



1st Global Drucker Forum, Vienna 2009

Managing in the Era of Complexity - Peter Drucker's Landmarks

**Prof. Dr. Winfried Weber
Peter Drucker Society of Mannheim**



Managing in the Era of Complexity Introduction

Peter Drucker Society of Mannheim, May 2009

Our question – Drucker in Practice

How do I work with Peter Drucker's ideas?

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Managing in the Era of Complexity Introduction

**Complexity
Theory <> practice ?**

Peter Drucker Society of Mannheim, May 2009



Managing in the Era of Complexity Introduction

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**The starting point of most of our members:
modern production systems**



Managing in the Era of Complexity Introduction

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Starting point:

**How do management thinkers explain
complex production systems?**





Managing in the Era of Complexity Introduction

Henry Ford, 1910

**„My biggest problem was,
that I had to hire whole people,
when all I needed was two hands.“**



Managing in the Era of Complexity Introduction

Prof. Atsuo Ueda

President Drucker Society of Japan DW



“Toyota operates exactly the way Drucker-san said a company ought to operate.”

Shoichiro Toyoda, Drucker Society of Japan DW

„The TPS is a management philosophy [...] [It] has a lot in common with Professor Drucker’s teachings.”





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Employees as ... talent! ... problem solvers!



„Workers have brains! Workers have ideas!“

**Ron McPherson, 1980 to Tom Peters
CEO Dana, auto-parts manufacturer**



Managing in the Era of Complexity Introduction

Taylor's production system

„To separate thinking from acting“



Taylor's blind spots

„If you separate the working process,
to separate workers as much as possible“



Managing in the Era of Complexity

Overview

Introduction

1. What is complexity?
2. How do leadership-masters deal with complexity?
3. Why managers can't simplify



Managing in the Era of Complexity

What is complexity?



Managing in the Era of Complexity What is complexity?

