



Introduction to *Managing Oneself* by Peter Drucker (chapter 6 of *Management Challenges for the 21st Century*) 1

- ★ Individual needs/requirements:
- ★ Work life assumptions
- ★ So far, this book has dealt with changes in the environment: in society, economy, politics, technology.
- ★ This concluding chapter deals with the new demands on the individual.
- ★ Knowledge workers, therefore, face drastically new demands:

I. What Are My Strengths? 3

- ★ Strength identification through feedback analysis; action conclusions; and concentration rules
- ★ How Do I Perform?

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- ★ The answers to the three questions:
- ★ should enable the individual, and especially the individual knowledge worker, to decide where he or she belongs.
- ★ This is not a decision that most people can or should make at the beginning of their careers.
- ★ By that time, however, they should know where their strengths are.
- ★ They should know how they perform.
- ★ And they should know what their values are.
- ★ And then they can and should decide where they belong.
- ★ Or rather, they should be able to decide where they do not belong.
- ★ But also knowing the answer to these three questions enables people to say to an opportunity, to an offer, to an assignment: "Yes, I'll do that.
- ★ Successful careers are not "planned."

III What Is My Contribution? 24

- ★ To ask "What is my contribution?" means moving from knowledge to action.
- ★ The question is not: "What do I want to contribute?" It is not: "What am I told to contribute?"
- ★ It is: "What should I contribute?"
- ★ This is a new question in human history.

- ★ The Advent of the knowledge worker is changing this, and fast.
- ★ The first reaction to this change was to look at the employing organization to give the answer.
- ★ The reaction in the sixties was for knowledge people to ask: "What do I want to do?"
- ★ But still, there is no return to the old answer, that is, to do what you are being told, or what you are being assigned to.
- ★ Knowledge workers, in particular, will have to learn to ask: "What should MY contribution be?"
- ★ The decision "What should my contribution be?" thus balances three elements.
- ★ Throughout history, few people had any choices.
- ★ To "do one's own thing" is, however, not freedom.
- ★ But to start out with the question "What should I contribute?" gives freedom.
- ★ It gives freedom because it gives responsibility.

IV Relationship Responsibility 29

- ★ Very few people work by themselves and achieve results by themselves--a few great artists, a few great scientists, a few great athletes.
- ★ Most people work with other people and are effective through other people.
- ★ That is true whether they are members of an organization or legally independent.
- ★ To manage oneself, therefore, requires taking relationship responsibility.
- ★ There are two parts to it.

V The Second Half of Your Life 35

- ★ As said before: For the first time in human history, individuals can expect to outlive organizations.
- ★ But also, forty or fifty years in the same kind of work is much too long for most people.
- ★ To manage oneself, therefore, will increasingly require preparing oneself for the second half of one's life.
- ★ There are three answers:

★ Conclusion and perspective

Chapter perspective. 42

- ★ The changes and challenges of Managing Oneself may seem obvious, if not elementary, compared to the changes and challenges discussed in the earlier chapters.
- ★ And the answers may seem to be self-evident to the point of appearing naive.
- ★ To be sure, many topics in the earlier chapters--for example, Being a Change Leader or some of the Information Challenges--are far more complex and require more advanced and more difficult policies, technologies, methodologies.
- ★ But most of the new behavior--the new policies, technologies, methodologies--called for in these earlier chapters can be considered EVOLUTIONS.
- ★ Managing Oneself is a REVOLUTION in human affairs.
- ★ It requires new and unprecedented things from the individual, and especially from the knowledge worker.
- ★ For in effect it demands that each knowledge worker think and behave as a Chief Executive Officer.
- ★ It also requires an almost 180-degree change in the knowledge workers' thoughts and actions from what most of us--even of the younger generation--still take for granted as the way to think and the way to act.
- ★ Knowledge workers, after all, first came into being in any substantial numbers a generation ago.
- ★ But also the shift from manual workers who do as they are being told--either by the task or by the boss to knowledge workers who have to manage themselves profoundly challenges social structure.
- ★ In the United States MOBILITY is accepted.
- ★ But even in the United States, workers outliving organizations--and with it the need to be prepared for a Second and Different Half of One's Life--is a revolution for which practically no one is prepared.
- ★ Nor is any existing institution, for example, the present retirement system.
- ★ In the rest of the developed world, however, immobility is expected and

accepted.

- ★ The emergence of the knowledge worker who both can and must manage himself or herself is transforming every society.

Conclusion to the book 45

- ★ This book has intentionally confined itself to **MANAGEMENT CHALLENGES**.
- ★ Even in this last chapter, it has talked about the individual, that is, the knowledge worker.
- ★ But the changes discussed in this book go way beyond management.
- ★ They go way beyond the individual and his or her career.
- ★ What this book actually dealt with is:
- ★ **THE FUTURE OF SOCIETY**

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★ Individual needs/requirements:

- ❑ More and more people in the workforce--and most knowledge workers--will have to **MANAGE THEMSELVES**.
- ❑ They will have to place themselves where they can make the greatest contribution; they will have to learn to develop themselves.
- ❑ They will have to learn to stay young and mentally alive during a fifty-year working life.
- ❑ They will have to learn how and when to change what they do, how they do it and when they do it.

★ Work life assumptions

- ❑ Knowledge workers are likely to outlive their employing organization.
- ❑ Even if knowledge workers postpone entry into the labor force as long as possible--if, for instance, they stay in school till their late twenties to get a doctorate--they are likely, with present life expectancies in the developed countries, to live into their eighties.
- ❑ And they are likely to have to keep working, if only part-time, until they are around seventy-five or older.
- ❑ The average working life, in other words, is likely to be fifty years, especially for knowledge workers.
- ❑ Organization assumptions
 - But the average life expectancy of a successful business is only thirty years--and in a period of great turbulence such as the one we are living in, it is unlikely to be even that long.
 - Even organizations that normally are long-lived if not expected to live forever schools and universities, hospitals, government agencies--will see rapid changes in the period of turbulence we have already entered.
 - Even if they survive--and a great many surely will not, at least not in their present form--they will change their structure, the work they are doing, the knowledges they require and the kind of people they employ.
- ❑ Increasingly, therefore, workers, and especially knowledge workers, will outlive any one employer, and will have to be prepared for more than one job, more than one assignment, more than one career.

- ★ So far, this book has dealt with changes in the environment: in society, economy, politics, technology.
- ★ This concluding chapter deals with the new demands on the individual.
 - ❑ The very great achievers, a Napoleon, a Leonardo da Vinci, a Mozart, have always managed themselves.
 - This in large measure made them great achievers.
 - But they were the rarest of exceptions.
 - And they were so unusual, both in their talents and in their achievements, as to be considered outside the boundaries of normal human existence.
 - ❑ Now even people of modest endowments, that is, average mediocrities, will have to learn to manage themselves.
- ★ Knowledge workers, therefore, face drastically new demands:
 - ❑ 1. They have to ask: Who Am I? What Are My Strengths? HOW Do I Work?
 - ❑ 2. They have to ask: Where Do I Belong?
 - ❑ 3. They have to ask: What Is My Contribution?
 - ❑ 4. They have to take Relationship Responsibility.
 - ❑ 5. They have to plan for the Second Half of Their Lives.

I. What Are My Strengths?

★ Strength identification through feedback analysis; action conclusions; and concentration rules

□ Introduction

- Most people think they know what they are good at. They are usually wrong.
- People know what they are not good at more often--and even there people are more often wrong than right.
- And yet, one can only perform with one's strengths.
- One cannot build performance on weaknesses, let alone on something one cannot do at all.
- For the great majority of people, to know their strengths was irrelevant only a few decades ago.
 - One was born into a job and into a line of work.
 - The peasant's son became a peasant.
 - If he was not good at being a peasant, he failed.
 - The artisan's son was similarly going to be an artisan, and so on.
- But now people have choices.

□ They therefore have to know their strengths so that they can know where they belong.

□ The Feedback analysis

- There is only one way to find out: The Feedback Analysis.
 - Whenever one makes a key decision, and whenever one does a key action, one writes down what one expects will happen.
 - And nine months or twelve months later one then feeds back from results to expectations.
- I have been doing this for some fifteen to twenty years now. And every time I do it I am surprised. And so is everyone who has ever done this.
- The origins of the feedback analysis
 - This is by no means a new method.
 - It was invented sometime in the 14th century, by an otherwise totally obscure German theologian.

- Some 150 years later Jean Calvin in Geneva (1509-1564), father of Calvinism, and Ignatius Loyola (1491-1556), the founder of the Jesuit Order, quite independent of each other, picked up the idea and incorporated it into their rules for every member of their groups, that is, for the Calvinist pastor and the Jesuit priest.
- This explains why these two new institutions (both founded in the same year, in 1536) had come within thirty years to dominate Europe: Calvinism the Protestant north; the Jesuit Order the Catholic south.
- By that time each group contained so many thousands of members that most of them had to be ordinary rather than exceptional.
- Many of them worked alone, if not in complete isolation.
- Many of them had to work underground and in constant fear of persecution.
- Yet very few defected.
- The routine feedback from results to expectations reaffirmed them in their commitment.
- It enabled them to focus on performance and results, and with it, on achievement and satisfaction.
- **What it reveals:**
 - Within a fairly short period of time, maybe two or three years, this simple procedure will tell people first where their strengths are--and this is probably the most important thing to know about oneself.
 - It will show them what they do or fail to do that deprives them of the full yield from their strengths.
 - It will show them where they are not particularly competent.
 - And it will finally show them where they have no strengths and cannot perform.
- **Action conclusions**
 - Several action conclusions follow from the feedback analysis.
 - The first, and most important, conclusion: **Concentrate on your strengths.**

- Place yourself where your strengths can produce performance and results.
- **Second: Work on improving your strengths.**
 - The feedback analysis rapidly shows where a person needs to improve skills or has to acquire new knowledge.
 - It will show where skills and knowledge are no longer adequate and have to be updated.
 - It will also show the gaps in one's knowledge.
 - And one can usually acquire enough of any skill or knowledge not to be incompetent in it.
 - **Mathematicians are born.**
 - **But almost everyone can learn trigonometry.**
 - **And the same holds for foreign languages or for major disciplines, whether history or economics or chemistry.**
- **Of particular importance is the third conclusion: the feedback analysis soon identifies the areas where intellectual arrogance causes disabling ignorance.**
 - Far too many people--and especially people with high knowledge in one area--are contemptuous of knowledge in other areas or believe that being "bright" is a substitute for knowing.
 - And then the feedback analysis soon shows that a main reason for poor performance is the result of simply not knowing enough, or the result of being contemptuous of knowledge outside one's own specialty.
 - First-rate engineers tend to take pride in not knowing anything about people--human beings are much too disorderly for the good engineering mind.
 - And accountants, tend to think it unnecessary to know about people.
 - Human Resources people, by contrast, often pride themselves of their ignorance of elementary accounting or of quantitative methods altogether.

