



Book

The Effective Executive

Peter F. Drucker
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Executives' positions conspire against their effectiveness. Peter Drucker says to fix this problem with five new habits.

Recommendation

As an author and an intellectual, the late Peter F. Drucker was a true business sage. Recognized as the father of modern management, Drucker forecast numerous pivotal trends, including decentralization, privatization and the development of the information society. He introduced the concept of the "knowledge worker," a term he employs widely in this fascinating book. Each Drucker book is a genuine business classic, including this one. He delves into detail about what managers should accomplish and how they should conceptualize their role. *getAbstract* believes it will help you think productively about what you do. No one writes more intelligently or presciently on management and its functions than Drucker. All executives, even those who are already effective, will benefit from reading this informative, enlightening book.

In this summary, you will learn

- Why an executive must be effective
- What five habits you should develop to become a more productive manager
- Why society depends on successful organizations and the executives who make them so

Take-Aways

- Effective executives prioritize, make plans, take responsibility, communicate, seek opportunities, hold productive meetings and contribute to their organizations.
- An executive's position conspires against his or her effectiveness.
- Nevertheless, you can teach yourself to become an effective executive.
- To do so, you must master five specific habits.
- The first habit is to control your time and understand how you use it.
- The second habit is to focus on what you can contribute to your organization.
- The third habit is to build on your strengths and your company's strengths.
- The fourth habit is to prioritize your objectives, and work on them one by one.

- The fifth habit is to standardize decision making where possible.
- Society depends on effective organizations, which depend on effective leaders.

Summary

You Can Teach Yourself to Become Effective

You cannot manage others if you cannot manage yourself. For the executive – the ultimate “knowledge worker” – this means managing your own effectiveness. This is not a complicated task. It involves adopting a few specific practices and five pivotal habits. Being effective is a linchpin requirement for any executive. An ineffective executive is an imposter – a leader in name only. To become more productive, use these eight practices:

“The executive is paid for being effective.”

1. **Focus on what needs doing** – Often, this may differ from what you want to do. Tend to only one or two tasks at any given time. Delegate the others.
2. **Make sure your actions benefit your organization** – Are you doing the best thing for your enterprise? The organization is what counts, not the “owners, the stock price, the employees or the executives.”
3. **Create an action plan** – Knowledge, wisdom and expertise are useless without action. However, action without a plan is counterproductive. Your action plan represents your intentions, not your commitments. Be ready to change if circumstances warrant it. Periodically check your plan to ensure that it is still working correctly.
4. **Assume responsibility for your actions** – Make sure your direct reports know the action plan and all its important particulars, including deadlines. Determine who will carry it out, who it affects, and who must be informed and updated about the plan.
5. **Communicate your plan to others** – This includes your subordinates and superiors.
6. **Seek opportunities** – See change as something to exploit, not as a threat. Never let problems block opportunities.
7. **Make your meetings productive** – Meetings are either very useful or giant time-wasters. No in-between exists. Having fruitful meetings requires self-discipline. End them as soon as you accomplish your objectives.
8. **Orient your thinking to “we,” not “I”** – What is important to you isn’t really relevant. What matters most is what is valuable for the organization.

“Effective executives do first things first, and they do one thing at a time.”

“Executives are doers; they execute.”

Executives can be brilliant, imaginative and informed, and yet still ineffective. Effective executives are systematic. They work hard in the right areas and their results define them. They are knowledge workers who help the organization achieve its goals. They look beyond mere management tasks and try to perceive important trends that will affect their organizations. Unfortunately, executives’ positions of authority actually conspire against their personal effectiveness.

Time constraints

An executive’s time isn’t their own. It belongs to everyone in the organization. Thus, when people inside or outside the firm need to interact with an executive, they feel completely free to interrupt. Such constant breaks in concentration make it hard to work productively.

“Time is the scarcest resource, and unless it is managed, nothing else can be managed.”

Operation-itis

U.S. executives come up through the ranks, so they often focus a lion's share of their attention on their original "home" departments. That is, they get stuck in operational mode. Some analysts fault European executives for the same problem, but, ironically, many European executives move into top management from a "central secretariat," where they previously performed as generalists.

Organizational silos

Most organizations have separate fiefdoms where individual experts focus on specialized pursuits – accounting, legal, research, data management and so on. Each group has separate agendas and goals, but their executives often must combine their efforts. Unfortunately, executives do not always have control over area specialists and may not get the support they require from their own realms.

"Organizations are held together by information rather than by ownership or command."

Insularity

Executives operate deep inside organizations. As a result, many do not come into contact with outsiders, including customers, market analysts, suppliers and so on. But these exterior connections really count. The organization cannot survive without favorable outside results, such as increased sales, good public relations and strong distributor support. Thus, for any organization, the external reality controls almost everything of merit. Unfortunately, as they advance within organizations, many executives lose touch with this crucial external reality. Their effectiveness suffers as they begin to focus more on computer-generated data about operations and less on actual marketplace realities.

All executives face such occupational hazards. Indeed, they go with the territory. Fortunately, you can learn to become more effective, despite the obstacles, by developing these five habits:

"Listen first, speak last."

First Habit: "Know Thy Time"

To use your time well, take these three steps:

1. **"Recording time"** – If you don't keep track of your time, you cannot know how you spend (or waste) it. Therefore, carefully write down how long each task takes, then use this log as a guide to delegate certain chores and activities. Assign these items to your direct reports, but also ask if you are wasting their time. If so, make a change. The more effective they are, the more effective you will become.
2. **"Managing time"** – Do you have a good system in place to protect your time? You do not if you routinely experience the same periodic time crises – for example, a rush to conduct an annual inventory. Plan recurring events better to save time. Sometimes, having too many people on hand wastes time because employees interact instead of just doing the activities involved. Prune personnel to operate more efficiently. Holding too many meetings is a major time-waster. Cut back whenever possible.
3. **"Consolidating time"** – If you are a senior executive, you are likely to have control over only one-quarter of your own time, maybe less. Determine how much discretionary time you possess, then consolidate it to employ it well. Set this block of time aside to use productively. Don't let anything interfere. Often, this requires iron self-discipline. So be it. You cannot achieve sustained results in small chunks of time.

