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A TRIBUTE TO PETER F. DRUCKER

We did not leave our homes, our families, and our routines to come to California on this spring weekend to enjoy the sun. We came to say thank you. Thank you to Peter Ferdinand Drucker. He asked us to think, to play to our strengths, to do what is right. In turn, he helped each of us clarify our ambition and elevate our expectations of ourselves. He helped us embark on journeys that took us to places we never thought we'd see. That is why we are here.

Peter F. Drucker advised everyone from Henry Luce to A.G. Lafley, Margaret Thatcher to Vicente Fox. He made Andy Grove think; he made Winston Churchill think in new and often radical ways. "Peter Drucker is a guiding light to a whole lot of us," Grove once said. "When I see an article of his I drop everything else and read it on the spot." Decades earlier, Churchill went so far as to say that the amazing thing about Drucker was his ability to start our minds along a stimulating line of thought.

But it wasn't just the big names in business and world affairs who appealed to Drucker. When he reflected on his work, he was more likely to talk about advising entrepreneurs who worked out of borrowed office space. No one influenced as many managers as Peter F. Drucker, and those I've spoken to all say the same thing: "He was talking to me... He wrote it for me... He changed my life." There's something else. He cared intensely about people. Drucker's clients and colleagues inevitably add these four words: "He knew my kids."

Changing lives was a Drucker specialty. I conducted interviews with six dozen people whose lives he influenced. For five-and-a-half decades, they all agreed, no one at NYU or Claremont College was more gracious than Peter to doctoral candidates. He always peppered them with questions that made them rethink their careers, their values, their lives.

One of the most poignant conversations was with Tony Bonaparte, who met the Druckers while he was a graduate student at NYU. He recalled the way Peter and Doris took him under their wings. Over dinner at restaurants in Greenwich Village, Peter prodded him to think about the entire trajectory of his career, not just the next couple of steps. "He wanted to make sure that I was going to be successful," Bonaparte recalled. "He would sit with me and always ask questions to make sure that I was pushing a little harder. He made sure I always was stretching just a little further. He would not let me do anything but succeed. And if it weren't for him I wouldn't be where I am today." Today, by the way, Bonaparte is special assistant to the president at St. John's University.

Not long ago, I spoke to Jack Welch about how Drucker helped him hone in on issues paramount to his leadership success at GE. Welch put it this way: “He persistently asked me a couple of questions that I had to keep asking myself to be successful:

- If you weren’t in this business today, would you invest in it? And if not, what are you going to do about it? This led to our being number one or two in every business we were in and our reinventing ourselves every three years – critical to our success.
- Is this important to your organization? If not, find somebody for whom this is the front-line and let them do it.” It wasn’t coincidence, Welch said, that soon after that he started working with information and programming teams in India. And he did it “twenty years before anyone else.”

Peter managed to be as gentle as a schoolteacher and as demanding as a drill sergeant. Jim Collins, author of *Good to Great*, remembers dropping Peter off at his home after a lunch in 1984: “Thank you very much for your thoughts, and I hope I can live up to your standards.” Collins said. Drucker slammed his hand on the seat. “I can still feel the car vibrating,” Collins recalled. “He looked at me and said, ‘No. Your standards.’”

Now, more than twenty years later, Collins gives Drucker the highest praise: “Influence and power are two dimensions by which to consider leadership”, he says. “Zero power and large influence are a fundamental measure of a great leader, whereas power alone only creates management authority, not leadership. Peter Drucker had an immense ability to move and influence people without exercising power.

“The other key attribute of leadership is whether you have ambition ultimately for the cause, for the work beyond yourself, for the mission.” And that, of course, was quintessential Drucker – he was interested in the work beyond himself. “I believe,” Collins concluded, “he is a role model.” And what a role model he was, in so many ways to so many people.

Even in 2005 at age 95, in what would be the last year of his life, Drucker continued to influence business and economic thinking and practice in many countries in totally different stages of development. His 51 year-old classic, *The Practice of Management*, was the number four business book in Brazil. That year, *The Age of Discontinuity*, first published 36 years earlier, was number eight in Korea. *The Essential Drucker*, at six years old a mere fledgling, was number eleven in Japan. And, *The Daily Drucker*, published in 2005 (with Joe Maciariello), was number 11 on the *Wall Street Journal*’s bestseller list. By the way, that was his thirty-seventh business book – and along the way he found time to write two novels, as well. As his grandson, points out, Peter also carved out free time to read “encyclopedias, biographies, histories and the entire literary corpus of western civilization (several times over).” And his interest in the Oriental paintings led him to develop a sideline as a professor of Japanese art.

These statistics are just an indicator of his influence. No one shaped and inspired management around the world like Peter Drucker. Given the fast-moving nature of business, it's safe to say no one ever will again.

Peter was passionate about the need for good management. He believed that business was the economic engine of democracy. His childhood in pre- WWII Austria convinced him that efficient, ethical industries could keep dictators of the right and the left in check. And if businesses drove democracy, he felt, non-profit organizations were the engine to fulfillment. They, too, deserved top-notch management. He was proud of the way he helped the ranks of the Salvation Army and the Girl Scouts of America manage themselves like great organizations.

