

PETER STARBUCK

REPORT FROM VIENNA NOVEMBER 2009

Abstract

In *Adventures of a Bystander* (1979) Drucker's only autobiographical book is divided into two collections of essays. The first section is titled "Report from Atlantis". It is a collection of reflections on the people, and events in the Vienna of his youth.

On 19 and 20 November 2009 The Peter F Drucker Society of Austria organised the first global 'Peter F Drucker Forum' in Vienna to celebrate the one hundredth anniversary of Drucker's birth.

The objective of the forum was to pay tribute to one of the great thinkers of our time, and to promote a deep dialogue about the future of management. Not only was one of the aims to bring Drucker's ideas home to Vienna and Europe, where he spent the first twenty-eight years of his life, but also to examine the relevance of his holistic perspective, and wisdom, in a world that is becoming a more complex matrix of government, business, non-profit, and voluntary organisations.

This paper follows the pattern of *Report from Atlantis*, and is a personal reflection on the experiences that the writer had at the forum.

Introduction

Management conferences are not a new idea but their relative success is variable as the following examples will illustrate. According to Drucker; "THE FIRST MANAGEMENT conference we know of was called in 1882 by The German Post Office. The topic – and only chief executive officers were invited – - was how not to be afraid of the telephone. Nobody showed up. The invitees were insulted. The idea that they should use telephones was unthinkable. The telephone was for underlings". (Peter Drucker. August 25, 1994, Forbes)

With the end of World War 1 international management conferences were becoming a regular occurrence at least in America and Europe including one Prague in 1926 at the invitation of the country's President Tomas Garrigue Masaryk. This conference was more successful than the German Post Office as the delegates did attend but the event was not without drama.

What we know is that probably the most colourful, and somewhat rare husband, and wife team in management, Frank Bunker Gilbreth (1868-1926)¹ and his wife Lillian Evelyn Möller Gilbreth

(1878-1972) were involved indirectly, and directly. Frank who was associated with Frederick Winslow Taylor (1856-1915) as one of the founders of Scientific Management had set out for Prague. While telephoning his wife from Grand Central Station in New York to tell her that his journey was going to plan, he had a heart attack, and died. Resourceful as ever, Lillian organised care for eleven of their twelve surviving children, and attended the Prague conference in her husband's stead.

What was described as the biggest management conference ever was reported in 'The Manager' November 1963. The author of the report, where 3,000 managers convened in New York, was Harry Ward, who claimed to have been attending such gatherings for over forty years.

The hosts of the participants from seventy countries were the Council for International Progress in Management (CIOS) who titled the conference 'Human Progress Through Better Management'. (November 1963, The Manager)

For Henry Ward, the event was not a happy one. The fact that he anticipated better hospitality may have been tempered by the currency restrictions at the time on British Nationals travelling abroad who were allowed to take only £50 Sterling on each journey. He records that "tours both before and after the Congress were drastically curtailed which upset the arrangements for those who had travelled thousands of miles".

The list of the names of those attending omitted many who had forwarded subscriptions months before, and it was believed that it would be several months before it will be known who was present

Ward continued that "everyone notices the things that go wrong". The banquet, which was attended by two thousand one hundred guests, had no national flags, or national anthems, tables were half empty or empty. Although it had been announced that no dinner jackets were necessary on arrival the menu's announced that 'des smoking on des complets foncés' (dinner or dark suits). Questioned is why the notice was in French. That the dinner was unduly expensive at \$10 with no alcohol was noted internationally.

Also criticised was that the two hundred papers presented at seventeen simultaneous sessions did not afford the correct appreciation for the efforts made. A personal appearance by President Kennedy transpired to be a five minute film.

Ward's hope for the future was that the next CIOS event in Rotterdam 1966 would be as well managed as the Australian event of 1960.

Why this report has any relevance to Drucker, Vienna 2009, is that in Ward's report there are two positives. The friendliness and hospitality of the hosts who personally accommodated the guests was noted. Of the internationally ranked contributors, Drucker receives a complimentary mention as "including a paper by the well-known Dr Peter Drucker".