Science and Complexity

one of the most intriguing discoveries of scientific discourse

quantum physics 1920s

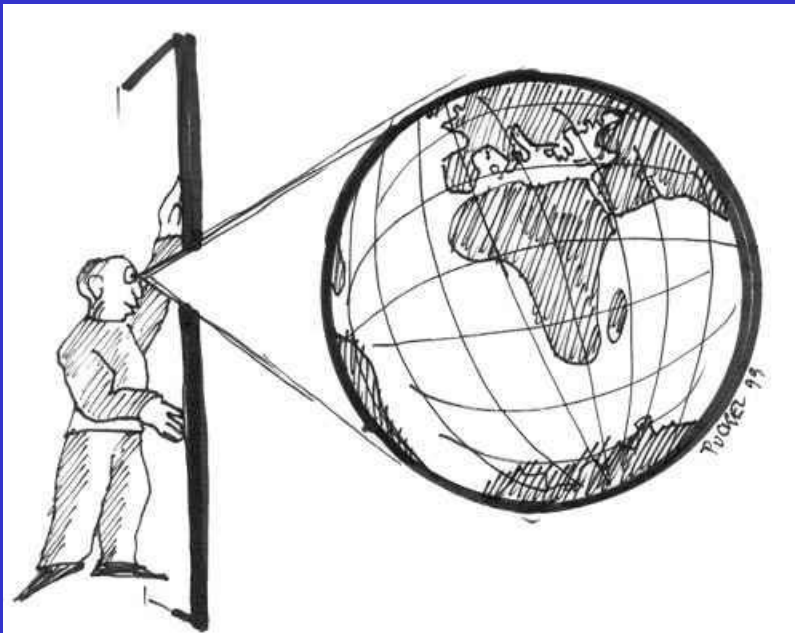
cybernetics 1940s

management 1940s

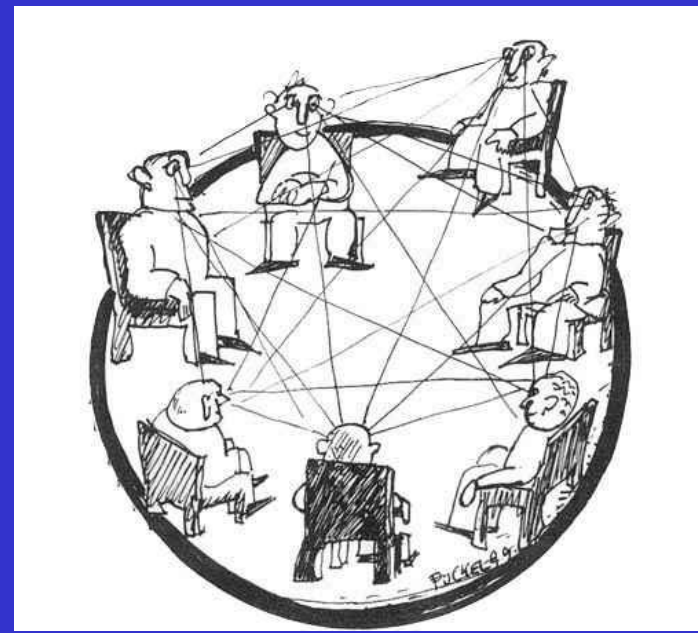


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What is complexity?



peephole



part-of-the-world-position



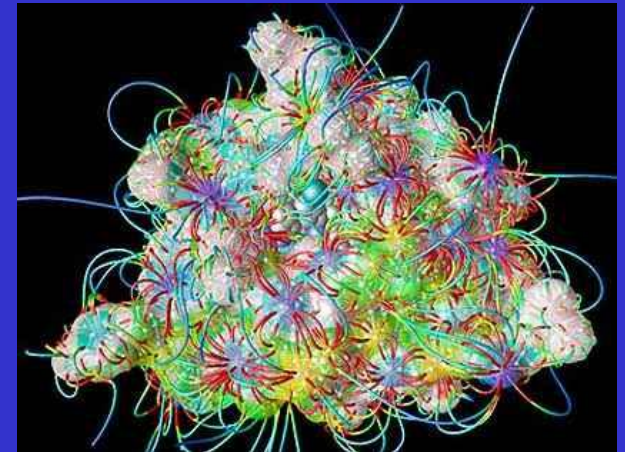
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What is complexity?

„complicated“?

you can keep track of it

logically connected



AIDS molecule



Managing in the Era of Complexity What is complexity?

Complexity means

- An observer is overtaxed if having to understand a phenomenon
- Complex phenomena consisting of many (more than three or four) organized, heterogeneous elements defy both causality and statistics

Routledge Encyclopedia of Social Theory, 2006



Managing in the Era of Complexity

What is complexity?

chess





Managing in the Era of Complexity

What is complexity?

chess grand master
strategic plan?





Managing in the Era of Complexity

What is complexity?

chess grand master

build up the game





Managing in the Era of Complexity **How do leadership-masters deal with complexity?**

**Organizations are as complex as chess
because they are social systems
acting in an unexpectable environment**



Managing in the Era of Complexity

How do leadership-masters deal with complexity?

“Management becomes necessary when an organization reaches a certain size and complexity.”

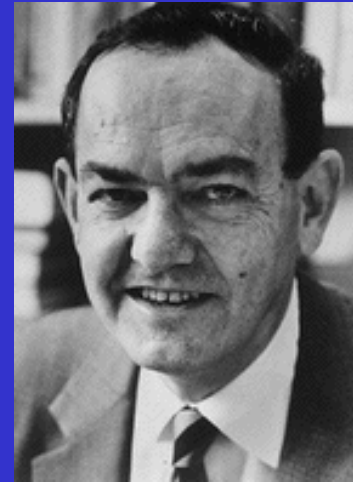
Peter Drucker



Managing in the Era of Complexity How do leadership-masters deal with complexity?

Herbert A. Simon

The Proverbs of Administration, 1946



**„For almost every principle one can find an
equally plausible and acceptable contradictory
principle.“**

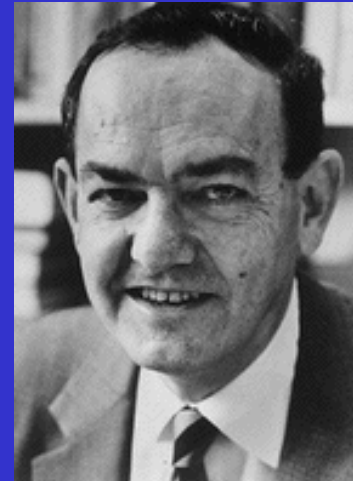


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How do leadership-masters deal with complexity?

