Peter Drucker

Peter Ferdinand Drucker (; German: ; November 19, 1909 – November 11, 2005) was an Austrian-born American management consultant, educator, and author, whose writings contributed to the philosophical and practical foundations of the modern business corporation. He was also a leader in the development of management education, he invented the concept known as management by objectives and self-control,[1] and he has been described as "the founder of modern management".[2]

INTRODUCTION

Drucker's books and scholarly and popular articles explored how humans are organized across the business, government, and nonprofit sectors of society.[3] He is one of the best-known and most widely influential thinkers and writers on the subject of management theory and practice. His writings have predicted many of the major developments of the late twentieth century, including privatization and decentralization; the rise of Japan to economic world power; the decisive importance of marketing; and the emergence of the information society with its necessity of lifelong learning.[4] In 1959, Drucker coined the term “knowledge worker,” and later in his life considered knowledge-worker...
BIOGRAPHY

Peter Drucker was of Jewish descent on both sides of his family,[7] but his parents converted to Christianity and lived in what he referred to as a "liberal" Lutheran Protestant household in Austria-Hungary.[8] His mother Caroline Bondi had studied medicine and his father Adolf Drucker was a lawyer and high-level civil servant.[9] Drucker was born in Vienna, Austria, in a small village named Kaasgrabern (now part of the 19th district of Vienna-Döbling).[10]

He grew up in a home where intellectuals, high government officials, and scientists would meet to discuss new ideas.[11] These included Joseph Schumpeter, Friedrich Hayek and Ludwig von Mises. Hans Kelsen was his uncle.[12]

After graduating from Döbling Gymnasium in 1927,[12] Drucker found few opportunities for employment in post-World War I Vienna, so he moved to Hamburg, Germany, first working as an apprentice at an established cotton trading company, then as a journalist, writing for Der Österreichische Volkswirt (The Austrian Economist).[9] Drucker then moved to Frankfurt, where he took a job at the Daily Frankfurter General-Anzeiger.[13] While in Frankfurt, he also earned a doctorate in international law and public law from the University of Frankfurt in 1931.[14]

In 1933, Drucker left Germany for England.[15] In London, he worked for an insurance company, then as the chief economist at a private bank.[16] He also reconnected with Doris Schmitz, an acquaintance from the University of Frankfurt, and they married in 1934.[17] The couple permanently relocated to the United States, where he became a university professor as well as a freelance writer and business consultant.

In 1943, Drucker became a naturalized citizen of the United States. He then had a distinguished career as a teacher, first as a professor of politics and philosophy at Bennington College from 1942 to 1949, then twenty-two years at New York University as a Professor of Management from 1950 to 1971.

Drucker went to California in 1971, where he developed one of the country’s first executive MBA programs for working professionals at Claremont Graduate University (then known as Claremont Graduate School). From 1971 until his death, he was the Clarke Professor of Social Science and Management at Claremont.[18] Claremont Graduate University’s management school was named the Peter F. Drucker Graduate School of Management in his honor in 1987 (later renamed the Peter F. Drucker and Masatoshi Ito Graduate School of Management). He established the Drucker Archives at Claremont Graduate University in 1999; the Archives became the Drucker Institute in 2006. Drucker taught his last class in 2002 at age 92. He continued to act as a consultant to businesses and non-profit organizations well into his nineties.

Drucker died November 11, 2005 in Claremont, California of natural causes at 95.[19] He had four children and is the grandfather of tech entrepreneur Nova Spivack, one of six grandchildren.[20][21] Drucker’s wife Doris died in October 2014 at the age of 103.[22]

WORK AND PHILOSOPHY

EARLY INFLUENCES

Among Peter Drucker's early influences was the Austrian economist Joseph Schumpeter, a friend of his father’s, who impressed upon Drucker the importance of innovation and entrepreneurialism.[23] Drucker was also influenced, in a much different way, by John Maynard Keynes, whom he heard lecture in 1934 in Cambridge.[24] “I suddenly realized that Keynes and all the brilliant economic students in the room were interested in the behavior of commodities,” Drucker wrote, “while I was interested in the behavior of people.”[25]

