

Schumpeter

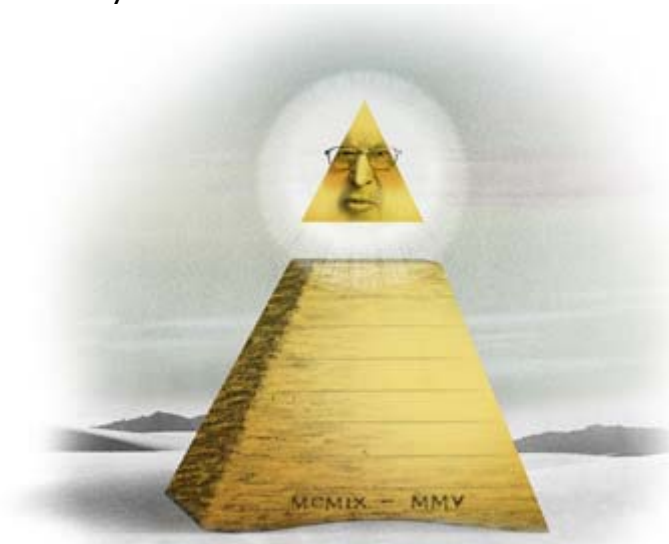
Remembering Drucker

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Four years after his death, Peter Drucker remains the king of the management gurus

Illustration by Brett



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IN THE normal run of things the management world is divided into dozens of mutually suspicious tribes—theoreticians versus practitioners, publicity-hogging gurus versus retiring academics, supporters of “scientific” management versus advocates of the “humanistic” sort. But this month has seen unusual comity: the leaders of all the management tribes came together to celebrate the centenary of the birth of Peter Drucker, a man who is often described as “the father of modern management” and “the world’s greatest management thinker”.

The celebrations took place all around the world, most notably in Vienna, where Drucker was born, in southern California, where he spent his golden years, and in China, where he is exercising growing influence. The speakers were not limited to luminaries of management: they also included Rick Warren, the spiritual guru of the moment in America, Frances Hesselbein, a former head of the

American Girl Scouts, and David Gergen, an adviser to both Republican and Democratic presidents.

To mark the centennial, the *Harvard Business Review* put a photograph of Drucker on its cover along with the headline: "What Would Peter Do? How his wisdom can help you navigate turbulent times". Claremont Graduate University in California, where Drucker taught, boasts not one but two institutions that are dedicated to keeping the flame alive: the Peter Drucker and Masatoshi Ito Graduate School of Management and the Drucker Institute. The institute acts as the hub of a global network of Drucker societies that are trying to apply his principles to everything from schools to refuse collection. It also produces a "do-it-yourself workshop-in-a-box" called "Drucker Unpacked".

Why does Drucker continue to enjoy such a high reputation? Part of the answer lies in people's mixed emotions about management. The management-advice business is one of the most successful industries of the past century. When Drucker first turned his mind to the subject in the 1940s it was a backwater. Business schools were treated as poor relations by other professional schools. McKinsey had been in the management-consulting business for only a decade and the Boston Consulting Group did not yet exist. Officials at General Motors doubted if Drucker could find a publisher for his great study of the company, "Concept of the Corporation", on the grounds that, as one of them put it, "I don't see anyone interested in a book on management."

Today the backwater has turned into Niagara Falls. The world's great business schools have replaced Oxbridge as the nurseries of the global elite. The management-consulting industry will earn revenues of \$300 billion this year. Management books regularly top the bestseller lists. Management gurus can command \$60,000 a speech.

Yet the practitioners of this great industry continue to suffer from a severe case of status anxiety. This is partly because the management business has always been prey to fads and fraudsters. But it is also because the respectable end of the business seems to lack what Yorkshire folk call "bottom". Consultants and business-school professors are forever discovering great ideas, like re-engineering, that turn to dust, and wonderful companies, like Enron, that burst into flames.


Peter Drucker is the perfect antidote to such anxiety. He was a genuine intellectual who, during his early years, rubbed shoulders with the likes of Ludwig Wittgenstein, John Maynard Keynes and Joseph Schumpeter. He illustrated his arguments with examples from medieval history or 18th-century English literature. He remained at

the top of his game for more than 60 years, advising generations of bosses and avoiding being ensnared by fashion. He constantly tried to relate the day-to-day challenges of business to huge social and economic trends such as the rise of “knowledge workers” and the resurgence of Asia.

But Drucker was more than just an antidote to status anxiety. He was also an apostle for management. He argued that management is one of the most important engines of human progress: “the organ that converts a mob into an organisation and human effort into performance”. He even described scientific management as “the most powerful as well as the most lasting contribution America has made to Western thought since the ‘Federalist Papers’.” He relentlessly extended management’s empire. From the 1950s onwards he offered advice to Japanese companies as well as American ones. He insisted that good management was just as important for the social sector as the business sector. He acted as an informal adviser to the Girl Scouts. He helped inspire the mega-church movement. The management school that bears his name recruits about a third of its students from outside the business world.

Scout’s honour

The most important reason why people continue to revere Drucker, though, is that his writing remains startlingly relevant. Reading “Concept of the Corporation”, which was published in 1946, you are struck not just by how accurately he saw the future but also by how similar today’s management problems are to those of yesteryear. This is partly because, whatever the theorists like to think, management is not a progressive science: the same dilemmas and difficult trade-offs crop up time and again. And it is partly because Drucker discovered a creative middle ground between rival schools of management. He treated companies as human organisations rather than just as sources for economic data. But he also insisted that all human organisations, whether in business or the voluntary sector, need clear objectives and hard measurements to keep them efficient. Drucker liked to say that people used the word guru because the word charlatan was so hard to spell. A century after his birth Drucker remains one of the few management thinkers to whom the word “guru” can be applied without a hint of embarrassment.



Drucker primarily advocated effectiveness before efficiency. He wrote a lot about productivity but rarely used the term efficiency. Click this box to explore his work