Herbert A. Simon

The Proverbs of Administration, 1946



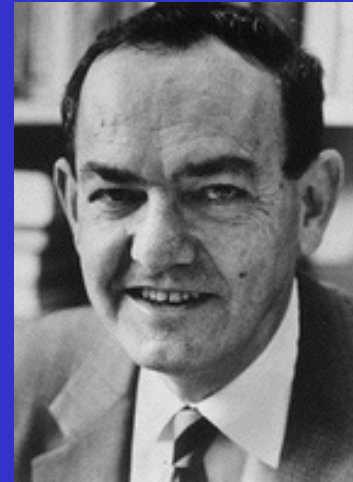
To manage = to deal with contradictions



Managing in the Era of Complexity

How do leadership-masters deal with complexity?

Contradictory principles



Reduce complexity! <> Build up the game!



Managing in the Era of Complexity

How do leadership-masters deal with complexity?

The function of management

„to put knowledge to work“

Peter Drucker



Managing in the Era of Complexity **How do leadership-masters deal with complexity?**

How „to put knowledge to work“?

Reduce complexity!



Managing in the Era of Complexity

How do leadership-masters deal with complexity?

“An organization is a tool. And as with any other tool, the more specialized it is, the greater its capacity to perform its given task.”



Managing in the Era of Complexity How do leadership-masters deal with complexity?

**“The organization must be single-minded,
or its members become confused.**

**Only a focused and common mission will hold the
organization together and enable it to produce.”**



Managing in the Era of Complexity

How do leadership-masters deal with complexity?

**Focus on
simple and understandable
products or services**



Managing in the Era of Complexity

How do leadership-masters deal with complexity?

Peter Drucker

What is our mission?

Who is our customer?

What does the customer value?

What are our results?

What is our plan?



Managing in the Era of Complexity **How do leadership-masters deal with complexity?**

Contradictory principle

Build up the game!



Managing in the Era of Complexity **How do leadership-masters deal with complexity?**

**Peter Drucker calls himself a „social ecologist“
he builds up the game by**

- analyzing history**
- communicating, networking and „buzzing around“**
- observing („look out the window“)**



Managing in the Era of Complexity

How do leadership-masters deal with complexity?

Understanding complexity?



Managing in the Era of Complexity

How do leadership-masters deal with complexity?

Managing in the past society

who works plans out and produces



Managing in the Era of Complexity
How do leadership-masters deal with complexity?

Managing in the next society

who works communicates



Managing in the Era of Complexity
How do leadership-masters deal with complexity?

Peter Drucker's landmarks

How to deal with complexity?



Managing in the Era of Complexity

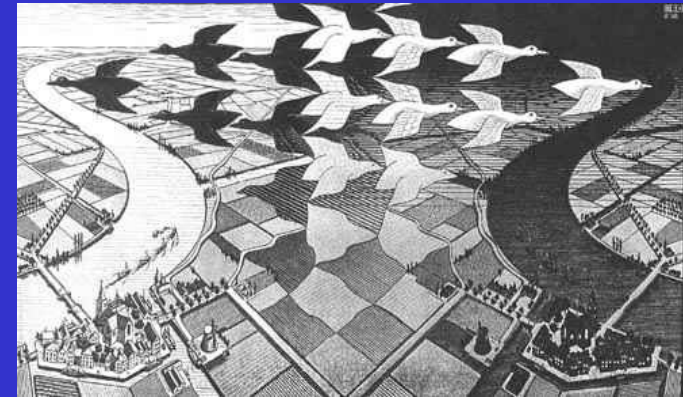
How do leadership-masters deal with complexity?

Management by ... ?

One best way?

To-do-lists?

Either ... or?



observing and epigrams!



Managing in the Era of Complexity **How do leadership-masters deal with complexity?**

How to deal with complexity?