Over the next 70 years, Drucker's writings would be marked by a focus on relationships among human beings, as opposed to the crunching of numbers. His books were filled with lessons on how organizations can bring out the best in people, and how workers can find a sense of community and dignity in a modern society organized around large institutions.[23] As a business consultant, Drucker disliked the term “guru,” though it was often applied to him; “I have been saying for many years,” Drucker once remarked, “that we are using the word ‘guru’ only because ‘charlatan’ is too long to fit into a headline.”[26]

As a young writer, Drucker wrote two pieces — one on the conservative German philosopher Friedrich Julius Stahl and another called “The Jewish Question in Germany” — that were burned and banned by the Nazis.[4]

THE 'BUSINESS THINKER'

Drucker's career as a business thinker took off in 1942, when his initial writings on politics and society won him access to the internal workings of General Motors (GM), one of the largest companies in the world at that time. His experiences in Europe had left him fascinated with the problem of authority. He shared his fascination with Donaldson Brown, the mastermind behind the administrative controls at GM. In 1943 Brown invited him in to conduct what might be called a “political audit”: a two-year social-scientific analysis of the corporation. Drucker attended every board meeting, interviewed employees, and analyzed production and decision-making processes.

The resulting book, Concept of the Corporation, popularized GM’s multidivisional structure and led to numerous articles, consulting engagements, and additional books. GM, however, was hardly thrilled with the final product. Drucker had suggested that the auto giant might want to re-examine a host of long-standing policies on customer relations, dealer relations, employee relations and more. Inside the corporation, Drucker’s counsel was viewed as...
Drucker taught that management is "a liberal art," and he infused his management advice with interdisciplinary lessons from history, sociology, psychology, philosophy, culture and religion.[3] He also believed strongly that all institutions, including those in the private sector, have a responsibility to the whole of society. "The fact is," Drucker wrote in his 1973 Management: Tasks, Responsibilities, Practices, "that in modern society there is no other leadership group but managers. If the managers of our major institutions, and especially of business, do not take responsibility for the common good, no one else can or will;"[28]

Drucker was interested in the growing effect of people who worked with their minds rather than their hands. He was intrigued by employees who knew more about certain subjects than their bosses or colleagues, and yet had to cooperate with others in a large organization. Rather than simply glorify the phenomenon as the epitome of human progress, Drucker analyzed it, and explained how it challenged the common thinking about how organizations should be run.

His approach worked well in the increasingly mature business world of the second half of the twentieth century. By that time large corporations had developed the basic manufacturing efficiencies and managerial hierarchies of mass production. Executives thought they knew how to run companies, and Drucker took it upon himself to poke holes in their beliefs, lest organizations become stale. But he did so in a sympathetic way. He assumed that his readers were intelligent, rational, hardworking people of good will. If their organizations struggled, he believed it was usually because of outdated ideas, a narrow conception of problems, or internal misunderstandings.

Drucker developed an extensive consulting business built around his personal relationship with top management. He became legendary among many of post-war Japan's new business leaders trying to rebuild their war-torn homeland. He advised the heads of General Motors, Sears, General Electric, W.R. Grace and IBM, among many others. Over time he offered his management advice to non-profits like the American Red Cross and the Salvation Army. His advice was eagerly sought by the senior executives of the Adela Investment Company, a private initiative of the world's multinational corporations to promote investment in the developing countries of Latin America.[29]

**DRUCKER'S WRITINGS**

Drucker's 39 books have been translated into more than thirty-six languages. Two are novels, one an autobiography. He is the co-author of a book on Japanese painting, and made eight series of educational films on management topics. He also penned a regular column in the Wall Street Journal for 10 years and contributed frequently to the Harvard Business Review, The Atlantic Monthly, and The Economist.

