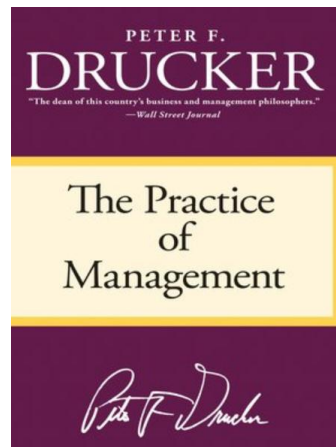




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The Impact of Peter Drucker on Management Theory

A few "5s" about Drucker



Andy(Xuefeng Qin)

19th OCT,2021

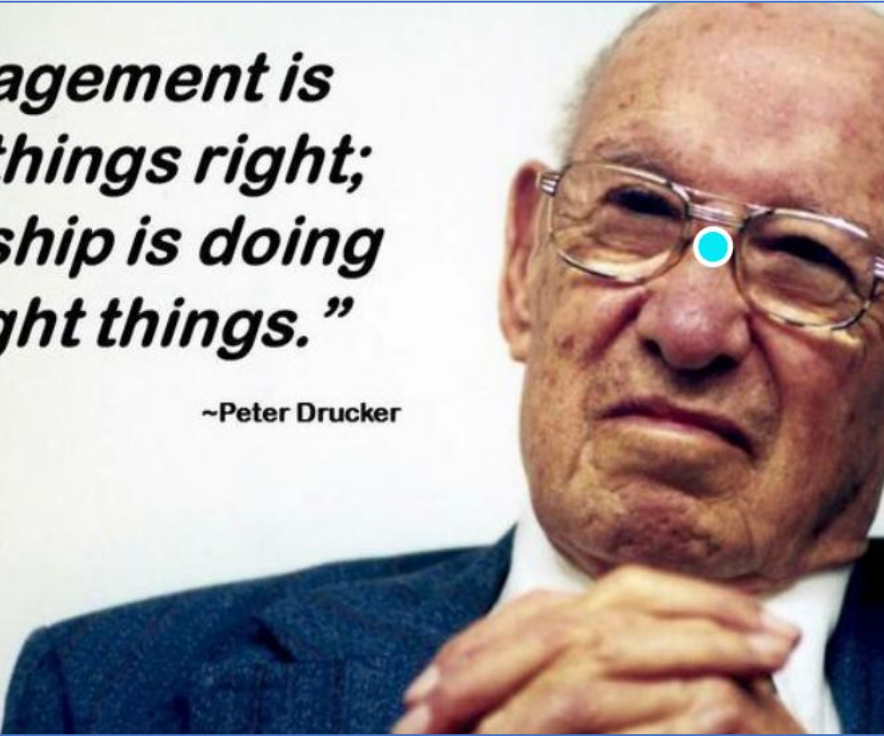


CONTENTS

- The History of Peter Drucker
- FIVE Peter Drucker's Careers
- FIVE questions about Peter Drucker
- FIVE Peter Drucker's Contribution to Management Theory(Books)
- Peter Drucker's FIVE Most Important Questions
- Conclusion

“Management is doing things right; leadership is doing the right things.”

~Peter Drucker



Peter Drucker was **born in Vienna in 1909**. He lived through World War I and witnessed the fear and destruction people lived with on a daily basis. This had a profound impact on his life and future career. **He studied law at Frankfurt University**, where he began writing for the city newspaper, *Der Frankfurter General-Anzeiger*. During this time he received his Ph.D. in international law.

In 1943, Peter Drucker began his own **consulting business** which allowed him to work with companies like IBM and Procter & Gamble. He realized that the two most important things for a business to achieve were **innovation and marketing**.

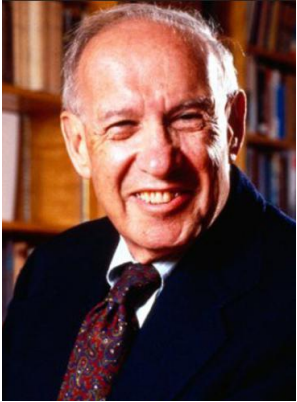
Drucker taught that management is a **liberal art** and is about much more than productivity. To be an effective manager you must understand things like **psychology, science, religion**, and the other things that go into that subject.

Drucker observed that often managers would try to take charge of everything. This was usually out of a desire for control or the belief that they were the only person who **could accomplish a task correctly**. Because of this, he advocated strongly for the **decentralization** of management. He taught that managers needed to delegate tasks to **empower their employees**.

