Inspiring minds

Peter Drucker's management guidance is second to none, says David Parmenter, who highlights some of the modern management guru's words of wisdom
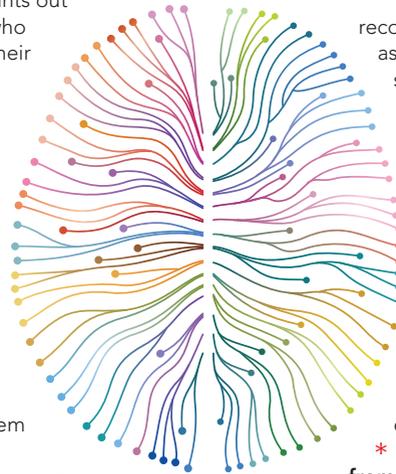
Peter Drucker (1909-2005) is often called the father of modern management. His work contains many gems that have been overlooked. Alongside Drucker are some other brilliant writers who have taken up the baton, such as Jack Welch, Tom Peters, Robert Waterman, Gary Hamel, Jeremy Hope, Jeffrey Liker and Jim Collins. I call these writers the 'paradigm shifters'.

The only problem is that many of us are too busy to read and absorb their work. The impact of these great writers should never be underestimated. To assist you on your journey of discovery, here is some analysis of Drucker's wisdom.

* **Do not give new staff new assignments:** When an organisation wants a new system implemented, it is tempting to hire someone who has expertise, as a consultant or as a permanent appointment. Drucker points out that they do not stand a chance, as staff who are concerned about the change will do their utmost to destabilise the project. Instead, you need to appoint an in-house person best suited for the role – someone who is well respected in the organisation, who has a pile of IOUs they can use when favours are required. Staff will support the new initiative more readily when it is led by such an appointee.

* **The scarce resource in an organisation is performing people:** Drucker highlights that these scarce resources need to be monitored and not taken for granted. Their goals should be hard enough to stretch them and keep them interested.

* **Make your past success obsolete:** Drucker says that we need always to look forward and recognise that the cash cows of today will likely be overtaken by tomorrow's technology.

* **Choose what to ditch:** According to Drucker: 'The first step in a growth policy is not to decide where and how to grow; it is to decide what to abandon. In order to grow, a business must have a systematic policy to get rid of the outgrown, the obsolete, the unproductive.'

* **Don't tell me what you're doing, tell me what you've stopped doing:** Measuring the extent of innovation and abandonment will help focus management's attention on these two important areas. Abandonment of that which is obsolete or unproductive is a sign that management

recognises that some initiatives will never work as intended, and it is better to face this reality sooner rather than later.

* **Have an 'outside-in' focus to your business:** see the operation from your customers' perspectives – especially your key customers' perspectives.

* **Collaborate with other organisations – even your competitors:** Jack Welch turned General Electric into a powerhouse by focusing on what GE was good at. This led Welch to follow Drucker's advice that 'your back room is someone else's front room'. If others can do a better job than you can, subcontract to them rather than diverting energy by trying to be good at everything.

* **What information do I need to do my job, from whom, when and how?** By asking these questions, we can streamline reporting formats and dispense with those that add no value.

* **Generate three protégés for senior positions:** Drucker is adamant that the CEO and the senior management team should be homegrown, and it is the key responsibility of a leader to nurture three protégés. ■

David Parmenter is a writer and presenter on measuring, monitoring and managing performance

Steps to better management

1 Read Elizabeth Haas Edersheim's *The definitive Drucker*
2 Read at least three chapters a week from the paradigm shifters listed above
3 Review some past project failures in your organisation and see how many of Drucker's rules they broke
4 Email me (**parmenter@waymark.co.nz**) and I will send you a recommended reading list
5 Debrief after each month-end and get all finance staff to suggest at least one abandonment. If the team cannot prove the need for the procedure, abandon it.

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