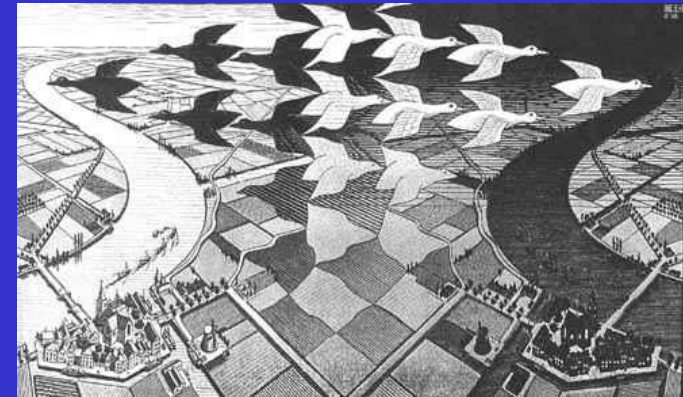
Build up the game with epigrams



Managing in the Era of Complexity

How do leadership-masters deal with complexity?

epigram



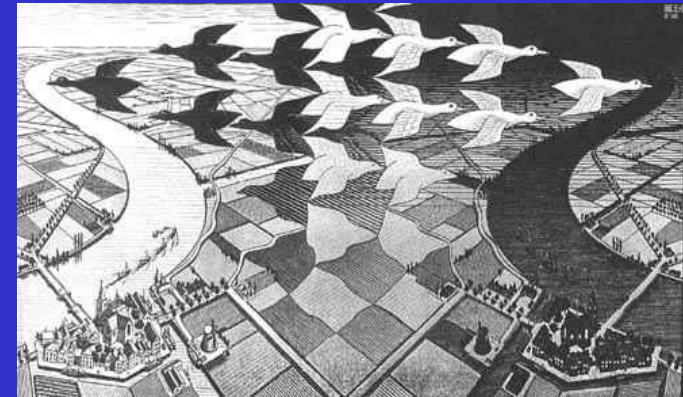
Organizations: „To create a customer“



Managing in the Era of Complexity

How do leadership-masters deal with complexity?

epigram



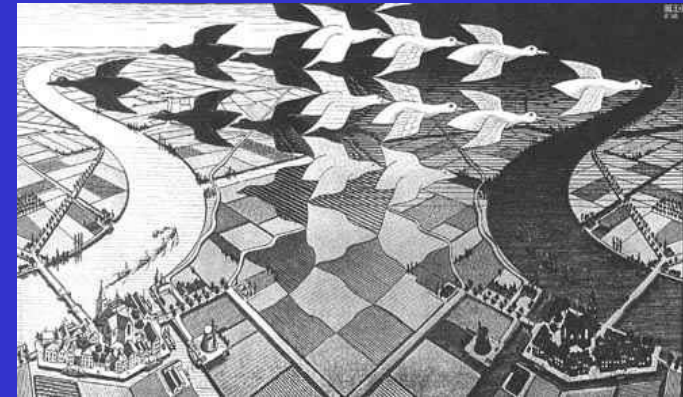
Classical production systems:
„To separate thinking from acting“



Managing in the Era of Complexity

How do leadership-masters deal with complexity?

epigram



„You cannot manage other people
unless you manage yourself first.“



Managing in the Era of Complexity

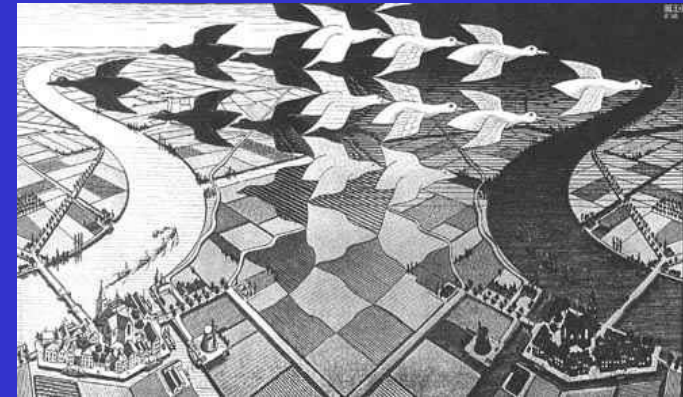
How do leadership-masters deal with complexity?

