

## Excerpts from “Effective Executive” by Peter Drucker

Executives who do not know how to make themselves effective in their job and work set the wrong example. Effectiveness as an executive demands doing certain things – and fairly simple – things.

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### Effectiveness can be learned

**The knowledge worker cannot be supervised closely or in detail. He can only be helped. But he must direct himself, and he must direct himself toward performance and contribution, that is, towards effectiveness.**

I have called “executives” those workers by virtue of their position or their knowledge to make decisions in the normal course of their work that have significant impact on the performance and results of the whole. (Plan, Organize, Integrate, Motivate, and Measure - MOPI)

**The experience of the human race indicates strongly that the only person in abundant supply is the universal incompetent.**

We will have to learn to build organizations in such a manner that any man who has strength in one important area is capable of putting it to work. **We will have to extend the range of human beings through the tools they have to work with rather than through a sudden quantum jump in human ability.**

Five habits of the mind to acquired to be an effective executive:

1. Effective executives know where their time goes.
  2. Effective executives focus on outward contributions.
  3. Effective executives build on strengths – their own strengths, the strengths of their superiors, colleagues, and subordinates; and on the strengths in the situation, that is, on what they can do. They do not build on weakness. They do not start out with the things they cannot do.
  4. Effective executives concentrate on few major areas where superior performance will produce outstanding results.
  5. Effective executives, finally, make effective decisions.
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### Know your time

They start by finding out where their time actually goes. Finally they consolidate their “discretionary” time into the largest possible continuing units using three-step process. (i) Recording time (ii) Managing time, and (iii) Consolidating time. This is the foundation of executive effectiveness.

Effective executives know that time is the limiting factor. The output limits of any process are set by the scarcest resource. In the process we call “accomplishment,” this is time.

**Time** is also a unique resource. Of the other major resources, money is actually quite plentiful.

It is demand for **capital**, rather than the supply thereof, which sets the limit to economic growth and activity.

**People** – the third limiting resource – one can hire, though one can rarely hire enough good people. But one cannot rent, hire, buy, or otherwise obtain more time.

**Time is totally perishable and cannot be stored.** All work takes place in time and uses up time. Effective executives are distinguished by their tender loving care of time. People are time-consumers. And most people are time-wasters.

The manager who thinks that he can discuss the plans, directions, and performance of one of his subordinates in fifteen minutes – and many managers believe this – is just deceiving himself. If one wants to get to the point of having an impact, one need probably at least an hour and usually much more. **To spend a few minutes with people is simply not productive. If one wants to get anything across, one has to spend a fairly large quantum of time.**

The knowledge worker makes much greater time demands than the manual worker on his superior as well as on his associates. The knowledge worker must be focused on the results and performance goals of the entire organization to have any results and performance at all.

*Senior executives must take time out to ask: “What should we at the head of this organization know about your work? What do you want to tell me regarding this organization? Where do you see opportunities we do not exploit? Where do you see dangers to which we are still blind? What do you want to know from me about the organization?” Without this the knowledge people either lose enthusiasm and become time-servers, or they direct their energies toward their specialty and away from the opportunities and needs of the organization.*

The more people are together, the more time will their sheer interaction take, and the less time will be available to them for work, accomplishment, and results.

Sloan’s remarks on how he selected “winners”. “No secret – I have simply accepted that the first name I come up with is likely to be wrong name – and I therefore retrace the whole process of thought and analysis a few times before I act.”

People are always “almost fits” at best. To get the work done with people (and no other resource is available) therefore requires lots of time, thought, and judgement.

Executive time scarcity is bound to worsen. One important reason for this is that a high standard of living presupposes an economy of innovation and change. But innovation and change make inordinate time demands on executive.

