

Peter F. Drucker

AN INTRODUCTORY
VIEW OF
MANAGEMENT

TECHNISCHE HOCHSCHULE DARMSTADT

Fachbereich 1

Gesamtbibliothek

Betriebswirtschaftslehre

Inventar-Nr. : 34.420

Abstell-Nr. : A 12 / 1130

Sachgebiete : 1.2.0

CONTENTS / An Overview

<i>Preface:</i>	Management as Profession and Commitment	1
<i>Chapter 1</i>	Introduction: Management and Manager Defined (with a Note on the History of Management)	8

PART ONE BUSINESS PERFORMANCE

<i>Chapter 2</i>	The Dimensions of Management	32
<i>Chapter 3</i>	Managing a Business: The Sears Story	43
<i>Chapter 4</i>	What Is a Business?	51
<i>Chapter 5</i>	Business Purpose and Mission	65
<i>Chapter 6</i>	The Power and Purpose of Objectives	83
<i>Chapter 7</i>	Strategies, Objectives, Priorities, and Work Assignments	93
<i>Chapter 8</i>	Strategic Planning: The Entrepreneurial Skill	114

PART TWO PERFORMANCE IN THE SERVICE INSTITUTION

<i>Chapter 9</i>	The Multi-Institutional Society	128
<i>Chapter 10</i>	Why Service Institutions Do Not Perform	135
<i>Chapter 11</i>	The Exceptions and Their Lessons	146
<i>Chapter 12</i>	Managing Service Institutions for Performance	155

PART THREE PRODUCTIVE WORK AND ACHIEVING WORKER

<i>Chapter 13</i>	The New Realities	168
-------------------	-------------------	-----

Chapter 14	What We Know (and don't know) about Work, Working, and Workers 179
Chapter 15	Work and Process 195
Chapter 16	Controls and Tools 214
Chapter 17	Worker and Working: Theories and Reality 228
Chapter 18	From Personnel Management to the Leadership of People 241

PART FOUR **SOCIAL IMPACTS AND SOCIAL RESPONSIBILITIES**

Chapter 19	Social Impacts and Social Problems 270
Chapter 20	The Limits of Social Responsibility 286
Chapter 21	Business and Government 294
Chapter 22	The Ethics of Responsibility 306

PART FIVE **THE MANAGER'S WORK AND JOBS**

Chapter 23	Why Managers? 320
Chapter 24	Design and Content of Managerial Jobs 326
Chapter 25	Developing Management and Managers 341
Chapter 26	Management by Objectives and Self Control 351
Chapter 27	From Middle Management to Knowledge Organization 366
Chapter 28	The Spirit of Performance 378

PART SIX **MANAGERIAL SKILLS**

Chapter 29	The Effective Decision 392
Chapter 30	Managerial Communications 406
Chapter 31	Controls, Control, and Management 419

<i>Chapter 32</i>	The Manager and the Budget	431
<i>Chapter 33</i>	The Manager and the Management Sciences	446

PART SEVEN **MANAGERIAL ORGANIZATION**

<i>Chapter 34</i>	Structures and Strategies	462
<i>Chapter 35</i>	Work and Task-Focused Design	487
<i>Chapter 36</i>	Result and Relations-Focused Design	502
<i>Chapter 37</i>	The Innovative Organization	522
<i>Chapter 38</i>	Top Management and Board	543
<i>Chapter 39</i>	Organizational Conclusions	565

<i>Conclusion:</i>	The Manager of Tomorrow	571
--------------------	-------------------------	-----

<i>Glossary</i>	576
-----------------	-----

<i>Index</i>	586
--------------	-----

TABLE OF CONTENTS

Preface: Management as Profession and Commitment

- 1 Introduction: Management and Managers Defined 8**
What is management? / Who are the managers? / The new definition of a manager / What do managers do? / The manager's resource: People / Management: A practice, not a science /
Note: The roots and history of management / The emergence of large-scale organization / The first management boom / The work of the twenties and thirties /
Summary 27
Questions 28

PART ONE BUSINESS PERFORMANCE

- 2 The Dimensions of Management 32**
Purpose and mission / Productive work and worker achievement / Social impacts and social responsibilities /
Which task is most important? / The time dimension /
Administration and entrepreneurship /
Summary 41
Questions 42
- 3 Managing a Business: The Sears Story 43**
Summary 49
Questions 50
- 4 What is a Business? 51**
The purpose of a business / The two entrepreneurial functions /

From selling to marketing / The enterprise as the organ of economic growth and development / The productive utilization of wealth-producing resources / The functions of profit