His work is especially popular in Japan, even more so after the publication of "What If the Female Manager of a High-School Baseball Team Read Drucker's Management", a novel that features the main character using one of his books to great effect, which was also adapted into an anime and a live action film.[30] His popularity in Japan may be compared with that of his contemporary W. Edwards Deming.[31]

Peter Drucker also wrote a book in 2001 called The Essential Drucker. It is the first volume and combination of the past sixty years of Peter Drucker's work on management. The information gathered is a collection from his previous findings, The Practice of Management (1954) to Management Challenges for the 21st Century (1999), this book offers, in Drucker's words, "a coherent and fairly comprehensive introduction to management". He also answers frequently asked questions from up and coming entrepreneurs who tend to ponder the questionable outcomes of management.[18]

**KEY IDEAS**

Several ideas run through most of Drucker's writings:

Decentralization and simplification.[32] Drucker discounted the command and control model and asserted that companies work best when they are decentralized. According to Drucker, corporations tend to produce too many products, hire employees they don't need (when a better solution would be outsourcing), and expand into economic sectors that they should avoid.

The concept of "knowledge worker" in his 1959 book "The Landmarks of Tomorrow"[33] Since then, knowledge-based work has become increasingly important in businesses worldwide.

The prediction of the death of the "Blue Collar" worker.[34] The changing face of the US Auto Industry is a testimony to this prediction.

The concept of what eventually came to be known as "outsourcing."[35] He used the example of "front room" and "back room" of each business: A company should be engaged in only the front room activities that are critical to supporting its core business. Back room activities should be handed over to other companies, for whom these tasks are the front room activities.

The importance of the non-profit sector,[36] which he calls the third sector (private sector and the Government sector being the first two). Non-Government Organizations (NGOs) play crucial roles in the economies of countries around the world.

A profound skepticism of macroeconomics theory.[37] Drucker contended that economists of all schools fail to explain significant aspects of modern economies.

A lament that the sole focus of microeconomics is price, citing its lack of showing what products actually do for us.[38] thereby stimulating commercial interest in discovering how to calculate what products actually do for us; from their price.[39]

Respect for the worker. Drucker believed that employees are assets not liabilities. He taught that knowledgeable workers are the essential ingredients of the modern economy, and that a hybrid management model is the sole method of demonstrating an employee's value to the organization. Central to this philosophy is the view that people are an organization's most valuable resource, and that a manager's job is both to prepare people to perform and give them freedom to do so.[40]

A belief in what he called "the sickness of government." Drucker made nonpartisan claims that government is often unable or unwilling to provide new services that people need thereby stimulating commercial interest in discovering how to calculate what products actually do for us; from their price.[39]

A belief that taking action without thinking is the cause of every failure.

The need for community. Early in his career, Drucker predicted the "end of economic man" and advocated the creation of a "plant community" where an individual's social
needs could be met. He later acknowledged that the plant community never materialized, and by the 1980s, suggested that volunteering in the nonprofit sector was the key to fostering a healthy society where people found a sense of belonging and civic pride. This concept of management by objectives and self-control forms the keynote of his 1954 landmark The Practice of Management.

A company's primary responsibility is to serve its customers. Profit is not the primary goal, but rather an essential condition for the company's continued existence and sustainability.

A belief in the notion that great companies could stand among humankind's noblest inventions. In 2009 by way of recognition, Drucker was posthumously inducted into the Outsourcing Hall of Fame for his outstanding work in the field.

CRITICISM OF DRUCKER'S WORK

C. L. R. James, Raya Dunayevskaya and Grace Lee Boggs criticized Drucker in their 1950 text State Capitalism and World Revolution: "the Christian Humanists (for example, Peter Drucker) will join with the labor bureaucracy to keep the mass of workers in their place at the base of the hierarchy in production." The Wall Street Journal researched several of his lectures in 1987 and reported that he was sometimes loose with the facts. Drucker was off the mark, for example, when he told an audience that English was the official language for all employees at Japan's Mitsui trading company. (Drucker's defense: "I use anecdotes to make a point, not to write history.") And while he was known for his prescience, he wasn't always correct in his forecasts. He predicted, for instance, that the nation's financial center would shift from New York to Washington.

Others maintain that one of Drucker's core concepts—"management by objectives"—is flawed and has never really been proven to work effectively. Critic Dale Krueger said that the system is difficult to implement, and that companies often wind up overemphasizing control, as opposed to fostering creativity, to meet their goals.

Drucker's classic Concept of the Corporation criticized General Motors at a time when it was, in some ways, the most successful corporation in the world. Many of GM's executives considered Drucker persona non grata for a long time afterward. Alfred P. Sloan refrained from personal hostility toward Drucker, but even Sloan considered Drucker's critiques of GM's management to be "dead wrong."