The following advice from Drucker would have been relevant to the organiser of the New York event:

On 2 April 1964 (*The Manager*, May 1964) it was reported that Drucker addressed a British Institute of Management conference of eight hundred senior British managers in two sessions. The morning session was 'The Effective Business' followed by 'The Effective Executive', where he told the delegates that their priority as managers was "effectiveness (which) was doing the right things as opposed to doing things right", which is efficiency.

The New York event is mentioned to draw attention to the difference in the organisation of the Vienna Forum, which was breathtakingly the epitome of management organisation at its best. That the forum was also the first such event adds to the credit of the organisers Dr Richard, his wife Dr Ilse Straub, and their dedicated team.

The Forum

The basic facts were that three hundred and fifty people gathered in Vienna to celebrate the unique contribution that Peter Georg Ferdinand Drucker (1909-2005) made to management.

That so many of the world's leading management thinkers were prepared to give their time, and make a contribution to what turned into one of the most important management events of our young Twenty-First-Century.

That the event started on time to a packed hall was a reflection on the organised administration. The welcome by Dr Veit Sorger, President of the Federation of Austrian Industries; the hosts was what could be anticipated from good hosts. Dr Richard Straub, as President of the Peter Drucker Society of Austria, then set the three parameters of the event, which were:

- To reconnect Drucker to his European roots;
- To bring together the key stakeholders of management, of business, of academia and the non-profit sector, to address the management challenges of the Twenty-First Century as defined by Drucker;
- To engage Drucker's holistic perspective, and wisdom to help to focus on the issues.

This completed preamble gave confidence that the painstaking planning would achieve its logistical objectives, but it couldn't prepare the audience for what can only be described as the theatre of events that would unfold.

The action started with an address by ninety-eight year old Dr Doris Drucker, Peter Drucker's widow. Courtesy could be anticipated from the audience in respect for Dr Doris' connections.

However, what we were treated to was recollection of what her husband had told her of his life in Vienna, which was the period until he matriculated at the age of seventeen. She told us that the reasons why he seldom returned to Vienna she could only be a matter of conjecture but maybe it was because the Vienna of his birth had changed so much from being an Empire, to a country the size of Maine, one of the smallest states of the United States of America. She continued that Straus and the operetta's were not part of his life. We were told that in her house in Claremont, she has a document signed by Kaiser Franz, the Austrian Monarch in 1916, as she reflected that what followed "was a great shock both physically and mentally to all".

Of Drucker family holidays, they were spent in the Austrian Tyrol where Peter told her they felt like tourists.

She said that Vienna has been the centre of his existence, and that of his parents' ritualistic, and intellectual life. The address was presented with compassion, and understanding for what was such a difficult time for the Druckers, and those who lived in Austria. With humour, the equivalent of George Burns, she said that she had serious doubts that his mother continued with her intellectual twice weekly dinners at the family home as she asked us to imagine the guests arriving with their subsistence rations of three slices of brown bread in a paper bag.

Of her husband, she said he retained nostalgic memories of the beauty of Vienna, while the audience were left with memories of a great lady and an equal partner of the man whose life we had all come to celebrate.

Although the opening session was only one hour and fifteen minutes in duration another impact was about to be delivered by Pastor Dr Rick Warren, Pastor to President Barack Obama, and the author of books that sell by millions. Warren's invitation to speak was as a consequence of being the founder of the American Saddleback Church, which is one of the two largest Christian churches in the United States of America.

In what was a memorable evangelistic delivery as he looked back to the time when he sat at Drucker's feet to receive his sage advice, which he described was always available when needed. His memory of Drucker was for his clarity of expression, and as a person who never stopped asking questions. Although he was deeply rooted in the past he regarded age as an attitude as he was always focused on the future.

For Warren, Drucker was the person who was always looking for the next practice, which was the importance of The Third Sector, the non-profits that became the object of his active attention as Drucker, in his eighties, wanted to make another contribution.

Coffee break followed what had been a breathtaking one hour and fifteen minutes of more stimulating experiences than most people experience in a year.

I do not think that many of us in the hall were prepared for the further intellectual virtuosity that we were to continue experiencing. Such world class experiences are generally confined to the world top concerts.