- Brilliant executives who are being posted abroad often believe that business skill is sufficient, and dismiss learning about the history, the arts, the culture, the traditions of the country where they are now expected to perform--only to find that their brilliant business skills produce no results.
- One important action conclusion from the feedback analysis is thus to overcome arrogance and work on acquiring the skills and knowledge needed to make one's strengths fully productive.
- An equally important action conclusion is to remedy one's bad habits--things one does or fails to do that inhibit effectiveness and performance.
 - They quickly show up in the feedback analysis.
 - The analysis may show, for instance, that a planner's beautiful plans die because he or she does not follow through.
 - Like so many brilliant people, he or she believes that ideas move mountains.
 - But bulldozers move mountains; ideas show where the bulldozers have to go to work.
 - The most brilliant planners far too often stop when the plan is completed.
 - But that is when the work begins.
 - Then the planner needs to find the people to carry out the plan, explain the plan to them, teach them, adapt and change the plan as it moves from planning to doing and, finally, decide when to stop pushing the plan.
 - But the analysis may also show that a person fails to obtain results because he or she lacks manners.
 - Bright people--especially bright young people--often do not understand that manners are the "lubricating oil" of an organization.

- It is a Law of Nature that two moving bodies in contact with each other create friction.
 - Two human beings in contact with each other therefore always create friction.
 - And then manners are the lubricating oil that enables these two moving bodies to work together, whether they like each other or not--simple things like saying "please" and "thank you" and knowing a person's birthday or name, and remembering to ask after the person's family.
 - If the analysis shows that brilliant work fails again and again as soon as it requires cooperation by others, it probably indicates a lack of courtesy, that is, of manners.
- The next action conclusion from the feedback analysis is what not to do.
 - Feeding back from results to expectations soon shows where a person should not try to do anything at all.
 - It shows the areas in which a person lacks the minimum endowment needed--and there are always many such areas for any person.
 - Not enough people have even one first-rate skill or knowledge area, but all of us have an infinite number of areas in which we have no talent, no skill and little chance to become even mediocre.
 - And in these areas a person--and especially a knowledge worker--should not take on work, jobs, assignments.
 - The final action conclusion is to waste as little effort as possible on improving areas of low competence.
- Concentration should be on areas of high competence and high skill.
 - It takes far more energy and far more work to improve from incompetence to low mediocrity than it takes to improve from first-rate performance to excellence.
 - And yet most people--and equally most teachers and most organizations--try to concentrate on making an incompetent person into

a low mediocrity.

- The energy and resources and time--should instead go into making a competent person into a star performer.

★ How Do I Perform?

□ The individualism of performance

- How Do I Perform? is as important a question--and especially for knowledge workers--as What Are My Strengths?
- In fact, it may be an even more important question.
- Amazingly few people know how they get things done.
 - On the contrary, most of us do not even know that different people work and perform differently.
 - They therefore work in ways that are not their ways--and that almost guarantees nonperformance.
- The schools role
 - The main reason perhaps that so many people do not know how they perform is that the schools throughout history insisted out of necessity on there being only one way for everybody to do his or her schoolwork.
 - The teacher who ran a classroom of forty youngsters simply did not have the time to find out how each of the students performed.
 - The teacher, on the contrary, had to insist that all do the same work, the same way, the same time.
 - And so historically everybody grew up with one way of doing the work.
 - Here perhaps is where the new technology may have the greatest and most beneficial impact.
 - It should enable even the merely competent teacher to find out how a student learns and then to encourage the student to do the work the way that fits the individual student.
- Like one's strengths, how one performs is individual.
 - It is personality.
 - Whether personality be "nature" or "nurture," it surely is formed long before the person goes to work.
 - And how a person performs is a "given," just as what a person is good at or not good at is a "given."

- It can be modified, but it is unlikely to be changed.
- And just as people have results by doing what they are good at, people have results by performing how they perform.
- The feedback analysis may indicate that there is something amiss in how one performs.
 - But rarely does it identify the cause.
- It is, however, normally not too difficult to find out.
 - It takes a few years of work experience.
 - And then one can ask--and quickly answer--how one performs.
- For a few common personality traits usually determine how one achieves results.

□ Am I a Reader or a Listener?

- The first thing to know about how one performs is whether one is a reader or a listener.
- Yet very few people even know that there are readers and there are listeners, and that very few people are both.
- Even fewer know which of the two they themselves are.
- But a few examples will show how damaging it is not to know.
 - Dwight (Ike) Eisenhower
 - When he was Commander-in-Chief of the Allied Forces in Europe, General Dwight (Ike) Eisenhower was the darling of the press, and attendance at one of his press conferences was considered a rare treat.
 - These conferences were famous for their style, for Eisenhower's total command of whatever question was being asked and, equally, for his ability to describe a situation or to explain a policy in two or three beautifully polished and elegant sentences.
 - Ten years later, President Eisenhower was held in open contempt by his former admirers.
 - They considered him a buffoon.
 - He never, they complained, even addressed himself to the question asked, but rambled on endlessly about something else.

- And he was constantly ridiculed for butchering the King's English in his incoherent and ungrammatical answers.
- Yet Eisenhower had owed his brilliant earlier career in large measure to a virtuoso performance as a speechwriter for General MacArthur, one of the most demanding stylists in American public life.
- The explanation: Eisenhower apparently did not know himself that he was a reader and not a listener.
- When he was Commander-in-Chief in Europe, his aides made sure that every question from the press was handed in writing at least half an hour before the conference began.
- And then Eisenhower was in total command.
- When he became President he succeeded two listeners, Franklin D. Roosevelt and Harry Truman.
- Both men knew this and both enjoyed free-for-all press conferences.
- Roosevelt knew himself to be so much of a listener that he insisted that everything first be read out loud to him--only then did he look at anything in writing.
- And when Truman realized, after becoming President, that he needed to learn about foreign and military affairs--neither of which he had ever been much interested in before he arranged for his two ablest Cabinet members, General Marshall and Dean Acheson, to give him a daily tutorial in which each delivered a forty-minute spoken presentation, after which the President asked questions.
- Eisenhower, apparently, felt that he had to do what his two famous predecessors had done.
- As a result, he never even heard the question the journalists asked.
- And he was not even an extreme case of a nonlistener.
- **Lyndon Johnson**
 - A few years later Lyndon Johnson destroyed his Presidency, in large measure, by not knowing that he unlike Eisenhower--was a listener.

- His predecessor, John Kennedy, who knew that he was a reader, had assembled as his assistants a brilliant group of writers such as Arthur Schlesinger, Jr., the historian, and Bill Moyers, a first-rate journalist.
- Kennedy made sure that they first wrote to him before discussing their memos in person.
- Johnson kept these people as his staff--and they kept on writing.
- He never, apparently, got one word of what they wrote.
- Yet, as a senator, Johnson, only four years earlier, had been superb; for parliamentarians have, above all, to be listeners.
- **Handiness**
 - Only a century ago very few people, even in the most highly developed country, knew whether they were right-handed or left-handed.
 - Left-handers were suppressed.
 - Few actually became competent right-handers.
 - Most of them ended up as incompetent no-handers and with severe emotional damage such as stuttering.
 - But only one of every ten human beings is left-handed.
 - The ratio of listeners to readers seems, however, to be close to fifty-fifty.
- Yet, just as few left-handers became competent right-handers, few listeners can be made, or can make themselves, into competent readers--and vice versa.
- The listener who tries to be a reader will, therefore, suffer the fate of Lyndon Johnson, while the reader who tries to be a listener will suffer the fate of Dwight Eisenhower.
- They will not perform or achieve.

□ How Do I Learn?

- The second thing to know about how one performs is to know how one learns.
- There things may be even worse than they are in respect to readers and listeners.

- For schools everywhere are organized on the assumption that there is one right way to learn, and that it is the same way for everybody.
 - Many first-class writers--Winston Churchill is but one example--do poorly in school, and they tend to remember their school as pure torture.
 - Yet few of their classmates have the same memory of the same school and the same teachers; they may not have enjoyed the school very much but the worst they suffered was boredom.
 - The explanation is that first-rate writers do not, as a rule, learn by listening and reading.
 - They learn by writing.
 - Since this is not the way the school allows them to learn, they get poor grades.
 - And to be forced to learn the way the school teaches is sheer hell for them and pure torture.
- Here are a few examples of different ways in which people learn.
 - Beethoven
 - Beethoven left behind an enormous number of sketchbooks.
 - Yet he himself said that he never looked at a sketchbook when he actually wrote his compositions.
 - When asked "Why then, do you keep a sketchbook?" he is reported to have answered, "if I don't write it down immediately I forget it right away.
 - If I put it into a sketchbook I never forget it, and I never have to look it up again."
 - Alfred Sloan
 - Alfred Sloan--the man who built General Motors into the world's largest, and for sixty years the world's most successful, manufacturing company--conducted most of his management business in small and lively meetings.
 - As soon as a meeting was over, Sloan went to his office and spent several hours composing a letter to one of the meeting's participants, in which he brought out the key questions discussed in the meeting, the issues the meeting raised, the

decisions it reached and the problems it uncovered but did not solve.

- When complimented on these letters, he is reported to have said, "If I do not sit down immediately after the meeting and think through what it actually was all about, and then put it down in writing, I will have forgotten it within twenty-four hours.
- That's why I write these letters."

