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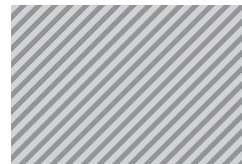
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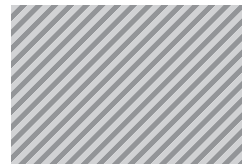
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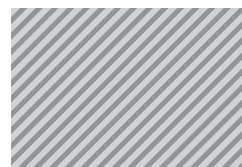
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REACHING OUT
1ST GLOBAL
DRUCKER
FORUM
VIENNA
COMING HOME

ABSTRACTS



Thursday 19th November

OPENING KEYNOTES 10:45 – 13:00

Perspectives on Peter Drucker

Prof. C.K. Prahalad

Position: Distinguished Professor
of Corporate Strategy, University of
Michigan Ross School of Business

Country: U.S.A.

"Visible but not Seen": The Genius of Peter Drucker

Peter Drucker was a never ending "idea machine". He defied age. He never accepted retirement. It was not part of his thinking. Forever curious, he was constantly looking for and found new avenues to improve and inform practice. He was not a forecaster. He did not consider himself to be one either. He was unmatched in seeing new patterns in the data that was available to all. For example, he was a pioneer in looking beyond corporations to non-profits and religious orders to identify management lessons. Similarly, he saw the emergence of a knowledge society which will be governed by new rules; not the same that informed the manufacturing age. He could see the connection between the revolutions that Internet was causing with the revolution caused by the Gutenberg press. His ability to connect and see patterns with the past, with other institutions, and with emerging trends was what made him so valuable and immensely popular. Finally, he communicated these insights with great clarity. In this paper, I plan to explore his "research method". Are there lessons for all of us who strive to be relevant and impactful in our research?

Prof. Fredmund Malik

Position: Chairman and Owner, Malik
Management Zentrum St. Gallen

Country: Switzerland

Peter F. Drucker as a Systems Thinker and Social Ecologist

Peter F. Drucker had begun to build the foundation for a functioning society, its institutions and the nature of its management as early as 1942. Although he did so for the conditions of the 20th Century he was one of the first to see some of the most important landmarks of the evolving interrelated systemic nature and the dynamic complexity of the New Society of the 21st Century, which was the reason why he called himself a social ecologist. Had the world followed his principles today's crisis could not have happened.

Prof. Charles Handy

Position: Social Philosopher

Country: United Kingdom

What Drucker Taught Me

Peter Drucker was a huge influence on my thinking and my work. From him I learnt:

The importance of seeing business, and indeed all organizations, as the key building blocks of society. From this it followed that their goals must enrich society and not merely their owners. The dangers of attaching the rewards of executives too closely to the stock market were made all too clear recently. There is an urgent need to realign rewards with purposes. The full meaning of the Responsible Corporation needs to be spelt out.

The need for leaders to have a "philosophy" for themselves and for their organizations, by which I mean a set of values and purposes on which they base their strategies and actions. Leaders need to stand tall and not hide behind the anonymity of bureaucracy. Personal values matter; only then can one build the basis of the trust that has to be the backbone of a successful organization.

When advising others, it is best to listen before you talk, and to question rather than instruct – what I think of as Socratic Counselling, something all managers need to learn and which Peter Drucker did so well.

The power of concepts to illuminate new truths, e.g. Peter's "knowledge workers" or, in my case, "portfolio lives". Leaders need to use language more creatively in order to help their people to see things more clearly. Peter was expert in the creative use of metaphor to draw attention to new issues.

The importance of a deep "hinterland". Peter's understanding of history, of sociology and psychology, even of art and religion, allowed him to see beyond the blinkers that most academics and managers wear. Management education needs to be much broader than it is now.

The need to see beyond the horizon, to anticipate the new challenges rather than to extrapolate current trends. Should we, for instance, be thinking of redefining the organization as a web of associated projects, some temporary, some more lasting?

The lessons that business can learn from non-profit organizations whose goals have, by definition, to be more than financial.

In all these areas Peter had things to say and I have examples to provide from my own work and thinking. My intention would be to show how Peter's ideas are still fundamental to forward thinking about management and organizations.

Adrian Wooldridge
Position: Management Editor, The Economist
Country: United Kingdom

Peter Drucker: Uber-Guru

Five years after his death Peter Drucker remains the world's most admired management guru. His fans include such different people as George Bush (who awarded him the presidential Medal of Freedom) and Al Gore (who claimed him as an inspiration for reinventing government). Business people and management thinkers continue to find inspiration in his writing.

Why has his influence proved so enduring? Partly because of the breadth of his mind. In a profession where memories are short and learning narrow Drucker was an encyclopaedic thinker. He ranged over the centuries and over the world of learning. He did not rely on the stock examples of the management-theory industry. He illustrated business alliances by talking about marriages in Jane Austin's novels and the rise of the knowledge economy with nuggets about the East India Company's commitment to examinations.

Partly because of his catholic interpretation of the word "management". He was not just interested in business. He regarded "management" as the central activity of the "society of organisations". Some of his most interesting observations concerned the rise of mega-churches. He was fascinated by the way these organisations succeeded in mobilising their members and turning them into disciplined volunteers.

But the biggest reason that Drucker continues to fascinate is that he regarded management as a key to progress and a barrier against barbarism. Drucker witnessed the rise of the twin barbarisms of Communism and Fascism. He believed that good management could generate both economic growth and a vibrant civil society: two essential safeguards against the breakdown of civilisation that had destroyed the Europe of his youth and turned him into a refugee.

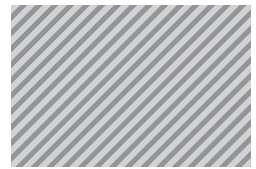
PARALLEL SESSIONS 14:00 – 15:30

Session 1: Ethics and CSR in the light of Peter Drucker

Prof. Craig Smith
Position: INSEAD Chaired Professor of Ethics and Social Responsibility
Country: France

Drucker on the Bounded Goodness of Corporate Social Responsibility

Peter Drucker's immense contribution to the thinking and practice of management extends to social responsibility in business. This work goes back over sixty years but remains relevant today - notwithstanding the impacts of globalization and the greater interconnectedness of business and society. This paper first will identify Drucker's CSR "principles" and then examine their implications for business today, with an emphasis on marketing practice. As well as revealing their significance, it will also consider Drucker's views on the limits of social responsibility, referred to here as "bounded goodness". It will examine how Drucker's thinking informs the challenging question of "how much is enough?" in relation to corporate responsibility issues such as food marketing and obesity, availability of AIDS drugs in Africa, and supply chains and labor rights.



Prof. Bodo Schlegelmilch

Position: Professor for international
Marketing and Management and Dean
of WU Executive Academy

Country: Austria

Beyond Shareholder Obligations: The Uncharted Territory of being a Responsible Company

When Drucker expressed his view that managers need to take a leadership role and take responsibility for major social problems and issues, he was an outsider among his contemporary management writers and business leaders. The majority sympathised with Milton Friedman, who proclaimed social responsibility of business as misplaced. In fact, Drucker bemoaned that Alfred Sloan and his colleagues at General Motors objected to anything that would give the corporation responsibility beyond its economic function.

Today, Drucker's commitment to social responsibility is widely shared among senior managers. A McKinsey study carried out among executives in different countries found the large majority in support of balancing obligations to shareholders with "explicit contributions to the broader public good." In parallel with this shift in opinions, we can also observe that the academic literature on "social responsibility", "corporate social responsibility", "triple bottom line", "sustainable development", and "corporate citizenship" has mushroomed.

But while there is agreement in general that the responsibility of business has to go beyond shareholder obligations, the multiplicity of terms used to refer to the "broader contribution to the public good" already indicates that even today, there is not agreement on the exact scope of corporate responsibility. While "social responsibility" and "corporate social responsibility", the terms used by Drucker, make no explicit reference to the environmental impact of business activities, "sustainable development" appears to focus predominantly on environmental issues. "Corporate citizenship", in turn, is primarily used in the US and most often in connection with philanthropic activities. The expressions "triple bottom line" and "corporate responsibility" are arguably the most inclusive in that they capture the notion of economic, social and environmental responsibility.