For many, who are described as world ranking it is only publishers hyperbole but not with the next speaker who was introduced by Stefan Stern. Calm and confident C K Prahalad, who was described, as the “Distinguished Professor” he delivered his tribute: “Visible but not Seen: The Genius of Peter Drucker”. Professor Prahalad’s published abstract confirmed that “Drucker never accepted age or retirement; forever curious he was an ideas machine”.

For Prahalad it was always for today’s answers that he arrived at by asking himself questions. His questions were the simple questions; that are always the most profane. What is my mission? Not yours, or the organisations, because without purpose life has not meaning.

He warned that the danger is that management preferences are getting narrower. It is because of this trend that Drucker is more relevant than ever.

For Prahalad what made Drucker more relevant than ever was because he was an outlier. Consequently management academia will eventually have to accept that Drucker was correct to start with qualitative concepts, and are not with their preferred proofs, which are quantitative. They will also have to accept that their mission is action based, and ask what our audience is, and accept that management is a liberal art, and not a science.

Prahalad², in conclusion, shared his own particular beliefs that the challenges for businesses was that their growth markets were to provide products, and services for the four billion of the world’s population that live on a dollar-a-day.

Within the same session was Professor Charles Handy who, in recent years, has interchanged with Prahalad for recognition, as the most contemporary management influence. Handy’s paper was “What Drucker Taught Me”. As with Handy’s strength it was a lesson in communication as he related to what he had learned from Drucker over several decades including that business, and organisations were the key building blocks of society. When advising others, Drucker found that it was best to listen before talking. Drucker’s strengths were as a teacher, as the expert in the creative use to draw attention to new issues. Important was that Drucker saw the need to relate to history, sociology, psychology, and even art, and religion, to see beyond the blinkers that most academic wear.

Drucker’s message to organisations was that they needed to have a philosophy of their own that sets the standards, which they could stand and be judged by, and not hide behind the anonymity of bureaucracy. It was their personal values that mattered. These are the building blocks of a successful organisation.

Adrian Wooldridge, the management editor of 'The Economist' had the difficult job of concluding the session, which he achieved with aplomb. He reminded us that five years after his death, Drucker still remained amongst the world's most admired management gurus.

He claimed that Drucker's fascination is that he regarded management as the key to progress, and a barrier against barbarianism. It was his belief that good management could generate economic growth, and a vibrant society that could provide a safeguard against the destroyers of civilisations; of Communism, and Fascism that destroyed Europe of his youth and turned him into a refugee.

After this electric start the forum settled into a pattern of diverse papers spanning a great range of Drucker related topics.

With a total of over fifty papers and some parallel sessions it was not possible to hear all of the presentations. Consequently there is some selectivity in this report.

Amongst the highlights that the author was able to attend was a presentation by Professor Hermann Simon on Hidden Champions of the 21st Century in which he explained that within the world of business organisation are thousands of 'Hidden Champions' who although they are market leaders are unknown to the public. Many operate not only in domestic markets but globally. They have long-term plans, mutuality of loyalty between employers, and employees. They are relevant to Drucker because they are the role models of his ideas on management leadership³.

As day one, the second day began with a plenary panel, which was opened by a thought provoking paper by Professor Joseph Maciariello, Horton Professor of Management, Claremont USA, who was a colleague of Drucker's for twenty-six years.

Maciariello's paper discussed the next book Peter Drucker would have written. In reality it was a critique of Drucker's unfinished work. It centred on two issues. The first were how federalism could accommodate pluralist institutions, and still allow effective management to be possible. The second issue was how to fully evolve management into a liberal art so that it could accommodate not only the complexities of modern organisations but also their alliance, and networks. While we were left with enough to ponder upon, Maciariello set us a final conundrum as he said that Drucker's most provocative statement was that when he was asked where he got his ideas from his reply was "I look out of the window".

Maciariello's paper was followed by a paper that related to the theme that had been running through the forum, which was who, or what, was to blame for the current international financial crisis. The paper was delivered by Professor Peter Gomez of the University of St Gallen who was also the Chair of the Swiss Stock Exchange.

