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## Managing Knowledge Means Managing Oneself by Peter F. Drucker

**Leader to Leader, No. 16 Spring 2000**

In a few hundred years, when the history of our time will be written from a long-term perspective, it is likely that the most important event historians will see is not technology, not the Internet, not e-commerce. It is an unprecedented change in the human condition. For the first time -- literally -- substantial and rapidly growing numbers of people have choices. For the first time, they will have to manage themselves. And society is totally unprepared for it.

Throughout history, practically nobody had choices. Until about 1900, even in the most highly developed countries, the overwhelming majority followed their father's line of work -- if they were lucky. If your father was a peasant farmer, you were a peasant farmer. If he was a craftsman, you were a craftsman. There was only downward mobility; there was no upward mobility.

Now suddenly a large number of people have choices. What is more, they will have more than one career, because the working life span of people is now close to 60 years -- three times what it was in 1900. People in my executive management program (who are 45 years old on average and very successful) tell me, to a person, "I do not expect to end my career where I am working now."



**Abundance of Choices**



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**K**nowledge gives choice. It also explains why we suddenly have women in the same jobs as men. Historically, men and women have always had equal participation in the labor force -- the idea of the idle housewife is a 19th-century delusion. Men and women simply did different jobs. There's no civilization in which the two genders did the same work. However, knowledge work knows no gender; men and women do the same jobs. This, too, is a major change in the human condition.

To succeed in this new world, we will have to learn, first, who we are. Few people, even highly successful people, can answer the questions, Do you know what you're good at? Do you know what you need to learn so that you get the full benefit of your strengths? Few have even asked themselves these questions.

On the contrary, most are proud of their ignorance. There are human resource people who are proud of the fact that they can't read a balance sheet. Yet if you want to be effective today, you have to be able to read one. On the other hand, there are accountants who are equally proud of the fact that they cannot get along with people! That, of course, is nothing to be proud of, because anyone can *learn* to work smoothly with others. It is not hard, after all, to learn manners -- and manners are what allow people to get along.



### **Knowing Yourself**

**T**hroughout human history, it was the super achievers -- and only the super achievers -- who knew when to say "No." They always knew what to reach for. They knew where to place themselves. Now all of us will have to learn that. It's not very difficult. The key to it -- what Leonardo da Vinci and Mozart did -- is to record the results of our decisions.

Every time you do something that is important, write down what you expect will happen. The most important decisions in organizations are people decisions, and yet only the military, and only recently, has begun to ask, "If we assign this general to lead this base, what do we expect him to accomplish?" Three years later they look back at what they had written. They have now reached a point where 40 percent of their decisions work out.

The Roman Catholic Church is just beginning to ask the same question about bishops. "Why do we put the bishop into the diocese? What do we expect?" And the Church finds that a great majority of appointments do not fulfill expectations, because they get no feedback on their performance.



### **Building on Strengths**

**I**t's easy to understand our strengths by tracking our results. Yet most of us underestimate our own strengths. We take them for granted. What we are good at comes easy, and we believe that unless it comes hard, it can't be very good. As a result, we don't know our strengths, and we don't know how we can build on them.

We also seldom know what gifts we are *not* endowed with. We will have to learn where we belong, what we have to learn to get the full benefit from our strengths, where our weaknesses lie, what our values are. We also have to know ourselves temperamentally: "Do I work well with people, or am I a loner? What am I committed to? And what is my contribution?" Unfortunately, nobody teaches us these things. In the next 30 years most educated people will have to learn to place themselves, in work and in life.



### **Improving Productivity**

**U**nderstanding our strengths, articulating our values, knowing where we belong -- these are also essential to addressing one of the great challenges of organizations: improving the abysmally low productivity of knowledge workers. The productivity of teachers, for instance, has not improved, and may in fact have shrunk, in the past 70 years. (Of course teachers in the 1920s enjoyed the advantage of not having faculty meetings to attend.) And nurses and sales workers are only two-thirds as productive as their counterparts 70 years ago.

Yet we know that hospitals can improve productivity by asking their nurses two simple questions: What are you being paid for, and how much time do you spend doing that? Typically, nurses say they are paid to provide patient care, or to keep the doctors happy. Both are good answers; the problem is that they have no time to do either job. One hospital more than doubled its nurses' productivity simply by asking them these two questions, and then hiring clerks to do the paperwork that prevented nurses from doing their real job.

Effective organizations put people in jobs in which they can do the most good. They place people -- and allow people to place themselves -- according to their strengths.

The historic shift to self-management offers organizations four ways to best develop and motivate knowledge workers:

- Know people's strengths.
- Place them where they can make the greatest contributions.
- Treat them as associates.
- Expose them to challenges.

The greatest competitive advantage of the United States is that it attracts top knowledge workers from around the world -- not just because they earn more money but because they are treated as colleagues, not as subordinates. Knowledge workers don't believe they are paid to work 9 to 5; they believe they're paid to be effective. Organizations that understand this -- and strip away everything that gets in their knowledge workers' way -- will be able to attract, hold, and motivate the best performers. That will be the single biggest factor for competitive advantage in the next 25 years.



### **Role of the Social Sector**

I take a dim view of most of the programs companies create to develop their people. The real development I've seen of people in organizations, especially in big ones, comes from their being volunteers in a nonprofit organization -- where you have responsibility, you see results, and you quickly learn what your values are. There is no better way to understand your strengths and discover where you belong than to volunteer in a nonprofit. That is probably the great opportunity for the social sector -- and especially in its relationship to business.

We talk today of the social *responsibilities* of business. I hope we will soon begin to talk about the nonprofit organization as the great social *opportunity* for business. It is the opportunity for business to develop managers far more effectively than any company or university can. It is one of the unique benefits that the social sector can offer -- to provide a place where the knowledge worker can actually discover who he or she is and can actually learn to manage him- or herself.



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