FIVE Peter Drucker's Careers

Consultant

“Drucker **purified** my mind,” said Donald Keough, the former president of Coca-Cola. “He would tell me after each session, ‘Don’t tell me you had a wonderful meeting with me. **Tell me what you are going to do on Monday that’s different.**”



Drucker and the Social Sector

Drucker advised the **American Red Cross**, the **Salvation Army**, the **American Heart Association**, the Girl Scouts of America and many others. In 1991, he created the Peter F. Drucker Award for Nonprofit Innovation, which remains among the Drucker Institute’s core programs.

Teacher

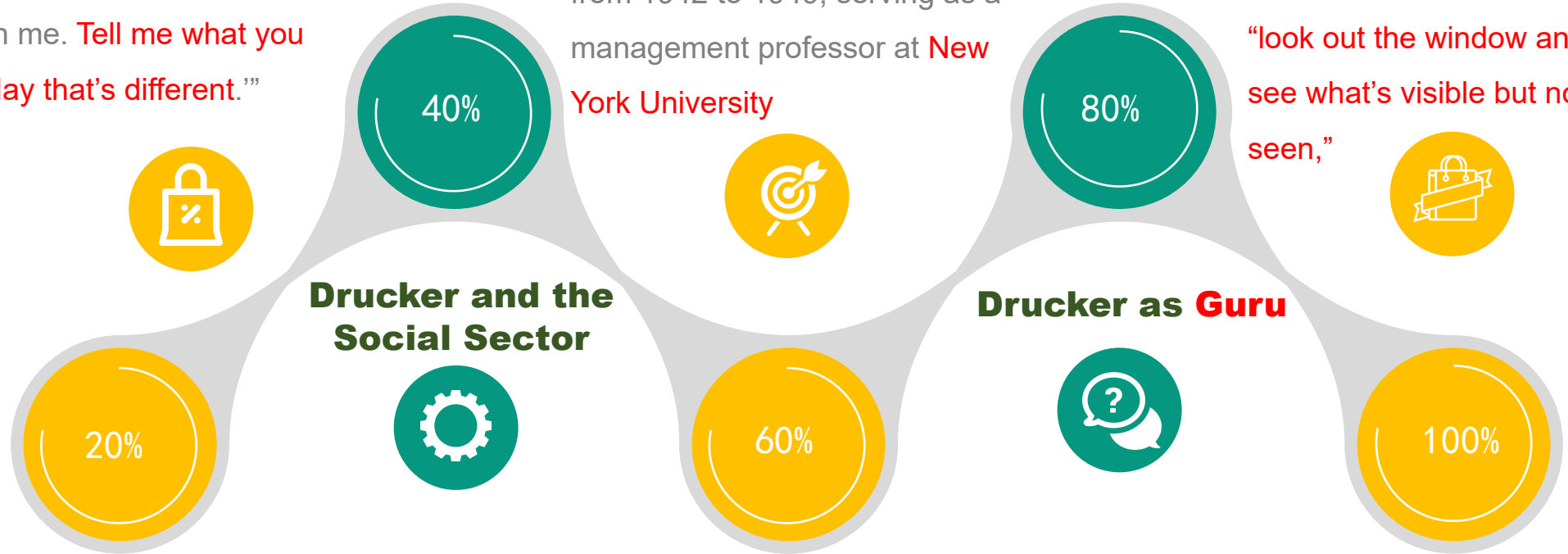
lecturing on economics at **Sarah Lawrence College** beginning in 1939, teaching philosophy and politics at **Bennington College** from 1942 to 1949, serving as a management professor at **New York University**

Writer

Through some **10,000 book pages** and countless articles, Drucker displayed incredible powers of observation—to “look out the window and see what’s visible but not yet seen,”

Drucker as Guru

I felt as though I was playing back-up horn for the archangel Gabriel.” As for Drucker, he actually hated being called a “guru.” **People used the word, he said, only because “charlatan” was too hard to spell.**



FIVE Peter Drucker's Contribution to Management Theory.

MBO is an acronym for Management by Objectives, and was a phrase coined by Drucker in his 1954 book '*The Practice of Management*'. MBO is a measurement by which the performance of employees is considered. The process involves superiors and their subordinates working together to identify common goals, defining each employee's area of responsibility and expected results, and using these as a plan for a team and to measure its performance.

MBO

02

Following on from MBO, Drucker suggested the SMART method as means of **checking the validity of a planned objective**. The first known mention of this principle was in a 1981 issue of the '*Management Review*' by George T. Doran.