Gomez's thesis was that the financial crisis had not only destroyed value on an enormous scale but had destroyed the public trust. The task ahead was to rebuild this trust. This was the job of management not because management was unscathed by the crisis, but because the fault was the failure of management. The cause of the problem was a banking failure, but the crisis was a management crisis.

Gomez was referring to Drucker's explanation that there was a difference between responsibility, and accountability for managers.

A responsible manager complied "with the rules" given the industry by itself. Accountable managers question if they are acting in the "common good" and not "am I on the right side if something goes wrong".

A vigorous debate ensued with a repetition from debaters on previous papers of where do we as managers start to correct our faults. Again the answer was to refer to Drucker for management leadership to display their "responsibility" (Drucker's word) to society (not accountability), and reset the pay for the employed CEO at twenty times the pay of the average manual worker.

Gomez's paper was followed by a paper was followed a provocative paper by Avivah Wittenberg-Cox, it was, "Are Women the Managers Drucker Was Waiting For?"

Of the papers observed this was the only one that was disparate in celebrating Drucker's contribution.

Drucker was identified as using male role models when the reality was that they were the only ones available at the earlier times of his writing. Examination of his work would confirm that as women established themselves as his male models, had they received credit. That Wittenberg-Cox uses work by Herminia Ibarra, and Olilia Obadara to propose that women are better than men in eight leadership dimensions almost takes us back to Galtonism. Their idea that women all wanted to be managers didn't relate to reactions in society generally. A glance at Drucker's acclaimed friend, Abraham Maslow's work based upon his Hierarchy of Needs will confirm that not everybody, male or female wants to work, be managers, or even take personal responsibility.

Reference to contemporary research work by Dr Catherine Hakim gives a balance view of women life/work ambitions. Not every woman wants to be a manager. From her research, women fall into three main groups of, career women with or without family but without children, career women and family mothers, family home-based mothers who are satisfied to regard this as their career.

What should be remembered is that Drucker strove all of his life for a better workable society of equal opportunities for all. His early life in Continental Europe had taught him that imposed

priorities in society never provided the utopia that was anticipated, and could be the first step to totalitarianism. He always maintained that his wife was a better manager than he was, and no doubt he would have been pleased that the numbers of women in business schools and management are growing year on year.

In contrast to Wittenberg-Cox's expression for preferential treatment of women in management, a contrasting example came from Anne Bang of Copenhagen Business School, Denmark, who delivered her paper 'From Industrial Capitalist to Taylorian late Capitalism'. Ann explained as she maintained her sense of humour that, she had the evening before, delivered her revised doctoral thesis, and then caught a plane to Vienna at 03:30am to be in time to deliver her paper.

Professor Ira Jackson, Dean of the Peter F Drucker and Masatoshi Ito Graduate School of Management, Claremont, set Drucker's influences in a current context and emphasised that he would have expected us to foremost act responsibly in a world that needed courage and creativity to bring about the changes we needed for progress, coupled with continuity to provide stability for order.

The forum moved on like a well oiled machine to the closing Keynote delivery by Professor Philip Kotler, the distinguished professor of marketing. The emphasis of his paper was that the coherent application of marketing management was the key to selling, which should automatically follow, if the principles of marketing had been correctly applied. Not only was it the impression of Kotler's content that was memorable but also his technique of delivery. It was a technique that gave the impression that he was speaking to everyone individually as they were sitting at home in their own lounge.

The impression was left that where he discovered new solutions to marketing in practice with his clients, these practical lessons would find their way into his books.

Following this concluding paper, Richard Straub formally closed the proceedings giving justified credits to the efforts of his fellow organisers, and the contributors with a special mention to the Drucker family present.

Cicely Drucker, one his daughters present, gave a vote of thanks and recorded that she believed that if her father had still be alive to attend he would have been most appreciative to which she added her and her family's gratitude.

When this writer had had an opportunity to ask Cicely and Kathleen Drucker 'why so many people who had visited their family home were struck by its modesty in relation to their father's predictable income'; their cheerful answer was "my father gave his money away to good causes that he believed in".