"The most common cause of executive failure is inability or unwillingness to change with the demands of a new position."

Second Habit: "What Can I Contribute?"

Do you worry too much about your staff members' daily activities and not enough about what results they accomplish? An effective sales manager is not someone who runs the sales department but, rather, someone who makes sure the company's products sell. An effective accountant doesn't just balance the books; instead, they supply the financial information the business needs to ensure that it can operate profitably. Focus less on your individual effort. Concentrate instead on the real core contributions you can make to the organization.

"The great majority of executives tend to focus downward. They are occupied with efforts rather than results."

Do not define these contributions narrowly. Include “direct results,” such as increased sales or decreased costs, as well as work that develops the organization, such as guiding new employees, or helping build and maintain your organization’s values. Ask your colleagues, subordinates and superiors, “What contribution can I make that will enable you to contribute more effectively?” Then work hard to deliver it.

Third Habit: “Making Strength Productive”

Strength is an asset. This is true regarding your strong points – your abilities, expertise, knowledge and personality – and those of your co-workers. The effective executive always builds on his or her strengths, and on others’ strengths, as well. This starts with staffing decisions. When hiring, do not try to avoid weaknesses. Instead, maximize strengths. Do not ask, “Will this person work well with me?” Rather, focus on the contributions that the person could make to the organization.

During the American Civil War, advisers warned U.S. President Abraham Lincoln that the highly effective General Ulysses S. Grant was a drunkard. “If I knew his brand, I’d send a barrel...to some other generals,” Lincoln replied. He always focused on results, not weaknesses. So did General Robert E. Lee, head of the Confederate Army. One general under Lee’s command ignored his orders, thus upsetting Lee’s battle plan. “Why don’t you relieve him of his command?” one aide asked Lee. “What an absurd question,” Lee replied. “He performs.” In business, as in war, results count. Keep that uppermost in your mind when evaluating future – and current – employees.

Fourth Habit: “First Things First”

Multitasking is a mistake and really doesn’t work well. To get things done, concentrate on one task at a time, or two at the most. Three is almost always unrealistic. Yet, throughout history some geniuses have been able to do numerous tasks at once. Wolfgang Mozart supposedly could create multiple musical compositions at the same time. But most of us are not Mozarts. You may be able to accomplish your objectives by multitasking, but your work will be substandard.

Instead of multitasking, work smartly and quickly on one job at a time. This does not mean working in a hurried dither; it means concentrating and working steadily on the task at hand. Involve yourself and your team in productive pursuits. If an activity is unproductive, drop it. Always prioritize. This takes courage. Aim high in your goals. Keep your eye on the future, not on the past. Always allow a margin of work time for the unexpected to occur. It definitely will.

Fifth Habit: “Decision Making”

Most situations that require you to make decisions are basically generic – that is, typical and unexceptional. You can deal with such circumstances by applying established rules, and general principles and procedures. The challenge is to determine when a situation is, indeed, typical or when it is different in some way that needs unique handling. The biggest decision-making mistake is to try to deal with a generic problem as if it were unusual.

For example, production problems recur continuously, so you can deal with them by using decisions and actions that worked well in the past. On the other hand, a massive power failure (like the one in northeastern North America in 1965) is a hugely atypical event. Resolving it demands special decision making, not the application of proven rules. Being able to distinguish generic situations from extraordinary ones is the core of effective executive decision making.

“The Criterion of Relevance”

The value of the decisions you make depends on their relevance. This is the correct measurement of the validity of your subjective judgment regarding any situation you have to handle as an executive. The clarity and relevance of your

“The truly important events on the outside are not the trends. They are changes in the trends.”

“Effective executives know that their subordinates are paid to perform, and not to please their superiors.”

“The sooner operating managers learn to make decisions as genuine judgments on risk and uncertainty, the sooner we will overcome one of the basic weaknesses of large organizations – the absence of any training and testing for the decision-making top positions.”

opinion matter because the real facts of most situations are rarely discernible immediately; they usually manifest over a period of time.

“Most executives have learned that what one postpones, one actually abandons.”

Always operate as if the “traditional measurement is not the right measurement.” Look for other options. For example, you can measure the value of an investment or capital expenditure according to how long it will take to recover your outlay. You can determine an investment’s anticipated profitability or the current value of the expected returns. Each of these yardsticks presents only a partial picture of the expenditure’s probable value, so insist that your accountants provide all such calculations. The combination of data that emerges from these separate ways of gauging relevance will enable you to make the most informed decision.

Everything Depends on You

As an executive and a knowledge worker, you represent a highly valuable – indeed, indispensable – resource. Society depends on you, and millions of knowledge workers like you, to be maximally effective. If you are effective, your organization can be productive and make important contributions to the general good. Purposeful, efficient organizations can serve as “useful tools” to make life better for all. This is an enlightened and noble purpose. But society cannot achieve this vital goal if its organizations are ineffective. To avoid that pitfall, they require strong knowledge workers. Thus, you are an integral element of the system that moves society forward. Fortunately, any executive can learn to be an even more effective professional. It’s a matter of habit.

“A decision requires courage as much as it requires judgment.”

About the Author

Peter F. Drucker was a management consultant and writer. His 39 books and numerous articles discuss how humans organize themselves in business, government and the nonprofit arena. Drucker died in 2005.

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