Using Drucker's belief as point of departure, namely that the "purpose of business is to create customers" and that "social problems can be converted into profitable business opportunities", this contribution will highlight some of the tensions companies need to resolve in charting their "broader contributions to the public good". We start by focusing on the scope of corporate responsibility through identifying its key domains. Next, we attempt to explore the boundaries of corporate responsibilities. As corporate responsibilities can only be discharged when, according to Drucker, "business makes enough profit to cover the costs of the future", companies face a problem when shareholders question the legitimacy of social or environmental expenses or, worse, when consumers are unwilling to pay for social or environmental agendas. Finally, the talk will identify some of the open challenges business leaders need to confront in the future. Since Drucker's writings, business has gone substantially more global and, consequently, the scope of corporate responsibility now needs to be extended. Arguably, business may be the only institution that has the capability to address some of the most pressing global issues. However, the verdict on the right balance between economic, social and environmental responsibility of business is still pending.

Dr. Timo Meynhardt

Position: Managing Director, Center
for Leadership and Values in Society,
University of St. Gallen

Country: Switzerland

The Business of Business is Society

Peter Drucker made a case for "managing social impacts" and in broader terms for the societal function of managers in all major institutions, including business. At the same time, he also was quite clear about the limits of social responsibility and the limited authority of business to tackle societal problems. Concerning enterprises, Drucker was an advocate for the primacy of economic performance. He argued that there is no basic conflict between the self-interest of the enterprise and its societal function. Likewise he denied the need for a specific "business ethics" (qualifying it as "ethical chic") and made a strong argument for universal ethics.

What are the intellectual building blocks for his ideas? How do they form a coherent frame? Without doubt, Drucker's perspective on ethical issues in business is deeply rooted in his work on the individual in society and community. His social and political thoughts, his speculations on the future and above all his moral arguments can only be understood, if we engage with those basic assumptions. They provide the background for his normative statements, his "social ecology" and also for his the creative syntheses of trends and observations in many corners of business life and society. Therefore, in our presentation we aim to highlight selected pillars which constitute his unique perspective.

After pinpointing to selected basic assumptions which inform Drucker's views on ethics and social responsibility, the presentation will focus on areas where his ideas link in to recent developments in research. We will argue that we have to qualify and extend his view on the primacy of profits. In order to meet the societal function of modern business in an uncertain world with competing value systems, we have to be much more cautious with "ought's" and "must's". On the other hand, it is exactly this type of "moral science", where engaged scholarship sensu Drucker is much needed.

Session 2: More than a management thinker

Prof. Guido Stein
Position: Professor of Leadership, IESE
Country: Spain

A Man for all Seasons

Austria and Germany: the Foundations of his Weltanschauung

Peter Ferdinand Drucker, Viennese, was born in 1909 to a cultured family, which fostered both his literary vocation and his restless intellect. He combined law studies in Hamburg and Frankfurt with a job in an export company, and later as a journalist with the Frankfurter General Anzeiger. His doctoral thesis in law dealt with the so-called forms of quasi-government (quasi-Regierungen) such as revolutionary governments, governments in exile or colonies in the process of becoming independent.

His first book was a study of Friedrich Julius Stahl, a mid-nineteenth century legal philosopher, and an outstanding political traditionalist and parliamentarian, in Berlin and Erfurt. It was entitled Friedrich Julius Stahl, Konservative Staatslehre und Geschichtliche Entwicklung (Friedrich Julius Stahl, Political Conservationist and His Historical Evolution) and published in 1933 by the prestigious German publisher J.C.B. Mohr und Siebeck of Tübingen.

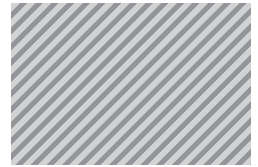
Why should Peter Drucker, at the age of thirty-four, have chosen to write about an unknown author who was practically ignored by German historians of political thought? Berthold Freyberg, a personal friend, provided a probable explanation for such a choice. Drucker's penchant for the innovative and creative syntheses of things otherwise deemed incompatible would seem to account for his intellectual fascination with the figure of Stahl, who could be described as the personification of paradox, notorious for his seemingly irreconcilable points of view.

Stahl, Jewish by birth, became the spokesman for Protestant political orthodoxy. Of Bavarian background, he worked earnestly for the Prussian crown. A committed conservative, he resisted absolutism in favor of constitutional monarchy. In short, he was a person difficult to categorize, like Drucker himself. It might well be ventured that there did exist a certain personal affinity that influenced Drucker's choosing Stahl, which shows quite tangibly that Drucker adopted a certain conservative frame of mind during those years which, along with his inveterate tendency towards iconoclasm, accompanied him throughout his life.

In his reflections on Stahl, Drucker goes on to describe a lively, dynamic conservatism (lebendiger Konservatismus) in which history is viewed as a succession of contingent events and behaviors, that is to say, which might have never occurred, and always under the watchful care of Divine Providence (Die Augen Gottes). This confers upon such events and behaviors a specific dignity. (Later, he would see this tendency combined and emphasized in his later readings of Burke, de Tocqueville, Bertrand de Jouvenelle, Calhoun, in The Federalist Papers, and in North American history and politics.)

Drucker saw this Jewish thinker not as a portent of characteristic features that would shape future political and social reality, but as one who examined the discontinuity facing the present; someone who was not asking the question "What will the future be like?" but rather "What can we learn about today in order to build the future?" Like Bergson, he preferred to "draw out tendencies rather than to prophesize about what will happen." This was Drucker's approach to the profound cultural changes (discontinuities), which, because often hidden, cannot easily be perceived, on the horizon, accustomed as we are to our expectation of continuity. (See for example Drucker's books Landmarks of Tomorrow (1957), The Age of Discontinuity (1969) or The New Realities (1989).)

After publishing his study of Stahl, he left Germany and established himself in London, where he worked for a financial firm and attended classes given by John Maynard Keynes. In 1937, he moved to the United States to serve as a correspondent for several English and Scottish newspapers, and as an assessor for various British financial institutions.



Prof. Linda Pelzmann

Position: Professor of Economic
Psychology, University of Klagenfurt
Country: Austria

Some years later, he was to become a professor and consultant, activities he would alternate with his work as a writer, and which would continue right to the end, becoming up to now the most influential management philosopher.

Animal Spirits and Mass Movements - New Dimensions of Management

"No discovery of this century has had greater impact than the social innovation of mass movement. Yet none is less understood."

Peter F. Drucker's (1986) pioneering essay on social innovation called my attention to the magnetism of crowds and the tactics of mass movement. A decade of research followed.

1. Background

In the closing years of the nineteenth century, Joseph Pulitzer and William Randolph Hearst created a mass readership and a mass following and led the campaign to force the United States into the Spanish-American War of 1898. The tactics that the media tycoons developed have since become standard for all mass movements. "Crusades" for a single cause – the environment, nuclear disarmament, gay rights, anti-smoking, etc. have become common place. They all have the same strategy: commitment to a single cause as a moral absolute; recruiting and agglomeration of agents, which all carry the same charge and point in the same direction. In the nuclear physicist's terms this is a critical mass – the smallest fraction big enough to alter the nature and behaviour of the whole.

2. Peter Drucker's Main Contribution

Since then mass movements are undermining the political decision process. We are only beginning to realize how profoundly the single-cause mass movement has changed the political process. The locus of decision making is rapidly shifting from politicians to lobbyists. Policy making becomes special-interest manipulation, made behind the scenes and by bribe. As a result political actions increasingly have to be postponed until there is a "crisis", an "emergency", a "catastrophe". Only under such a threat does the single cause special-interest group lose its veto power.

3. Data and Results on Mass Manufactured Will

Herd behaviour and the madness of crowds are destabilising financial markets. When the market panics, market participants are not panicking individually, in isolation, but in response to the panicking of others. The same is true of their buying, selling, and risk perception. Investors do not perceive risks individually, in isolation, but in response to others. Perceived risk is triggered by others, generating a feedback-loop. Investors who react to others displace those who make their own decisions. This process feeds on itself.