Summary 63

Questions 63

5 Business Purpose and Business Mission 65

Decisions are made at all levels of management / "What is our business?"—never obvious / The need for dissent / Method rather than opinion / Who is the customer? / What is value to the customer? / When to ask "what is our business? / "What will our business be?" / The unsatisfied wants of the customer / "What should our business be?" / The need for planned abandonment

Summary 81

Questions 81

6 The Power and Purpose of Objectives:

The Marks & Spencer Story and Its Lesson 83

Social revolution as a business mission / The lessons / The basis for work and assignments / How to use objectives /

Summary 91

Questions 91

7 Strategies, Objectives, Priorities, and Work Assignments 93

The concentration decision / The market-standing decision / Innovation objective / Resources, their supply, utilization, and productivity / Productivity: the first test of management's competence / Contributed value / The social dimension / Profit as a need and a limitation / The Japanese example / How to measure profitability / A note on inflation / Profitability as a limitation / Balancing objectives / The role of budgeting / Setting priorities / From objectives to doing /

Summary 111

Questions 112

8 Strategic Planning: The Entrepreneurial Skill 114

What strategic planning is not / What strategic planning is /
Sloughing off yesterday / What new things do we have to
do—when? / Everything degenerates into work /

Summary 122

Questions 122

Bibliography 124

PART TWO PERFORMANCE IN THE SERVICE INSTITUTION

9 The Multi-Institutional Society 128

Service institutions within business / Are service institutions
managed? / But are they manageable? / The importance of the
exceptions / Making the service institutions perform /

Summary 133

Questions 133

10 Why Service Institutions Do Not Perform 135

How businesslike are they? / The need for better people / The
tangibility of goal / Misdirection by budget / When efficiency is
a sin / A confusion of goals / Earned revenue or deserved /

Summary 144

Questions 144

11 The Exceptions and Their Lessons 146

Bell Telephone / The American University / Lilienthal and the
TVA / Market approach and “socialist competiiton” / The

limits of the market / The limits of public policy

Summary 153

Questions 153

12 Managing Service Institutions for Performance 155

The three kinds of service institutions / The institution's specific
need / 'Socialist competition' in the service sector / The
institutions of governance

Summary 163

Questions 163

Bibliography 165

PART THREE PRODUCTIVE WORK AND ACHIEVING WORKER

13 The New Realities 168

Work and worker in rapid change / The crisis of the manual work-
er / The crisis of the labor union / Unions and the knowledge
workers / Managing the knowledge worker; the new challenge /
The segmentation of the work force / The new breed

Summary 177

Questions 178

14 What We know (and Don't Know) About Work, Working, and Worker 179

Analysis, synthesis, and control / The five dimensions of work-
ing / Work as curse and blessing; the psychological dimension /
Work as social and community bond / The economic
dimension / Wage as living and wage cost / The power dimen-
sion of working / The sixth dimension: the power dimension of

economics / The fallacy of the dominant dimension

Summary 193

Questions 194

15 Making Work Productive: Work and Process 195

The four requirements of productive work / The analysis of work / The principles of production / Unique-product production / Rigid and flexible mass production / Process production / What each principle demands / What each system requires of management

Summary 212

Questions 213

16 Making Work Productive: Controls and Tools 214

The patterns of routines / Work and tools / Mechanization and automation / Beyond manual work

Summary 226

Questions 227

17 Worker and Working: Theories and Reality 228

McGregor's theory X and theory Y / Maslow's criticism / What is the manager's reality / "Big fear" and "little fear" / The overly potent carrot / The toxic side effects of the carrot / Can we replace carrot and stick?

Summary 239

Questions 240

**18 From Personnel Management to the
Leadership of People 241**

The fallacy of creativity / Feedback information for self-control / Continuous learning / Planning and doing / The need for clear authority / Responsibility for job and work groups / Assembly line and job enrichment / Worker responsibility and the "new

breeds" / The "pre-industrials" / The knowledge worker /
Saving the supervisor / Plant and office as communities /
Job security and income stability / Mobility / Needed: Or-
ganized placement / Profits, productivity, and benefits / What
benefits should be / The leadership of people / Personnel
management / "People are our greatest asset" / Placement

Summary 265

Questions 265

Bibliography 267

PART FOUR **SOCIAL IMPACTS AND SOCIAL RESPONSIBILITIES**

19 Social Impacts and Social Problems 270

What explains it? / The disenchantment with government /
The new leadership groups / What is business responsible
for? / Responsibility for impacts / Here are some
examples / Identifying impacts / How to deal with im-
pacts / When regulation is needed / The trade-offs / Social
problems as business opportunities / The "degenerative diseases"
of society

