

DRUCKER

TECHNOLOGY
MANAGEMENT
AND
SOCIETY

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ROUTLEDGE

The Routledge logo, featuring a stylized white 'R' on a red background.

6. The Once and Future Manager

THE professional manager has not one job, but three. The first is to make economic resources economically productive. The manager has an entrepreneurial job, a job of moving resources from yesterday into tomorrow; a job, not of minimizing risk, but of maximizing opportunity. Every manager spends a very large part of his time with problems that are essentially economic, at least in their results. For instance, where are the markets? How can we achieve a little more productivity from these resources? What are the right things to do, and the right things to stop doing? So everybody who is a manager, no matter whether he is a general manager or a specialist, wrestles for part of his day with an economic dimension.

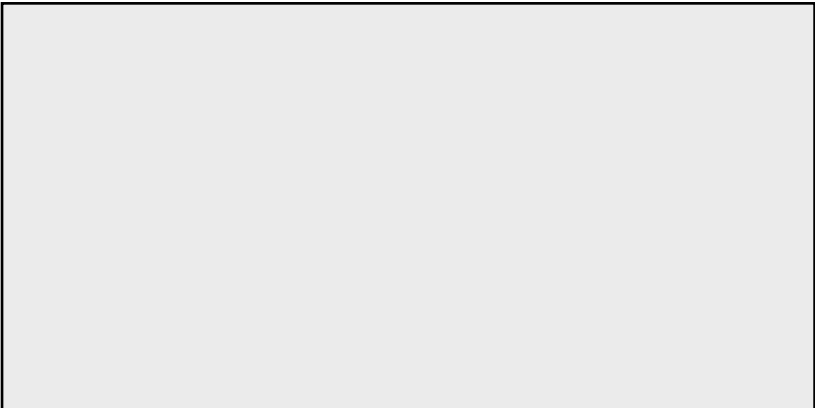
Then there is a managerial or 'administrative' job of making human resources productive, of making people work together, bringing to a common task their individual skills and knowledge; a job of making strengths productive and weaknesses irrelevant, which is the purpose of organization. Organization is a machine for maximizing human strengths. If you have a man very good at making things, and no good at marketing and finance, who is in business for himself, you know that he is not going to last very long. If you have an organization, even a small one, you can use a good manufacturing man because you can use his strengths, and his weaknesses are not relevant. You have other people who are good at marketing, or at finance, so that

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you can build a team in which the strengths of individuals count.

Then there is a third function. Whether they like it or not, managers are not private, in the sense that what they do does not matter. They are public. They are visible. They represent. They stand for something in the community. In fact, they are the only leading group in society – not just the business manager, but all the executives of organizations in this developed, highly organized, highly institutionalized society. Managers have a public function. They may discharge it by a great deal of work outside the business within the community, from Royal Commissions down to the local Boy Scout troop. Or they may discharge it purely within their own business by leadership and example. But they always do discharge it. Nothing anybody who is a manager does is private, in the sense that one can say: ‘This is my own affair. It does not concern anybody else. What I do is, therefore, of no real interest to anybody.’ Managers are on the stage, with the spotlight on them.

So the executive job, as it is today, not as it will be tomorrow, is threefold; a job in which we need objectives, and we need tools; a job in which we need character, and we need competence; a job in which we have to decide, ‘this we are willing to do, and, therefore, we need to learn how to do it well,’ or ‘this we are not going to do, we will let someone else do it, it is beyond our ken, beyond our competence.’ These are the demarcations of the job.



The First Yardstick by Which Management is Judged is, Do They Keep Us Busy?

In every organization you know, there are many people who are being promoted up to the point where they no longer perform. Up to that point, they did well, so they were promoted. When they no longer perform, they are not promoted, but they stay there, we all know this. If it is inevitable – and it *is* inevitable – that we are promoting many people on the basis of performance, up to the point where we promote them beyond their capacity, perhaps this is something which we ought to tackle, instead of just being reconciled to it. The best managers I know spend a good deal of time upon something on which the rest of

us spend no time, namely, on thinking through their organizational dilemmas.

