

## **Why Every Safety Professional/Manager Must Understand the Ideas of Peter F. Drucker**

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### **Introduction**

Most managers and safety professionals have heard of the work of Peter F. Drucker, called by many, “The Father of Modern Management,” and “The Man who Invented Management,”<sup>1</sup> His pioneering work at General Motors in “Concept of the Corporation (1946),”<sup>2</sup> and his many books, articles, and publications have provided the foundation for what is now termed “General Management.” Knowing Drucker’s ideas and how to put them to use can provide a key link to the management team in organizations with the “Language of Management,” and improve your own individual and organizational effectiveness. I had the opportunity and honor of taking classes with Peter F. Drucker from 1999-2002 at the Drucker School of Management as part of my Executive MBA Program, and saw Peter’s last class which he taught at age 92. I found the classes with Drucker to be full of his wise personal observations, keen observations of history and world events, and very crisp discussion. Peter insisted on clear thinking, and the discussions were wide ranging. He was a compassionate person.

Drucker was a keen advocate of personal and organizational effectiveness, and an advisor to top executives of major corporations throughout the world, who would often make the trek to his home in Claremont California for a day of discussions that could change the strategic direction of their organizations.

He wanted students to put his ideas into action. When students would tell him they liked one of his books, he often stopped what he was doing and said, “Don’t tell me what you like about it, tell me what you’re doing differently Monday morning.” He insisted on personal and organizational effectiveness. I was not the only student to hear that statement from Peter, and it became famous in his classes. Each year he was the featured speaker at “Drucker Day,” at the Drucker School in November.

A central idea in Peter Drucker’s work was the idea of “Management as a liberal art.” Drucker thought of management as a moral force, not just a tool at to be used by an amoral market.<sup>3</sup> Another key idea was to improve one’s personal and organizational performance and decisions through a feedback system.

The work of Drucker complements the work of safety professionals in valuing people as a key to organizational success. He was a great advocate of the need for nonprofit organizations, and of the need for dedicated volunteers working in causes they believed in.

Peter F. Drucker passed away November 11, 2005, at the age of 95.



**Exhibit 1. Author and Peter F. Drucker on Drucker Day at the Peter F. Drucker School of Management, Claremont Graduate University, November 2004.**

## **Drucker's Ideas as Related to Safety Professionals**

Some Safety Professionals may ask, “Why do I care about Drucker and Management? That’s Management business.” There are two answers to that question, one on the personal level and one on the organizational. At the organizational level, knowledge of basic management ideas and structures are critical to understanding how to implement effective safety programs. Familiarity with management concepts may allow the safety professional to understand management strategy and better integrate safety programs into the organization and discuss and justify budget requirements with management and finance professionals.

Some safety professionals may only be interested in “Technical Education.” Specialized education provides the foundation for the work of Knowledge Workers, which we are as safety professionals. However, technical education is not all that is needed to be effective.

The idea of the two cultures of the “scientist” and “humanist” have been written about in current society. Management fits neither the “humanist” or “scientist” categories as it deals with results, with people, and their values.<sup>4</sup>

At the personal level, Drucker’s work is about personal effectiveness. Key points for safety professionals are:

