



Proclaiming the Century of Leadership

by **Richard Straub**

Peter Drucker, whose life spanned the twentieth century, labeled that time as the era of organizations and institutions. Observing the dramatic rise of complex large-scale enterprises, he saw them as the new backbone of society and economy. As a consequence, he recognized the growing role of *managers* as fundamental to making these new legal, economic, social, and ultimately human constructs work. He also saw that when hospitals, education institutions, government bodies, and companies don't perform, society at large does not function. Thus, he stressed the role of management as essential not only in business but in society. In this sense, management is a "social technology"—a robust set of tools to make human endeavor more productive.

Achieving efficiencies of scale was the dominating theme of twentieth-century capitalism—pursued across the board by both the public and private sectors. The power of scalable organizational structures and work processes became evident in ways horrifying and inspiring. The model showed its ugly face in two world wars, as the machinery of conflict extended to weapons of mass destruction and industrialized genocide. On the other hand, its enormous positive power became clear in the postwar period, as the new economic and social system dramatically boosted human prosperity, albeit not in equal distribution around the globe. The twentieth-century model of efficiency management was indeed extremely successful and brought unprecedented progress.



Today we face a new critical point in the course of human progress. While our intellectual, social, and moral capabilities have evolved only slowly and incrementally over the millennia, our technical capabilities have grown exponentially. AI, robotics, machine learning, genetic engineering, and other breathtaking developments now challenge us with unprecedented questions and fill us with new anxieties. Meanwhile, our increasingly global perspective forces us to confront planetary-scale threats, from overpopulation to huge disparities in life chances on different continents, to climate change, to the culture clashes that come with globalization and mass migration.

This is a century in which the metaphor of the “perfect storm”—a swirl of powerful elements colliding to produce unforeseeable effects—is constantly invoked. Traditional management is overwhelmed and often disoriented by the interplay of challenges. As the *Economist*’s Adrian Wooldridge warned at last year’s Drucker Forum in Vienna, to focus too tightly on *management* techniques in such times is to commit a monumental failure of *leadership*. The two are not synonymous, as Drucker knew. He famously summed up the difference by noting that management is doing things right, but leadership is doing the right things. The worst mistake is to manage in excellent and efficient ways what shouldn’t be done at all. The work of leadership is to determine the direction an organization should take, and make the difficult decisions that require judgment and tradeoffs. Leaders, who emphasize purpose and values, are less about the “how” of the organization than the “why.”

The technological progress we have made puts the emphasis even more strongly on this leadership imperative. The challenges of the twenty-first century cannot be tackled from a technical perspective, just as they cannot be met with compliance checklists, certifications, and ever more specific regulations. They require the deeper, wider, and more holistic world view that visionary leaders can provide. There is no shortcut to cross-disciplinary knowledge, judgment, capabilities, and ultimately wisdom. No machine will ever be able to take this over.

In the current transition to a new world that is emerging—but that we shape ourselves—we should certainly draw wisdom from the great thinkers and mentors of the past. We are lucky in Vienna that quite a number of these giants were connected to this place and its cultural and economic tradition. Schumpeter shaped our understanding of a vibrant capitalism, based on entrepreneurship and innovation; Hayek made the case for freedom and for the power of competitive markets; Popper sharpened our view what an open society actually means and where its limits are; and Polanyi showed the dangers of unbridled markets and the need for continued role of the state to create a just society. Drucker, we might say, brought these strands together and taught the world how to translate good intention into actual performance—again, not only by doing things right but by doing the right things.

These great thinkers cannot provide us with specific answers in a world that is characterized by exponential change. If we want specific answers for dealing with it, we will have to find them ourselves—but they can provide us with enormous inspiration and depth. We can stand on their shoulders to see further, and discover ways to shape tomorrow’s society. Their voices remind us to return to reason and to avoid falling back into tribal fights, entrenched ideological positions, and the shallow simplifications of populist agendas on all extremes of the political spectrum.

The rise of large-scale organizations has dramatically increased the need for management *and* leadership, and both must grow in terms of quantity and quality. Even as we take care to distinguish leadership and management, we must recognize that they are not disconnected. While great leaders focus more on the question of what things must be done, they also understand how much effort is required to “do things well”—to establish the conditions and marshal the resources to make an organization’s work productive. Yet we should also recognize that the scarce resource in the twenty-first century will be leadership, not management talent.

It all comes back to the special qualities of human beings. If the twentieth century was called the century of management, the twenty-first century should be proclaimed the century of leadership. We need more capable leaders to open up the wide area of human ingenuity and creativity, and to unlock more human potential—the most crucial “natural resource” on the planet.