4. Conclusions and Open Problems

These dynamics need to be managed and the Peter F. Drucker Forum in Vienna provides the right audience for a résumé on data, results and conclusions.

Prof. Danica Purg

Position: President of CEEMAN and IEDC-
Bled School of Management
Country: Slovenia

Peter Drucker and the Arts

As a contributor to the 1st Global Peter F. Drucker Forum on the theme "Peter Drucker and the Arts" it is my privilege to speak about some of the moments or experiences that influenced the life and work of Peter Drucker. In this context I was certainly intrigued by my first visit to Peter Drucker and his wife Doris. I noticed that the library in his house was full of books about art, while his own books were stored in the garage. I asked myself how this fitted in with Drucker's obsession with quality; I also wondered how the fact that he lectured for some time on Japanese art at Pomona College should be understood. I received an answer to the first question in reading Drucker's description of attending a performance of Verdi's Falstaff at the Hamburg Opera in 1929. He recounted that he was so impressed by the piece that he determined to carry out his own life's work in the spirit of Verdi, who once said: "All my life as a musician I have striven for perfection. It has always eluded me. I surely have an obligation to make one more try." The answer to the second came from what Drucker wrote about his art teaching, and from a recent conversation with Doris Drucker. Peter Drucker described how his first exposure to Japanese art was "pure accident, pure mistake": a "mistake" that proved to be the beginning of a relationship lasting more than 65 years. One sunny Saturday in the summer of 1934, Drucker stopped on the way home from work to see what he thought

would be the summer showing of paintings by Royal Academy members in London's Burlington Arcade. Instead, he found himself in an exhibition of Japanese paintings. He found himself pulled in and moved by this exotic, unfamiliar art as he had never been before, by any of the art he had ever seen. He wrote: "When I left Burlington Arcade two hours later that June afternoon, I knew that something had happened to me. Not only had I discovered a new universe of art, I had discovered something about myself; I had experienced a touch, a small touch to be sure, but a genuine one, of enlightenment". The question of quality returns when he writes about how he and his wife consider works of art. First, "Is it first-rate as a work of art?", but then immediately, "And would it become a part of us, a part of our life and an extension of our own inner space?" Describing what a Bunjin painting means to him, he says: "The longer one lives with the Bunjin painting the more one learns about oneself." And here we have it. This has become one of Peter Drucker's main messages to managers and business leaders: "Learn more about yourself", or, said differently, "You cannot manage other people unless you manage yourself first." In describing how "teachers" of art can help you to build a collection, he offers a perfect metaphor for how teachers of managers should operate: the teacher's task is to help managers discover and develop their own tastes, and above all to teach them how to look. A good teacher does not say "This is what I see." He asks: "Tell me what you see."

We have been using art to promote leadership development for a long time at our institution. I am convinced that we can all learn a lot from Peter Drucker's understanding of art and its role in the leadership reflection process.

These dynamics need to be managed and the Peter F. Drucker Forum in Vienna provides the right audience for a résumé on data, results and conclusions.

PLENARY PANEL 16:00 – 17:30

Peter Drucker's importance for the 21st century business world

Prof. Hermann Simon
Position: Founder and Chairman,
Simon-Kucher & Partners
Country: Germany

Hidden Champions of the 21st Century – Role Models of Druckerian Leadership

Peter Drucker's notion of management and leadership was above all value-based. Values such as honesty, integrity, creation of true customer benefit, closeness to customer, innovativeness, employee and employer loyalty, long-term orientation are recurrent themes in his writings.

Where do we find these values in reality? In large corporations? Or rather in mid-sized businesses? In this session we will look deeply into the strategies and leadership styles of a select group of companies, the "Hidden Champions".

"Hidden Champions" are world market leaders, yet unknown to the public. Their strategies reflect values such as described by Drucker: long-term orientation, mutual loyalty of employees and employers etc. All this is combined with outstanding successes in the global markets of the 21st Century. They are true role models of leadership in the best sense Peter Drucker had in mind.

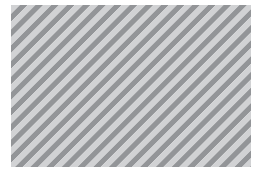
Peter Paschek
Position: Managing Partner, Delta
Management Consultants GmbH - The
Amrop Hever Group
Country: Germany

The Effective Consultant According to Peter Drucker

"Working with managers of all kind of institutions for long years, I have learned that management is deeply involved in moral concerns – the nature of man, good and evil". (Peter Drucker)

"The management consultant is not only a major part of the practice of management. He has been, above all, central to the development of the theory, the discipline and the profession of management". (Peter Drucker)

In 1972 Peter Drucker wrote that particularly the business enterprise – besides its fundamental concern for the quantities of life, i.e. economic goods and services – has to become increasingly concerned for the quality of life – "which cannot be handled in the traditional manner. It cannot be handled by public relations(!)".



About 30 years later he wrote: "In the half century after second world war, the business corporation brilliantly proved itself as an economic organization..... In the next society the biggest challenge, may be its social legitimacy: its values, its mission, its visions."

Today, we are in the middle of a legitimacy crisis of management and with it a legitimacy crisis of management consulting "as its central part". - The consultants are blamed for still using the old recepees and tools of the industrial society. Costcutting and laying off people seems to be the ultimate solution of consulting projects. All quiet, if it comes to organizational innovation from "the professional therapist in management" and which Peter Drucker demanded so urgently. Instead of being seen as a leading force in social innovation, management consulting appears to be as the leading force of the "shareholder value doctrine".

How can we, the management consultants, overcome this crisis ? "When institutions lose their legitimacy or find it in called question, the times are ripe for their reinvention" (Rakesh Khurana). - As the central institutions of society, either the university, the government or the business enterprise are losing ground of confidence, reinventing today more and more has become a kind of buzz word. But what does reinventing mean ? But what does reinventing mean with respect to Management and to the Management Consultant ? There is of course no ultimate solution or "the" solution. But the following may be a first step:

- 1.** Respect Performance and concentrate on performance while evaluating an organization and its people. You can't measure talent and you can't measure potential. You only can measure performance.
- 2.** Focus on identifying strength of an individual and of the organization and help developing these strengths.
- 3.** Know that every organization has his own unique personality while the fundamentals of management are the same, therefore study intensively the organization's history.
- 4.** Understand that your clients are your teachers and that you live off their knowledge. So listen carefully and keep on asking in a way children do, until their parents destroy this ability.
- 5.** Focus on building project teams from the inside of the organization you consult, because there is the knowledge you need to be effective and you create trust to overcome the obstacle that everyone of us wants to keep yesterday alive a bit.
- 6.** Use your independence and take a stand, even if you have to be an "insultant" sometimes. "Your clients pay you not for being pleasant but for being right".
- 7.** Thrive on the opportunity that through consulting "you can afford to learn while working ! Broaden your field of knowledge, because in a period of rapid change the one who hasn't a broad field of interests besides his professional area is likely to be outflanked. The real new things that happen, don't happen in your field of concentration.
- 8.** Make yourself understood because language is not just message, it is meaning, in its substance it creates communion and community.
- 9.** Never take an assignment from a client, you can't be committed to otherwise your advice cannot be based on compassion. "I had and have great respect for his entrepreneurial achievements, but when he asked me for consulting I said no, because he told me that he first had to kick out his brothers, not to do them bad, but to do them good and this to me was "too Christian". (Peter Drucker)
- 10.** If you want to read or to reread Adam Smith you should not start with his book "An Inquiry into the nature and causes of the wealth of nations" but with "The Theory of moral Sentiments".