- 1) Peter Drucker coined the term “Knowledge Worker,” a person who by specialized Knowledge controls the “means of production.” Knowledge workers are specialized and independent. Safety Professionals are true knowledge workers.
- 2) Drucker was interested in people, and in doing good for society, just as Safety Professionals are. In discussing the current “Knowledge Society,” Peter noted that:  
“It is actually more important today for organizations to pay close attention to the health and well-being of all their workers than it was 50 years ago.”<sup>5</sup>
- 3) Peter Drucker saw the need for key regulations to provide structure to businesses, and to remind them of employee, labor, and community interests, similar to Safety Professionals, who see the need for national and global business regulation:  
Unlike many conservative thinkers, Drucker wanted to keep government regulation over areas like food and drugs and finance. Indeed, he argued that the rise of global businesses required stronger governments and stronger social institutions, including more powerful unions, to keep them from forgetting social interests.”<sup>6</sup>
- 4) Drucker’s concept of “Social Ecology,”<sup>7</sup> the concept that changes in technology, industry trends relating to worker safety, changes in public opinion, and other internal and external changes are closely aligned with employee safety and safety professionals.
- 5) There is a large body of literature on “Safety Leadership and Management.” Much of this body of information does make use of the key ideas and information developed by Peter F. Drucker, information that could increase its effectiveness. Review and incorporation of Drucker ideas as core principles of Safety Leadership and Management would likely strengthen leadership and management in the safety profession.
- 6) Many Safety Professionals are members, officers, or board members of volunteer organizations. The principles of Peter Drucker are particularly suited to making volunteer boards and volunteer organizations effective. See References 26 and 30 in the Bibliography for more information.

## **Drucker’s Impact**

### United States

His book, *Concept of the Corporation* (1946) was the first management book of its kind. This book described and analyzed the basic functions of the 20<sup>th</sup> Century Corporation that have now become standard, and introduced the concept of “Management by Objective,” also now a generic phrase. He advocated a “Decentralized Management” function as most effective.<sup>8</sup>

His reception by both American Management and traditional American Business Schools was mixed. He advocated limiting top managers salaries to no more than twenty times that of the lowest employee, so that was not popular with corporations. He also criticized highly centralized corporate management systems, which also was not popular

He was widely published in influential business, policy, and popular journals, magazines, and newspapers and was a prolific writer.

## Medal of Freedom

In 2002, Peter F. Drucker was awarded the United States Medal of Freedom, the highest civilian military honor, awarded for "An especially meritorious contribution to the security or national interests of the United States, world peace, cultural or other significant public or private endeavors."<sup>9</sup>



### **Exhibit 2. Peter Drucker receives the Presidential Medal of Freedom**

Exhibit 2, above, shows Peter F. Drucker receiving the Presidential Medal of Freedom from President George W. Bush, July 9, 2002. This is the highest civilian medal awarded by the United States.

## Worldwide

While some American businesses think of Drucker ideas as out-of-date, in contrast, Asian economies have often embraced Drucker ideas (along with the Deming Quality programs) notably in Japan, South Korea, and now China. Drucker's work done during America's industrial zenith in the 1940-s to the 1960's appears to be more relevant to emerging Asian Industrial economies than the data driven and consumer service industries in the United States. A case study could be made as to the effectiveness of the two approaches as American car manufacturer's generated record losses for several decades while Japanese and South Korean manufacturers, predicting consumer trends, built market share with products that had waiting lists to buy them.

## **Life and Achievement**

### Early Life in Europe

Peter F. Drucker was born in 1909 in Vienna, Austria. His father worked in the government, and entertained notable personages at dinner parties at his home. Early influences, such as economist Joseph Schumpeter, provided influences upon Drucker's thought. Schumpeter stressed the need for innovation and entrepreneurship in a healthy economy<sup>10</sup>. In 1931 Drucker moved to Hamburg, Germany where he worked at a cotton trading company and then at a newspaper. He moved to Frankfurt where he worked at a newspaper and earned his degree (Doctorate in Public and International Law from Frankfurt University.<sup>11</sup>).

As a young man growing up in Vienna and later as a student in Germany, Drucker witnessed the dangers of dysfunctional institutions and governments in the years leading up to the Nazi seizure of power and World War II. He viewed helping ordinary individuals work together productively as a way of guarding against societal breakdowns in the future.<sup>12</sup>

Two of Drucker's writings were banned by the Nazi's in 1933.<sup>13</sup> In 1933, Peter Drucker and his wife Doris, who he had met in Frankfurt, left Germany for England, where he worked in insurance and banking.

He was a professor at Bennington College (1942-1949), Professor of Management at the Graduate School of Management at New York University (1949-1971), and from 1971-2002 was Clarke Professor of Social Sciences and Management at Claremont Graduate University. In 1987 the graduate school of management was named after him. He died on November 11, 2005.