- **The anonymous CEO**

- A chief executive officer who, in the 1950s and 1960s, converted what was a small and mediocre family firm into the world's leading company in its industry, was in the habit of calling his entire senior staff into his office, usually once a week, having them sit in a half-circle around his desk, and then talking at them for two or three hours.
- He very rarely asked these people for their comments or their questions.
- He argued with himself He raised the possibility of a policy move--acquisition of a small and failing company in the industry that had, however, some special technology, for instance.
- He always took three different positions on every one of these questions: one in favor of the move, one against the move and one on the conditions under which such a move might make sense.
- He needed an audience to hear himself talk.
- It was the way he learned.
- And again, while a fairly extreme case, he was by no means an unusual one.
- **Successful trial lawyers learn the same way; so do many medical diagnosticians.**
- **There are probably half a dozen different ways to learn.**
 - **There are people who learn by taking copious notes--the way Beethoven did.**

- But Alfred Sloan never took a note in a meeting, nor did the CEO mentioned above.
- There are people who learn by hearing themselves talk.
- There are people who learn by writing.
- There are people who learn by doing.
- And in an (informal) survey I once took of professors in American universities who successfully publish scholarly books of wide appeal, I was told again and again, "To hear myself talk is the reason why I teach; because then I can write."
- **Actually, of all the important pieces of self-knowledge, this is one of the easiest to acquire.**
 - When I ask people, "How do you learn?" most of them know it.
 - But when I then ask, "Do you act on this knowledge?" few do.
 - And yet to act on this knowledge is the key to performance--or rather not to act on this knowledge is to condemn oneself to nonperformance.
- **To ask "How do I perform?" and "How do I learn?" are the most important first questions to ask.**
- **But they are by no means the only ones.**
 - To manage oneself one has to ask: "Do I work well with people, or am I a loner?"
 - And if one finds out that one works well with people, one asks: "In what relationship do I work well with people?"
 - Some people work best as subordinates.
 - The prime example is the great American military hero of World War II, General George Patton.
 - He was America's top troop commander.
 - Yet, when he was proposed for an independent command, General George Marshall, the American Chief of Staff--and probably the most successful picker of men in American history--said: "Patton is the best subordinate the American Army has ever produced, but he would be the worst commander."

- Some people work best as team members.
- Some people work exceedingly well as coaches and mentors, and some people are simply incompetent to be mentors.
- Another important thing to know about how one performs is whether one performs well under stress, or whether one needs a highly structured and predictable environment.
- Another trait: Does one work best as a minnow in a big organization, or best as a big fish in a small organization?
 - Few people work well in both ways.
 - Again and again people who have been very successful in a large organization--for example, the General Electric Company or Citibank--flounder miserably when they move into a small organization.
 - And again and again people who perform brilliantly in a small organization flounder miserably when they take a job with a big organization.
- Another crucial question: "Do I produce results as a decision maker or as an adviser?"
 - A great many people perform best as advisers, but cannot take the burden and pressure of the decision.
 - A good many people, by contrast, need an adviser to force themselves to think, but then they can take the decision and act on it with speed, self-confidence and courage.
 - This is a reason, by the way, why the number-two person in an organization often fails when promoted into the top spot.
 - The top spot requires a decision maker.
 - Strong decision makers in the top spot often put somebody whom they trust into the number-two spot as their adviser--and in that position that person is outstanding.
 - But when then promoted into the number-one spot, the person fails.
 - He or she knows what the decision should be but cannot take decision-making responsibility.

- The action conclusion: Again, do not try to change yourself--it is unlikely to be successful.
- But work, and hard, to improve the way you perform.
- And try not to do work of any kind in a way you do not perform or perform poorly.

□ What Are My Values?

- About values...
 - To be able to manage oneself, one finally has to know: "What are my values?"
 - In respect to ethics, the rules are the same for everybody, and the test is a simple one--I call it the "mirror test."
 - German Ambassador example
 - As the story goes, the most highly respected diplomatist of all the Great Powers in the early years of this century was the German Ambassador in London.
 - He was clearly destined for higher things, at least to become his country's Foreign Minister, if not German Federal Chancellor.
 - Yet, in 1906, he abruptly resigned.
 - King Edward VII had then been on the British throne for five years, and the diplomatic corps was going to give him a big dinner.
 - The German ambassador, being the dean of the diplomatic corps--he had been in London for close to fifteen years--was to be the chairman of that dinner.
 - King Edward VII was a notorious womanizer and made it clear what kind of dinner he wanted--at the end, after the desert had been served, a huge cake was going to appear, and out of it would jump a dozen or more naked prostitutes as the lights were dimmed.
 - And the German ambassador resigned rather than preside over this dinner.

- "I refuse to see a pimp in the mirror in the morning, when I shave."
- This is the mirror test.
- What ethics requires is to ask oneself "What kind of person do I want to see when I shave myself in the morning, or put on my lipstick in the morning?"
- Ethics, in other words, are a clear value system.
 - And they do not vary much--what is ethical behavior in one kind of organization or situation is ethical behavior in another kind of organization or situation.
- But ethics are only a part of the value system and, especially, only a part of the value system of an organization.
- To work in an organization the value system of which is unacceptable to a person, or incompatible with it, condemns the person both to frustration and to nonperformance.
- Here are some examples of values people have to learn about themselves.
 - **Internal staffing vs. going outside**
 - A brilliant and highly successful executive found herself totally frustrated after her old company was acquired by a bigger one.
 - She actually got a big promotion--and a promotion into doing the kind of work she did best.
 - It was part of her job to select people for important positions.
 - She deeply believed that one only hired people from the outside into important positions after having exhausted all inside possibilities.
 - The company in which she now found herself as a senior human resources executive believed, however, that in staffing an important position that had become vacant, one first looked at the outside, "to bring in fresh blood."
 - There is something to be said for either way (though, in my experience, the proper one is to do some of both).

- But they are fundamentally incompatible, not as policies but as values.
- They bespeak a different view of the relationship between organization and people; a different view of the responsibility of an organization to its people and in respect to developing them; a different view in what is the most important contribution of a person to an enterprise, and so on.
- After several years of frustration, the human resources executive quit, at considerable financial loss to herself.
- Her values and the values of the organization simply were not compatible.
- **Pharmaceutical results**
 - Similarly, whether to try to obtain results in a pharmaceutical company by making constant, small improvements, or by occasional, highly expensive and risky "breakthroughs" is not primarily an economic question.
 - The results of either strategy may be pretty much the same.
 - It is at bottom a conflict of values--between a value system that sees the contribution of a pharmaceutical company to help the already successful physician to do better what he or she already does well, and a value system that is "science" oriented.
- **Long-term vs. short-term results**
 - It is similarly a value question whether a business should be run for short-term results or for "the long run."
 - Financial analysts believe that businesses can be run for both, simultaneously.
 - Successful businessmen know better.
 - To be sure, everyone has to produce short-term results.
 - But in any conflict between short-term results and long-term growth, one company decides in favor of long-term growth; another company decides such a conflict in favor of short-term results.

- Again, this is not primarily a disagreement on economics.
- It is fundamentally a value conflict regarding the function of a business and the responsibility of management.
- **Church values**
 - In one of the fastest-growing pastoral churches in the United States, success is being measured by the number of new parishioners.
 - It is believed that what matters is how many people join, and become regular churchgoers, who never before came to church.
 - The Good Lord, this church believes, will then take care of the spiritual needs of a sufficient number.
 - Another pastoral, evangelical church believes that what matters is the spiritual experience of people.
 - It will ease out newcomers who join the church but who then do not enter into the spiritual life of the church.
 - Again, this is not a matter of numbers.
 - At first glance it appears that the second church grows more slowly, But it retains a far larger proportion of newcomers than the first one does.
 - Its growth, in other words, is far more solid.
 - This is also not a theological problem, or only secondarily so.
 - It is a value problem.
 - One of the two pastors said in a public debate, "Unless you first come to church you will never find the Gate to the Kingdom of Heaven."
 - "No," answered the other one.
 - "Until you first look for the Gate to the Kingdom of Heaven, you don't belong in church."
- Organizations have to have values.
- But so do people.
- To be effective in an organization, one's own values must be compatible with the organization's values.

- They do not need to be the same.
- But they must be close enough so that they can coexist.
- Otherwise, the person will be frustrated, but also the person will not produce results.
- **What to Do in a Value Conflict?**
 - There rarely is a conflict between a person's strengths and the way that person performs.
 - The two are complementary.
 - But there is sometimes a conflict between a person's values and the same person's strengths.
 - What one does well--even very well--and successfully may not fit with one's value system.
 - It may not appear to that person as making a contribution and as something to which to devote one's life (or even a substantial portion thereof).
 - Drucker's personal experience
 - If I may inject a personal note: I too, many years ago, had to decide between what I was doing well and successfully, and my values.
 - I was doing extremely well as a young investment banker in London in the mid- 1930s; it clearly fitted my strengths.
 - Yet I did not see myself making a contribution as an asset manager of any kind.
 - People, I realized, were my values.
 - And I saw no point in being the richest man in the cemetery.
 - I had no money, no job in a deep Depression and no prospects.
 - But I quit--and it was the right thing.
 - Values, in other words, are and should be the ultimate test.

II Where Do I Belong?

★ The answers to the three questions:

- ❑ "What are my strengths?"
- ❑ How do I perform?
- ❑ What are my values?"

★ should enable the individual, and especially the individual knowledge worker, to decide where he or she belongs.

★ This is not a decision that most people can or should make at the beginning of their careers.

- ❑ To be sure, a small minority know very early where they belong.
- ❑ Mathematicians, musicians or cooks, for instance are usually mathematicians, musicians or cooks by the time they are four or five years old.
- ❑ Physicians usually decide in their teens, if not earlier.
- ❑ But most people, and especially highly gifted people, do not really know where they belong till they are well past their mid-twenties.

★ By that time, however, they should know where their strengths are.

★ They should know how they perform.

★ And they should know what their values are.

★ And then they can and should decide where they belong.

★ Or rather, they should be able to decide where they do not belong.

- ❑ The person who has learned that he or she does not really perform in a big organization should have learned to say "no" when offered a position in a big organization.
- ❑ The person who has learned that he or she is not a decision maker should have learned to say "no" when offered a decision-making assignment.
- ❑ A General Patton (who probably himself never learned it) should have learned to say "no" when offered an independent command, rather than a position as a high-level subordinate.

★ But also knowing the answer to these three questions enables people to say to an opportunity, to an offer, to an assignment: "Yes, I'll do that.

- ❑ But this is the way I should be doing it.
- ❑ This is the way it should be structured.

- ❑ This is the way my relationships should be.
- ❑ These are the kind of results you should expect from me, and in this time frame, because this is who I am.”

★ Successful careers are not “planned.”

- ❑ They are the careers of people who are prepared for the opportunity because they know their strengths, the way they work and their values.
- ❑ For knowing where one belongs makes ordinary people--hardworking, competent but mediocre otherwise--into outstanding performers.

III What Is My Contribution?