AWARDS AND HONORS

Drucker was awarded the

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Drucker Archives in the Claremont Colleges Digital Library
The Window in the Claremont Colleges Digital Library
The Drucker Institute
The Peter F. Drucker Masatoshi Ito Graduate School of Management
the Drucker Exchange
The Drucker Business Forum
Drucker and Enterprise Strategy
Frances Hesselbein Leadership Institute Formerly the Peter F. Drucker Foundation for Nonprofit Management
PRISM Center of Learning in Partnership with the Drucker Institute. PRISM Center of Learning in Partnership with the Drucker Institute.
Peter F. Drucker: A Biography in Progress
Insourcing and Outsourcing: the Right Mix
A New Way to Outsource
Sell the Mailroom
Peter Drucker Inducted into the Outsourcing Hall of Fame
Appearances on C-SPAN

EXTERNAL LINKS

FURTHER READING

Global Peter Drucker Forum
Peter F. Drucker and Masatoshi Ito Graduate School of Management
Management by objectives

SEE ALSO


MISCELLANEOUS

1979: Song of the Brus: Japanese Painting from Sanso Collection (Seattle: Seattle Art Museum)
1988: "Handbook of Management by Objectives" Bill Reddin and Denis Ryan (Published by Tata McGraw-Hill in New Delhi).
1991: The Rise of NEC (Blackwell Business)

CONTRIBUTING WRITER

1932: The Justification of International Law and the Will of the State (Doctoral dissertation)
1933: Friedrich Julius Stahl, Conservative Political Theory & Historical Development (Tübingen: Mohr)
1936: The Jewish Question in Germany (Wien: Gsur)

MONOGRAPHS

OTHER DRUCKER PUBLICATIONS

1939: The End of Economic Man (New York: The John Day Company)
1942: The Future of Industrial Man (New York: The John Day Company)
1946: Concept of the Corporation (New York: The John Day Company)
1954: The Practice of Management (New York: Harper & Brothers)
1957: America's Next Twenty Years (New York: Harper & Brothers)
1959: Landmarks of Tomorrow (New York: Harper & Brothers)
1964: Managing for Results (New York: Harper & Row)
1971: The New Markets and Other Essays (London: William Heinemann Ltd.)
1982: The Last of All Possible Worlds (New York: Harper & Row)
1984: The Temptation to Do Good (London: William Heinemann Ltd.)
BOOKS BY DRUCKER

Drucker was the Honorary Chairman of the Peter F. Drucker Foundation for Nonprofit Management, now the Leader to Leader Institute, from 1990 through 2002.[65] In 1969 he was awarded New York University's highest honor, its Presidential Citation.[66] For his article, "What Makes an Effective Executive", Harvard Business Review honored Drucker in the June 2004 with his seventh McKinsey Award — the most awarded to one person.[67] Drucker was inducted into the Junior Achievement US Business Hall of Fame in 1996.[68] He received 25 honorary doctorates from American, Belgian, Czech, English, Spanish and Swiss universities.[69] His 1954 book The Practice of Management was voted the third most influential management book of the 20th century in a poll of the Fellows of the Academy of Management.[70] In Claremont, California, Eleventh Street between College Avenue and Dartmouth Avenue was renamed "Drucker Way" in October 2009 to commemorate the 100th anniversary of Drucker's birth.[71] Drucker was posthumously honored when he was inducted into the Outsourcing Hall of Fame in recognition of his outstanding contributions in the field.[72].[64]. 3rd class; 24 June 1966Order of the Sacred Treasure and Japan (63) in 1999Austrian Cross of Honour for Science and Art, 1st class and the[62] in 1991Grand Gold Decoration for Services to the Republic of Austria the[61] in 1974, Grand Silver Medal for Services to the Republic of Austria including the[60] He also received honors from the governments of Austria,[59]
Peter Drucker (1909-2005) was one of the most widely-known and influential thinkers on management, whose work continues to be used by managers worldwide. He was a prolific author, and among the first (after Taylor and Fayol) to depict management as a distinct function and being a manager as a distinct responsibility.