

Product and service reviews are conducted independently by our editorial team, but we sometimes make money when you click on links. [Learn more.](#)

# What Your Business Can Learn From Peter Drucker

Matt Alderton

Oct 11, 2019

## Learn about Peter Drucker's management theory and how it can help your business.

Peter Drucker was a world-famous management consultant whose visionary management theories form the bedrock on which corporate America was built. Knowledge work, [corporate social responsibility](#) and organizational culture are just a few of the modern management concepts he conceived or propagated in the pages of his [39 beloved books](#).

To be clear, Drucker did not invent managers. By most accounts, however, he did invent management. When he began developing and disseminating his famous ideas in the 1940s, the "father of modern management theory" commenced a decadeslong journey during which he orchestrated a fundamental transformation of business leadership from a reactive to a proactive stance. Before Drucker, managers' highest priority was supervising. Now, thanks to him, it's strategizing.

"Drucker felt that all businesses need and deserve to be managed well," said Drucker disciple [Bruce Rosenstein](#), author of two books about the management guru and his theories: [Create Your Future the Peter Drucker Way](#) and [Living in](#)

Build your business with the best resources on finance, marketing, HR and more.



This site is protected by reCAPTCHA. Google's [Privacy Policy](#) and [Terms of Service](#) apply.

in **Drucker's own words**. "Management is doing things right, leadership is doing the right things."

It's just one of many insights Drucker left behind for businesses of all sizes, in all sectors. For business owners and managers who take the time to learn about them, his life and work can yield many more.

## Who was Peter Drucker?

Peter Drucker was born in Vienna, Austria, in 1909. He attended college and graduate school in Germany in the early 1930s, where he witnessed – and vocally opposed – the Nazis' ascent to power. He subsequently [fled to England](#) in 1933, and to the United States in 1937. During this period, he worked at various times as a financial journalist and an investment analyst. In 1939, he published his first book, [The End of Economic Man: The Origins of Totalitarianism](#), which chronicled the rise of fascism.

Drucker believed that the only way to prevent a second coming of fascism was to create a "functioning society," the cornerstone of which, he said, was strong institutions – including corporations, which he believed had a duty to be as virtuous as they were profitable.

"Management, practiced well, was Drucker's bulwark against evil," explains the [Drucker Institute](#), a social enterprise established by Drucker to advance his ideas and ideals, on its website.

[Drucker](#) laid out his theory – that corporations are as much social entities as they are economic ones – in his second book, [The Future of Industrial Man](#), which caught the attention of General Motors. In 1943, the company invited Drucker to study its internal operations, the result of which was Drucker's third book, [Concept of the Corporation](#), in which he introduced many of his most influential management theories.

And so commenced Drucker's prolific career as a management consultant, teacher and author, which spanned more than 60 years until [his death of natural causes in 2005](#).

## For what ideas is Peter Drucker best known?

Build your business with the best resources on finance, marketing, HR and more.



This site is protected by reCAPTCHA. Google's [Privacy Policy](#) and [Terms of Service](#) apply.

of democratizing – management in the workplace. He wanted all employees to feel valued and empowered, as if their contributions and voices mattered. He believed in assigning tasks that inspire workers, rewarding front-line workers with responsibility and accountability, and uniting supervisors and their subordinates to achieve shared organizational goals.

- **Knowledge work:** Knowledge workers are white-collar employees whose jobs require handling or using information, such as engineers and analysts. Drucker – who foresaw the knowledge-based economy years before the rise of computing and the internet – placed high value on workers who solved problems and thought creatively, according to Rosenstein. He wanted to foster a culture of employees who could provide not just labor, but also insight and ideas.
- **Workforce development:** Drucker felt strongly that managers should improve and develop both themselves and their team members, according to Rosenstein, who said that ongoing training and education are hallmarks of Drucker's philosophy. He believed external development – via participation in industry trade groups and conferences, for example – to be especially valuable.
- **Corporate social responsibility:** Rosenstein said Drucker was a [holistic thinker](#). Instead of looking at businesses as discrete entities, he looked at them as components of a larger social system. In that context, he argued that businesses should see themselves as part of a community and make decisions in that regard – with as much respect for their external as for their internal impact. Drucker even viewed profits through a social lens: A company has a responsibility to be profitable, he argued, so that it can create jobs and wealth for society at large.
- **Organizational culture:** Be they positive or negative, helpful or harmful, companies have always had cultures. But Drucker was among [the first to suggest](#) that managers could – and should – shape them. "The spirit of an organization is created from the top," he said in his book *Management: Tasks, Responsibilities, Practices*. "If an organization is great in spirit, it is because the spirit of its top people is great. If it decays, it does so because the top rots ... No one should ever be appointed to a senior position unless

Build your business with the best resources on finance, marketing, HR and more.



This site is protected by reCAPTCHA. Google's [Privacy Policy](#) and [Terms of Service](#) apply.

businesses have only one real purpose: to create customers. By viewing business operations and opportunities through that lens – the customer, not the business, decides what's important – he established a predicate for customer-focused companies like Apple, Zappos and countless others.

## What is management by objectives?

One of Drucker's [most enduring ideas](#) is that of "management by objectives," or MBO. Although it has come to mean different things to different people, the definition most agree on is management in pursuit of shared organizational goals.

The idea is simple: Employees at all levels work together to advance the business toward an agreed-upon destination. Each worker has an equal say, sharing their own opinions on what the destination should be. From there, teams establish goals and delegate specific tasks according to skill sets and interests.

The process comprises five basic steps:

1. Managers and team members review and set organizational goals together.
2. Team members distill organizational goals into individual objectives.
3. Managers and team members monitor progress toward individual and shared goals.
4. Managers and team members evaluate performance based on measurable milestones.
5. Team members receive feedback and rewards relative to progress.

For organizations and individuals alike, Drucker believed in fellow management consultant George T. Doran's concept of "SMART" goals – goals that are specific, measurable, achievable, realistic and timebound.

"It's the idea that you have to have a sense of where you're going, what good results look like and how you're going to achieve them," Rosenstein said. "You have to think in a very concrete way about what you want to accomplish so that you can get there, and help other people get there."

## Is Peter Drucker still relevant?

Build your business with the best resources on finance, marketing, HR and more.



This site is protected by reCAPTCHA. Google's [Privacy Policy](#) and [Terms of Service](#) apply.

Drucker wrote about the future that has already happened," Rosenstein said. "Think about self-driving cars, or blockchain, or artificial intelligence. These are things that have already happened but whose full social impact hasn't yet been realized. Drucker would have argued that your business needs to be thinking now about what those things are going to mean for your business down the road ... His advice is timeless. It will still apply years from now – whatever the current trends and technologies are."

Image Credit: Monkey Business Images / Shutterstock

**Matt Alderton**

## Related Articles

[See More Related Articles >](#)



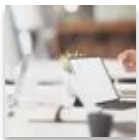
From COVID-19 to Hurricane Season: Disaster Preparedness for Small Business



Using Lean Strategies to Achieve Team Synergy and Efficiency



How to Hire for Your Business



Your Guide to Creating a Small Business Marketing Plan

Build your business with the best resources on finance, marketing, HR and more.