- ★ To ask "What is my contribution?" means moving from knowledge to action.
- ★ The question is not: "What do I want to contribute?" It is not: "What am I told to contribute?"
- ★ It is: "What should I contribute?"
- ★ This is a new question in human history.
 - ❑ Traditionally, the task was given.
 - ❑ It was given either by the work itself--as was the task of the peasant or the artisan.
 - ❑ Or it was given by a master or a mistress, as was the task of the domestic servant.
 - ❑ And, until very recently, it was taken for granted that most people were subordinates who did as they were told.
- ★ The Advent of the knowledge worker is changing this, and fast.
- ★ The first reaction to this change was to look at the employing organization to give the answer.
 - ❑ "Career Planning" is what the Personnel Department--especially of the large organization--was supposed to do in the 1950s and 1960s, for the "Organization Man," the new knowledge worker employee.
 - ❑ In Japan it is still the way knowledge workers are being managed.
 - ❑ But even in Japan the knowledge worker can increasingly expect to outlive the employing organization.
 - ❑ Except in Japan, however, the "Organization Man" and the career-planning Personnel Department have long become history.
 - ❑ And with them disappeared the notion that anyone but oneself can or should-be the "career planner."
- ★ The reaction in the sixties was for knowledge people to ask: "What do I want to do?"
 - ❑ People were told that "to do one's own thing" was the way to contribute.
 - ❑ This was, for instance, what the "student rebellion" of 1968 believed.

- ❑ We soon found out, however, that it was as wrong an answer as was the Organization Man.
- ❑ Very few of the people who believed that “doing one’s own thing” leads to contribution, to self-fulfillment or to success achieved any of the three.
- ★ But still, there is no return to the old answer, that is, to do what you are being told, or what you are being assigned to.
- ★ Knowledge workers, in particular, will have to learn to ask: “What should MY contribution be?”
 - ❑ Only then should they ask: “Does this fit my strengths?”
 - ❑ Is this what I want to do?”
 - ❑ And “Do I find this rewarding and stimulating?”
 - ❑ Truman example
 - The best example I know of is the way Harry Truman repositioned himself when he became President of the United States, upon the sudden death of Franklin D. Roosevelt at the end of World War II.
 - Truman had been picked for the Vice Presidency because he was totally concerned with domestic issues.
 - For it was then generally believed that with the end of the war--and the end was clearly in sight the U.S. would return to almost exclusive concern with domestic affairs.
 - Truman had never shown the slightest interest in foreign affairs, knew nothing about them, and was kept in total ignorance of them.
 - He was still totally focused on domestic affairs when, within a few weeks after his ascendancy, he went to the Potsdam Conference after Germany surrendered.
 - There he sat for a week, with Churchill on one side and Stalin on the other, and realized, to his horror, that foreign affairs would dominate, but also that he knew absolutely nothing about them.
 - He came back from Potsdam convinced that he had to give up what he wanted to do and instead had to concentrate on what he had to do, that is, on foreign affairs.

- He immediately--as already mentioned--put himself into school with General Marshall and Dean Acheson as his tutors.
- Within in a few months he was a master of foreign affairs and he, rather than Churchill or Stalin, created the postwar world--with his policy of containing Communism and pushing it back from Iran and Greece; with the Marshall Plan that rescued Western Europe; with the decision to rebuild Japan; and finally, with the call for worldwide economic development.

□ Johnson example

- By contrast, Lyndon Johnson lost both the Vietnam War and his domestic policies because he clung to "What do I want to do?" instead of asking himself "What should my contribution be?"
- Johnson, like Truman, had been entirely focused on domestic affairs.
- He too came into the Presidency wanting to complete what the New Deal had left unfinished.
- He very soon realized that the Vietnam War was what he had to concentrate on, But he could not give up what he wanted his contribution to be.
- He splintered himself between the Vietnam War and domestic reforms--and he lost both.

□ One more question has to be asked to decide "What should I contribute?": "Where and how can I have results that make a difference?"

- The answer to this question has to balance a number of things.
 - Results should be hard to achieve.
 - They should require "stretching," to use the present buzzword.
 - But they should be within reach.
 - To aim at results that cannot be achieved--or can be achieved only under the most unlikely circumstances--is not being "ambitious."
 - It is being foolish.
 - At the same time, results should be meaningful.
 - They should make a difference.
 - And they should be visible and, if at all possible, measurable.
 - Here is one example from a nonprofit institution.

- A newly appointed hospital administrator asked himself the question "What should be my contribution?"
- The hospital was big and highly prestigious.
- But it had been coasting on its reputation for thirty years and had become mediocre.
- The new hospital administrator decided that his contribution should be to establish a standard of excellence in one important area within two years.
- And so he decided to concentrate on turning around the Emergency Room and the Trauma Center--both big, visible and sloppy.
- The new hospital administrator thought through what to demand of an Emergency Room, and how to measure its performance.
- He decided that every patient who came into the Emergency Room had to be seen by a qualified nurse within sixty seconds.
- Within twelve months that hospital's Emergency Room had become a model for the entire United States.
- And its turnaround also showed that there can be standards, discipline, measurements in a hospital--and within another two years the whole hospital had been transformed.

★ The decision "What should my contribution be?" thus balances three elements.

- ❑ First comes the question: "What does the situation require?"
- ❑ Then comes the question: "How could I make the greatest contribution with my strengths, my way of performing, my values, to what needs to be done?"
- ❑ Finally, there is the question: "What results have to be achieved to make a difference?"
- ❑ This then leads to the action conclusions: what to do, where to start, how to start what goals and deadlines to set.

★ Throughout history, few people had any choices.

- ❑ The task was imposed on them either by nature or by a master.

- ❑ And so, in large measure, was the way in which they were supposed to perform the task.
- ❑ But so also were the expected results--they were given.
- ★ To "do one's own thing" is, however, not freedom.
 - ❑ It is license.
 - ❑ It does not have results.
 - ❑ It does not contribute.
- ★ But to start out with the question "What should I contribute?" gives freedom.
- ★ It gives freedom because it gives responsibility.

IV Relationship Responsibility

- ★ Very few people work by themselves and achieve results by themselves--a few great artists, a few great scientists, a few great athletes.
- ★ Most people work with other people and are effective through other people.
- ★ That is true whether they are members of an organization or legally independent.
- ★ To manage oneself, therefore, requires taking relationship responsibility.
- ★ There are two parts to it.
 - The first one is to accept the fact that other people are as much individuals as one is oneself.
 - They insist on behaving like human beings.
 - This means that they too have their strengths.
 - It means that they too have their ways of getting things done.
 - It means that they too have their values.
 - To be effective, one therefore has to know the strengths, the performance modes and the values of the people one works with.
 - This sounds obvious.
 - But few people pay attention to it.
 - Typical are people who, in their first assignment, worked for a man who is a reader.
 - They therefore were trained in writing reports.
 - Their next boss is a listener.
 - But these people keep on writing reports to the new boss--the way President Johnson's assistants kept on writing reports to him because Jack Kennedy, who had hired them, had been a reader.
 - Invariably, these people have no results.
 - Invariably, their new boss thinks they are stupid, incompetent, lazy.
 - They become failures.
 - All that would have been needed to avoid this would have been one look at the boss and ask the question: "How does he or she perform?"

- **Bosses are not a title on the organization chart or a "function."**
 - They are individuals and entitled to do the work the way they do it.
 - And it is incumbent on the people who work with them to observe them, to find out how they work and to adapt themselves to the way the bosses are effective.
 - There are bosses, for instance, who have to see the figures first
 - Alfred Sloan at General Motors was one of them.
 - He himself was not a financial person but an engineer with strong marketing instincts.
 - But as an engineer he had been trained to look first at figures.
 - Three of the ablest younger executives in General Motors did not make it into the top ranks because they did not look at Sloan--they did not realize that there was no point writing to him or talking to him until he first had spent time with the figures.
 - They went in and presented their reports.
 - Then they left the figures.
 - But by that time they had lost Sloan.
 - As said before, readers are unlikely ever to become listeners, and listeners are unlikely ever to become readers.
 - But everyone can learn to make a decent oral presentation or to write a decent report.
 - It is simply the duty of the subordinate to enable the boss to do his or her work.
 - And that requires looking at the boss and asking "What are his or her strengths?"
 - How does he or she do the work and perform?
 - What are his or her values?"
 - In fact, this is the secret of "managing" the boss.
- **One does the same with all the people one works with.**
 - Each of them works his or her way and not my way.
 - And each of them is entitled to work in his or her way.

- What matters is whether they perform, and what their values are.
 - How they perform--each is likely to do it differently.
 - The first secret of effectiveness is to understand the people with whom one works and on whom one depends, and to make use of their strengths, their ways of working, their values.
 - For working relations are as much based on the person as they are based on the work.
- The second thing to do to manage oneself and to become effective is to take responsibility for communications.
- After people have thought through what their strengths are, how they perform, what their values are and especially what their contribution should be, they then have to ask: "Who needs to know this?"
 - On whom do I depend?
 - And who depends on me?"
 - And then one goes and tells all these people and tells them in the way in which they receive a message, that is, in a memo if they are readers, or by talking to them if they are listeners and so on.
 - Personality conflicts the result of not understanding
 - Whenever I--or any other consultant--have started to work with an organization, I am first told of all the "personality conflicts" within it.
 - Most of them arise from the fact that one person does not know what the other person does, or does not know how the other person does his or her work, or does not know what contribution the other person concentrates on, and what results he or she expects.
 - And the reason that they do not know is that they do not ask and therefore are not being told.
 - This reflects human stupidity less than it reflects human history.
 - It was unnecessary until very recently to tell any of these things to anybody.
 - Everybody in a district of the medieval city plied the same trade--there was a street of goldsmiths, and a street of shoemakers, and a street of armorers.

- (In Japan's Kyoto there are still the streets of the potters, the streets of the silk weavers, the streets of the lacquer makers.) One goldsmith knew exactly what every other goldsmith was doing; one shoemaker knew exactly what every other shoemaker was doing; one armorer knew exactly what every other armorer was doing.
- There was no need to explain anything.
- The same was true on the land where everybody in a valley planted the same crop as soon as the frost was out of the ground.
- There was no need to tell one's neighbor that one was going to plant potatoes--that, after all, was exactly what the neighbor did too, and at the same time.
- And those few people who did things that were not "common," the few professionals, for instance, worked alone, and also did not have to tell anybody what they were doing.
- Today the great majority of people work with others who do different things.
 - As said before, the marketing vice-president may have come out of sales and knows everything about sales.
 - But she knows nothing about promotion and pricing and advertising and packaging and sales planning, and so on she has never done any of these things.
 - Then it is incumbent on the people who do these things to make sure that the marketing vice-president understands
 - what they are trying to do,
 - why they are trying to do it,
 - how they are going to do it
 - and what results to expect.
 - If the marketing vice-president does not understand what these high-grade knowledge specialists are doing, it is primarily their fault, and not that of the marketing vice-president.
 - They have not told her.
 - They have not educated her.
 - Conversely, it is the marketing vice-president's responsibility to make sure that every one of the people she works with understands

how she looks on marketing, what her goals are, how she works and what she expects of herself and of every one of them.