### United States Teaching and Writing

Peter Drucker became a U.S. Citizen in 1943, and began teaching at Bennington College, NYU, and at Claremont Graduate University. While Peter F. Drucker has been called "the Father of Management," business and corporations were apparently often less than excited about what Peter had to say about their management styles:

In the 1980s he began to have grave doubts about business and even capitalism itself. He no longer saw the corporation as an ideal space to create community. In fact, he saw nearly the opposite: a place where self-interest had triumphed over the egalitarian principles he long championed. In both his writings and speeches, Drucker emerged as one of Corporate America's most important critics.<sup>14</sup> He was personally outraged about the high levels of corporate compensation.

In a 1984 essay he persuasively argued that CEO pay had rocketed out of control and implored boards to hold CEO compensation to no more than 20 times what the rank and file made. What particularly enraged him was the tendency of corporate managers to reap massive earnings while firing thousands of their workers. "This is morally and socially unforgivable," wrote Drucker, "and we will pay a heavy price for it."<sup>15</sup>

Peter Drucker's independent attitude and criticism of established norms led to some criticism of his ideas. His widespread media popularity and impact were not universal. Among both corporations and colleges/universities he had critics:

"With all those books he wrote, I know very few professors who ever assigned one to their MBA students, Peter would never have gotten tenure in a major business school," Management Writer James O'Toole wrote.<sup>16</sup>

### Consulting

Peter Drucker worked as a consultant to many Fortune 100 Corporations and nonprofit organizations, including General Electric, IBM, Intel, Procter & Gamble, Girl Scouts of the USA, The Salvation Army, Red Cross, United Farm Workers and several presidential administrations.<sup>17</sup>

## **Key Ideas and Message**

### Management as a Liberal Art

In "Drucker's Lost Art of Management," (2011)<sup>18</sup> the authors ask, "What has gone wrong with America's managerial class?" They note that Drucker insisted on the needs for values in organizations.<sup>19</sup>

Drucker taught that management is about more than today's production data, which details yesterday's news. It is about understanding historical trends, analyzing data for completely unexpected opportunities, or new ways to use existing skills and products, often most successfully executed across different disciplines. It is about anticipating new trends and taking steps to respond to them.

### The Knowledge Worker

The term "Knowledge Worker" was coined by Peter Drucker in 1969,<sup>20</sup> and now has become a generic term. Knowledge workers are those who have a special knowledge that allows them to produce specific, knowledge based services or product. They carry the means of production within them. When they leave an organization, that capability may be lost.

Drucker emphasized that employees are a resource, not a cost.<sup>21</sup>

### Personal and Organizational Effectiveness & Managing Oneself

"Know your strengths, what you are good at, and what you are no good at all at."<sup>22</sup>

- Discover your strengths through feedback analysis.
- Know where your time goes, keep a log and review it.
- "What am I doing that does not need to be done at all?" 2) "Which of the activities on my time log could be handled by some else, perhaps even better?" and 3) "What do I do that wastes the time of others?" Identify time wasters by looking for the "Recurring Crises" and reducing them to routine.<sup>23</sup>
- Think about consequences. Drucker would often ask, "What are the consequences of this decision? And then what?" He meant that all decisions have first order, second order, and third order consequences. When weighing options for decisions often it is the later downstream consequences that affect whether an option is the best decision that can be made.

