Antiquated Innovation: a Grandmother's Path to Inclusive Prosperity

Introduction

        In a memory from his childhood, Peter Drucker's eccentric grandmother reorganized the kitchen. She cleared the cabinets of the broken dishware, gave order to the chaos, and to her family's dismay put it all back. On the top shelf she proudly displayed a sign, "cups without handles," and on the shelf below, "handles without cups."[1] Drucker himself admits to dismissing this for many years as simply an endearing "grandmother story".  But at long last, he reflected on the way she kept all the pieces that – if separated – were useless, but if put in combination became a useful teacup.  Oma Drucker was not hoarding, she had written a computer program. "Indeed her kitchen cabinet, with its full classification of the unnecessary and unusable, is the only 'total information system' I have seen to this day." wrote Peter Drucker.[2] Long before computer programs were developed, Peter Drucker saw the framework of binary code in his grandmother's kitchen cabinet. Binary code is a combination of zeros and ones that contain all the information necessary for computer processing. Separately, Oma Drucker's broken dishware is useless, but together it forms a metaphorical reserve of information or – in Oma Drucker's case – plenty of reparable teacups.

        Is it possible that an Austrian grandmother holds the secret to inclusive prosperity? Her tenacious yet antiquated thinking, when modeled by business managers, does propel our global society to mobilize untapped human potential and use technology as a tool for prosperity. Peter Drucker's own management theories, paired with the ideas of economist Amartya Sen and the political theorists Acemoglu and Robinson, center on the concept that each human has a capacity to do great things, and if that untapped potential can be accessed through inclusive economic systems and business development, then the world will make noticeable progress towards inclusive prosperity. It is time that Oma Drucker's management strategy be recognized along with her grandson's; by reflecting on past practices that have been disregarded as antiquated and re-envisioning them with the support of today's digital technology, business managers can unite untapped human potential for a more inclusive prosperity.

Why Inclusive Prosperity?

        Inclusive has been the buzz word of the decade. Inclusivity drives the social justice movement, powers the need to address the refugee situation across the Middle East and Europe, and embodies the self-care philosophy that is so prevalent in the millennial generation. So let us keep up with the times and rethink humanity's most instinctual goal – prosperity – in terms of our most current obsession – inclusivity.

        It is easy to take two meanings of the phrase, "inclusive prosperity". One definition is personal, that prosperity is a holistic idea that is inclusive of aspects other than just wealth. These are components that lead to a wealthy life, such as quality of life, a sense of purpose, and spiritual fulfillment. The second meaning of "inclusive prosperity" takes a wider lens, viewing the populations of the world and noticing who has been left out in globalization's steady march towards prosperity. Working towards more

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1 Drucker, Peter F., *Adventures of a Bystander* (New Brunswick: Harpe & Row, 1994) 14.

2 Drucker 22.

"inclusive prosperity" requires an ethical sensitivity from the greater population to make strategic choices in business and public policy that will not only propel the traditional beneficiaries toward greater prosperity, but will also seek to include previously untapped human potential.

The barriers to achieving inclusive prosperity are equally two-fold, and hinge on use of technology. In the technologically obese parts of the world, too much access to technology restricts inclusive prosperity in ways like work-life balance, social relationships, and productivity. In other parts of the world there are severe socio-economic barriers that affect entire populations and inhibit access to technology as a productive tool. Technology is naturally exclusive, with education needed to use and understand it being expensive and often unavailable, and the money needed for equipment being often unattainable. Technology, along with mechanization, provides an easy path to efficiency that leaves out those who are not lucky enough to be in its direct path. Our global society must overcome the boon and hindrance that digital technology poses in order to achieve inclusive prosperity.

Management

The issue with technology is that it is a tool that is not being used properly – either too much or too little. So those using the tool need more guidance. Management of people and business strategy provide the means to better access or utilize this tool. The particular management solution that will help achieve inclusive prosperity is Management by Objectives as described in Drucker's *The Practice of Management*. It focuses on individuals aligning their objectives with those of the management through goal setting and constant feedback. With constant dialogue between managers and employees about what is important for the individual, company, and community, there is room for a manager to develop perspective that an employee wants more than just profit, or for a manager to help instill an ethical sensitivity that the company has but the employee lacks. Proper management that creates a platform for constant dialogue sets the stage to see past the instinctual drive for profit and see the path to inclusive prosperity. Management by Objectives is the human component that powers the non-human drive for success.

