



# CEO Consulting Services

*Accelerating Business Growth*

Patrick J. Below, MBA  
President & CEO

Bernie Verrill, Ph.D.  
Executive V.P.

Allen M. Raffetto, Ph.D.  
Executive V.P.

## A TRIBUTE TO PETER F. DRUCKER

*The Sage of Modern Management*

By Patrick J. Below  
and Bernie Verrill, Ph.D.

It was 1975 and Patrick boarded the luxury liner Queen Mary at Newport Beach, California. No, it was not for a cruise. He was there to meet and listen to Peter Drucker. It was early in Patrick's career as a management consultant, and he spent the next thirty years learning all he could from Drucker.

On Friday morning, November 11th, 2005, (Armistice Day) Peter F. Drucker died. He was eight days short of his 96th birthday.

Praise as well as recognition poured in from all over the world following his death. No other person in history has had such an impact on the theory and practice of management. Business Week called Drucker "the most enduring management thinker of our time."

Drucker was born in Vienna, Austria in 1909 and immigrated to the United States in 1937. His career spanned 70 years. His marriage to his surviving widow, Doris, lasted 68 years. He was a humble man who lived the last thirty-four years of his life in a modest ranch home in southern California filled with books and music.

He wrote a total of 39 books, completing his final one just before his death, titled *The Effective Executive in Action*. There could be no more apt description of Drucker himself.

While Drucker disdained the titled "Management Guru," he was that...and more. Drucker's stature and credibility are indicated by quotes from well-known CEOs. Jack Welch, former CEO of GE said: "The world knows he was the greatest management thinker of the last century."

Andrew Grove, former CEO of Intel,

referred to Drucker in these terms: "Like many philosophers, he spoke in plain language that resonated with ordinary managers." Drucker had the ability to cut through highly complex organizational and managerial issues and identify the basics. He believed the best ideas have to be simplified.

### Contributions to Management

Early in his career, Drucker was surprised by the ignorance surrounding the function of management, its work, and its responsibilities. He believed management to be the deciding factor in the successful performance of public and private sector organizations.

Drucker urged CEOs to change the management of their organizations from a largely "trial and error" approach to one based on a system of management theory and knowledge. Drucker had a habit of reminding executives and managers to sharpen their awareness to see "the future that is already here."

Such significant contributions led Peter Drucker to be recognized as the "Father of Modern Management." He more than any other individual conceptualized and clarified management as a discipline.

His contributions to the field of management are at the level of Alfred Einstein's development of quantum mechanics or Francis Crick and James Watson's breakthrough discovery of the structure of DNA.

### His Major Works

*The Future of Industrial Man* published in the 1940's caught the attention of Alfred P. Sloan, CEO of General Motors. Drucker's main theme was that large corporations could provide the framework for social change.

This experience with GM led him to write *The Concept of the Corporation* (1946). This book became an overnight sensation and started Drucker on his

life-long endeavor to define the field of management.

Not all of Drucker's management "themes," however, were well received. One of the recommendations he made in his 1940's book was for organizations, including GM, to build what he called "self-governing communities of workers." He saw great hope in the possibilities of the modern corporation providing real meaning for people at work. At the time, however, GM summarily rejected this notion.

In 1954, Drucker wrote his seminal book *The Practice of Management*. It was in this book that he first identified the real power and potential of management theory combined with practice. This down-to-earth book contained such chapter headings as 'The Nature of Management,' 'Managing a Business,' and 'The Responsibility of Management.'

It was also in this book Drucker first introduced the term "MBO – Management by Objectives." He viewed MBO as the fundamental philosophy and practice for managing an organization. "What the business enterprise needs," Drucker wrote, "is a principle of management that will give full scope to individual strength and responsibility, establish teamwork, and harmonize the goals of the individual with the common good." Today, some sixty years later, MBO continues to be practiced by organizations the world over.

Drucker had a knack for identifying sea changes years in advance. In his 1969 book *The Age of Discontinuity*, he foresaw the emergence of a new type of worker whose occupation would be based primarily on knowledge, not just physical skills. He termed these "knowledge workers," and said they need to be managed and motivated differently.

Knowledge workers work on the "right things," manage themselves, are accountable for their performance, and continually develop themselves. Furthermore, he

said knowledge workers need to not only understand their organization's mission, but believe it.

Another management concept he promoted was the distinction between "efficiency and effectiveness." According to Drucker, "*Efficiency means doing things right, and effectiveness means doing the right things. It is far more important to do right things than to do things right.*" In a single sentence, Drucker described the major difference between strategic thinking and operational planning.

