

Peter Drucker - one of the world's most respected thinkers on management and society.

By Mike Warren

Peter Drucker had a great way with words. He distilled meaningful concepts into short phrases more effectively than any other management guru. The concepts and philosophies he developed have shaped modern management thinking. He wrote over 30 books and articles about innovation, entrepreneurship and strategies for dealing with a changing world;

"Because the purpose of business is to create and keep a customer, the business enterprise has two--and only two--basic functions: marketing and innovation. Marketing and innovation produce results; all the rest are costs. Marketing is the distinguishing, unique function of the business."

Drucker was born in Vienna, and educated there and in England. He received a doctorate in international law while working as a newspaper reporter in Frankfurt, Germany. He remained in Germany until 1933, when one of his essays was banned by the Nazi regime. For a time, he worked as an economist for a bank in London, and then moved to the United States in 1937.

In the early 1940s, General Motors invited Drucker to study its inner workings. That experience led to his 1946 management book "Concept of the Corporation." For many years GM ignored nearly every recommendation in the book even though its own executives had commissioned it. This seminal study introduced the concept of decentralisation as a principle of organisation, in contrast to the practice of command and control in business. Drucker reported he was told that any manager found with a copy would be fired. The ideas in this book however, launched the field of management and essentially created the field of consulting.

In "The Practice of Management,(1954)" Drucker posed three now-classic business questions:

- What is our business?
- Who is our customer?
- What does our customer consider valuable?

He coined the terms "knowledge workers" and "management by objectives." Central to his philosophy was the belief that highly skilled people are an organisation's most valuable resource and that a manager's job is to prepare and free people to perform. In the early 1950s, when other business leaders thought the worldwide market for computers was in the single digits, he predicted that computer technology would thoroughly transform business.

Some useful Drucker quotes;

- The aim of marketing is to know and understand the customer so well the product or service fits him and sells itself.
- Management is doing things right; leadership is doing the right things.
- Checking the results of a decision against its expectations shows executives what their strengths are, where they need to improve, and where they lack knowledge or information.
- The most important thing in communication is hearing what isn't said.
- Trying to predict the future is like trying to drive down a country road at night with no lights while looking out the back window.