#### **Time diagnosis**

1. The first step toward executive effectiveness is to record actual time-use.
2. **Time-use does improve with practice. Only constant efforts at managing time can prevent drifting.**
3. To find these time-wastes, one has to find the non-productive, time-wasting activities and get rid of them if one possibly can. Get time record of all the activities. Ask “What would happen if this were not done at all?”
4. All one has to do is to learn to say “no” if an activity contributes nothing to one’s own organization, to oneself, or to the organization for which it is to be performed.
5. Which of the activities on my time log could be done by somebody else just as well, if not better?
6. The first look at time record makes it abundantly clear that there just is not time enough to do the things the executive himself considers important, he wants to do, and is him committed to doing. The only way he can get to the important things is by pushing on others anything that can be done by them at all.
7. **An enormous amount of the work being done by executives is work that can easily be done by others, and therefore should be done by others.**
8. A common cause of time-waste is largely under the executive’s control and can be eliminated by him. That is the time of others he himself wastes. What do I do that wastes your time without contributing to your effectiveness? To ask this question, and to ask it without being afraid of the truth, is the mark of the effective executive.
9. Even very effective executives still do a great many unnecessary, unproductive things.

#### **Pruning the time wasters:**

1. Identify the time-wasters which follow from lack of system or foresight.
2. A well-managed organization is a “dull” organization. The “dramatic” things in such an organization are basic decisions that make the future, rather than heroics in mopping up yesterday.
3. Time-wastes often result from overstaffing.
4. Much more common is the work force that is too big for effectiveness, the work force that spends, therefore, an increasing amount of time “interacting” rather than working.
5. **In a lean organization people have room to move without colliding with one another and can do their work without having to explain it all the time.**
6. One should only have on a team the knowledges and skills that are needed day in and day out for the bulk of the work.
7. **We meet because people holding different jobs have to cooperate to get a specific task done. We meet because the knowledge and experience needed in a specific situation are not available in one head, but have to be pieced together out of the experience and knowledge of several people.**
8. If executives in an organization spend more than a fairly small part of their time in meeting, it is a sure sign of malorganization.
9. Meetings should never be allowed to become the main demand on an executive’s time.

10. Too many meetings signify that responsibility is diffused and that information is not addressed to the people who need it.
  11. Senior executives rarely have as much as one quarter of their time truly at their disposal and available for the important matters, the matters that contribute, and the matters they are being paid for.
  12. Even one quarter of the working day, if consolidated in large time units, is usually enough to get the important things done. But even three quarters of the working day are useless if they are only available as 15 minutes here and half an hour there.
  13. Some people, usually senior men, work at home one day a week; this is a particularly common method of time-consolidation for editors and research scientists.
  14. **All effective executives control their time management perpetually.**
  15. **Time is the scarcest resource, and unless it is managed, nothing else can be managed.**
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### **What can I Contribute?**

**The effective executive focuses on contribution.** The man who focuses on efforts and who stresses his downward authority is a subordinate no matter how exalted his title and rank. But the man who focuses on contribution and who takes responsibility for results, no matter how junior is in the most literal sense of the phrase, “top management.” He holds himself accountable for the performance of the whole.

The focus on contribution turns effective executive’s attention to the outside, the only place where there are results.

To ask, “what can I contribute?” is to look for the unused potential in the job.

Contribution for every organization needs performance in three major areas: (i) direct results (ii) building values and their reaffirmation (iii) building and developing people for tomorrow. If deprived of performance in any one of these areas, it will decay and die.

**Direct results always come first. In the care and feeding of an organization, they play the role calories play in the nutrition of the human body. But any organization also needs a commitment to values and their constant reaffirmation, as a human body needs vitamins and minerals.**

Value commitments, like results, are not unambiguous.

People adjust to the level of the demands made on them. The executive, who sets his sights on contribution, raises the sights and standards of everyone with whom he works.

The effective work is actually done in and by teams of people of diverse knowledges and skills.

**If a man wants to be an executive – that is, if he wants to be considered responsible for his contribution – he has to concern himself with the usability of his “product” – that is his knowledge.**

Focus on upward contribution will not, by itself, provide the organizational solution. It will, however, contribute understanding of the task and communications to make imperfect organization perform.

