

Ideas

## Peter Drucker On Leadership

Rich Karlgaard, 11.19.04, 6:00 AM ET

NEW YORK - **Peter F. Drucker** was born 95 years ago today--can it be possible?--in Vienna. The universally known writer, thinker and lecturer now is nearly deaf and doesn't get around like he used to. He stopped giving media interviews about a year ago. But in late October, Drucker granted an exception to Forbes.com at the urging of Dr. **Rick Warren**, the founder and head of the Christian evangelical Saddleback Community Church in Lake Forest, Calif.



Peter F. Drucker at his home in California

The Drucker-Warren relationship may surprise many readers, but it goes back two decades, to when the young minister came to Drucker for advice. Under Drucker's tutelage, Warren's own success as a spiritual entrepreneur has been considerable. Saddleback has grown to 15,000 members and has helped start another 60 churches throughout the world. Warren's 2001 book, *The Purpose-Driven Life*, is this decade's best seller with 19.5 million copies sold so far and compiling at the rate of 500,000 per month.

Warren and I met at Drucker's surprisingly spartan home in Claremont, Calif., on a cloudy Tuesday morning. We were greeted by Drucker's wife, Doris, and ushered into the den for what developed into a two-hour conversation. During the first 30 minutes, Drucker--a religious man himself, albeit of a more muted Episcopalian type as compared to Warren's exuberant brand of Southern Baptist--advised Warren on the challenges of ministry and church building. This consultation is one

Drucker and Warren have engaged in twice yearly for two decades. For the last 90 minutes we moved to broader topics. Below are Drucker's thoughts on leadership. ([Click here for Drucker's official biography.](#))

### What Needs to Be Done

Successful leaders don't start out asking, "What do I want to do?" They ask, "What needs to be done?" Then they ask, "Of those things that would make a difference, which are right for me?" They don't tackle things they aren't good at. They make sure other necessities get done, but not by them. Successful leaders make sure that they succeed! They are not afraid of strength in others. Andrew Carnegie wanted to put on his gravestone, "Here lies a man who knew how to put into his service more able men than he was himself."

### Check Your Performance

Effective leaders check their performance. They write down, "What do I hope to achieve if I take on this assignment?" They put away their goals for six months and then come back and check their performance against goals. This way, they find out what they do well and what they do poorly. They also find out whether they picked the truly important things to do. I've seen a great many people who are exceedingly good at execution, but exceedingly poor at picking the important things. They are magnificent at getting the unimportant things done. They have an impressive record of achievement on trivial matters.

## **Mission Driven**

Leaders communicate in the sense that people around them know what they are trying to do. They are purpose driven--yes, mission driven. They know how to establish a mission. And another thing, they know how to say no. The pressure on leaders to do 984 different things is unbearable, so the effective ones learn how to say no and stick with it. They don't suffocate themselves as a result. Too many leaders try to do a little bit of 25 things and get nothing done. They are very popular because they always say yes. But they get nothing done.

## **Creative Abandonment**

A critical question for leaders is, "When do you stop pouring resources into things that have achieved their purpose?" The most dangerous traps for a leader are those near-successes where everybody says that if you just give it another big push it will go over the top. One tries it once. One tries it twice. One tries it a third time. But, by then it should be obvious this will be very hard to do. So, I always advise my friend Rick Warren, "Don't tell me what you're doing, Rick. Tell me what you *stopped* doing."

## **The Rise of the Modern Multinational**

The modern multinational corporation was invented in 1859. Siemens invented it because the English Siemens company had grown faster than the German parent. Before the Second World War, IBM was a small maker, not of computers, but of adding machines. They had one branch in England, which was very typical for the era. In the 1920s, General Motors bought a German and English and then Australian automobile manufacturer. The first time somebody from Detroit actually visited the European subsidiaries was in 1950. A trip to Europe was a big trip. You were gone three months. I still remember the excitement when the then head of GM went to Europe in the 1920s to buy the European properties. He never went back.

## **21st Century Organizations**

Let me give you one example. This happens to be a consulting firm headquartered in Boston. Each morning, between 8 A.M. and 9 A.M. Boston time, which is 5 A.M. in the morning here in California and 11 P.M. in Tokyo, the firm conducts a one-hour management meeting on the Internet. That would have been inconceivable a few years back when you couldn't have done it physically. And for a few years, I worked with this firm closely and I had rented a room in a nearby motel and put in a videoconferencing screen. Once a week, I participated in this Internet meeting and we could do it quite easily, successfully. As a result of which, that consulting firm is not organized around localities but around clients.