Peter instinctively recognized that management's most important capability is to take uncertainty out of the future. Certainly, the importance of this management capability is amplified given the new realities of the 21st century, many of which are upending longstanding business conventions. As a social ecologist, Drucker was fascinated by the human aspect of management. He had uncanny insights into people – so much so that one CEO after another talks of being “liberated” by Peter.

Peter F. Drucker defined the discipline of management; and then he re-defined the discipline of management. He created a vocabulary that we, and millions of others, are using today. In Peter's own words, he “knows that business is not only abstract laws and economic forces, but, above all, people striving for accomplishment.”

More than words, his most enduring contribution is in the ability to help all of us past, present, and future management do what is right. He did this by pushing us not just to analyze, but to act. “So,” he would ask in that accent that still harked back to pre-war Vienna, “What are you going to do about it?”

All of us who knew Peter knew the important part that didn't come through in the books, the lectures, the awards. And that was Peter the person, the devoted husband, the loving father of four and grandfather of six. When we think of Peter, we think of Doris and their sixty-eight-year marriage, with its nonstop playfulness. That probably began back when Peter was courting Doris in London. One day, Doris' mother stopped by – she was one of the rare people who was not a Drucker fan – and Peter hid in the coal cellar.

Years later, Doris took advantage of Peter's fanatical interest in everything around him. She recently told the story of the time she planted a fake mushroom in their yard. Peter studied it, dissected it, researched it – and in defeat he admitted that he couldn't identify this strange fungus. Doris was about the only person around who could leave Peter speechless. Peter liked to say that it was Doris who dubbed him an “insultant,” rather than a consultant. Probably, but Peter liked it so much that he kept describing himself that way.

The best way we can thank Peter Ferdinand Drucker is to follow his example – step up, look outside, ask questions, test ideas against history, and encourage others to do what needs to be done. And to do it with a strong moral compass. That is our great opportunity.

I can think of no better way to conclude than to borrow from Peter's words to capture how we feel about his ongoing contributions. In a tribute to someone else, Peter wrote that he was "shrewd and practical, but convinced at the same time that values matter and that expedient decisions are wrong decisions and will not work." He was, Peter continued, "dedicated to business as a major human sphere and as a mighty servant of man, yet fully conscious of the difficulties the businesspeople face every day." Peter added this: "Because he believes in business, he demands and expects much from the businessman." In Peter's spirit, let us all ask ourselves questions the way Peter constantly asked questions of those around him. Here are two questions that Peter would approve of: First, what are we going to demand from ourselves to make this a better world? And second, how are we going to make sure that business is run on the same principles that we teach our children?

ATTACHMENT 1 - ILLUSTRATIVE DRUCKER DECLARATIONS

Drucker's declarations have withstood the test of time. He objected to being characterized as a visionary or a seer. Yet he painted uncannily accurate pictures of the future thanks to his ability to anticipate the consequence of things that had already happened. Consider a few examples of many:

- In 1927, while attending the Editorial Conference of the Central European Economic and Social Weekly, he was asked what he feared the most. "I am afraid of Hitler," he responded. Others laughed at him because Hitler had just suffered a resounding defeat.
- In 1942, he wrote that institutions (not nations, states, or other geographically defined entities) were the most important communities and that market stakeholders would become as critical as nation stakeholders. (Today, market stakeholders may have even superceded nation stakeholders. Of the one hundred largest economic entities in the world today, 44 are countries and 56 are companies.)
- In 1947, he wrote that "management is leadership." For the past 15 years, no single topic has received more attention in the management world than leadership. Frances Hesselbein is a frequent speaker in her role as Chairperson of the Board of Governors of the Leader to Leader Institute. "I always include a quote from Peter Drucker," she notes. "Inevitably, that is the high point of my speech. When I leave, it is the Drucker quote that people remember."

- In 1950, he wrote that the demographic issue of concern would be the accelerating shift to an aging majority in the United States and other developed Western nations, not excess population growth. Consider the past year's Social Security discussion, and consider the debate about what to do with aging baby boomers.
- In 1954, Peter told his publisher that, "management needs strategy." His publisher responded that "strategy" was a term for war, not business – and it would repel readers. By 1975, the topic of strategy dominated the top management writings in journals and books.
- In 1960, he warned of a problem created by professional fund managers running pension funds and taking responsibility for building employee equity because of conflicting interests and hostile takeovers. Ownership by employees would, Drucker said, inevitably encourage hostile takeovers and financial looting at the expense of long-term economic health. The prediction came true in the flood of hostile takeovers 20 years later in 1980, and in the need for Social Security reform today.
- In 1985, Peter told Walter Wriston, chairman of Citigroup, that the Berlin Wall would fall. Wriston said that he would have dismissed the prediction if it came from anyone but Peter Drucker. In 1989, when the Wall came down, Drucker smiled and said, "I didn't know it would happen so soon."
- In a conversation in 1986, Drucker said that the Soviet Union would collapse. Henry Kissinger responded, "You are wrong." When Gorbachev delivered the speech dissolving the Soviet Union in 1991, Drucker was again prescient when he warned, "Now we have to be concerned about their resources and economics."
- In 1988, Drucker told Bill Donaldson, "When the economy turns down there will be a wide outbreak of bitterness for the corporate chieftains who pay themselves millions and paint themselves as heroes."
- In 1990, when most of business was still figuring out the implications of that Berlin Wall crumbling, Drucker wrote that communities of companies would be critical to business survival in the transnational world. We are now clearly, and sometimes painfully, in a globally networked world.
- In 1992, Drucker wrote, there is no longer a "Western" history or a "Western" civilization. There is only world history and world civilization.
- In 1996, Drucker commented on the Internet boom, "It is not the access to information that is important. It is how organizations, business, and every horizon will change as a consequence that will matter." We are now experiencing the reality of his statement.