- Even people who understand the importance of relationship responsibility often do not tell their associates and do not ask them.
 - They are afraid of being thought presumptuous, inquisitive or stupid.
 - They are wrong.
- Whenever anyone goes to his or her associates and says:
 - "This is what I am good at.
 - This is how I work.
 - These are my values.
 - This is the contribution I plan to concentrate on and the results I should be expected to deliver,"
 - the response is always: "This is most helpful.
 - But why haven't you told me earlier?"
- And one gets the same reaction--without a single exception in my experience--if one then asks: "And what do I need to know about your strengths, how you perform, your values and your proposed contribution?"
- In fact, a knowledge worker should request of people with whom he or she works--whether as subordinates, superiors, colleagues, team members--that they adjust their behavior to the knowledge worker's strengths, and to the way the knowledge worker works.
 - Readers should request that their associates write to them, listeners should request that their associates first talk to them and so on.
 - And again, whenever that is being done, the reaction of the other person will be: "Thanks for telling me.
 - It's enormously helpful.
 - But why didn't you ask me earlier?"
- Organizations are no longer built on force.
 - They are increasingly built on trust.
 - Trust does not mean that people like one another.

- It means that people can trust one another.
- And this presupposes that people understand one another.
- Taking relationship responsibility is therefore an absolute necessity.
 - It is a duty.
- Whether one is a member of the organization, a consultant to it, a supplier to it, a distributor, one owes relationship responsibility to every one with whom one works, on whose work one depends; and who in turn depends on one's own work.

V The Second Half of Your Life

- ★ As said before: For the first time in human history, individuals can expect to outlive organizations.
 - ❑ This creates a totally new challenge: What to do with the second half of one's life?
 - ❑ One can no longer expect that the organization for which one works at age thirty will still be around when one reaches age sixty.
- ★ But also, forty or fifty years in the same kind of work is much too long for most people.
 - ❑ They deteriorate, get bored, lose all joy in their work, "retire on the job" and become a burden to themselves and to everyone around them.
 - ❑ This is not necessarily true of the very top achievers such as very great artists.
 - Claude Monet (1840-1926), the greatest Impressionist painter, was still painting masterpieces in his eighties, and working twelve hours a day, even though he had lost almost all his eyesight.
 - Pablo Picasso (1881-1973), perhaps the greatest Post-Impressionist painter, similarly painted till he died in his nineties and in his seventies invented a new style.
 - The greatest musical instrumentalist of this century, the Spanish cellist Pablo Casals (1876-1973), planned to perform a new piece of music and practiced it on the very day on which he died at age ninety-seven.
 - ❑ But these are the rarest of exceptions even among very great achievers.
 - Neither Max Planck (1858-1947) nor Albert Einstein (1879-1955), the two giants of modern physics, did important scientific work after their forties.
 - Planck had two more careers.
 - After 1918--aged sixty--he reorganized German science.
 - After being forced into retirement by the Nazis in 1933, he, in 1945, almost ninety, started once more to rebuild German science after Hitler's fall.
 - But Einstein retired in his forties to become a "famous man."

- There is a great deal of talk today about the “mid-life crisis” of the executive.
 - It is mostly boredom.
 - At age forty-five most executives have reached the peak of their business career and know it.
 - After twenty years of doing very much the same kind of work, they are good at their jobs.
 - But few are learning anything anymore, few are contributing anything anymore and few expect the job again to become a challenge and a satisfaction.
- Manual workers who have been working for forty years--in the steel mill for instance, or in the cab of a locomotive--are physically and mentally tired long before they reach the end of their normal life expectancy, that is, well before they reach even traditional retirement age.
 - They are “finished.”
 - If they survive--and their life expectancy too has gone up to an average of seventy-five years or so--they are quite happy spending ten or fifteen years doing nothing, playing golf, going fishing, engaging in some minor hobby and so on.
- But knowledge workers are not “finished.”
 - They are perfectly capable of functioning despite all kinds of minor complaints.
 - And yet the original work that was so challenging when the knowledge worker was thirty has become a deadly bore when the knowledge worker is fifty and still he or she is likely to face another fifteen if not another twenty years of work.
- ★ To manage oneself, therefore, will increasingly require preparing oneself for the second half of one's life.
 - (The best books on this subject are by Bob Buford--a very successful businessman who himself has created his own second half of life. They are *Half Time* [Grand Rapids: Zondervan, 1994] and *Game Plan* [Grand Rapids: Zondervan, 1997].)
- ★ There are three answers:
 - The first is actually to start a second and different career (as Max Planck did).

- Often this means only moving from one kind of an organization to another.
- Typical are the middle-level American business executives who in substantial numbers move to a hospital, a university or some other nonprofit organization, around age forty-five or forty-eight, when the children are grown and the retirement pension is vested.
- In many cases they stay in the same kind of work.
- The divisional controller in the big corporation becomes, for instance, controller in a medium-sized hospital.
- But there are also a growing number of people who actually move into a different line of work.
- Increasingly, for instance, students in American Protestant theological seminaries are forty-five--rather than twenty-five-years old.
 - They made a first career in business or government--some in medicine--and then, when the children are grown, move into the ministry.
 - And so did a friend of mine who, after thirty years as a successful art museum director and curator, entered a seminary at age 55.
- In the United States there is a fairly substantial number of middle-aged women who have worked for twenty years, in business or in local government, have risen to a junior management position and now, at age forty-five and with the children grown, enter law school.
- Three or four years later they then establish themselves as small-time lawyers in their local communities.
- We will see much more of such second-career people who have achieved fair success in their first job.
 - These people have substantial skills, for example, the divisional controller who moves into the local community hospital.
 - They know how to work.
 - They need a community--and the house is empty with the children gone.
 - They need the income, too.
 - But above all, they need the challenge.

□ The Parallel Career

- The second answer to the question of what to do with the second half of one's life is to develop a parallel career.
- A large and rapidly growing number of people--especially people who are very successful in their first careers--stay in the work they have been doing for twenty or twenty-five years.
- Many keep on working forty or fifty hours a week in their main and paid job.
- Some move from busy full-time to being part-time employees or become consultants.
- But then they create for themselves a parallel job--usually in a nonprofit organization--and one that often takes another ten hours of work a week.
- They take over the administration of their church, for instance, or the presidency of the local Girl Scouts Council, they run the battered women shelter, they work for the local public library as children's librarian, they sit on the local school board and so on.

□ And then, finally, the third answer--there are the "social entrepreneurs."

- These are usually people who have been very successful in their first profession, as businessmen, as physicians, as consultants, as university professors.
- They love their work, but it no longer challenges them.
- In many cases they keep on doing what they have been doing all along, though they spend less and less of their time on it.
- But they start another, and usually a nonprofit, activity.
- Here are some examples--
 - beginning with Bob Buford, the author of the two books, mentioned above, about preparing for the second half of one's life.
 - Having built a very successful television and radio business, Buford still keeps on running it.
 - But he first started and built a successful nonprofit organization to make the Protestant churches in America capable of survival; now he is building a second, equally successful organization to teach other social entrepreneurs how

to manage their own private, nonprofit ventures while still running their original businesses.

- But there is also the equally successful lawyer legal counsel to a big corporation--who has started a venture to establish model schools in his state.

★ Conclusion and perspective

□ People who manage the “second half” may always be a minority only.

- The majority may keep doing what they are doing now, that is, to retire on the job, being bored, keeping on with their routine and counting the years until retirement.
- But it will be this minority, the people who see the long working-life expectancy as an opportunity both for themselves and for society, who may increasingly become the leaders and the models.
- They, increasingly, will be the “success stories.”

□ There is one requirement for managing the second half of one's life: to begin creating it long before one enters it.

- When it first became clear thirty years ago that working-life expectancies were lengthening very fast, many observers (including myself) believed that retired people would increasingly become volunteers for American nonprofit institutions.
 - This has not happened.
 - If one does not begin to volunteer before one is forty or so, one will not volunteer when past sixty.
- Similarly, all the social entrepreneurs I know began to work in their chosen second enterprise long before they reached their peak in their original business.
- The lawyer mentioned above began to do volunteer legal work for the schools in his state when he was around thirty-five.
 - He got himself elected to a school board at age forty.
 - When he reached fifty, and had amassed a substantial fortune, he then started his own enterprise to build and run model schools.
 - He is, however, still working near-fulltime as the lead counsel in the very big company that, as a very young lawyer, he had helped found.

- There is another reason that managing yourself will increasingly mean that the knowledge worker develops a second major interest, and develops it early.
 - No one can expect to live very long without experiencing a serious setback in one's life or in one's work.
 - In one's work
 - There is the competent engineer who at age forty-two is being passed over for promotion in the company.
 - There is the competent college professor who at age forty-two realizes that she will stay forever in the small college in which she got her first appointment and will never get the professorship at the big university--even though she may be fully qualified for it.
 - There are tragedies in one's personal family life--the breakup of one's marriage, the loss of a child.
 - And then a second major interest--and not just another hobby--may make all the difference.
 - The competent engineer passed over for promotion now knows that he has not been very successful in his job.
 - But in his outside activity--for example, as treasurer in his local church--he has achieved success and continues to have success.
 - One's own family may break up, but in that outside activity there is still a community.
- This will be increasingly important in a society in which success has become important.
- Historically there was no such thing.
 - The overwhelming majority of people did not expect anything but to stay in their "proper station," as an old English prayer has it.
 - The only mobility there was downward mobility.
 - Success was practically unknown.
- In a knowledge society we expect everyone to be a "success."
 - But this is clearly an impossibility.
 - For a great many people there is, at best, absence of failure.
 - For where there is success, there has to be failure.

- ❑ And then it is vitally important for the individual but equally for the individual's family--that there be an area in which the individual contributes, makes a difference, and is somebody.
- ❑ That means having a second area, whether a second career, a parallel career, a social venture, a serious outside interest, all of them offering an opportunity for being a leader, for being respected, for being a success.