Summary 284

Questions 285

20 The Limits of Social Responsibility 286

The limits of competence / The limits of authority / When to
say no

Summary 292

Questions 292

21 Business and Government 294

The historical models / Models and reality / The new problems / Guidelines / The multinational corporation

Summary 304

Questions 305

22 The Ethics of Responsibility 306

Leadership groups but not leaders / Primum non nocere / Executive compensation and economic inequality / The danger of "golden fetters" / The rhetoric of the profit motive

Summary 314

Questions 314

Bibliography 316

PART FIVE THE MANAGER'S WORK AND JOBS

23 Why Managers? 320

The rise, decline, and rebirth of Ford / GM—The counterrest / The lesson of the Ford story / Management as a "change of phase"

Summary 325

Questions 325

24 Design and Content of Managerial Jobs 326

Common mistakes in designing managerial jobs / Job structure and personality / The span of managerial relationships / Defining a manager's job / The manager's authority / The manager, superiors, subordinates and the enterprise

Summary 339

Questions 340

25 Developing Management and Managers 341

Why management development? / Why manager development?

/ What management development is not / The two dimensions of development

Summary 349

Questions 350

26 Management by Objectives and Self-Control 351

The specialized work of managers / Misdirection by the boss / Differences in levels of management / Misdirection by compensation / What should the objectives of a manager be? / Management by drives / How should managers' objectives be set and by whom? / Self-control through measurements / Self-control and performance standards / A philosophy of management

Summary 364

Questions 364

27 From Middle Management to Knowledge Organization 366

The needed correction / The danger of overstaffing / Where the growth occurred / The decision impact of the new middle manager / The knowledge organization / The need for clear decision authority / Top management's role in the knowledge organization

Summary 376

Questions 376

28 The Spirit of Performance 378

The danger of safe mediocrity / "Conscience" decisions / Focus on opportunity / "People" decisions—the control of an organization / Integrity, the touchstone

Summary 387

Questions 387

Bibliography 389

PART SIX MANAGERIAL SKILLS

29 The Effective Decision 392

How the Japanese make decisions / Facts or opinions / The need for dissent and alternatives / The trap of "being right" / Is a decision necessary? / Who has to do the work? / The right and the wrong compromise / The feedback

Summary 404

Questions 404

30 Managerial Communications 406

What we have learned / Why downward communications cannot work / What can managers do?

Summary 417

Questions 418

31 Controls, Control, and Management 419

The characteristics of controls / Specifications for control / Controls follow strategy / The ultimate control of organization

Summary 429

Questions 429

32 The Manager and the Budget 431

The budget is a managerial tool / Zero-based budgeting / Types of costs / Life-cycle budgeting / Operating budget and opportunities budget / Budgeting human resources / Budgeting and control / The Gantt chart / Judging performance by using the budget

Summary 444

Questions 444

33 The Manager and the Management Sciences 446

Promise and performance / Why management science fails to perform / The fear of risk-taking / What managers need to know

Summary 457

Questions 457

Bibliography 458

PART SEVEN MANAGERIAL ORGANIZATION

34 Structures and Strategies 462

Yesterday's final answers / Traditional assumptions and current needs / What we have learned / The three kinds of work / What we need to unlearn / The building blocks of organization / The key activities / The contribution analysis / The "conscience" activities / Making service staffs effective / The two faces of information / Housekeeping / Relations analysis / Symptoms of poor organization / "Organizitis" is a chronic affliction

Summary 485

Questions 486

35 Work—and Task-Focused Design 487

Formal specifications / Meeting the specifications / The functional structure / Its limited scope / Where functionalism works / The team / The requirements of team design / The strengths and limitations of the team principles / The scope of team organization / Team design and knowledge organization

Summary 501

Questions 501

36 Result- and Relation-Focused Design 502

Innovative examples / The meaning of innovation / The

dynamics of innovation / Innovative strategy / Measurements and budget / The risk of failure / The innovative attitude / Structure for innovation / Innovation as a "business"

Summary 520

Questions 520

37 The Innovative Organization 522

Innovative examples / The dynamics of innovation / Innovative strategy / Measurement and budgets / The risk of failure / The innovative attitude / Structure for innovation / Innovation as a "business"

Summary 541

Questions 541

38 Top-Management and Board 543

Top-management tasks / To "operate" or not to "operate" / The characteristics of top-management tasks / Top-management structure / Teamwork in top-management / How to nourish the brain / Needed: an effective board / What is needed / Who belongs on a board?

Summary 563

Questions 564

39 Organization Conclusions 565

The need for simplicity

Summary 568

Questions 568

Bibliography 569

Conclusion: The Manager of Tomorrow 571

Glossary 576

Index 586