epigram

knowledge workers

**„They may not have to be ,managed‘,
but they have to be made productive“**

„They have to be treated as volunteers“





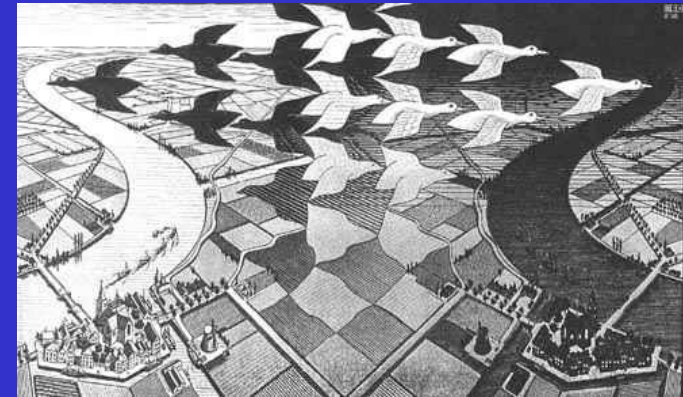
Managing in the Era of Complexity

How do leadership-masters deal with complexity?

epigram

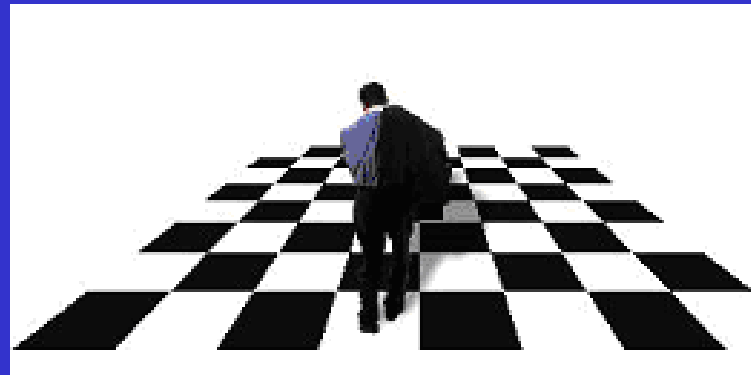
change

„The most effective way
to manage change successfully
is to create it“





Managing in the Era of Complexity

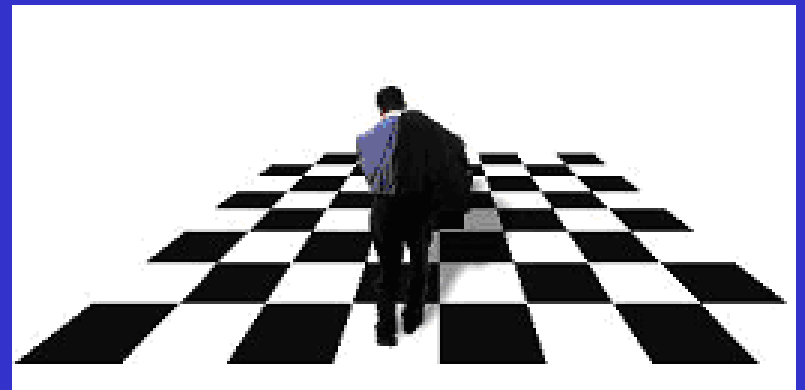


Why managers can't simplify



Managing in the Era of Complexity Why managers can't simplify

Heinz von Foerster



„Act always as to increase the number of choices“



Managing in the Era of Complexity

The most influential management thinkers
in German speaking countries

TOP 5 2005 – 2009

- # 1 Peter Drucker
- # 2 Hermann Simon
- # 3 Fredmund Malik
- # 4 Michael Porter
- # 5 Philip Kotler



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Thank you for your attention

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Managing in the Era of Complexity

	simple management perspective	complex management perspective
problem	non-consistency	inconclusive situation
solution	one best way to-do-lists	unorthodoxy „complicate yourself!“
change	linear either ... or	circular as well as
image of crisis	crisis is explainable call a consultant	crisis means re-organizing self organizing system
decision	based on calculation	based on judgement
reasoning	formal, fixed rules	informal, variable rules
focus	reduce complexity	build up the game