The Effective Meeting: Why are we having this meeting? Do we want a decision, do we want to inform, or do we want to make clear to ourselves what we should be doing? **The meeting should serve the contribution to which they have committed themselves.** One can direct a meeting and listen for important things being said, or one can take part and talk; one cannot do both. **The cardinal rule is to focus it from the start on contribution.**

The focus on contribution counteracts one of the basic problems of the executive: the confusion and chaos of events and their failure to indicate by themselves which is meaningful and which is merely “noise.” The focus on contribution imposes an organizing principle. It imposes relevance on events.

To focus on contribution is to focus on effectiveness.

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## Making Strength Productive

*To make strength productive is the unique purpose of the organization. It cannot overcome the weaknesses with which each of us is abundantly endowed. But it can make them irrelevant. Its task is to use the strength of each man as a building block for joint performance.*

Whoever tries to place a man or staff an organization to avoid weakness will end up at best with mediocrity. **Strong people always have strong weaknesses too.**

“Here lies a man who knew how to bring into his service men better than he was himself.” Andrew Carnegie chose this sentence for inscription on his tombstone.

Effective executives know that their superiors are paid to perform and not to please their superiors.

Human excellence can only be achieved in one area, or at the most in very few.

Unless an executive looks for strength and works at making strength productive, he will only get the impact of what a man cannot do, of his lacks, his weaknesses, his impediments to performance and effectiveness. To focus on strength is to make demands for performance. **He excuses the associate’s non-performance in advance.**

In an organization one can make his strength effective and his weakness irrelevant.

The very strong neither need nor desire organization. They are much better off working on their own.

To structure a job to a person is almost certain to result in the end in greater discrepancy between the demands of the job and the available talent.

What is to be taught is determined by what the students need – that is, by an objective requirement – which the individual instructor has to accept.

To tolerate diversity, relationships must be task-focused rather than personality-focused. Structuring jobs to fit personality is almost certain to lead to favouritism and conformity.

Achievement must be measured against objective criteria of contribution and performance. This is possible if the jobs are defined and structured impersonally. Otherwise the accent will be on “who is right?” rather than “what is right?” In no time, personal decisions will be made on “Do I like this fellow?” or “Will he be acceptable?” rather than by asking “Is he the man most likely to do an outstanding job?”

Any job that has defeated two or three men in succession, even though each had performed well in his previous assignments, must be assumed unfit for human beings. It must be redesigned.

The test of organization is not genius. It is its capacity to make common people achieve uncommon performance.

Till he enters the first adult job, the knowledge worker never has had a chance to perform. Both for the beginner in knowledge work and for the rest of the organization, his colleagues and his superiors, the most important thing to find out is what he really can do.

The young knowledge worker whose job is too small to challenge and test his abilities either leaves or declines rapidly into premature middle-age, soured, cynical, unproductive.

If we in the West expect to get the benefit of the much greater mobility that both individual and organization enjoy in our tradition, we had better adopt the Japanese custom of looking for strength and using strength.

Appraisal: Starts out with a statement of the major contributions expected from a man in his past and present positions and a record of his performance against these goals. Then ask these four questions:

- a) “What has he/she done well?”
- b) “what is he likely to be able to do well?”
- c) “What does he have to learn or to acquire to be able to get the full benefit from his strength?”
- d) “If I had a son or daughter, would I be willing to have him or her work under this person?” (i) If yes, why? (ii) If no, why?

There is nothing more corrupting and more destructive in an organization than a forceful but basically corrupt executive. By themselves, character and integrity do not accomplish anything. But their absence faults everything else.

The effective executive knows that to get strength one has to put up with weaknesses.

The man of proven performance has earned the opportunity. Staffing the opportunities instead of the problems not only creates the most effective organization, it also creates enthusiasm and dedication.

Every people-decision is a gamble. By basing it on what a man can do, it becomes at least a rational gamble.

Effective executives lead from strength in their own work. They make productive what they can do.

The assertion that “somebody else will not let me do anything” should always be suspected as a cover-up for inertia.