However, it was Peter Drucker who recommended that managers who are implementing MBO goals use this handy mnemonic as the criteria to verify that those objectives are specific in their aim, measurable in order to track progress, assignable to a specific person, realistic in their attainability, and time-related to confirm when its completion should be expected by.

03

SMART Method



He believed that by **understanding the needs of the knowledge worker**, managers can **implement leadership practices** that are both consistent and lasting.

Knowledge worker

In his 1959 book, '*The Landmarks of Tomorrow*', Drucker suggested "the most valuable asset of a 21st-century institution, whether business or non-business, **will be its knowledge workers and their productivity**". More of a term than a theory, knowledge workers are workers whose value is found in their expertise, such as architects, software engineers, lawyers, and those who engage in problem-solving or creative thinking.

04



01

Decentralisation
«Concept of the Corporation»

A common theme across much of Drucker's enormous body of work was his firmly held belief that managers should delegate tasks in order to empower employees, the **decentralisation** of management. As he saw it, many business leaders would attempt to take on all responsibilities as a display of power or to maintain a level of control, with the suggestion that they were the only ones capable to undertake those responsibilities. In his ground-breaking 1946 book, '*Concept of the Corporation*', Drucker stated **decentralization** was a good thing as it created smaller teams where people would feel that they could make an important contribution.

About Peter Drucker's FIVE Most Important Questions

What does Peter Drucker contribution to management?

Peter Drucker's Contribution to Management Theory. In 1943, Peter Drucker began his own consulting business which allowed him to work with companies like IBM and Procter & Gamble. He realized that the two most important things for a business to achieve were innovation and marketing .

When did Peter Drucker invent management?

In his 1954 book "The Practice of Management" , Peter Drucker coined the term "management by objectives" or MBO. MBO compares the performance of employees to the typical standards required for that position.

How does Peter Drucker define leadership?

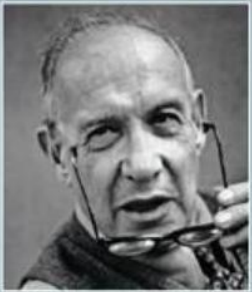
According to Peter Drucker "The only definition of a leader is someone who has followers" . John Maxwell sums up his definition of leadership, as "leadership is influence – nothing more, nothing less" (21 Irrefutable Laws of Leadership) (Teal trust n.d.).

What would Peter Drucker do?

Peter Drucker, the management consultant and author widely credited with inventing the discipline of management, had an insatiable curiosity and an uncanny ability to ask questions that got to the heart of the matter. His messages focused on self-discovery, which he viewed as an introspective and creative journey required of every leader.

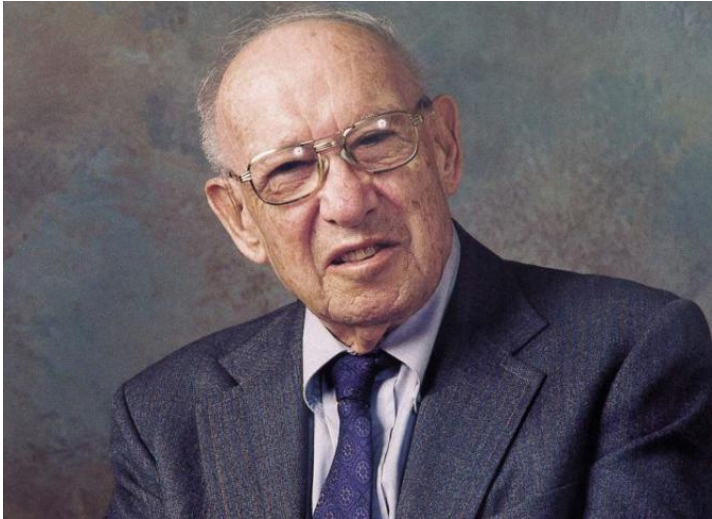
Who is Peter Drucker quotes?

Famous quotes by Peter Drucker "Management is doing things right; leadership is doing the right things." "The most important thing in communication is hearing what isn' t said." "Today knowledge has power. "Follow effective action with quiet reflection.



**THE MAN WHO INVENTED
MANAGEMENT**
Why **Peter Drucker's**
ideas still matter

FIVE Most Important Questions



Peter Drucker's 5 Most Important Questions

One of the biggest ways Peter Drucker was able to **contribute to business and management was by teaching organizations how to best allocate their energy and resources**. His book, "The 5 Most Important Questions You Will Ever Ask About Your Organization", outlined five important questions every executive should ask about their business.