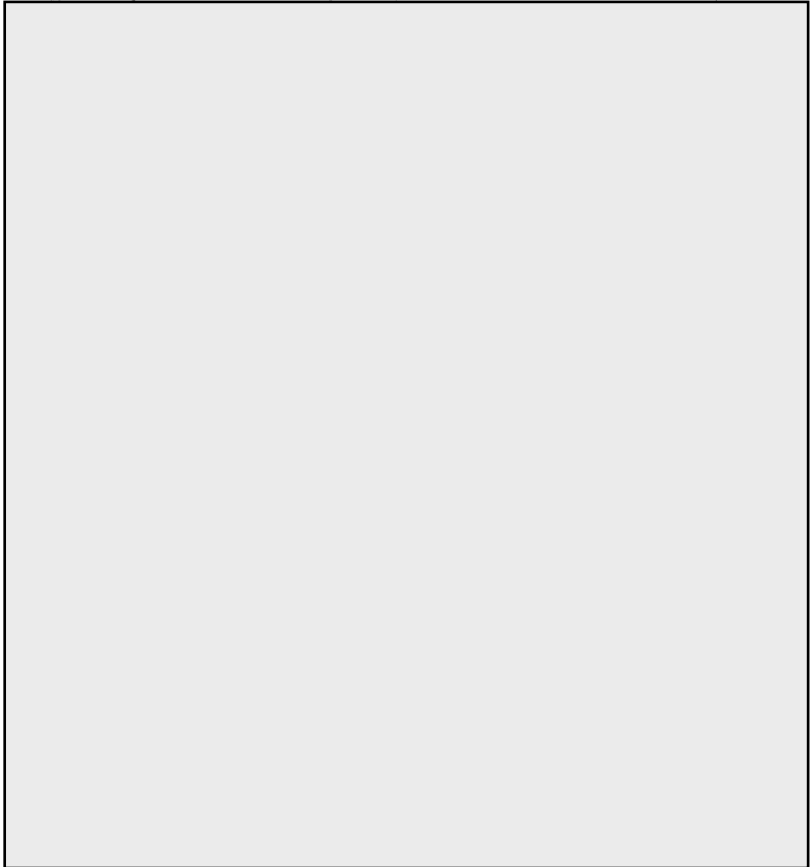
Take, for example, the man who started out when the company was small. He was a very good bookkeeper. The company grew, and geological forces raised him to the point where he was now financial V.P. of a very large business – and he is still a bookkeeper. Everybody knows some of these examples, not only in the financial area but in every area. He has been with the company twenty-eight years. He is approaching fifty-five, and he has come in every morning at nine, and has been the last man to leave. Nobody has ever criticized him, and now, suddenly, he is beyond his competence, out of his depth, and a danger to the organization.

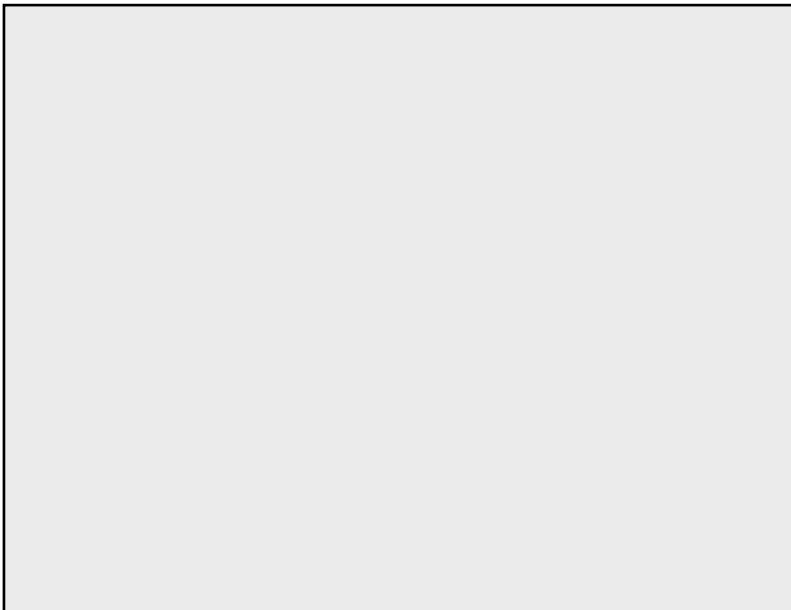
What do we do now? Most of us say, 'We cannot do anything, so let us try to build around him.' The really good managers whom I know do not accept that. They say, 'Yes, we owe loyalty where loyalty has been given. We should have taken corrective action long ago, but it is too late now. We should not have let him go up to that position, but it is too late. But we cannot allow him to remain there, because he is doing a great deal of damage.' The damage is caused, not because he is not a good financial officer and you need one, but because he tells your organization, 'This is what management really expects.' He makes cynics out of the young people, and this is one of the sins for which there is no forgiveness.