**Some people work best if they have a detailed outline in front of them; that is, if they have thought through the job before they start it. Others work best with nothing more than a few rough notes. Some work best under pressure. Others work better if they have a good deal of time and can finish the job long before the deadline.**

The effective executive tries to be himself; he does not pretend to be someone else. He looks at his own performance and at his own results and tries to discern a pattern.

In human affairs, the distance between the leaders and the average is a constant. If leadership performance is high, the average will go up. The effective executive knows that it is easier to raise the performance of one leader than it is to raise the performance of a whole mass. He therefore makes sure that he puts into the leadership position, into the standard-setting, the performance-making position, the man who has the strength to do the outstanding, the pace-setting job.

**The task of an executive is not to change human beings. The task is to multiply performance capacity of the whole by putting to use whatever strength, whatever health, whatever aspiration there is in individuals.**

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### **First Things First**

It is concentration in which all faculties are focused on one achievement. Effective executives do not race. They set an easy pace but keep going steadily.

Yesterday’s actions and decisions, no matter how courageous or wise they may have been, inevitably become today’s problems, crises, and stupidities.

Courage rather than analysis dictates the truly important rules for identifying priorities:

- Pick the future as against the past;
- Focus on opportunity rather than on problem;
- Chose your own direction – rather than climb on the bandwagon;
- Aim high, aim for something that will make a difference, rather than for something that is “safe” and easy to do.

A good many studies of research scientists have shown that achievement (at least below the genius level of an Einstein, a Niels Bohr, or Max Plank) depends less on ability in doing research than on the courage to go after opportunity.

It is more productive to convert an opportunity into results than to solve a problem – which only restores the equilibrium of yesterday.

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### **The Elements of Decision Making**

Effective executives do not make a great many decisions. They concentrate on the important ones. They try to think through what is strategic and generic, rather than “solve problems.” They try to make the few important decisions on the highest level of conceptual understanding. They try to find the constants in a situation. They

want to know what the decision is all about and what the underlying realities are which it has to satisfy. They want impact rather than technique; they want to be sound rather than clever.

Unless a decision has “degenerated into work” it is not a decision; it is at best a good intention. This means that, while the effective decision itself is based on the highest level of conceptual understanding, the action to carry it out should be as close as possible to the working level and as simple as possible.

The elements of the decision process:

1. The clear realization that the problem was generic and could only be solved through a decision which establishes a rule, a principle;
  2. The definition of the specifications which the answer to the problem had to satisfy, that is, of the “boundary conditions”;
  3. The thinking through what is “right,” that is, the solution which will fully satisfy the specifications before attention is given to the compromises, adaptations, and concessions needed to make the decision acceptable;
  4. The building into the decision of the action to carry it out;
  5. The “feedback” which tests the validity and effectiveness of the decision against the actual course of events.
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### **Effective Decisions**

A decision is a judgement. It is a choice between alternatives. It is rarely a choice between right and wrong. It is at best a choice between “almost right” and “probably wrong” – but much more often a choice between two courses of action neither of which is provably more nearly right than the other.

The understanding that underlies the right decisions grows out of the clash and conflict of divergent opinions and out of the serious consideration of competing alternatives.

Every decision is like surgery. It is an intervention into a system and therefore carries with it the risk of shock.

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### **Effectiveness Must Be Learned**

Step 1: Recording where the time goes.

Step 2: Focus vision on contribution.

Step 3: Making strengths productive.

Step 4: First things first – Know your time – dedication, determination, and serious purpose.

Step 5: Rational actions.

**The needs of large-scale organization have to be satisfied by common people achieving uncommon performance. Organizations are not more effective because they have better people. They have better people because they motivate to self-development through their standards, through their habits, through their climate. And these, in turn, result from systematic, focused, purposeful self-training of the individuals in becoming effective executives.**

**The knowledge worker demands economic rewards too. Their absence is a deterrent. But their presence is not enough. He needs opportunities, he needs achievement, he needs fulfilment, and he needs values. Only by making himself an effective executive can the knowledge worker obtain these satisfactions.**