Chapter perspective

- ★ The changes and challenges of **Managing Oneself** may seem obvious, if not elementary, compared to the changes and challenges discussed in the earlier chapters.
- ★ And the answers may seem to be self-evident to the point of appearing naive.
- ★ To be sure, many topics in the earlier chapters--for example, **Being a Change Leader** or some of the **Information Challenges**--are far more complex and require more advanced and more difficult policies, technologies, methodologies.
- ★ But most of the new behavior--the new policies, technologies, methodologies--called for in these earlier chapters can be considered **EVOLUTIONS**.
- ★ **Managing Oneself** is a **REVOLUTION** in human affairs.
- ★ It requires new and unprecedented things from the individual, and especially from the knowledge worker.
- ★ For in effect it demands that each knowledge worker think and behave as a **Chief Executive Officer**.
- ★ It also requires an almost 180-degree change in the knowledge workers' thoughts and actions from what most of us--even of the younger generation--still take for granted as the way to think and the way to act.
- ★ Knowledge workers, after all, first came into being in any substantial numbers a generation ago.
 - ❑ (I coined the term "knowledge worker," but only thirty years ago, in my 1969 book **The Age of Discontinuity**.)
- ★ But also the shift from manual workers who do as they are being told--either by the task or by the boss to knowledge workers who have to manage themselves profoundly challenges social structure.
 - ❑ For every existing society, even the most "individualist" one, takes two things for granted, if only subconsciously: **Organizations outlive workers, and most people stay put.**
 - ❑ **Managing Oneself** is based on the very opposite realities: **Workers are likely to outlive organizations, and the knowledge worker has mobility.**
- ★ In the United States **MOBILITY** is accepted.
- ★ But even in the United States, workers outliving organizations--and with it the need to be prepared for a **Second and Different Half of One's Life**--is a revolution for which practically no one is prepared.

- ★ Nor is any existing institution, for example, the present retirement system.
- ★ In the rest of the developed world, however, immobility is expected and accepted.
 - It is "stability."
 - In Germany, for instance, mobility--until very recently came to an end with the individual's reaching age ten or, at the latest, age sixteen.
 - If a child did not enter Gymnasium at age ten, he or she had lost any chance ever to go to the university.
 - And the apprenticeship that the great majority who did not go to the Gymnasium entered at age fifteen or sixteen as a mechanic, a bank clerk, a cook--irrevocably and irreversibly--decided what work the person was going to do the rest of his or her life.
 - Moving from the occupation of one's apprenticeship into another occupation was simply not done even when not actually forbidden.
 - The developed society that faces the greatest challenge and will have to make the most difficult changes is the society that has been most successful in the last fifty years: Japan.
 - Japan's success and there is no precedent for it in history--very largely rested on organized immobility--the immobility of "lifetime employment."
 - In lifetime employment it is the organization that manages the individual.
 - And it does so, of course, on the assumption that the individual has no choice.
 - The individual is being managed.
 - I very much hope that Japan will find a solution that preserves the social stability, the community--and the social harmony that lifetime employment provided, and yet creates the mobility that knowledge work and knowledge workers must have.
 - Far more is at stake than Japan's own society and civic harmony.
 - A Japanese solution would provide a model--for in every country a functioning society does require cohesion.
 - Still, a successful Japan will be a very different Japan.
 - But so will be every other developed country.

★ The emergence of the knowledge worker who both can and must manage himself or herself is transforming every society.

Conclusion to the book

- ★ This book has intentionally confined itself to **MANAGEMENT CHALLENGES**.
- ★ Even in this last chapter, it has talked about the individual, that is, the knowledge worker.
- ★ But the changes discussed in this book go way beyond management.
- ★ They go way beyond the individual and his or her career.
- ★ What this book actually dealt with is:
- ★ **THE FUTURE OF SOCIETY**

Management Challenges for the 21st Century

- o (2) Tomorrow's "Hot" issues and how to use this book
 - s It deals exclusively with TOMORROWS "Hot" Issues—the crucial, central, life-and-death issues that are certain to be the major challenges of tomorrow.
 - s Those who wait until these challenges have indeed become "hot" issues are likely to fall behind, perhaps never to recover.
 - s We live in a period of PROFOUND TRANSITION
 - s These challenges are not arising out of today.
 - s THEY ARE DIFFERENT.
 - i In most cases they are at odds and incompatible with what is accepted and successful today.
 - i The new realities and their demands require a REVERSAL of policies that have worked well for the last century and, even more, a change in the MINDSET of organizations as well as of individuals.
 - s The challenges it presents affect ALL organizations of today's society.
 - s This book is thus a Call for Action.
 - s How to use the book?
 - i I suggest you read a chapter at a time
 - i And then first ask:
 - H "What do these issues, these challenges MEAN ...
 - r for our organization and
 - r for me as a knowledge worker, a professional, an executive?"
 - i Once you have thought this through, ask: "What ACTION should our organization and I, the individual knowledge worker and/or executive, take to make the challenges of this chapter into OPPORTUNITIES for our organization and me?"
 - i AND THEN GO TO WORK!

PD's View of Developmental Directions

o (3) Management's New Paradigms

- s What matters most in a social discipline such as management are the basic assumptions.
- s And a CHANGE in the basic assumptions matters even more.
- s Since the study of management first began—and it truly did not emerge until the 1930s—TWO SETS of assumptions regarding the REALITIES of management have been held by most scholars, most writers and most practitioners:
 - i One set of assumptions underlies the DISCIPLINE of management:
 - H 1. Management is Business Management.
 - H 2. There is—or there must be—ONE right organization structure.
 - H 3. There is—or there must be—ONE right way to manage people.
 - i Another set of assumptions underlies the PRACTICE of Management:
 - H 1. Technologies, markets and end-uses are given.
 - H 2. Management's scope is legally defined.
 - H 3. Management is internally focused.
 - H 4. The economy as defined by national boundaries is the "ecology" of enterprise and management.
- s For most of this period—at least until the early 1980s—all but the first of these assumptions were close enough to reality to be operational, whether for research, for writing, for teaching or for practicing management.
- s By now all of them have outlived their usefulness.
 - i They are close to being caricatures.
 - i They are now so far removed from actual reality that they are becoming obstacles to the Theory and even more serious obstacles to the Practice of management.
 - i Indeed, reality is fast becoming the very opposite of what these assumptions claim it to be.
- s It is high time therefore to think through these assumptions and to try to formulate the NEW ASSUMPTIONS that now have

- to inform both the study and the practice of management.
 - i Management is Business Management.
 - H Management is the specific and distinguishing organ of any and all organizations.
 - i There is—or there must be—ONE right organization structure.
 - H There are only organizations, each of which has distinct strengths, distinct limitations and specific applications.
 - H It has become clear that organization is not an absolute.
 - H It is a tool for making people productive in working together.
 - H As such, a given organization structure fits certain tasks in certain conditions and at certain times.
 - H Instead of searching for the right organization, management needs to learn to look for, to develop, to test the organization that fits the task.
 - i There is—or there must be—ONE right way to manage people.
 - H This will require, above all, very different assumptions about people in organizations and their work:
 - r One does not "manage" people.
 - r The task is to lead people.
 - 4 And the goal is to make productive the specific strengths and knowledge of each individual.
 - i Technologies, markets and end-uses are given.
 - H Management will increasingly have to be based on the assumption that neither technology nor end use is a foundation for management policy.
 - H They are limitations.
 - H The foundations have to be customer values and customer decisions on the distribution of their disposable income.
 - H It is with those that management policy and management strategy increasingly will have to start.
 - i Management's scope is legally defined.

PD's View of Developmental Directions

- H The new assumption on which management, both as a discipline and as a practice, still increasingly have to base itself is that the scope of management is not legal.
 - r It has to be operational.
 - r It has to embrace the entire process.
 - r It has to be focused on results and performance across the entire economic chain.
- ï The economy as defined by national boundaries is the “ecology” of enterprise and management.
 - H But the new assumption has to be:
 - r National boundaries are important primarily as restraints.
 - r The practice of management—and by no means for businesses only—will increasingly have to be defined operationally rather than politically.
 - ï Management is internally focused.
 - H Management must focus on the results and performance of the organization.
 - H Indeed, the first task of management is to define what results and performance are in a given organization—and this, as anyone who has worked on it can testify, is in itself one of the most difficult, one of the most controversial, but also one of the most important tasks.
 - H It is therefore the specific function of management to organize the resources of the organization for results outside the organization.
 - H The new assumption—and the basis for the new paradigm on which management, both as a discipline and as a practice has to be based—is therefore:
 - r Management exists for the sake of the institution’s results.
 - r It has to start with the intended results and has to organize the resources of the institution to attain these results.
 - r It is the organ to make the institution, whether business, church, university, hospital or a battered women’s shelter, capable of producing results outside of itself.
- ï Conclusion
 - H But underlying all of these is one insight.
 - r The center of a modern society, economy and community
 - 4 Is not
 -] technology
 -] information
 -] productivity
 - 4 It is the managed institution as the organ of society to produce results.
 - r And management is the specific tool, the specific function, the specific instrument to make institutions capable of producing results.
 - H This, however, requires a FINAL new management paradigm:
 - r Management’s concern and management’s responsibility are everything that affects the performance of the institution and its results—whether inside or outside, whether under the institution’s control or totally beyond it.

PD's View of Developmental Directions

- o **(4) Strategy—The New Certainties**
 - s Every organization operates on a Theory of the Business, that is, a set of assumptions as to what its business is, what its objectives are, how it defines results, who its customers are, what the customers value and pay for.
 - s Strategy converts this Theory of the Business into performance.
 - s Its purpose is to enable an organization to achieve its desired results in an unpredictable environment.
 - s Are there any assumptions on which to base the strategies of an organization and especially of a business?
 - s Are there any certainties?
 - s There are indeed FIVE phenomena that can be considered certainties.
 - i They are, however, different from anything present strategies consider.
 - i Above all, they are not, essentially, economic.
 - i They are primarily social and political.
 - s These five certainties are:
 - i 1. The Collapsing Birthrate in the Developed World.
 - H Above all, any strategy, that is, any commitment of present resources to future expectations—and this, to repeat, is what a strategy means has to start out with demographics and, above all, with the collapsing birthrate in the developed world.
 - H Of all developments, it is the most spectacular, the most unexpected and one that has no precedent whatever.
 - i 2. Shifts in the Distribution of Disposable Income.
 - H Shifts in the shares of disposable income are just as important as shifts in population, but usually even less attention is paid to them.
 - H And they are likely—indeed all but certain—to be as dramatic as the demographic changes during the first decades of the 21st century.
 - H And within the first decades of the 21st century there will be both changes in the trends and changes within the trend.
 - i 3. Defining Performance.
 - H We will have to learn to establish new definitions of what “performance” means in a given enterprise, and especially in the large, publicly owned enterprise.
 - r We will have to learn how to balance short-term results—which is what the present emphasis on “shareholder value” amounts to with the long-range prosperity and survival of the enterprise.
 - H We will therefore have to learn to develop new concepts of what “performance” means in an enterprise.
 - r We will have to develop new measurements and so on.
 - i 4. Global Competitiveness.
 - H Performance below the world’s highest standards stunts, even if the costs are very low and even if government subsidies are very high.
 - H Any institution—and not just businesses—has to measure itself against the standards set by each industry’s leaders anyplace in the world.
 - i 5. The Growing Incongruence Between Economic Globalization and Political Splintering.
- s Conclusion
 - i The realities discussed in this chapter do not tell an institution what to do, let alone how to do it.
 - i They raise the questions to which strategy has to find the answers for the individual institution.
 - i And there are questions that strategy so far has rarely, if ever, considered.
 - i But unless an institution starts out by considering these new realities, it will not have a strategy.
 - i It will not be prepared for the challenges that the next few years, if not the next few decades, are certain to raise.
 - i Unless these challenges can be met successfully, no enterprise can expect to succeed, let alone to prosper, in a period of turbulence, of structural change and of economic, social, political and technological transformation.