Human-focused management is critical to inclusive prosperity because inclusivity is imbedded in human well-being. According to economist Amartya Sen, people who reach their full capacity as humans (in terms of health, education, happiness, security, and career) can achieve inclusive prosperity, both on an individual and global scale. Poverty exists when external forces like government, access to health care, or environment limit peoples' capacities.[3] If we accept his claim, then a business that can help identify and align the needs of employees through constant dialogue has a large place in helping individuals and whole populations achieve a holistic, inclusive prosperity. There is a role for business to play in achieving inclusive prosperity, which is to use Management by Objectives to attend to the needs of people and provide the focus to include these attentions in a business strategy.

Political theorists Acemoglu and Robinson provide many historical examples on the effect that businesses have on national prosperity. In England after the Glorious Revolution of 1688, the business climate changed dramatically. Property rights began to

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3 Sen, Amartya, *Development as Freedom* (New York: Alfred A. Knopf 1999) 87.

protect the individual and patent law covered more types of innovators, thus allowing for individuals to benefit from their own business ventures, instead of all profits benefiting an overlord. Rapid growth and increased prosperity were the result. It paved the way for the Industrial Revolution, which "depended on major technological advances exploiting the knowledge base that had accumulated in Europe during the past centuries. It was a radical break from the past, made possible by scientific inquiry and the talents of a number of unique individuals."[4] This claim shows that the total well-being of individuals and whole populations can actually determine the rise and fall of nations. Businesses have an integral part to play in shaping the inclusive prosperity of nations.

These theorists directly support Drucker in his management strategies. They are focused on granting opportunity and protection to individuals so that their full potential may be achieved. Drucker's Management by Objectives requires an employee-focused motivation for a company, which is reflective of the diverse wants and needs that make up inclusive prosperity. This requires managers to rethink the way they oversee their employees, and act with strategic compassion for those employees. In his memoir, Drucker shares the wisdom of Oma Drucker that we should already know deep inside: "What that parochial, narrow-minded, comical old woman knew was that community is not distribution of income and social services and the miracles of modern medicine. It is concern for the person."[5] Drucker invokes the innovative hutzpah of people like his grandmother who may not be managers in title, but were managers in life. She saw past the drive to make money, gain stature, or simply make progress. Compassion allows human management see its team employees as assets and not liabilities, and can counteract the technological trend of replacing human bodies with machines.

Antiquated and Innovative

Return to Oma Drucker and the binary code she stored in her kitchen cabinet. By rethinking her primitive need to hoard for a rainy day, Grandmother Drucker took what was useless and turned it on its head to create the foundation of our technological age.

To most, using antiquated innovation to find solutions to poverty and prosperity seems counterproductive. But reflecting on history is not simply doing what was done before. Drucker himself said that "reflection is a prism rather than a mirror; it refracts".[6] Light refracting through a prism is no longer the same light; it is deconstructed into a rainbow and reveals entirely new aspects of the original. In Oma Drucker's strategy for innovation, one first deconstructs the antiquated for its usefulness, then builds upon that element with technological innovation to achieve the end goal of prosperity. Even the name "inclusive prosperity" embodies this strategy, where prosperity is the antiquated instinctual goal, and inclusivity is the innovative thrust of progress.

Antiquated innovation as a strategy for inclusive prosperity exists already, hidden in examples from the smallest local manifestations to the trade relations of nations. We begin with the premise that our world for the most part is imbalanced when it comes to technology: an inundation of technology prevents productivity, while a lack of digital technology is a handicap in productivity.

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4 Acemoglu, Daron and James A. Robinson, *Why Nations Fail: the Origins of Power, Prosperity, and Poverty* (New York: Crown Business 2012) 103.
5 Drucker 22.
6 Drucker 1.

I see the effects of this in the youngest generation. My students, ages six to fifteen, are immersed in technology from the day they were born. They wear Fitbits, they Google incessantly, they communicate with pictures and GIFs, and they consume information but rarely create. I take these young minds and teach them something antiquated – horseback riding. It is certainly antiquated, since horses have long since been replaced by motor vehicles. But now to analyze this through Drucker's prism; horseback riding may not be a form of transportation, but it is a vital lesson in communication and teamwork. In the reality that my students live in, they are immersed in digital devices and far removed from interpersonal interaction. By riding horses, they are in a world of direct cause and effect where their every move communicates something to the horse, and the horse responds. Through this interaction and interdependency, they learn responsibility, compassion, communication, all of which are skills that have been neglected while growing up in the digital age. For their future, they will not be left bereft of moral and character development; an antiquated education on horses provides what is missing, and exercises their growing analytical minds to do something more with technology than just consume.

