should precede the page that shows the problems. It requires a page that focuses on where results are better than expected, whether in terms of sales, revenues, profits or volume. As much time then should be spent on this new first page as has traditionally been spent on the problem page.

Enterprises that succeed in being change leaders make sure that they staff the opportunities. The way to do this is to list the opportunities on one page and then list the organization’s performing and capable people on another page. Then allocate the ablest and most performing people to the top opportunities.

Effective Executives

Effective executives differ widely in their temperaments and abilities, in what they do and how they do it, in their personalities, their knowledge, their interests — in almost everything that distinguishes human beings. But all
effective executives perform only necessary tasks and eliminate unnecessary ones.

Conclusion

Peter Drucker always told his audiences at lectures, “Don’t tell me you enjoyed this. Tell me what you’ll do differently on Monday morning.”

ABOUT THE AUTHORS: Peter Drucker, who died Friday, Nov. 11, 2005, is considered the father of modern management. Joseph Maciariello, his longtime friend and colleague, is a professor of management at the Peter F. Drucker and Masatoshi Ito Graduate School of Management, Claremont Graduate University.
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