

# THE DRUCKER INSTITUTE

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## THE DRUCKER LEGACY

Peter F. Drucker is widely known as the father of modern management. To the uninitiated, though, this is bound to be a deceptive label.

For a generation that has come to worship the celebrity CEO, as well as laugh at Dilbert and "The Office," the appellation may well make Drucker sound like an authority on how companies should be run-and little more.

Not that he wasn't expert in this arena. In fact, Drucker was the most important thinker of his time on how businesses ought to be managed. Just ask Intel Corp. co-founder Andy Grove or Procter & Gamble Chairman A.G. Lafley or former General Electric Co. Chief Executive Jack Welch or Shoichiro Toyoda, the honorary chairman of Toyota Motor Corp. They are among the countless corporate leaders who've been guided by Drucker's principles.

Yet to pigeonhole Drucker-to make him out to be solely a "business guru"-is to do him a great injustice. For Drucker was, as he called himself, a "social ecologist": a close observer of the way humans are organized across all sectors-in business, but also in government and in the nonprofit world. And so it is that you can add names as diverse as United Farm Workers founder Cesar Chavez and Saddleback Church pastor Rick Warren to the long list of those influenced by Drucker.

He examined how society as a whole functioned, and he probed the big forces-demographic and economic-relentlessly reshaping it. He explored how individuals can flourish and find fulfillment in what they do, professionally as well as personally.

What's more, he did all this without resorting to the bromides typical of so many authors whose works line the "management" shelf. Rather, Drucker saw management as a "liberal art," and he showered his writings (39 books and many hundreds of articles for magazines and scholarly publications) with lessons from history, sociology, psychology, culture and religion.

Drucker then connected the dots between these disciplines in a way that few have before or since and, in the process, anticipated the future with an uncanny degree of insight and accuracy. "It is the gifted eye that discerns the pattern and rhythm of the motions in a complex drama of forces," said the British journalist H.N. Brailsford. "Peter Drucker has this rare gift and exercises it with some audacity."

Brailsford made these comments in 1939, when Drucker published his first major book, *The End of Economic Man*. Others would continue to marvel at this very same quality in Drucker for more than half a century, straight through to when he won the Presidential Medal of Freedom in 2002. (Drucker passed away in November 2005, just shy of his 96th birthday.)

Frequently he was years, if not decades, ahead in discerning basic truths. Among them: that a company typically functions best when it's decentralized (as opposed to using a command-and-control model); that employees are assets and not liabilities (and should be treated as such); that the central mission of any business is to create a customer; that an organization has the best chance of success when it adheres to "management by objectives"; that an enterprise has to constantly do two things-innovate and market-or it will waste away; that "knowledge workers" (a term Drucker coined in 1959) are the essential ingredients of the modern economy.

Through it all, Drucker never lost sight that any organization-business or otherwise-has one fundamental purpose: to serve the greater good. Indeed, Drucker taught that effective and ethical management is the precursor to a healthy society. When management fails, he cautioned, the consequences are often serious-something that Drucker, who was born in Austria and had fled the Nazis, knew firsthand.

"If the institutions of our pluralist society . . . do not perform in responsible autonomy," he wrote in his 1973 classic, *Management: Tasks, Responsibilities, Practices*, "we will not have individualism and a society in which there is a chance for people to fulfill themselves. We will instead impose on ourselves complete regimentation in which no one will be allowed autonomy. . . .To make our institutions perform responsibly, autonomously and on a high level of achievement is thus the only safeguard of freedom and dignity . . .

"Performing, responsible management is the alternative to tyranny and our only protection against it." Not long before he died, Drucker told a reporter, with customary modesty, that he considered much of what he had accomplished over his career to be "marginal." The longtime Claremont Graduate University professor wasn't wrong about a whole lot. On this one, though, he blew it. Big time.

Every day, we at the Drucker Institute are reminded just how relevant our namesake's huge body of work remains.

We hear it in the testimonials of corporate executives, based all across the globe, who tell us how Drucker's teachings have been woven (or are being stitched right now) into the fabric of their companies. We hear it in the stories of Chinese capitalists who are bringing Drucker's philosophy to thousands of young people in their country with the expectation that it will instill in them a much-needed sense of values. We hear it in the hopes of American social entrepreneurs who are intent on using Drucker's writings as a prism through which they can address some of the most pressing concerns in their cities, from poor public school performance to gang violence.

In an age when scandal and dereliction routinely touch all manner of institutions-from companies to philanthropies to government



agencies to the academy-it couldn't be any plainer: We need Peter Drucker more than ever.

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