

Seeing what nobody sees – until everyone can see it

Here in his native land, the late Peter F. Drucker, leading management thinker of the 20th century and Viennese by birth, is possibly the least well-known of all the great, world-famous and lost sons of this country. While nobody would profess ignorance of the names of Freud, Wittgenstein or Hayek, even intellectuals may admit to not knowing the author of many timeless principles of modern management who counted Winston Churchill and Bill Gates among his admirers. A “theoretician” whose best-selling books have been read, in many different languages, by 35 million people is apparently suspect enough to be ignored: no memorial plaques or honorary degrees (1), no scholarships, visiting professorships, no awards, stamps, street names, foundations or academies, as far as I know, in his native city. Why should we honour this former Austrian with the characteristic, strong Viennese accent if the whole world has done so already?

Coming from a Jewish family that belonged to Vienna’s wealthy and educated bourgeoisie – Drucker’s father had been a high-ranking civil servant in the imperial administration and in 1899 had helped found the Imperial Export Academy that would eventually evolve into Vienna’s University of Economics – Drucker maintained a friendly and detached attitude towards his native city in later life. Untroubled by hatred or resentment, he neither longed to return, nor was he pained by the lack of invitations to come back. Was this, perhaps, because he had been forced into exile not from his homeland, but from Germany where he was living and working at the time?

1) The Vienna University of Economics and Business Administration did in fact propose to bestow an honorary doctorate on Drucker in 2000, the only such proposal made since 1945. In an absurd turn of events, political reasons at the time prevented him from receiving this honour, which he had originally warmly welcomed. In February 2000 he wrote to University Rector Hansen: “I greatly appreciate your flattering intention...to bestow on me the honorary doctorate...But, to my regret, I cannot accept this honor... To do so at the present time would clearly be understood as a POLITICAL manifesto on my part – especially in view of the publicity which, as your fax points out, I received in the Austrian press on the occasion of my recent 90th birthday. I appreciate your good intentions – and am deeply grateful. But I have to say **NO**.”

Now there will be no more opportunity to make up for the missed occasion.

He created a new discipline which – due to its lack of precision and easy refutability – may not be held in high scientific esteem, but which is very important, not least because the most important people (who owe their own importance to this very discipline) regard it as important – management. Like jurisprudence, it is not a “theory”. Management is an art, and just like the art of governing nations or the physician’s art of healing, the high art of management requires scientific theory (the most advanced insights at any given moment, no less) *plus* a broad base of practical knowledge *plus* methods for correct diagnosis and therapy. In “Decision Making”, Drucker said “on perceptiveness” that a good diagnostician sees what nobody else can see. (In his view, it was not enough to be a good analyst, like his father; sensitive like his mother; even as a child he intuitively guessed which of his parents’ guests had marital quarrels.) Throughout his life, Drucker was an incredibly perceptive thinker; because he not only thought; he also saw what nobody else could see – or could only see after everyone had begun to see what nobody at first wanted to believe. Nothing is more difficult than “*seeing things as they really are*” instead of believing in easy truths.

Far-sightedness is trivialized when once-fresh insights harden into truisms over the decades: the central role of managers and knowledge workers, of marketing and innovation, the shift from a product-based to a knowledge-based economy, the significance of missions and strategies in business, management by objectives instead of authoritarian leadership, the role of the non-profit sector and the growing capital power of pension funds and institutional investors in a post-capitalist society, employee motivation as an essential component of corporate success – he was the first to understand and anticipate much that may seem self-evident or even banal today, following a barrage of second- and third-hand wisdom on the subject. Drucker remains, in The Economist’s words, “the one management thinker every educated person should read” – no second-rate books needed.

Drucker understood that genuine leadership is an essential – and very, very scarce – gift. He saw that at the end of the day the doers, the managers (and not the big owners) are the makers and breakers of whole societies – and that good managers are very rare indeed. Hence the fierce competition for the best heads, and hence the high salaries

they command. Yet the consequences of this elementary market rule and of the pressure generated by the stock markets – a focus on short-term profits and excessive incomes for corporate executives – ran counter to his common sense and human decency.

In the course of a seven-hour interview with Erhard Friedberg (2), Professor at Sciences-Po and Director of the Centre de Sociologie des Organisations, Paris, Drucker said that it is simply unacceptable for any CEO to earn more than 15 times the income of his lowest-paid workers, and that it is likewise unacceptable for stock brokers to earn more than investors. Given such thoughts and Drucker’s commitment to the Third Sector of non-profits, some yuppie nerds may well suspect the noble old ordoliberal scholar and gentleman of being a “socialist” (which in fact he briefly was as a very young man) or even “communist”, at best a “social romantic” or “utopian”. But he was realist enough to see what today’s neoliberals are unable to see – that the “disgusting spectacle” of excessive incomes raked in by corporate stars will cause an “outbreak of bitterness and contempt” in the next severe economic crisis.