## **How To Lead a 21st Century Organization**

Don't travel so much. Organize your travel. It is important that you see people and that you are seen by people maybe once or twice a year. Otherwise, don't travel. Make them come to see you. Use technology--it is cheaper than traveling. I don't know anybody who can work while traveling. Do you? The second thing to say is make sure that your subsidiaries and foreign offices take up the responsibility to keep you informed. So, ask them twice a year, "What activities do you need to report to me?" Also ask them, "What about my activity and my plans do you need to know from *me*?" The second question is just as important.

## **Prisoner of Your Own Organization**

When you are the chief executive, you're the prisoner of your organization. The moment you're in the office, everybody comes to you and wants something, and it is useless to lock the door. They'll break in. So, you have to get outside the office. But still, that isn't traveling. That's being at home or having a secret office elsewhere. When you're alone, in your secret office, ask the question, "What needs to be done?" Develop your priorities and don't have more than two. I don't know anybody who can do three things at the same time and do them well. Do one task at a time or two tasks at a time. That's it. OK, two works better for most. Most people need the change of pace. But, when you are finished with two jobs or reach the point where it's futile, make the list again. Don't go back to priority three. At that point, it's obsolete.

## **How Organizations Fall Down**

Make sure the people with whom you work understand your priorities. Where organizations fall down is when they have to guess at what the boss is working at, and they invariably guess wrong. So the CEO needs to say, "This is what I am focusing on." Then the CEO needs to ask of his associates, "What are *you* focusing on?" Ask your associates, "You put this on top of your priority list--why?" The reason may be the right one, but it may also be that this associate of yours is a salesman who persuades you that his priorities are correct when they are not. So, make sure that you understand your associates' priorities and make sure that after you have that conversation, you sit down and drop them a two-page note--"This is what I think we discussed. This is what I think we decided. This is what I think you committed yourself to within what time frame." Finally, ask them, "What do you expect from me as you seek to achieve your goals?"

## **The Transition from Entrepreneur to Large Company CEO**

Again, let's start out discussing what *not* to do. Don't try to be somebody else. By now you have your style. This is how you get things done. Don't take on things you don't believe in and that you yourself are not good at. Learn to say no. Effective leaders match the objective needs of their company with the subjective competencies. As a result, they get an enormous amount of things done fast.

## **How Capable Leaders Blow It**

One of the ablest men I've worked with, and this is a long time back, was Germany's last pre-World War II democratic chancellor, Dr. Heinrich Brüning. He had an incredible ability to see the heart of a problem. But he was very weak on financial matters. He should have delegated but he wasted endless hours on budgets and performed poorly. This was a terrible failing during a Depression and it led to Hitler. Never try to be an expert if you are not. Build on your strengths and find strong people to do the other necessary tasks.

## **The Danger Of Charisma**

You know, I was the first one to talk about leadership 50 years ago, but there is too much talk, too much emphasis on it today and not enough on effectiveness. The only thing you can say about a leader is that a leader is somebody who has followers. The most charismatic leaders of the last century were called Hitler, Stalin, Mao and Mussolini. They were mis-leaders! Charismatic leadership by itself certainly is greatly overstated. Look, one of the most effective American presidents of the last 100 years was Harry Truman. He didn't have an ounce of charisma. Truman was as bland as a dead mackerel. Everybody who worked for him worshiped him because he was absolutely trustworthy. If Truman said no, it was no, and if he said yes, it was yes. And he didn't say no to one person and yes to the next one on the same issue. The other effective president of the last 100 years was Ronald Reagan. His great strength was not charisma, as is commonly thought, but that he knew exactly what he could do and what he could not do.

## **How To Reinvigorate People**

Within organizations there are people who, typically in their 40s, hit a midlife crisis when they realize that they won't make it to the top or discover that they are not yet first-rate. This happens to engineers and accountants and technicians. The worst midlife crisis is that of physicians, as you know. They all have a severe midlife crisis. Basically, their work becomes awfully boring. Just imagine seeing nothing for 30 years but people with a skin rash. They have a midlife crisis, and that's when they take to the bottle. How do you save these people? Give them a parallel challenge. Without that, they'll soon take to drinking or to sleeping around. In a coeducational college, they sleep around *and* drink. The two things are not incompatible, alas! Encourage people facing a midlife crisis to apply their skills in the non-profit sector.

## **Character Development**

We have talked a lot about executive development. We have been mostly talking about developing people's strength and giving them experiences. Character is not developed that way. That is developed inside and not outside. I think churches and synagogues and the 12-step recovery programs are the main development agents of character today.