PD's View of Developmental Directions

- o **(5) The Change Leader**
 - s One cannot manage change.
 - s One can only be ahead of it.
 - s In a period of rapid structural change, the only ones who survive are the Change Leaders.
 - s A change leader sees change as opportunity. A change leader:
 - ï looks for change,
 - ï knows how to find the right changes and
 - ï knows how to make them effective both outside the organization and inside it.
 - s This requires:
 - ï 1. Policies to make the future.
 - H Organized Abandonment
 - H Organized Improvement
 - H Exploiting Success
 - H Creating Change (Innovation)
 - ï 2. Systematic methods to look for and to anticipate change.
 - ï 3. The right way to introduce change, both within and outside the organization.
 - ï 4. Policies to balance change and continuity.
 - s Making the Future (conclusion)
 - ï One thing is certain for developed countries—and probably for the entire world: We face long years of profound changes.
 - H The changes are not primarily economic changes.
 - H They are not even primarily technological changes.
 - H They are changes in demographics, in politics, in society, in philosophy and, above all, in worldview.
 - ï Economic theory and economic policy are unlikely to be effective by themselves in such a period.
 - ï And there is no social theory for such a period either.
 - ï Only when such a period is over, decades later, are theories likely to be developed to explain what has happened.
 - ï But a few things are certain in such a period.
 - H It is futile, for instance, to try to ignore the changes and to pretend that tomorrow will be like yesterday, only more so.
 - H But to try to anticipate the changes is equally unlikely to be successful. These changes are not predictable.
 - ï The only policy likely to succeed is to try to make the future.
 - H Changes of course have to fit the Certainties (which this book attempted to outline in the preceding chapter).
 - H Within these restraints, however, the future is still malleable.
 - r It can still be created.
 - r To try to make the future is highly risky.
 - r It is less risky, however, than not to try to make it.
 - H A goodly proportion of those attempting to do what this chapter discusses will surely not succeed.
 - H But, predictably, no one else will.

PD's View of Developmental Directions

o (7) Knowledge-Worker Productivity

s Introduction

- i The most important, and indeed the truly unique, contribution of management in the 20th century was the fifty-fold increase in the productivity of the MANUAL WORKER in manufacturing.
- i The most important contribution management needs to make in the 21st century is similarly to increase the productivity of KNOWLEDGE WORK and the KNOWLEDGE WORKER.
- i The most valuable assets of a 20th-century company were its production equipment.
- i The most valuable asset of a 21st-century institution, whether business or nonbusiness, will be its knowledge workers and their productivity.

s Work on the productivity of the knowledge worker has barely begun.

s SIX major factors determine knowledge-worker productivity.

- i 1. Knowledge worker productivity demands that we ask the question: "What is the task?"
- i 2. It demands that we impose the responsibility for their productivity on the individual knowledge workers themselves.
 - H Knowledge workers have to manage themselves.
 - H They have to have autonomy.
- i 3. Continuing innovation has to be part of the work, the task and the responsibility of knowledge workers.
- i 4. Knowledge work requires continuous learning, on the part of the knowledge worker, but equally continuous teaching on the part of the knowledge worker.
- i 5. Productivity of the knowledge worker is not—at least not primarily—a matter of the quantity of output. Quality is at least as important.
 - H Productivity of knowledge work therefore has to aim first at obtaining quality—and not minimum quality but optimum if not maximum quality.
- i 6. Finally, knowledge-worker productivity requires that the

knowledge worker is both seen and treated as an "asset" rather than a "cost."

H It requires that knowledge workers want to work for the organization in preference to all other opportunities.

H Management's duty is to preserve the assets of the institution in its care.

r What does this mean when the knowledge of the individual knowledge worker becomes an asset and, in more and more cases, the main asset of an institution?

r What does this mean for personnel policy?

r What is needed to attract and to hold the highest-producing knowledge workers?

r What is needed to increase their productivity and to convert their increased productivity into performance capacity for the organization?

s What does the emergence of the knowledge worker and of knowledge-worker productivity mean for the governance of the corporation?

i What do they mean for the future and structure of the economic system?

PD's View of Developmental Directions

o (6) Information Challenges

s Introduction

- i A new Information Revolution(s) is well under way.
- i And what has triggered these information revolutions and is driving them is the failure of the "Information Industry"—the IT people, the MIS people, the CIOs—to provide INFORMATION.
- i The new information revolutions focus on the "I" They ask, "What is the MEANING of information and its PURPOSE?"
- i And this is leading rapidly to redefining the tasks to be done with the help of information and, with it, to redefining the institutions that do these tasks.

s From the "T" to the "I" in "IT"

- i Current IT's areas of impact and non-impact
- i The Lessons of History
- i History's Lesson for the Technologists
- i The New Print Revolution

s The Information Enterprises Need

- i From Cost Accounting to Result Control (activity based costing)
- i From Legal Fiction to Economic Reality (economic-chain costing)
- i Information for Wealth Creation (foundation information, productivity information, competence information, and resource allocation information)
- i Where the Results Are (outside information)

s The Information Executives Need for Their Work

- i Identifying information needs and creating communications
 - H Both questions, "What do I owe?" and "What do I need?" sound deceptively simple.
 - r What I owe comes first because it establishes communications.
 - 4 And unless that has been established, there will be no information flow back to the executive.
 - 4 However, what makes communications effective at the workplace is that they

are focused on something outside the person.

] They have to be focused on a common task and on a common challenge.

] They have to be focused on the work.

4 And by asking: "To whom do I owe information, so that they can do their work?" communications are being focused on the common task and the common work.

4 The first question therefore (as in any effective relationship), is not: "What do I want and need?"

4 It is: "What do other people need from me?" and "Who are these other people?"

r But everyone who has asked them has soon found out that it takes a lot of thought, a lot of experimentation, a lot of hard work, to answer them.

r And the answers are not forever.

4 In fact, these questions have to be asked again, every eighteen months or so.

4 They also have to be asked every time there is a real change, for example, a change in the enterprise's theory of the business, in the individual's own job and assignment, or in the jobs and assignments of the other people.

i Organizing Information

H Unless organized, information is still data.

H It is, however, not clear at all in what form certain kinds of information are meaningful, and especially in what form of organization they are meaningful for one's own job.

H And the same information may have to be organized in different ways for different purposes.

PD's View of Developmental Directions

- H No two executives, in my experience, organize the same information the same way.
- H And information has to be organized the way individual executives work.
- H But there are some basic methodologies to organize information.
- ï No Surprises
 - H And the ultimate test of an information system is that there are no surprises.
 - r Before events become significant, executives have already adjusted to them, analyzed them, understood them and taken appropriate action.
 - H Executives have to learn two things:
 - r to ELIMINATE data that do not pertain to the information they need; and
 - r to organize the data, to analyze, to interpret and then to focus the resulting information on ACTION.
- ï Going Outside
 - H No matter how good the reports, no matter how good the economic or financial theory underlying them, nothing beats personal, direct observation, and in a form in which it is truly outside observation.
 - r Only by being a customer oneself, a salesman oneself, a patient oneself, can one get true information about the outside.
 - r And even that information is of course still limited to one's customers and one's noncustomers.
 - H In the long run, information about the outside may be the most important information executives need to do their work.

Introduction The New Information Revolution

★ A new Information Revolution(s) is well under way.

- ❑ It has started in business enterprise, and with business information.
- ❑ But it will surely engulf ALL institutions of society.
- ❑ It will radically change the MEANING of information for both enterprises and individuals.
- ❑ It is not a revolution in technology, machinery, techniques, software or speed.
- ❑ It is a revolution in CONCEPTS.
 - It is not happening in Information Technology (IT), or in Management Information Systems (MIS), and is not being led by Chief Information Officers (CIOs).
 - It is led by people on whom the Information Industry tends to look down: accountants.
- ❑ But an Information Revolution has also been going on in information for the individual.
 - Again it is not happening in IT or MIS, and is not led by CIOs.
 - It is a print revolution.

★ And what has triggered these information revolutions and is driving them is the failure of the "Information Industry"--the IT people, the MIS people, the CIOs--to provide INFORMATION.

- ❑ So far, for fifty years, Information Technology has centered on DATA--their collection, storage, transmission, presentation.
- ❑ It has focused on the "T" in "IT."

★ The new information revolutions focus on the "I" They ask, "What is the MEANING of information and its PURPOSE?"

★ And this is leading rapidly to redefining the tasks to be done with the help of information and, with it, to redefining the institutions that do these tasks.

I From the "T" to the "I" in "IT"

★ Current IT's areas of impact and non-impact

★ The Lessons of History

★ History's Lesson for the Technologists

★ The New Print Revolution

- ❑ There is actually no reason to believe that the new Information Revolution has to be "high-tech" at all.
- ❑ For we did have a real "Information Revolution" these last fifty years, from 1950 on.
- ❑ But it is not based on computers and electronics.
- ❑ Exploration of the Print revolution
- ❑ And now the printed media are taking over the electronic channels.
- ❑ Instead of IT replacing print, print is taking over the electronic technology as a distribution channel for PRINTED INFORMATION.
- ❑ And that will be the REAL NEW INFORMATION REVOLUTION--led not by IT people, but by accountants and publishers.
- ❑ And then both enterprises and individuals will have to learn what information they need and how to get it.
- ❑ THEY WILL HAVE TO LEARN TO ORGANIZE INFORMATION AS THEIR KEY RESOURCE.

II The Information Enterprises Need

★ Introduction

- ❑ We are just beginning to understand how to use information as a tool.
- ❑ But we already can outline the major parts of the information system enterprises need.
- ❑ In turn, we can begin to understand the concepts likely to underlie the enterprise that executives will have to manage tomorrow.