Craig B. Wynett

Position: General Manager, Future
Growth Initiatives, The Procter & Gamble
Company

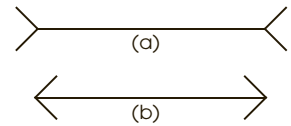
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Assumptions Matter

"Assumptions Matter." In his simple assertion, Peter Drucker spells out his most important insight for business success in the 21st Century. According to Peter, the most important of these assumptions are the ones so taken for granted they are often invisible to us. They happen automatically, below the level of consciousness, and therefore are rarely articulated, much less challenged. Yet, these assumptions function as facts, rules that order raw experience into coherent meaning. Assumptions are self-reinforcing, they create a kind of gravitational pull; the more they are reinforced, the bigger the pull. The bigger the pull, the more difficult it is to correct our view. Everything that doesn't fit gets ignored. Like Newton's Laws in physics, we tend to treat these business rules as absolute, immutable.

But, in this new millennium of unprecedented change, many of our fundamental assumptions are now seriously out of sync with reality. Based on these outdated ideas, our view of the world is now more illusion than fact. Illusions are created when the brain misinterprets sensory data and constructs an image of reality that is inconsistent or misleading. Visual illusions are a good example.

In the Mueller-Lyer illusion, our perceptual "assumptions" cause us to decisively conclude that line (a) is longer than line (b) even though the lines are exactly the same length. This objective fact, however, does not alter our perception - (a) still looks longer than (b). Business illusions, like the optical variety, are rarely revised, even in the face of contradictory data.



Most business people are deductivists - not inductivists. We do not simply gather data and draw unbiased conclusions; rather we have a built-in bias to maintain our theories rather than change them. We interpret information so as to make it consistent with our assumptions. We behave in ways that serve to confirm our preexisting beliefs, and we discount or isolate contradictory evidence so that our preexisting assumptions remain intact.

So how do we change these invisible rules? Peter's remarkably simple advice: You make them visible.

Drucker100 Gala, Dinner Speech

Jack Beatty

Position: Senior Editor, The Atlantic Monthly

Country: U.S.A.

A European Education

Peter Drucker came of age in the capital of that tragic confection, the Austro-Hungarian empire, in the era of the Great War. How did that milieu and moment affect his life and work? I will trace a number of influences, including his indifference to politics, his cosmopolitanism, and his eye for the absurd.

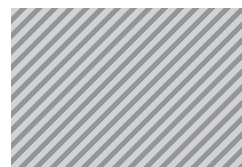
These things were taken in with his mother's milk. Consciously, Peter rejected his milieu. Vienna's backward-facing museum culture made the young man gag. The talk was all of "prewar" and how good life was then. Peter got out at seventeen and never lived in Vienna again. As for the war, he learned to read by tracing the letters in the obituaries of neighbours and family friends. The war brought fear - Peter and his friends were sure it would last long enough to kill them - and hunger.

The peace brought Herbert Hoover, whose feeding organization "saved" Peter and his schoolmates. The Hoover mission left him "with a lasting aversion to porridge" and a heroic image of management. In defence of "prewar" - after all, Vienna was the capital of modernism - I'll describe the weekly intellectual soirees on economics, medicine, music, literature, public events, even mathematics put on by his parents.

If Peter had never spent a day in school, he would have received a matchless education at home. Vienna, Austria-Hungary, the war shaped character and sensibility. The second chapter of Peter's European education formed his mind. "All around me society, economy, and government - indeed civilization - were collapsing," he writes of his years in Germany.

Peter's career is framed by two distinctions. The Nazi's burned his first book, a pamphlet on Friedrich Julius Stahl, a 19th century legal philosopher and parliamentarian, and Peter received, from the hands of President George W. Bush, the Medal of Freedom, the country's highest civilian honour. Considering that Stahl was a Jew and Peter's laudatory essay appeared two months after Hitler came to power, some may rank the book burning as the higher honour.

As I will argue, Peter's encounter with fascism colours everything after. It's there in his indictment of nineteenth century laissez-faire, in his tragic sense of what's at stake when an economy stutters and stops, above all in his idealization of the manager as a hero of results, holding off the collapse of civilization by making firms, industries, and economies work. Peter's late-career disillusionment with corporations, Wall Street raiders, and capitalism itself reflect the shipwreck of his hopes for management. "Drucker is so deeply concerned about the profession of management because he is profoundly afraid of what might happen is the major institutions of Western society fail in their essential responsibilities," Alan Kantrow rightly observes. The manager, in Peter's own words, is among our protectors from "the dark forces that lurk just beneath the thin veneer of civilization..." Did Peter expect too much from the manager? Or have we, without the benefit of his twentieth century European education, come to expect too little? I hope to end my talk with such Druckerian questions hanging in the air.



Friday 20th November

PLENARY PANEL 1 09:00 – 10:30

Management as the defining role in modern Society

Prof. Joseph Maciariello
Position: Horton Professor of
Management, The Drucker School
Country: U.S.A

The Next Book Peter Drucker Would Have Written: Federalism and Management as a Liberal Art

Peter Drucker promoted the concept of a functioning society comprised of decentralized, pluralist institutions. But, the difficulties leaders in government and business have had led Drucker, late in his life, to be pessimistic and disposed to seek the ingredients for a tolerable society, and not for a utopian one contained in his early writings.

Principles of Federalism are essential to the solution of the most complicated problem of managing pluralistic institutions of a democratic society - the organization and distribution of power. Federalism, including Constitutionalism, can contribute to creating a system of functioning organizations by identifying and addressing this problem.

We address the problem of managing these institutions by proposing sound leadership principles; small decentralized units that create transparency; rules of behavior for and checks and balances on individual and organizational behavior; effective organization of top management and the board; and appropriate performance measures and controls. The result, we believe, is a reasonable solution for dealing with entropic forces that are constantly at work tearing down the functioning of the institutions of society.

Principles of Corporate Federalism are derived from the Principles of Political Federalism developed by Burke, Madison, Hamilton, etc. We apply Principles of Political Federalism to Corporate Federalism within the larger management framework of "Management as a Liberal Art" advocated by Drucker in order to address alternative forms of decentralized organizations, from divisions of transnational organizations to alliances and networks formed in the global economy. Alliances and networks pose even more complex problems related to the distribution of power which if mismanaged can diminish or completely offset the benefits of collaboration across organizational and political boundaries.

Prof. Peter Gomez
Position: Dean, Executive School of
Management, Technology and Law,
University of St. Gallen
Country: Switzerland

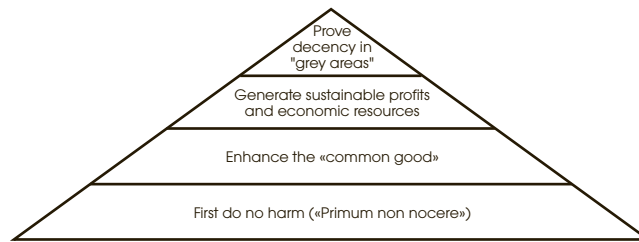
Crisis as a platform for dialogue – Towards a new understanding between society and economy

The financial crises not only destroyed value of an enormous scale, but fundamentally changed the relationship between society and economy. A broad public's trust in an economy committed to societal value creation has vanished. Fundamentally new ways must be found to restore trust. However, well-intentioned appeals or codes of ethics will not suffice. Visible and understandable behavior is required instead: Companies and business leaders must document their societal accountability through self-commitment.

First, an important distinction between responsibility and accountability of management has to be made. A responsible manager complies with rules and regulations established in form of legal requirements, accounting standards or regulatory prescriptions as well as with the "rules of the game" given to the industry by itself. An accountable manager on the other hand takes the broader picture and asks the question about his or her contribution to the "common good". The basic attitude is all about contribution, about taking charge and empowering people. Accountable managers ask (with Peter Drucker), what has to be done, what is right for the enterprise – and not, am I on the safe side, if something goes wrong.

Second, empirical evidence has to be found about managerial attitudes towards societal value creation. The Center of "Leadership and Values in Society" at the University of St. Gallen has interviewed 50 top-level managers on these issues – the surprising results will be addressed at the Conference. Third and final, action has to be taken. An intensive dialogue between business leaders and the broad public is a first step towards an economy committed to society.