Having seen the rise of Nazism, Drucker was as sceptical of the liberal belief in the cure-all forces of the market as he was of “big government” (which he thought was only good for making war and inflation). He was convinced that in the “corporate age” only good management in business *and* in politics would save humanity from barbarism. He thought “that society can be at best bearable, but never perfect”. Management was, in his view, the defining organ not only of enterprises, but of all modern institutions, including those of the public sector and the Third Sector of non-profit organizations. This is why he inspired both the neoliberal drive towards privatization and the more left-wing attempt to “re-invent government”, as well as the non-profit movement.

He perceived today’s European left as being in a terrible “intellectual coma” and thought of Blair as a “respectable but incompetent bore” in comparison with the early social democratic leaders of 100 years ago.

2) DVD-Rom “Decision-Making” (www.banlieues-media.com)

Drucker's *Effective Executive* is not a self-serving creature, but works to serve others, and effectiveness is his answer to the question of "how can I best serve." Wearing hand-made shoes and behaving as some sort of *Herrenmensch* does not make a leader – it is the ability to satisfy unrecognized needs that does it. Management is needed to turn a "mob into an organization" and to turn "human effort into economic performance". Corporations are not only machines of production and profits. Profits are indispensable, but striving for profits alone is not enough. Profits are important for shareholders, but also for full employment, and sustainable profitability can only be achieved if employees are treated as a valuable resource. This requires empowerment, decentralization of decision-making power, employee control over production processes and guaranteed wages. Corporations and markets are institutions made up of people, not just sets of figures in a cost calculation. People are people, and workers are a corporation's biggest asset, not a walking cost factor. Agreed objectives and employee autonomy are important. Good leadership turns employee strengths into outcomes and makes their weaknesses irrelevant. Non-profit organizations can learn from for-profits – and vice versa, enterprises can learn from churches and charities.

As an institutionalist, Drucker was probably closer to Spann or Schumpeter than to Hayek and the Austrian School of Economics. Combining political science, international law, economics, philosophy and corporate analysis, he looked at business not only from a microeconomic perspective, but also from a political one. With a scholarly interest in and awareness of history, he saw how globalization emerged in the period after 1848 instead of discovering it only today, and he was able to do what many trendy "futurologists" and "trend researchers" are unable to achieve – to anticipate future developments, often several decades ahead. He foresaw the inflation of the 1970s and the rise of Japan at a time when nobody took the Japanese competition seriously. When the trade unions were at the height of their post-war power, he was already speaking of their future decline. And he understood long before IBM how computers would revolutionize business life. This is why much can still be learned even from his earlier publications.

Drucker could explain complex facts clearly and succinctly without over-simplifying. He was interested in the big issues confronting humanity, not in irrelevant technical gimmicks. He was not a detached creator of models and system theories, and not a number cruncher either, but a sharp-eyed observer and deep analytical thinker. He "invented" management as a profession. Management literature turned into a fad, and the old-fashioned gentleman from old Europe found himself the figurehead of the new trend. His knowledge was profound, his interests extensive. Some of the lesser peddlers in his trade turned up their noses because instead of excelling in multivariate analysis, he was familiar with Jane Austen, Japanese painting and urban development in the early Middle Ages. In personal dealings, he was modest and pleasant, free of any pretensions. His considerable wealth went to a foundation for non-profits. His goal was to see people learn and grow, businesses prosper and work become more attractive. He also had his share of spectacular failures: the world's largest automotive corporation, the analysis of which had established his earliest claim to fame (and which had not taken his advice) was on the verge of bankruptcy in the very week when he died. Conversely, he was as successful at General Electric as he was unsuccessful at General Motors.

Even as a young man, Drucker was far-sighted, wise, entertaining and humorous. He pursued diverse studies and professions, worked as a journalist and in banking, as a university professor; author, speaker and business consultant. He was always active: "One either meets or one works." While others retired, he changed universities, left New York for California, and began a second, 20-year career as editorial columnist of the *Wall Street Journal*. When he was 88, *Forbes Magazine* celebrated him on its cover: "Still the Youngest Mind" ran the headline. He was truly unique, *a force without peer*: the father of modern management wrote 39 books (translated into more than 30 languages), of which only 15 were about management, 16 about economics and politics, two novels and a wonderful autobiographical book (*Adventures of a Bystander*). Called by some a "social ecologist", Peter F. Drucker, born in Vienna, died shortly before his 96th birthday. Now we can forget him and "Druckerism" for good. Or can we?

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