★ From Cost Accounting to Result Control (activity based costing)

★ From Legal Fiction to Economic Reality (economic-chain costing)

★ Information for Wealth Creation (foundation information, productivity information, competence information, and resource allocation information)

★ Where the Results Are (outside information)

III The Information Executives Need for Their Work

★ Introduction

★ Identifying information needs and creating communications

- ❑ To produce the information executives need for their work, they have to begin with two questions:
- ❑ These two questions are closely connected.
 - But they are different.
 - What I owe comes first because it establishes communications.
 - Only then can the question be asked: "What information do I need?"
- ❑ Information sources
 - Executives who ask these questions will soon find that little of the information they need comes out of their own company's information system.
 - Some comes out of accounting--though in many cases the accounting data has to be rethought, reformulated, rearranged to apply to the executive's own work.
 - But a good deal of the information executives need for their own work will come, as said already, from the outside and will have to be organized quite separately and distinctly from the inside information system.
- ❑ The only one who can answer the question: "What do I owe by way of information? To whom? In what form?" is the other person.
- ❑ Both questions, "What do I owe?" and "What do I need?" sound deceptively simple.
 - But everyone who has asked them has soon found out that it takes a lot of thought, a lot of experimentation, a lot of hard work, to answer them.
 - And the answers are not forever.
 - In fact, these questions have to be asked again, every eighteen months or so.
 - They also have to be asked every time there is a real change, for example, a change in the enterprise's theory of the business, in the individual's own job and assignment, or in the jobs and assignments of the other people.

- ❑ But if individuals ask these questions seriously, they will soon come to understand both what they need and what they owe.
- ❑ And then they can set about organizing both.

★ Organizing Information

- ❑ Unless organized, information is still data.
- ❑ It is, however, not clear at all in what form certain kinds of information are meaningful, and especially in what form of organization they are meaningful for one's own job.
- ❑ And the same information may have to be organized in different ways for different purposes.
- ❑ Here is one example.
- ❑ No two executives, in my experience, organize the same information the same way.
- ❑ And information has to be organized the way individual executives work.
- ❑ But there are some basic methodologies to organize information.
 - One is the Key Event.
 - Another key methodological concept comes out of modern Probability Theory--it is the concept on which, for instance, Total Quality Management is based.
 - Another basic methodology for organizing information comes out of the theory of the Threshold Phenomenon--the theory that underlies Perception Psychology.
 - Finally, a good many executives have found that the one way of organizing information effectively is simply to organize one's being informed about the unusual.

★ No Surprises

- ❑ No system designed by knowledge workers, and especially by executives, to give them the information they need for their work will ever be perfect.
- ❑ Mainland Asian financial crisis example
- ❑ And far too often the mere quantity of data is taken to mean information--as if the heft of a big-city telephone book were to make it unnecessary to know whom one wants to reach, what his or her name or business is, and why one wants to talk to the person.

- ❑ Executives have to learn two things: to ELIMINATE data that do not pertain to the information they need; and to organize the data, to analyze, to interpret and then to focus the resulting information on ACTION.
- ❑ For the purpose of information is not knowledge.
- ❑ It is being able to take the right action.

★ Going Outside

- ❑ The example of the companies from the developed countries being surprised by the collapse of the emerging economies of mainland Asia underline the importance of obtaining meaningful outside information.
- ❑ For the executive there is, in the end, only one way to get it: that is to go, personally, on the outside.
- ❑ Supermarket example
- ❑ Hospital supply company executive example
- ❑ And it is a very old observation that few things improve the performance of a physician as much as being a hospital patient for two weeks.
- ❑ Market research, focus groups and the like are highly valued, and rightfully so.
- ❑ Only by being a customer oneself, a salesman oneself, a patient oneself, can one get true information about the outside.
- ❑ What other information about the outside do executives need, however, to do their work?
- ❑ In the long run, information about the outside may be the most important information executives need to do their work.
- ❑ At the same time, it is the one that still has to be organized.
- ❑ This information is not only the foundation for right action.

Introduction

- ★ The most important, and indeed the truly unique, contribution of management in the 20th century was the fifty-fold increase in the productivity of the **MANUAL WORKER** in manufacturing.
- ★ The most important contribution management needs to make in the 21st century is similarly to increase the productivity of **KNOWLEDGE WORK** and the **KNOWLEDGE WORKER**.
- ★ The most valuable assets of a 20th-century company were its production equipment.
- ★ The most valuable asset of a 21st-century institution, whether business or nonbusiness, will be its knowledge workers and their productivity.

I The Productivity of the Manual Worker

- ★ FIRST: a look where we are.
- ★ The Principles of Manual-Work Productivity
- ★ The Future of Manual-Worker Productivity

II What We Know About Knowledge- Worker Productivity

★ Introduction

- ❑ Work on the productivity of the knowledge worker has barely begun.
- ❑ But we also know the challenges to which we do not yet know the answers, and on which we need to go to work.
- ❑ SIX major factors determine knowledge-worker productivity.
 - 1. Knowledge worker productivity demands that we ask the question: "What is the task?"
 - 2. It demands that we impose the responsibility for their productivity on the individual knowledge workers themselves.
 - 3. Continuing innovation has to be part of the work, the task and the responsibility of knowledge workers.
 - 4. Knowledge work requires continuous learning, on the part of the knowledge worker, but equally continuous teaching on the part of the knowledge worker.
 - 5. Productivity of the knowledge worker is not--at least not primarily--a matter of the quantity of output.
 - 6. Finally, knowledge-worker productivity requires that the knowledge worker is both seen and treated as an "asset" rather than a "cost."
- ❑ Each of these requirements--except perhaps the last one--is almost the exact opposite of what is needed to increase the productivity of the manual worker.
- ❑ But in most knowledge work, quality is not a minimum and a restraint.
- ❑ Productivity of knowledge work therefore has to aim first at obtaining quality--and not minimum quality but optimum if not maximum quality.
- ❑ Only then can one ask: "What is the volume, the quantity of work?"
- ❑ This not only means that we approach the task of making productive the knowledge worker from the quality of the work rather than the quantity.
- ❑ It also means that we will have to learn to define quality.

★ What Is the Task?

- ❑ But the crucial question in knowledge-worker productivity is the first one: **WHAT IS THE TASK?**
- ❑ The first requirement in tackling knowledge work is to find out what the task is so as to make it possible to concentrate knowledge workers on the

task and to eliminate everything else at least as far as it can possibly be eliminated.

- ❑ Still, it then usually takes time and hard work to restructure their jobs so that they can actually make the contribution they are already being paid for.
- ❑ But asking the questions and taking action on the answers usually doubles or triples knowledge-worker productivity, and quite fast.
- ❑ Hospital nursing example
- ❑ And once the task has been defined, the next requirements can be tackled--and will be tackled by the knowledge workers themselves.
- ❑ But one central requirement of knowledge-worker productivity is then still left to be satisfied.
- ❑ We have to answer the question: What is quality?
 - In some knowledge work--and especially in some work requiring a high degree of knowledge--we already measure quality.
 - Surgeons, for instance, are routinely measured, especially by their colleagues, by their success rates in difficult and dangerous procedures, for example, by the survival rates of their open-heart surgical patients or the full recovery rates of their orthopedic-surgery patients.
 - But by and large we have, so far, mainly judgments rather than measures regarding the quality of a great deal of knowledge work.
 - The main trouble is, however, not the difficulty of measuring quality.
 - It is the difficulty--and more particularly the sharp disagreements--in defining what the task is and what it should be.
 - To define quality in knowledge work and to convert the definition into knowledge-worker productivity is thus to a large extent a matter of defining the task.
 - It requires the difficult, risk-taking and always controversial definition as to what "results" are for a given enterprise and a given activity.
 - We therefore actually know how to do it.
 - Still, the question is a totally new one for most organizations, and also for most knowledge workers.
 - And to answer it requires controversy, requires dissent.

The Knowledge Worker as Capital Asset

- ★ In no other area is the difference greater between manual-worker productivity and knowledge-worker productivity than in their respective economics.
 - ❑ Economic theory and most business practice sees manual workers as a cost.
 - ❑ To be productive, knowledge workers must be considered a capital asset.
 - ❑ Costs need to be controlled and reduced.
 - ❑ Assets need to be made to grow.
 - ❑ In managing manual workers we learned fairly early that high turnover, that is, losing workers, is very costly.
 - ❑ This is true even in Japan, despite the emphasis on lifetime employment and on building a “loyal,” permanent workforce.
 - ❑ And short of the cost of turnover, the management of people at work, based on millennia of work being almost totally manual work, still assumes that with the exception of a few highly skilled people one manual worker is like any other manual worker.
 - ❑ This is definitely not true for knowledge work.
 - ❑ Employees who do manual work do not own the means of production.
 - ❑ But knowledge workers own the means of production.
 - ❑ Manual workers need the job much more than the job needs them.
 - ❑ It may still not be true for all knowledge workers that the organization needs them more than they need the organization.
- ★ Management's duty is to preserve the assets of the institution in its care.
 - ❑ What does this mean when the knowledge of the individual knowledge worker becomes an asset and, in more and more cases, the main asset of an institution?
 - ❑ What does this mean for personnel policy?
 - ❑ What is needed to attract and to hold the highest-producing knowledge workers?
 - ❑ What is needed to increase their productivity and to convert their increased productivity into performance capacity for the organization?

III The Technologists

- ★ So far we have discussed the productivity of knowledge workers doing knowledge work.
- ★ But a very large number of knowledge workers do both knowledge work and manual work.
- ★ I call them “technologists.”
- ★ Realities of national competitive advantage
- ★ Productivity of technologists
- ★ I have intentionally gone into considerable detail in describing this early example because it exemplifies the three elements for making effective the worker who is both a knowledge worker and a manual worker.
 - ❑ 1. There is, first, the answer to the question: “What is the task?”--the key question in making every knowledge worker productive.
 - ❑ 2. Then the technologists had to take full responsibility for giving customer satisfaction, that is, for delivering quality.
 - ❑ 3. Above all, this example shows that technologists have to be treated as knowledge workers.

IV Knowledge Work as a System

- ★ Productivity of the knowledge worker will almost always require that the work itself be restructured and be made part of a system.
- ★ Examples
- ★ What to do about knowledge worker productivity is thus largely known.
- ★ So is how to do it.
- ★ But How to Begin?
- ★ Knowledge-worker productivity is the biggest of the 21st-century management challenges.

V The Governance of the Corporation

- ★ What does the emergence of the knowledge worker and of knowledge-worker productivity mean for the governance of the corporation?
- ★ What do they mean for the future and structure of the economic system?
- ★ Pension fund revolution
- ★ We will have to redefine the purpose of the employing organization and of its management as both, satisfying the legal owners, such as shareholders, and satisfying the owners of the human capital that gives the organization its wealth-producing power, that is, satisfying the knowledge workers.
- ★ But it is certain that the emergence of the knowledge worker and of the knowledge worker's productivity as key questions will, within a few decades, bring about fundamental changes in the very structure and nature of THE ECONOMIC SYSTEM.