Guiding principles for the "Swiss Dialogue" now in process in my country are shown in a pyramid of accountability:



Avivah Wittenberg-Cox

Position: Managing Partner of 20-First
and Honorary President of the European
Professional Women's Network

Country: France

Are women the managers Drucker was waiting for?

Although Drucker never specifically focused on the issue of gender or women, the values and leadership styles he advocated seem to match much of the current literature and research on women in business. An interesting question, and one that this speech would explore, is to ask "Are women the managers Drucker was waiting for?"

- **Men dominate in Drucker's works.**

In three of his major works - Post-Capitalist Society (1993), The Practice of Management (1966) and The Effective Executive (1967) - women are mentioned only once. The notion that women are in the workforce is not factored in.

- **He used male role models mostly drawn from industry and the military**

e.g. General George C. Marshall, Chief of Staff, U.S. Army and Alfred P. Sloan, Jr., General Motors.

- **He noted that the effective executive is single-minded but did he miss something?**

He may have missed the more currently accepted advantage of being multi-task oriented (something women know a lot about and perhaps he overlooked because he only looked at the way men worked).

Quote: "This is the 'secret' of those people who 'do so many things' and apparently many difficult things. They do only one at a time. As a result, they need much less time in the end than the rest of us." (The Effective Executive, 1966).

- **But he was ahead of his time on the knowledge worker and its implications for leaders of people.**

- Knowledge cannot be managed or measured like other factors of production.

- The knowledge worker had to manage himself more and determine how to be productive.

- Therefore, the leader of knowledge workers had to motivate and inspire.

- Drucker knew that leaders would be managing people in a more fluid, flatter sense - they would have to motivate and inspire and draw knowledge from people who were not necessarily under their command in old-style hierarchies. They would be at all levels.

- This equates to the idea of going from the pyramid to pomegranate organisation.

- Drucker did not focus on women's leadership skills but if he had, would he have discovered how suited many of them would be for the new world he was describing?

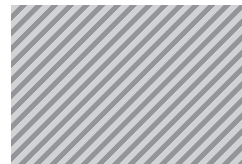
- **Women Perform Better Than Men in 8 Leadership Dimensions**

Herminia Ibarra and Otilia Obadaru identified seven areas where women were seen to do better, all of which are highly relevant for the leadership required in Drucker's world:

1. Energizing employees
2. Aligning employees with the organization's values and goals
3. Rewarding and feedback
4. Team building
5. Making employees aware of outside constituencies
6. Tenacity
7. Emotional intelligence.

Then, McKinsey's Women Matter 2 added the bit Ibarra left out:

8. Envisioning or what McKinsey calls inspiration - presenting a compelling vision of the future and inspiring optimism about its implementation.



PLENARY PANEL 2 09:00 – 10:30

Preparing the Ground for 21st Century Management Education

Dr. Elizabeth Haas-Edersheim
Position: Strategic Consultant
Country: U.S.A.

Greenfielding Business Schools

As we all know, something is wrong with management education. Despite intense criticism by scholars, practitioners, and even students, demand has not abated. In fact, demand has actually been soaring – particularly in developing countries. People are hungry for management education and would rather get what they can than nothing. Yet they realize that something is missing and something is no longer relevant in what is being offered.

If we had the opportunity to build from scratch or Greenfield a management training institute, how would we get started?

I would suggest we begin by bringing what we have learned from Peter Drucker to this challenge. Drucker was all about asking the right questions. For this task, I believe the right questions are:

1. When we look out the window, what are the **new realities**?
2. What is a customer-centric **theory of management education** that fits with these realities and delivers value - both conventional and novel - to the customer?
3. How can the **culture of the enterprise** and "the way things are done" support this theory and encourage smart actions on the part of tomorrow's managers?
4. How can **effective management** best be practiced within this culture by members of this enterprise to deliver on the targeted theory of the management education?
5. What are the **results** that can be expected and what will be the mechanisms to correct and adjust the theory, culture, and practices as results deviate - Exceeding or falling short - from expectations?
6. How can we assure **sustainability**?

From my various discussions with leaders around these questions, it is clear that: (1) the Greenfield management school would be quite different than anything we know today; (2) Additional thinking is required to get it right.

Today's conversation will contribute to pushing that thinking forward.

Prof. Christopher Bones
Position: Dean, Henley Business School,
University of Reading
Country: United Kingdom

Management as a Practice - Implications for the future of Management Education

Education is the search for truth. It is a moral, not a functional activity. It exists because we want to know and to use what we know to lead a satisfying life. At its best it is a process that challenges current wisdom and convention, creating change through discomfort and engaging those who experience it in ways that change not just their knowledge but also what they do with that knowledge. In so doing it creates new knowledge, new understanding and new ways of doing.

Most management education fails to deliver change. It is training. It reinforces current paradigms, entrenches opinions, demands answers that conform to a set perception of right and wrong ways of doing things and ultimately creates managers who stifle innovation and entrepreneurial behaviour: a capability that Drucker argued was at the heart of wealth creation.

Management is not a scientific discipline, it is a practice. To do it well requires an understanding of a range of disciplines and to combine this with a range of behaviours that can engage people and deliver performance. Educating managers in the 21st century successfully requires a combination of discipline comprehension with behavioural change. This means that case studies and lectures have to be replaced with application, reflective practice and coaching and that we have to accept that management can only be effectively developed in people with experience of work.

Dr. Barbara Kolm

Position: Secretary General of the
Friedrich August v. Hayek Institute

Country: Austria

Entrepreneurship Training - A 21st Century Challenge

Europe's education system is currently being redesigned. This process is due to the acceptance of the so-called Bologna-Agreement between the EU Member States on the one hand and on the other hand due to the fact that we have a worldwide market for education, which is a highly competitive market.

Consequently, education especially entrepreneurial education is not a government's responsibility anymore. It is a consequence of globalization and competition.

The question whether economic education should focus more on economic forecasting and modeling instead of sound training and understanding of how markets work has clearly been answered by the current financial crisis. Solutions that are being suggested by decision makers and leaders have little relation to reason and understanding of human beings, of how they react to incentives etc. Do we neglect the individual? How is knowledge being created and why is it that people are innovative. Is there a correlation between entrepreneurship and economic growth - "Economics is like riding a bicycle: you can only keep balance once moving ahead" (Peter Drucker)?

What is the most promising concept of education?

The balancing act between traditional university education (in the Humboldt sense) and vocational education and training programs is a difficult one. Particularly with regard to the lack of understanding of the achievement principle. Consequently we need to hold students liable and make them understand the principles of the Austrian School of Economics (e.g. responsibility, achievement, markets) and most important the understanding of entrepreneurship.

PARALLEL SESSIONS 11:00 – 12:30

Session 1: Learning from the non-profit world?

Rick Wartzman

Position: Executive Director of
The Drucker Institute and Columnist of
BusinessWeek

Country: U.S.A.

Drucker and Nonprofits

By the late 1980s, Peter Drucker was convinced that nonprofits had emerged as the most important institutions in the life of the United States, and were poised to play a similar role in much of the rest of the world.

"We hear a great deal about the decay and dissolution of family and community and about the loss of values. And, of course, there is reason for concern," Drucker wrote. "But the nonprofits are generating a powerful countercurrent. They are forging new bonds of community, a new commitment to active citizenship, to social responsibility, to values."

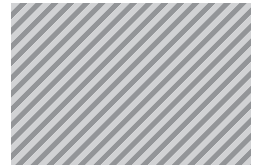
As part of the panel "Learning from the Nonprofit World" at the 1st Global Peter Drucker Forum in Vienna, I plan to explore this fundamental insight - that, as Drucker put it, "it is not government, it is not business, it is the social sector that may yet save society."

By seeing nonprofits fill a role that he once imagined would be taken up by the "plant community," Drucker anticipated the rise of volunteerism in the U.S., which recently reached a 30-year high. President Obama has also made service and volunteering a priority of his administration, further validating Drucker's vision.