For an industry-wide example, let us examine agricultural production in the United States. Agriculture is at the nexus of incredible technological tools and a sharp decline in providing jobs and production. In this setting it is more and more common to have drones surveying crop fields and drone use in "precision-agriculture" is already valued at $32.4 billion.[7] Drone technology is a market that is coming alongside traditional agriculture and provides highly coveted and technically advanced jobs, and promotes the sustainable use of resources like water. Drones can efficiently provide soil analyses, crop monitoring, crop health assessments, and irrigation improvement. But there is an interesting problem that drones cannot solve. For fruit and berry orchards, the harvest is plagued by small birds that gorge themselves on almost ripe fruit. Not even technology has the answer yet. Nets, scarecrows, or cannons cannot save the entire crop: up to 20% of the crop is usually lost to hungry winged neighbors[8]. The innovative answer is to step back in time: trained falcons. Companies like Falcon Force are using falcons to hunt and rid orchards of small birds that are overpopulating the area. This example of antiquated innovation brings the agricultural industry a few steps closer to inclusive prosperity. For those concerned with wealth that is inclusive of passion, ecological balance, and sustainability, using trained falcons allows the agricultural industry to take its back-room activities like security and outsource them to a company that keeps them in the front-room. For those who are aware of the growing gap in wealth and prosperity in populations across the world, this is a solution that requires little overhead capital – simply a bird and a training regime – and a whole new market is available to those previously shut out or left behind. In this antiquated innovation, an ancient sport is given new purpose, creating employment in a newly developed field of agricultural security.

7 Mazur, Michal, "Six Ways Drones are Revolutionizing Agriculture," 2016, MIT Technology Review, 5 July 2017, <https://www.technologyreview.com/s/601935/six-ways-drones-are-revolutionizing-agriculture/>
8 Pierson, David, "Farmers Using Falcons to Scare Off Crop-Feeding Birds," 2013, LA Times, 5 July 2017, <http://www.latimes.com/business/la-fi-bird-control-20130915-story.html>
Falcon Force, 2016, 5 July 2017, <http://www.falconforce.com/results.html>

Trained falcons and their handlers bring efficient management, technological advances and a treasure –trove of untapped potential and passion.

Finally, looking at the issue of inclusive prosperity from a birds-eye perspective, we come to the paradigm of Africa. The vast majority of the continent has a wealth of resources, but its economic development has stagnated. Considering the decades of international exploitation and aid, current development theorists are asking if more can be done to make it a prosperous continent. Relations between the West and countries across Africa have been fraught with exploitation and guilt-driven aid, which has left African political systems caught in power vacuums, exploitative trade arrangements, and a growing population with an un-tapped potential.

In a departure from the traditional approach at "fixing" a damaged place, China is taking an antiquated approach in its relations with countries across Africa. Following the vision of the ancient Silk Road, China is creating trade connections with places that are the most convenient to reach, that have the most potential, and that make strategic sense to build relationships with. China is falling back on a strategy that developed from making voyages on foot, building human-to-human relationships, and seeing the lands and people as a great opportunity, not as things that need fixing. The innovation comes in defying the decades old trend that was established by the dominant world leaders like the United States or France. The antiquated Silk Road strategy turns the "poor African" narrative on its head, and treats both people and countries with the dignity of having something to offer on the world stage.

Inclusive prosperity means seeking out opportunities that go out of their way to benefit those who have been historically blocked from inheriting prosperity. The infrastructure projects such as bridges, railways, and dams that China and African countries collaborate on are loans to build the successful prosperity that each country envisions. As a nation China is exerting effort to do business with countries and populations that are sometimes seen as undeserving of US federal aid because of external forces like the political climate. Certainly there is room to criticize the way China is conducting business across Africa. But the antiquated Silk Road that has been adapted to reflect modern management techniques is reaching untapped potential and extending opportunity for inclusive prosperity.

Co-creating Solutions

The solution to keeping technology in balance with forward progress towards inclusive prosperity is human-centered management. As Drucker advises, keep compassion the focus of our goals. Simply put, this allows managers to gain perspective to see the harm or good technology is doing, and work realign to goals of employees and the goals of the company. So in our information-saturated, technology-driven world, our only way to forge forward creating solutions is to take an antiquated approach – re-learning how to communicate with compassion – to manage the direction that our motivations and technological advances take.

Here is a parting anecdote to reflect on: Oma Drucker was once at a border crossing waiting for her paperwork to be checked. She sat down on a bench and waited for the line to clear, up until evening. By the time she finally stood up and stood before the counter, the official was taking down his sign and was ready to leave. "Why didn't you come up earlier?" he grumbled. She answered, "You were busy, you had people

standing in line."[9] Was Oma Drucker simply exercising antiquated patience, waiting hours on a bench so as not to stand in line, or did she just create a niche market for queue management techniques? Management that deconstructs antiquated ideas to innovate compassionately for an inclusive future is like Oma Drucker – attentively searching for solutions, not wasting time standing in line.

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[9] Drucker 17.