You cannot fire this man, not because the organization would take a dim view of it, but because most of us are reasonably decent human beings. On the other hand, if you leave him there, you corrupt. So what do you do? Sometimes, one cannot do anything, but say, 'All right, we shall have to sweat out the next ten years until he retires.' But more often than not, if you really do spend time, you do find a solution that is dignified and considerate. These few cases – they are never very many – are the test of management. It is by this that your organization, your professional, administrative, and management people, right down to the shop floor, really measure you.

An organization measures its management by two yardsticks. The first is 'Do they keep us busy? Do they know how to keep us working?' Because if you do not, then you obviously do not take

your organization or your own job seriously. The one thing people demand of management is competence. The organization where people are allowed to sit around and mark time has contempt for its management. The other yardstick is 'Do they treat the exceptional cases with imagination, intelligence, and compassion?' These are your test cases. Everybody has this proven level of incompetence in their management group. If the man has been with you only five years, you fire him; that is easy. But if he had been with you thirty years, can you move him out where he at least will not do damage? What can you do that is dignified and considerate, and yet tells everybody down the line, 'They had his number, and acted on it'?





Management is a central function, not in business, but in our society, on the performance of which the very existence of the society depends. Therefore, managers, and business managers in particular, suddenly have a dimension added: of exemplar, of leadership. These, then, are the new challenges, the new jobs. How do we make organizations capable of innovating? How do we make knowledge productive? How do we make our business and our industries capable of operating in a very complicated and very dangerous world economy? And what do we really have to do, so that we embody this leadership function, this representative function, this spotlight role of being the most visible, the most articulate, and the most advanced example of this new species, the people who make organization productive for society and individual alike?

Is the Traditional Organization Structure Going to Work Tomorrow as It Has till Now?

There is sufficient reason to wonder whether the traditional or-

ganization structure, with which we are all familiar, is going to work tomorrow the way it has worked for the past forty years. Everybody is familiar with the pyramid. We took our organization structure from the military, and so it is a rank-focused structure. When you look at the high-technology and high-knowledge businesses, this structure does not work. You do need the authority of decisions. There has to be somebody who finally can say 'yes' or 'no', after which the matter rests and debate ceases. You do need an orderly process for on-going work. But ideas do not observe these channels, or they die.

What we see emerging are, essentially, very complex structures, the analogy to which is not mechanical, as it has been in the traditional organization, but biological. There is no biological organization that has only one axis. Biological organizations have at least two, and usually three. Muscles, nerves, the circulatory system – these are all organizing principles. They coexist in very complex relationships. Probably the kindest way to describe what we are doing is to say that we are 'fooling around' with systems which maintain an ordered structure, and yet enable a great deal of positioning according to the logic of the job, on the one hand, and the logic of knowledge on the other.

The high-technology companies are simply showing the way. Their problem is very acute. You may have a physicist, next to a cell biologist, next to a communications engineer, and you cannot say that one is more important than the others. In one task, one man is more important; in the next task, another is. So you need to be able to have spontaneous teams, with a high degree of purpose and order and self-discipline, within a framework of orderly decision making and procedure. Though there are examples where this actually works, they are not yet sufficient to enable us to distil the principle. But we can say that it can be done, and is going to be done. As we move from an organization where there were a few people at the top who had all the decision-making power and all the knowledge, while the rest were at their machines, to an organization where the bulk of the people are paid for knowledge input and, above all, for innovation input, we are going to see more of this development.

Free-form organizations, or whatever fancy word you want to

use for them, need exceedingly clear objectives – much clearer objectives than the hierarchical, pyramidal organization needs, where the fellow at the top can change his mind and you get, at least on paper, fairly rapid changes all the way down. (You do not, in reality.) Free-form organizations also need a willingness to commit themselves to objectives and to rather demanding performance goals. Otherwise, they degenerate into a debating society.

Second, they require that the people in the group take responsibility for their contribution; they require that the people at the top say, 'Look, we are going to leave you alone as much as we can, but one can only delegate what one understands; one cannot delegate what one does not understand. Therefore, if you want autonomy – and we want you to have autonomy – it is your job to think through and tell us what contribution we should hold you accountable for, what are your priorities. Maybe we are going to look at them and say they seem very fine but they make no sense to us, or we are going to look at something and say it is very fine, but we are still responsible for this company and this is not what we are trying to do. But it is your responsibility to take the initiative and to think it through and to focus yourself on the results of the total organization. Maybe you will say that what you really want to work on will not have results until the year 1992. Fine. There are certain things that have that long a lead-time; there is nothing we can do about it; but at least let them be part of our objective and of our goals.' Unless you enforce self-discipline, a good time is had by all – but that is all.