To be sure, Drucker didn't believe that all nonprofits performed at a high level. In too many cases, he cautioned, social-sector leaders "are so convinced they are doing the right things and so committed to their cause that they come to see the institution as an end in itself." Only "a small . . . number of nonprofits are truly well-managed," Drucker added, noting that the vast majority "can be graded a 'C' at best."

Yet the best nonprofits are remarkably effective, mastering the five fundamental questions that Drucker believed all organizations should ask: What's our mission? Who is our customer? What does the customer value? What are our results? What is our plan?

This is another area that I plan to examine during the Vienna panel, in part by drawing on the work of Jim Collins as well as that of Leslie Crutchfield and Heather McLeod, who have the common characteristics of high-impact nonprofits.



One example is Teach for America, which enlists supremely talented recent college graduates to work in impoverished inner-city and rural schools. Founder Wendy Kopp has adopted a data-driven, results-oriented approach that many for-profit businesses could learn from.

Notably, though, Kopp didn't always operate this way. For a time, she assumed that her noble intentions would be enough. But TFA began to flounder and, at one point, almost collapsed. "Whether or not Teach for America met its goals," Kopp decided, "would depend on whether or not our organizational leaders - and I myself - were effective managers. It was great to have big ideas. But they wouldn't grow into successful initiatives without effective management at every level."

Finally, I will touch on the work of social entrepreneurs - people who, in Drucker's words, are able to improve "the performance capacity of society," often by blurring the traditional boundaries between businesses and nonprofits.

Stefan Wallner

Position: Secretary General CARITAS
Austria

Country: Austria

Learning from the Non-Profit World? Mission or Money. Who Makes the World Go Around?

The heterogeneity of Non-profits has grown in the last decades. The borders between the three sectors are more and more vanishing. In a postmodern, individualized society the individual identity has to be designed by oneself. Meanwhile in a globalized economy and political arena NPOs, public sector and even companies have to create their identity. What kind of Public administration/company/NPO do I want to be? The modern "Gretchen's question" is: How do you deal with the growing freedom of choice and what is about the twin nuisance of freedom: responsibility?

There are Non-profits that are outsourced service providers for the public sector and act like the public administration. There are Non-profits, that act like profits and profits (nowadays often called social entrepreneurs) that act like non-profits. There are local grassroots-movements of volunteers and global players. There are organizations with an incredible impact and others that are completely self-absorbed. Peter Drucker knew that very well and he is not giving an admiring glance at the NPO-world, seeing them as a deus ex machina, who will solve all the problems in the world caused by market failure and failure of politics. It is more the knowing smile at the weaknesses, which are often hiding behind the demonstrative moral integrity, but more than anything else at the enormous potential of NPOs.

NPOs are neither the naïve do-gooders nor are they the white knights in a downgoing globalized world, as they are often qualified in extremes in the public debate.

What makes NPOs so fascinating - especially in times of the crises?

First of all NPOs have something politics and businesses are more and more lacking:

It is trust and motivation for participation and real engagement, which leads to legitimacy in public perception, politicians and business leaders are longing for.

On the other hand one great danger of NPOs should also be mentioned at the beginning. It is described very well by Peter Drucker: Do not substitute good intentions with results. (Even if we learned in the last months that in the long run it might be less dangerous than substituting good and creative quarterly reports with sustainable results.)

What are core differences, where learning could begin?

It's the mission, stupid - not the money. (So Clinton was maybe wrong ;-). Even if NPOs are very focused on money in every day life, the driving force is the mission. Peter Drucker was stressing this key factor for NPOs: "The mission drives everything the organization does."

And the mission goes always in the direction of more impact, of trying to increase effectiveness and not of increasing efficiency to maximise profit.

The Board of NGOs is often contributing money itself. So they are "shareholders" of the impact and not of the profit. And: Every professional manager in a NPO could earn at least the double in a profit company. They work in NPOs, because they are committed to the mission and not primarily to the money. Even if many NPOs are - compared to companies - only able to pay peanuts or are governed by volunteers, I have never seen a colony of monkeys at work, but very skilled and engaged people. This is supported furthermore by the flat hierarchies of most NPOs. There is high demand but also corresponding responsibility for people working in NPOs and a direct involvement in services and immediate feedback from the environment.

I can see, hear and feel the impact of my work. (Especially in the social sector, where I come from.)

This question of commitment and my own noticeable contribution in society is becoming more and more important, as self-efficacy has become a new dominant psychological concept for dealing with the search for meaning in life and the (self-)motivation of people in modern societies.

Every NPO tries to save the world - if not tomorrow, then at least next week. One major challenge for the leadership is to keep the fire of the mission burning without causing a collective burn-out. It is the balance between keeping up the high, in real life unreachable goals of the mission and the motivation of employees and volunteers. Even if every minute people are starving, we have to try to save more people in the world every day, knowing that also tomorrow people will be starving.

One key skill of NGOs is to have critical eyes on the results of the work, to celebrate achievements but even more to deal with failing and try even harder the next day. Or to speak with Samuel Beckett, which is a quantum of solace in this every day ambivalence:

Ever tried.
Ever failed.
No matter.
Try again.
Fail again.
Fail better.

So learning from NGOs might make you only fail better, but surely feel better. Which seems quite OK as a start, if we do not substitute good feelings with real results for society.

Dr. Christian Horak
Position: Partner at Contrast
Management Consulting
Country: Austria

What Can Commercial Enterprises Learn From NPOs – from the point of view of a management consultant

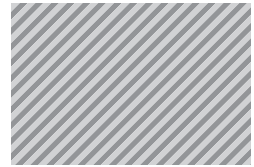
Core thesis:

"Managing nonprofit-organizations is comparatively more complex and challenging than managing commercial enterprises of comparable size and structure".

Reasoning:

Many companies are never or hardly ever confronted with problems the management of NPOs has to solve.

- NPOs generally have a much more differentiated system of objectives and thus very different and more difficult methods of measuring their success. How do we define and evaluate intended effects with individuals? (e.g. When is a hospice successful?)
- How does personnel management handle different groups of employees that, partly due to different motivations, do very similar or identical work? (e.g. full-time and voluntary employees)
- How do we manage a dense network of stakeholders that partly have significantly diverging demands vis-à-vis the NPO and very different ways of measuring success? (e.g. patients, management, doctors etc. in a hospital) How do we deal with the high level of trust we enjoy and the related pressure for justification people put on us? (e.g. handling money entrusted to us in the form of donations)
- How do we make sure that the NPO's values are clearly reflected in day-to-day work? (e.g. how do we always respect human dignity in a care home?)
- How do we manage the high emotional involvement with the NPO's objectives and services many employees show, which in turn makes any necessary changes much more difficult? (e.g. the personal involvement of parents' representatives in a facility for handicapped people)
- How do we deal with the fact that sometimes the recipient of a service is not identical to the person paying for it, and the payer determines only afterwards whether rendering the service was justified? (e.g. the use of a helicopter after a car crash)



Companies can thus learn from NPOs mainly in the following areas:

- In sustainable, value-based management
- In stakeholder management
- In personnel management when dealing with very heterogeneous groups of employees
- In solving conflicts of objectives and interests
- In change processes involving strong ties and emotions
- In handling high uncertainty or high dependencies

Future of knowledge work

Prof. Stefan Gueldenberg
Position: Head of Institute for
Entrepreneurship, University of
Liechtenstein
Country: Liechtenstein

How to Lead Knowledge Workers?

"Control is not leadership; management is not leadership; leadership is leadership.

If you seek to lead, invest at least 50% of your time leading yourself. Invest at least 20% leading those with authority over you and 15% leading your peers.

If you don't understand that you work for your mislabelled 'subordinates,' then you know nothing of leadership. You know only tyranny."

Dee Hock, Founder and CEO Emeritus, Visa International

Do you have leadership responsibilities for knowledge workers? Is your performance deeply connected to other knowledge worker performance? Do you consider yourself as a knowledge worker? If you have answered one of these questions with "Yes" then you should look more deeply into the research findings of knowledge workers' leadership, motivation, and performance.