ATTACHMENT 2: HISTORICAL CONTEXT

Vienna 1909

In the early 20th century, Vienna was the prosperous capital of the dual monarchy of the Austro-Hungarian Empire and home to many of the world's foremost musicians, artists, authors, philosophers, and scientists. In that city, in this remarkable era, Gustav Mahler, Johann Strauss, and Anton Bruckner were composing music being performed by orchestras in the greatest concert halls and opera houses in the world.

Peter Drucker was born in this imperial capital in 1909, a year after Kaiser Franz Josef's 60th Jubilee. His Vienna was continuing to flourish while the rest of the empire was beginning to crumble. After nearly 800 years of continuous Hapsburg rule, ethnic tensions were on the rise, with people from the Balkans to Bohemia clamoring for self-determination and Germanic groups calling for closer ties with Germany. Within the governing structure of the constitutional monarchy, reformers pushed for increasing democracy and market improvements. All the while, the future of the Austro-Hungarian Empire was regarded as clouded by the prospect that the arguably far less capable Archduke Ferdinand was in line to succeed the aging Kaiser. The Habsburg monarchy's fall from power after World War I and the ensuing years of chaos left Vienna and the old regime in a shambles and defined the world of Peter Drucker's youth.

Adolph Bertram Drucker (1876-1967)

The Druckers came to Austria from Holland, where the family had worked as printers (Drucker means "printer" in Dutch) primarily producing editions of the Koran that were sold on the black market in the Ottoman empire for considerable profit. After the family relocated to Vienna, Peter's great-grandfather continued as a printer, but his grandfather forged a new family profession as an Austrian civil servant in customs. Peter's father, Adolph Drucker, was the younger of two children and also entered the civil service, rising to the senior civil servant at the Austrian Ministry of Economics at an early age. A prominent liberal, Adolph retired from the civil service in 1923 in protest against the government's increasing deference to the Roman Catholic Church. He taught at the Schwarzwald School and later became an international lawyer.

Adolph's prominence and status as Grandmaster of the Austrian Freemasons made him a particular target of the Nazi regime, and Peter's parents were singled out by the Nazi secret police when they entered Austria in 1938. Through a case of mistaken addresses on the part of the Nazis, Peter's parents evaded arrest and were able to flee Austria to Zurich and then the United States. In the United States, Adolph became a professor of International Economics

at the University of North Carolina before moving to a similar post at American University in Washington, D.C. and ultimately on to Berkeley to teach European literature at the University of California. Note: Peter and Doris had been in America for about a year before his parents joined them.

As reflected in the diversity of Adolph's professional positions, his intellectual interests were wide ranging. While still in government service in Austria, he participated in the founding of the Salzburg Festival (a major international musical event) and served for many years as the festival's chairman of the board. During Peter's childhood years, Adolph hosted weekly dinners at their house with guest lists that included eminent economists and lawyers as well as musicians, mathematicians, and philosophers; thereby exposing his son to a wide spectrum of ideas from a very young age.

Caroline Bond Drucker (1885-1954)

Peter's mother's family came from Prague and Vienna, and Peter's maternal grandfather (Ferdinand Bond) was a banker and one of the founders of the Anglo-Austrian bank (one of the major banks of the Austro-Hungarian Empire). He died in 1899 when Peter's mother was 14. Shortly thereafter, her mother, Olga Bond, had a long siege of illnesses including rheumatic fever, yet was always on the go.

She was a strong, insightful woman whom Peter admired and wrote about in *Adventures of a Bystander*.

After graduation, Caroline went on to be one of the first women in Austria to study medicine, even attending lectures in psychiatry given by Sigmund Freud – yet another place where she was the only woman. As Peter relates, “she used to recount with some amusement how her presence embarrassed Freud in discussing sex and sexual problems.”

Despite being an academic and social scientist like his father, Peter was always much closer to his mother. “I am very much her son. Where my father had principles, she had perception. Till the last years of her life, when she was very ill, we always understood each other without having to discuss anything.” The confluence of their two personalities can easily be seen through the myriad of medical examples to be found in Peter's writing. From a very early age her weekly dinners for fellow professionals brought countless prestigious surgeons, psychologists, pediatricians, and even statisticians to the family table.