He did not limit himself to working with large organizations. In 1986, *Entrepreneurship and Innovation* was another classic. This book was aimed specifically at start-ups and small businesses.

During the last 25 years, he wrote extensively on management's role in addressing the broader changes occurring in society. For example, he was instrumental in guiding Rick Warren, best-selling author of *The Purpose Driven Life*, which sold over twenty-five million copies worldwide. Drucker also devoted a large share of his time consulting with non-profit organizations largely on a pro bono basis.

## Drucker's Relevance to Today's CEOs

Drucker's numerous writings continue to provide today's CEOs with a framework, a system, and a philosophy for leading and managing their companies. Good management, he believed, was not only about improving next quarter's profits, but also about building a better world. He clearly cared about a business managing its resources for improved results. Equally important to Drucker was how public and private organizations operated *morally and ethically within society*.

He was one of the few management thinkers and writers who appreciated management history and theory. Furthermore, he provided invaluable insights into the future direction of the profession in which he had played a prominent role in creating and developing.

In one of his last books *Management in the 21st Century* published in 1999 Drucker wrote "*Organizations around the world will continue to face long years of profound change. The most important contribution management needs to make in the 21st century is to increase the productivity of knowledge workers.*"

Charles Handy, a popular management writer based in England, has continued to

develop Drucker's philosophy of management. Both Drucker and Handy feel management will be intricately bound up with the political, legal, and social issues of the day. Managing organizations in the context of the public interest will become an increasingly prime management agenda in the foreseeable future.

Peter Drucker left us all not only a great legacy, but a roadmap for the future direction of management as well.

## How We Have Incorporated Drucker into Our Work

Patrick believes Drucker's biggest contribution was his articulation of Management by Objectives (MBO). Patrick has successfully incorporated MBO into what he terms an "Integrated Planning Process" for achieving sustainable results both short and long-term. Since 1970, he has successfully implemented this process with over 100 CEOs and their organizations. His planning system is further described in his best-selling book *The Executive Guide to Strategic Planning*.

In a recent book (*The CEO Challenge*) Patrick acknowledges Drucker's importance in his chapter on the history of management. "*Over the past 150 years, there were seven people who made pioneering contributions to management. Peter Drucker takes top honors.*"

Bernie is an admirer of Drucker from his perspective of a psychologist/coach. More than six decades ago, Drucker started a revolutionary movement when he proclaimed "*management is about human beings*" He emphasized that the performance of every organization depends on how well they are developing their people.

One Drucker quote expresses the passion of an individual's career: "*Work is an extension of personality.*" Bernie is touched by the depth of human understanding when Drucker asked his clients "*What do you want to be remembered for?*"

## Which Drucker Concepts Are Your Favorites?

Listed below are a sampling of some of the key ideas and concepts Drucker described followed by the year in which he first introduced them:

**Importance of the Person** (1942)

**Self-Managed Work Teams** (1946)

**Management by Objectives** (1954)

**Strategic Planning and Corporate Strategy** (1964)

**Primary Focus on Managing for Results** (1966)

**Emergence and Management of Knowledge Workers** (1969)

**Application of Systems Thinking to Organization Performance** (1973)

**Impact of Globalization** (1980)

**Systematic Study of Entrepreneurship** (1985)

**Effective Management of Non-Profits** (1990)

**View People as Your Colleagues** (1991)

**Importance of Corporate Governance and Business Ethics** (1993)

**Management's Role in Society** (2002)

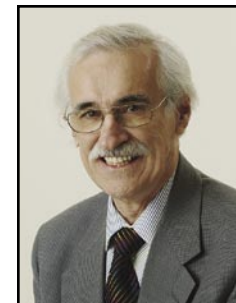
You might ask yourself which of Drucker's ideas or approaches have made the biggest impact on your organization?

Please send an e-mail to [patrickjbelow@theceochallenge.com](mailto:patrickjbelow@theceochallenge.com) on your favorite Drucker contribution and how it has guided you in leading and managing your organization.

The first twenty responses will receive an autographed copy of Patrick's new book "*The CEO Challenge...*"



**Patrick J. Below** is President and CEO of CEO Consulting Services, a national consulting firm based in Madison, WI. He has authored several books including *The Executive Guide to Strategic Planning*, *The Executive Guide to Operational Planning*, and *The CEO Challenge...A New Paradigm for Delivering Sustainable Results*.



**Bernie Verrill**, Ph.D., is Executive Vice-President of CEO Consulting Services and specializes in CEO and executive coaching/advising. He is the author of *The Self-Esteem Scale*.