### Ethics and the "Mirror Test"

It (society) must expect its managers, executives, and professionals to demand of themselves that they shun behavior they would not respect in others, and instead practice behavior appropriate to the sort of person they would like to see “in the mirror in the morning.”<sup>24</sup>

The actual story of “The Mirror Test” was told by Peter Drucker in his lectures and is recounted in this excerpt:

Drucker recounted how the German ambassador to London responded in 1906 when he was asked to preside over a diplomatic corps dinner for King Edward VII, a notorious womanizer with an appetite that extended beyond the repast. “At the end, after the dessert had been served,”

Drucker explained, “a huge cake was going to appear, and out of it would jump a dozen or more naked prostitutes as the lights dimmed.” The German ambassador resigned rather than take part. “I refuse to see a pimp in the mirror in the morning when I shave,” he declared.<sup>25</sup>

Drucker’s views about ethics are supported by the philosophical foundations of Aristotle and Confucius with regard to the responsibilities and interdependencies that exist between individuals, organizations, and societies.<sup>26</sup>

### Management by Objective

Drucker was the originator of “Management by Objective.” He stressed the need of setting measurable goals, objectives, and tracking progress. Some commentators have noted that this method is inflexible and does not work.<sup>27</sup> Peter stressed that it HAD to be flexible to be able to work. He did not advocate a static system.

Within these objectives, he noted that social responsibilities must be included. He stated that businesses had a responsibility to be profitable, and that only profitable businesses could fulfill their social responsibilities in their communities.

In *The Essential Drucker*, a good summation of *Management by Objective* is provided:<sup>28</sup>

- Objectives must be operational with specific targets and assignments,
- Must be derived from “what our business is, what it will be, and what it should be.”
- Must make possible concentrated resources and efforts,
- Must be multiple objectives,
- Objectives are needed upon which survival of the organization depends.

### Effective Decision Making

Peter taught a course titled “Effective Decisions,” which I took in 2001. He was convinced that the KEY ability of executive managers was the ability to make effective decisions. He called this a rare ability, but one that could be improved. He recommended the following method. When one has a critical decision to be made, write it down along with the reasons for the decisions. Then, seal it in an envelope and put a date to open it in one year, three years, and five years. Only by reviewing past decisions and their outcomes can we improve our decision-making ability. This is a very old technique discussed in numerous Drucker works.

### Nonprofits, business, and government- the three key sectors.

Peter often spoke of the three key areas of society that were independent and interdependent. He noted these were private sector, government, and the non-profit sector. He said that each of these

provided critical and unique services and products for society, and noted that the measures for success were different.

He was deeply committed to the work of nonprofit organizations who he believed fulfilled a critical need in society. He strongly believed that the mission of nonprofits should be very focused with measurable and achievable goals. He devoted the latter years of his life to helping a number of nonprofit organizations, both secular and religious.

### Creative Abandonment

Peter spoke about the need for letting go of ideas, products, and approaches that had outlived their usefulness. He called this “Creative Abandonment.” He said that he had seen organizations put their best persons on keeping a product or service that was dear to them alive, but that had absolutely outlived its usefulness. He called this a terrible waste of resources, and noted that “There is nothing as difficult and as expensive, but also nothing as futile, as trying to keep a corpse from stinking.”<sup>29</sup>

### Innovation

Drucker noted key areas that innovation can be found in. For example, “Be on the lookout for unexpected opportunities and run with them.”<sup>30</sup>

For more detail on this area, see reference 27 in the Bibliography, “Innovation and Entrepreneurship.”

## **Books and Publications**

Peter F. Drucker published 41 books, and regularly contributed to *The Economist*, *The Atlantic Monthly*, *Foreign Affairs*, *The Wall Street Journal*, and other top magazines and newspapers. He wrote a regular column in the *Wall Street Journal* for 20 years.<sup>31</sup> Popular articles such as “How to Manage Your Time-Everybody’s No.1 Problem,”<sup>32</sup> published in *Harper’s Magazine* helped make Peter F. Drucker’s name well known nationwide.

## **The Drucker “Five Questions”**

In his role as consultant, Peter would always ask the CEO these questions. He said that most had not thought about them, or could not answer them all:

- 1- What is our mission?
- 2- Who is our customer?
- 3- What does our customer value?
- 4- What are our results? (or, how is the value provided, and how do we measure this?)
- 5- What is our plan?

As an exercise, you may want to ask these questions about the organization you work for, or the nonprofits you volunteer in, and share these with other nonprofit organization board members.