01

What is your mission?

Every business needs an effective and **concise mission statement**. Your mission statement doesn't explain what you do but rather why you do what you do. Your **mission statement** should be the **driving force** behind the actions of you and everyone in your company.

02

Who is your customer?

Peter Drucker understood that many businesses didn't even really know who it was **they were serving**. You must find out who your customer is and then organize all of your efforts toward meeting their needs and **bringing them value**.

03

What does your customer value?

This question is perhaps the most important of all five questions. The key is that it can only truly be answered by your customer themselves. **You must know what your customer wants and needs**

04

What are your results?

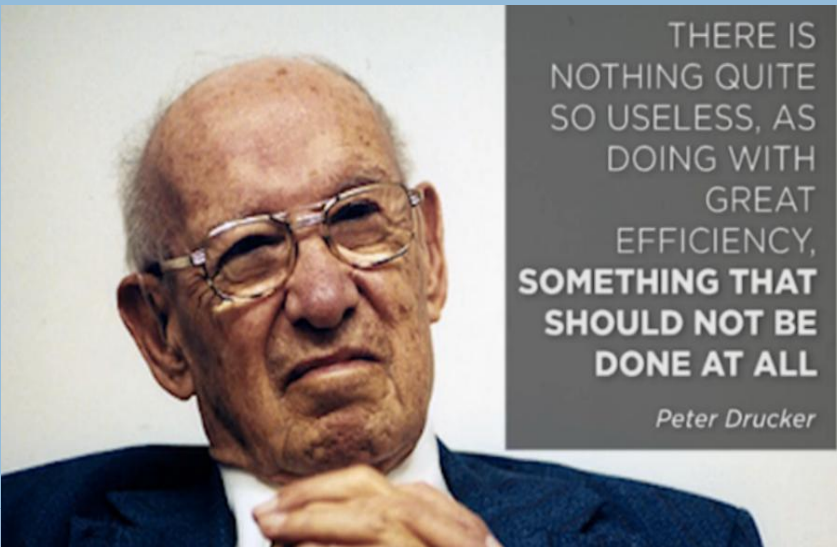
Drucker stated that you must be able to measure your results **in both qualitative and quantitative** terms. You must not only know what your results are but you must have a standard for evaluating them as well.

05

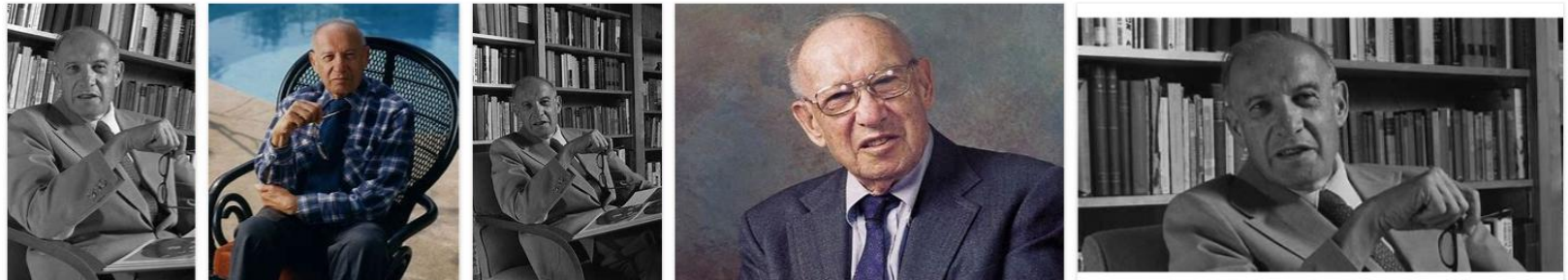
What is your plan?

In order to reach your goal, you must have a plan for how to get there. According to Peter Drucker, **your plan should include your mission statement, action steps, and a way to evaluate your results**.

Conclusion



Peter Drucker is known worldwide for his innovative ideas about business management. His work has proved to be an invaluable contribution to management theory and helped **turn it into a serious discipline**. His theories reflect how important business environments are and the opportunity that managers have to create positive change **and progress in the workplace**.



Peter Drucker's contributions to management theory continue to influence modern aspects of business management. In 2002, he was awarded the **Presidential Medal of Freedom** for his contributions to management theory. After his death in 2005, the Drucker Institute was created to continue to advance his belief that strong organizations lead to a stronger society.



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Thinks

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