One of the main challenges of leading knowledge workers has to do with our deep assumptions we hold about leadership. Do we think leadership is a top-down or a bottom-up approach? Do we think leadership is a centralized function carried out by top management or is leadership distributed in the organization and independent from hierarchical positions? Do we think that great leadership needs a charismatic leader or can it be learned by everyone? Do we think leadership in knowledge-based organizations is all about knowing the right answers or about facilitating learning?

In today's economy the strategic importance of organizational learning and the productivity of knowledge work are on a steady rise. Innovation as a result of organizational learning and knowledge generation is more and more becoming the driver for value creation and sustainable success in commercial enterprises. Knowledge-based organizations require specific leadership skills and behaviors to successfully create an environment that supports knowledge workers. In such an organization leadership has not to be seen as an individual position of knowledge and power but instead as a capacity of a human community to shape its future in a self-determined way.

In practice this shared leadership approach is rarely the case. Research shows that knowledge workers become more and more frustrated in today's organizations. The overwhelming majority leaves large organizations or stay with them in a state of inner resignation. In my talk I want to look into the roots of this undesirable development. Based on this analysis I want to provide also some perspectives of necessary change in large organizations to become more attractive for knowledge workers and in the end more productive.

Prof. Lelf Edvinsson
Position: Professor of Intellectual Capital,
Lund University, Sweden, and President
The New Club of Paris e.V.
Country: Sweden

Knowledge Navigation in an Era of growing Intangibles

Just enjoy the famous song group ABBA. And as such it is a part of the Entertainment Service Sector. But it is more to it....

There is the music, the lyric, the CD&DVD, the Global Shows, the infrastructure, the Mama Mia Show, the Mama Mia Film, and soon to come an ABBA Museum in Stockholm, Sweden. So from the music service has evolved a whole list of packaged services, as well as trade on the service, based on the packages and repackages as well as the evolving Intellectual Property Rights. Today this might be called the evolution of Knowledge Economy, just to differentiate it from the industrial era.

But it is more to this evolution, related to the interaction logic between the actors. For a deeper understanding of this we need to develop what I call Knowledge Navigation.

In USA the major investment growth areas are in education, software and advertising or in other words Intangibles or Service. The amount of this annual investment only in USA is in the magnitude of more than 1000 billion USD or around or beyond 10% of GDP.

In most countries the official investment data do not capture the growing soft investment. The service sector today represent in major economies beyond 60-90% of the economy , as major employment areas, as well as growing trade sectors. One of the largest cross sectors areas is Tourism. Without a good map of these intangibles the Policy making is based on distorted data.

The hidden values are also today referred to as **the Intellectual Capital** (Edvinsson 1997), which are the hidden values for future earnings capabilities. Those are often provided as interactive services. The value creation is then in the dynamics of the interaction. It might be better understood as a systems dynamics perspective, as developed and described already in the 1970's by Professor Jay Forrester. This holistic view of interdependencies of different drivers for the aggregated value creation can then be visualized by looking at the 3 major intangible dimensions of **Human Capital**-people inside, **Relational Capital**-people outside and then the **Organizational Capital**-the bridge between people inside and outside.

A pioneering work, close to systems science perspectives, started in Germany some years back as Wissensbilanz. It is about reporting of IC not only as a position but rather a process view of the non hierarchical interaction and interdependencies between the IC components to shape value. It is a systems dynamics approach for the driver of the outcome and impact over time. See more on www.incas-europe.org

This is also a kind of Longitude value, or a third dimension.

See www.corportelongitude.com .

To elaborate and prototype the interactions among different stakeholders, Skandia Insurance Company pioneered development of shaping a Future Center, 1996, under my Leadership. The core of a Future Center is the experiential knowledge exploration, by rapid prototyping. In other words it is about shaping an organizational approach to reduce the unknown as well as reduce the fear of the unknown. It is about innovation capital building. Today this has resulted in a whole variety of such different labs for the development and innovations of both private as well as public services. See www.futurecenters.eu .

Prof. Klaus North
Position: Professor of International
Business Management, Wiesbaden
Business School
Country: Germany

Knowledge-Worker Productivity – Peter Drucker revisited

"The most valuable asset of a 21st century institution will be its knowledge workers and their productivity." (Peter F. Drucker 1999)

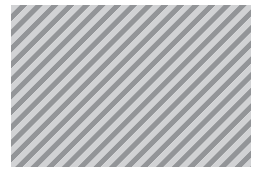
To a large extent, the prosperity of the leading economies is based on their efficient management of manual work and related increase in productivity from the beginning of the industrial revolution. Today, however, we recognise that our management practices and control mechanisms based on the industrial production paradigm are less suitable for enabling effective knowledge work on one hand and offering equally attractive location-related conditions for knowledge-intensive organisations and knowledge workers on the other.

In contrast to manual workers, knowledge workers are motivated by other factors; they work differently manner and require other "ecologies". Thus, for instance, knowledge workers are seldom ready to be subordinated in a traditional corporate hierarchy. The best brains of the company often leave the company and work independently.

Does this mean that our companies are not attractive enough for knowledge workers? Or it is because of the inadequate management styles and outdated management methods that more and more knowledge workers see their future outside organisations? Are there successful models for promoting professional careers as opposed to management careers?

What does the concept of productivity mean for the "creative class"? Should we rather concentrate on value creation? Under which conditions does knowledge based value creation flourish?

In order to provide answers to these questions why have to better understand which types of knowledge work exist and to develop specific (self-)management approaches and skills.



Expert thinking (solving problems for which there are no rule-based solutions), complex communication (interacting with humans to acquire information, to explain it, or to persuade others of its implications for action), routine cognitive tasks (mental tasks that are well described by deductive or inductive rules) require different treatment. For routine cognitive tasks the same techniques are applied that improved manual worker productivity. It is estimated that India for example will account for 71% of global knowledge process outsourcing (KPO) revenues by 2010. For complex communication and expert thinking the paradigm of the individual expert and self-sufficient professional will be increasingly substituted by collaboration processes and communities.

"Increasingly, the ability of organizations to survive will come to depend on their "comparative advantage" in making the knowledge worker more productive. The ability to attract and hold the best of the knowledge workers is the first and most fundamental precondition" (Peter F. Drucker 1999).

PLENARY PANEL 13:30 – 15:00

Moving into a world of increasing complexity, speed and entrepreneurial spirit

Prof. Yves Doz

Position: INSEAD Timken Chaired
Professor of Global Technology and
Innovation, Professor of Strategic
Management

Country: France

Peter Drucker: A Forerunner of Strategic Agility as a Dynamic Capability?

As a visionary and synthetic thinker focused on innovation and change, Peter Drucker did anticipate on many dimensions of contemporary strategic management in many of his writings over time. In his contribution to this first conference of the Peter Drucker Society in Austria, Prof. Doz will review the contribution of Drucker's works to strategic agility. Strategic agility results from the interplay between a set of dynamic capabilities along the dimensions of strategic sensitivity, resource allocation fluidity, and leadership unity. The presentation will review how this argument builds upon Drucker's intellectual legacy.

More than any other management scholar, whose perspectives were often too narrow, Drucker analyzed many of the key enablers of strategic agility. Obviously, his contributions as precursors of the strategic agility perspective came one by one in his many publications: the perils of tunnel vision, and the importance of cognitive variety, the need for organizational agility and the ability to change fast, the importance of innovation and its difficulty. In the same way as Edith Penrose is now widely acknowledged as the seminar contributor to creating the resource-based theory of the firm, Drucker can be seen as the original thinker perspectives. The presentation will highlight the interplay between Drucker's seminal ideas and today's models of agile leadership and management.

Thomas Sattelberger

Position: Member of the Board, CHRO
Deutsche Telekom AG

Country: Germany

Appreciated in Principle – Disregarded in Practice: Why Peter F. Drucker is Relevant Today!

Who listens today outside the academic world when Tom Peters, Ken Blanchard and Noel Tichy are mentioned – all of them celebrated management luminaries of the past 25 years? By contrast, praise overflows at the mere mention of Peter F. Drucker's name. Thomas Sattelberger, Chief Human Resources Officer of Deutsche Telekom and driver of human resources reforms in Germany, looks at the phenomenon of Peter F. Drucker. He reflects what impact Drucker's work has had on manager's behavior and asks whether Drucker's thinking and insights are relevant today, a time in which management has fallen in disgrace in large parts of society.