## **The Drucker Legacy**

“In 1997 *McKinsey Quarterly* said: “In the world of management gurus, there is no debate. Peter Drucker is the one guru to whom other gurus kowtow.”<sup>33</sup>



Peter was a modest man. In an 2005 article in Bloomberg he noted, "What I would say is I helped a few good people be effective in doing the right things."<sup>34</sup> Peter F. Drucker, April 2005.

"The world knows he was the greatest management thinker of the last century," Jack Welch, former chairman of General Electric Co.<sup>35</sup>

"He was the creator and inventor of modern management," said management guru Tom Peters.<sup>36</sup>

"It is frustratingly difficult to cite a significant modern management concept that was not first articulated, if not invented, by Drucker, I say that with both awe and dismay," James O'Toole, management author and University of Southern California professor.<sup>37</sup>

Peter Ferdinand Drucker's work has been widely acclaimed, but not well embraced or utilized in many businesses and many business schools in the United States. His books are seldom listed as required reading, and organizations often turn to more recent and fashionable writings. In academics, he was against "ethics" as a separate academic discipline, preferring that it be integrated into both personal and organizational life. This caused some criticism of Drucker in the academic community. His conservative viewpoints may also have been a cause of lack of enthusiasm for his work by some.<sup>38</sup>

"The man who adamantly challenged the formation of business ethics as a discipline was the strongest and possibly the most prophetic supporter of ethics in business,"<sup>39</sup>

## **Drucker Work With Nonprofit Organizations**

Peter Drucker provided consultation to many nonprofit organizations. His top pick for the most effective nonprofit?

Drucker calls the Salvation Army "by far the most effective organization in the U.S. No one even comes close to it in respect to clarity of mission, ability to innovate, measurable results, dedication and putting money to maximum use." Those are his principal criteria: clarity of mission, innovative ability, clear definition of results and willingness to measure performance. Drucker says the Salvation Army qualifies on all grounds. And when it comes to measuring results, it has one of the highest performance rates at the lowest cost. One in every four participants in its alcohol rehabilitation program reports total sobriety, good social adjustment and steady employment six months after finishing. Last year 5 million individuals, mostly single-parent families, were placed in transitional housing by the Salvation Army. After placement, the Army helps them find work and permanent housing.<sup>40</sup>

## **Selected Quotes**

There are many books I could have written that are better than the ones I actually wrote. My best book would have been 'Managing Ignorance', and I'm very sorry I didn't write it.<sup>41</sup>

Management is doing things right, leadership is doing the right things,<sup>42</sup>

Successful leaders don't start out by asking, "What do I want to do?" They ask, "What needs to be done?" Then they ask, "Of those things that would make a difference, which are right for me?" They don't tackle things they aren't good at. They make sure those necessities get done, but not by them. They are not afraid of strength in others.<sup>43</sup>

On charisma: "The three most charismatic leaders in this century inflicted more suffering on the human race than almost any trio in history: Hitler, Stalin, and Mao. What matters is not the leader's charisma. What matters is the leader's mission."<sup>44</sup>

## References

This website will link to free selected Drucker works:  
<http://druckerinst.dreamhosters.com/link/a-drucker-sampler/>

## Endnotes

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<sup>3</sup> Maciariello, Joseph A., and Linkletter, Karen E., *Drucker's Lost Art of Management*, McGraw Hill, 2011, p 11.

<sup>4</sup> Drucker, Peter F., 2001, *The Essential Drucker*, Harper Collins, p 12.

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<sup>6</sup> *The New York Times*, 12/12/2005, "Peter F. Drucker, a Pioneer in Social and Management Theory, Is Dead at 95" Barnaby J. Feder.

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<sup>9</sup> Executive Order 11085, signed February 22, 1963; *Federal Register* 28 FR 1759, February 26, 1963

<sup>10</sup> Beatty, Jack. *The World According to Peter Drucker*, 1998, p. 16

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<sup>13</sup> "The Man Who Invented Management," *Bloomberg Businessweek Magazine*, November 27, 2005.

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