Drucker: Classic advice for turbulent times

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Looking at a situation without preconceived ideas is especially useful in times of economic instability, according to Peter Drucker.

There is a story that Peter Drucker worked as a consultant for a company that manufactured glass bottles. During his first meeting with management, he asked: "What's your business?" The answer he received was: "Making glass bottles for soft drinks and beer." "I disagree," said Drucker. "Your business is packaging products."

It may seem obvious, but asking the right questions helps you look at a situation without any prejudices or preconceived ideas, which is very useful in times of economic instability.

IESE Prof. Guido Stein's book, *El arte de gobernar según Peter Drucker* (*The Art of Governing According to Peter Drucker*), provides excellent ideas for managing in turbulent times based on an analysis of the extensive work of Peter Drucker, who is considered the pioneer of modern management. For this third print edition, Stein has included an update to deal with turbulence and the confusion it creates.

Long-term planning

Managers live in the present (since they analyze and make decisions today) but must focus on the future (since the results of their decisions will become apparent tomorrow). The future must always be taken into account when making decisions. "Long-term planning is necessary, precisely because we are unable to make predictions," said Drucker.

Time is the basic dimension in which the work of all managers takes place. Business

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management, the purpose of which is to create customers, and the management of work and those who do it, are the three basic functions of management. All take place within a context that is defined by time.

How can a manager balance and reconcile these three functions, while taking time into account? Drucker believed that they have to act like an orchestra conductor who is also the composer of the work being performed, and be able to select the best from the resources available to them, especially people, neutralize their weaknesses and act in two dimensions of time: the present and the future.

To achieve this, managers must fulfill five basic functions:

- Set objectives and determine what has to be done to achieve them.
- Organize the actions that are needed to achieve objectives, divide them into management activities and choose the people who will carry them out.
- Communicate with and motivate the team made up of those in charge of each task, by means of their relationship with them and other tools such as incentives.
- Measure and assess the performance of the organization and of each member, analyze it and share the results with the workers.
- Develop and train people. Depending on their management style, managers make the training and development of the people they work with difficult or easy.

"To be a manager is to be a leader"

Being a manager is a complex job. Indeed, it could be considered a Herculean task that is impossible to carry out. However, Drucker did not see it that way. Instead, he said that "to be a manager is to be a leader."

The leader is defined as someone who has followers and who makes them do things correctly and efficiently, someone who provides an example and who gets results. In short, leadership is understood in terms of responsibility, rather than status, privilege or admiration.

Prof. Stein wonders why something that is apparently so easy is so difficult to master. Undoubtedly, one of the reasons involves the pressures that affect managers? work on an everyday basis and their control of the situation. Drucker identified four of these: their time being dominated by others; the pressure of activism; the inefficiency of the organization surrounding them; and lastly, the tendency to shut themselves away inside their company instead of stepping outside it to make observations, without any prejudices or preconceived

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ideas.

These pressures cannot be avoided, but they can be counteracted. To do this, Drucker recommended managing time, focusing on results, building on strengths, concentrating attention in a few important areas and making decisions effectively.

In order to be more effective and efficient in management performance, he also recommended carrying out a regular "feedback analysis" - a reflection with the benefit of hindsight that enables conclusions to be drawn based on the comparison of expectations and results achieved in a specific period of time (one year, for example). The first step in management is being able to manage oneself, says Stein.

The knowledge manager

We live in the Internet era. Its impact on the economy and on society is so great that there is even talk of a New Economy. Managing in the Internet era is a job that involves synthesis, personality, intelligence and determination, in which choosing the right path quickly and flexibly is as difficult as it is essential.

What is the effect of all this on the management of businesses and people? Technology changes, but the laws of the economy endure, and only those who can assimilate them survive in the new environment.

The general features mentioned previously still stand, but the emergence of knowledge managers and workers means that it is necessary to update the practice of management. This is a paradigm shift: subordinates have been replaced by coworkers, who quickly know more about the job than their own bosses do. To continue with the orchestra simile, a knowledge organization can easily sabotage the performance of the most able manager, not to mention the most autocratic one.

New certainties

This situation of constant transformation leads to changes in the market and in organizations, and therefore also influences management. It is necessary to take into account that:

- Management style will vary depending on whether the sector concerned is growing, mature or in decline.
- There is a paradox of operating in an increasingly globalized economy and, at the same time, in a world that is increasingly fragmented politically.

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- Senior management should not be responsible for both cost control and creating value.
- Managers must be able to handle the information-knowledge-action triad with ease. As Drucker noted, "The objective of information is not knowledge, but rather to be able to take the correct action." To do so, they must be able to eliminate unrelated data, organize information, select it and interpret it.
- Information technologies and their strategic management must be focused on increasing the productivity of knowledge workers (also known as human capital), which is the competitive advantage par excellence of today's organizations.

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