Today's world is marked by the worst economic crisis for eighty years. Alongside the real economy, its moral foundations are facing a deep crisis of legitimacy. Thomas Sattelberger has no doubt: "The combined failure of markets and institutions has paved the way for the economic collapse, but the crucial factor behind it was the individual moral failure in all sectors of society. Too many managers have trampled on the moral standards of their profession." In 2009, he argues, Drucker's original insights are more relevant and cutting-edge than anyone could have imagined. Unfortunately, managers tend to appreciate Drucker in principle, but disregard his insights in their daily practice.

Peter F. Drucker tried to understand the world in all its complexity and repeatedly rejected oversimplified explanations without reference to the highest system: society.

As such, he was diametrically opposed to management theory stressing the autonomous entity of "the Company". His thinking was driven by an overwhelming desire to extract universal guidelines from practical experience. Reading Drucker's work carefully, Thomas Sattelberger outlines the characteristic features and uniqueness of his way of thinking.

Going right back to Drucker's great works, Thomas Sattelberger then identifies Drucker's three core insights: First and foremost, the pluralism of organizations is both the defining feature of modern society as well as the cause of its downfall. Secondly, companies are social organizations in the sense that their fate is inexorably linked to that of society. Finally, management is a social function; to be legitimate it must become a true profession. Of course, Thomas Sattelberger does not end here. By contrasting today's world with Drucker's work, he identifies the shortcomings in management contributing to the current economic crisis and applies Drucker's insights to today's major societal challenges.

There is plenty to learn from Drucker and Thomas Sattelberger never tires of doing so. After characterizing the major challenges facing corporations, managers and universities, he draws up a post-Drucker action plan outlining how to turn management into a true profession. He speaks out against voicelessness, moral abstinence or – even worse – ignorance and calls for a fundamental rethinking of management's as well as management education's moral foundations, especially the hubris of the Anglo-Saxon MBA, before ultimately reaching the conclusion: "The main pillars of the Drucker's way of thinking must also be at the heart of reformed European management education."

Prof. Ira Jackson

Position: Dean, Peter F. Drucker and
Masatoshi Ito Graduate School of
Management, Claremont Graduate
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Country: U.S.A.

Closing the Responsibility Gap in a Complex World

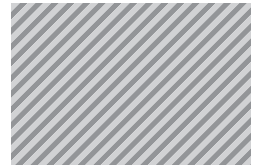
We live in challenging times where the pace and velocity of change are unprecedented and accelerating. The challenges of our day, including terrorism, global warming, widespread poverty, failed states and cultural/religious divides, suggest complexity and difficulty that transcend national borders or conventional institutional capabilities. These daunting challenges reveal a dangerous misalignment between capabilities and needs, between current approaches and required solutions. The speed of change and the range of challenges have outstripped our institutional capacities. As a world, we face an alarming responsibility gap – between what exists and what we know is possible, between what we know is right and what we accept as reality. Peter Drucker was a systems thinker who considered himself first and foremost a social ecologist. His writings and insights can help illuminate the way forward in terms of meeting the enormous challenges of our era.

Just as a natural ecologist studies the health of the earth and our physical environment, Drucker was a doctor and radiologist of society, checking the health of our institutions and organizations, diagnosing the underlying causes and prescribing remedies for how to become healthier and more functional as a collection of human beings functioning in close proximity to one another in society.

Several aspects of Drucker's teachings seem particularly relevant to our current situation. First, we need to be cautious and caring about the consequences of our actions. Drucker reminded us that we have failed to adapt as managers and leaders the equivalent of the Hippocratic Oath that doctors have taken for 2,500 years: first and foremost, do no harm. He might be asking us to accept a precautionary principle in our actions, thinking harder about the moral, ethical, social, environmental, economic and political consequences of our deeds. Second, Drucker would remind us that progress, especially in time of uncertainty, must be driven by a combination of change and continuity. What are the strengths and inheritance that we can rely upon going forward, and what changes or innovations are required to build upon those strengths to minimize or make irrelevant our weaknesses?

Third, Peter would challenge us to act responsibly – to be effective managers, ethical leaders and socially responsible, in every organization in every sector. Drucker would also summon us to be courageous and creative. Near the end of his days, he observed that virtually every social and global problem of our day is actually a business opportunity in disguise.

Perhaps we are on the verge of an historic realignment, where we harness technological innovation for societal progress that is sustainable and just. If so, we will need, as Drucker said, a government that is strong but not bloated; one that steers but doesn't row. We will need a private sector that is efficient and entrepreneurial but also socially responsible. And we will need a stronger civil society which provides legitimacy and community.



If we are to create what Drucker called a functional or responsible society – we will need organizations in every sector of society to be effective, ethical and responsible – and to work in harmony. We need to achieve an equivalent equilibrium in our natural environment as well. Arguably, the future rests on our capacity and commitment to make substantial progress, and at a pace that matches the accelerating pace of technological, social, economic, political and cultural change.

As Drucker observed, we cannot predict the future but we can create it. That is our responsibility to the future. That is our obligation to Drucker's legacy.

CLOSING KEYNOTE 15:30 – 16:15

Prof. Phillip Kotler

Position: Distinguished Professor of
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Country: U.S.A.

Peter Drucker: The Grandfather of Modern Marketing

I had the distinct pleasure of meeting Peter Drucker and dialoguing with him on the role of marketing, the management of non-profit organizations, and our mutual interest in art, especially Japanese art. I met Peter initially when he phoned me and invited me to come to Claremont and spend a day.

Peter is not only the father of modern management, but he also is a pioneer in recognizing the centrality of consumers in planning for business success. This is clear from several memorable and insightful statements by Peter about the aim of marketing and the nature of consumers. Peter Drucker wanted managers to see marketing as more than just another one of a half dozen business functions. He wanted managers to see marketing as an overriding business philosophy that helps define the company's best opportunities and that actively participates in the company's effort to capture the best opportunities. This profoundly influenced my thinking on the nature of marketing. I couldn't accept marketing as just a function that handles advertising and the sales force. Nor could I accept marketing as only handling 4Ps, namely product, price, place, and promotion. All of this is important tactical work but it isn't the whole story of marketing. A company's marketing people must manage more fundamental processes, namely segmentation, targeting and positioning (STP).

Even these three don't tell the whole story of marketing's potential. Marketing must be viewed holistically instead of only vertically. That's how P&G, Starbucks, Amazon, Harley-Davidson, Ikea, Whole Foods, Toyota, FedEx, and several other companies see marketing.

Marketing is the driving force in these companies. Acquiring, keeping, and growing customers through creating, communicating and delivering value is the defining mission. These market-and-customer-driven companies focus on four goals:

1. Integrating products, services, communications, channels and prices around a strong brand concept and promise.
2. Getting all employees and partners (wholesalers, retailers, advertising agency, etc.) to think about creating, improving and delivering customer value.
3. Practicing good corporate citizenship through consistent social responsibility and ethical behavior.
4. Aiming to build strong lasting relations with all the company's stakeholders and making them all into winners.

Some companies are asking their marketers to take responsibility for planning the company's growth trajectory.

Marketing is in an excellent position to identify, test and propose the best new market opportunities. Some companies go further and appoint a Chief Revenue Office (CRO) who is responsible for building and managing the firm's revenue and who primarily controls marketing, sales, distribution and pricing. We will watch to see if these two new roles for the marketing department increase over time.

There are several current issues calling for new marketing thinking and practice. Peter's observations on these issues would have been most intriguing. The issues are:

- The appointment and responsibilities of Chief Marketing Officers (CMOs).
- The growing need for marketing accountability.
- The revolutionary impact of the Internet and the new social media.
- The increasing need for an innovative marketing mindset about creating new business models as well as new products and services.
- The heightened need to involve customers in co-creating the growth future of the company.