The Effective Executive by Peter F. Drucker

An Introduction

To be effective is the job of the executive. Whether he works in a business or in a hospital, in a government agency or in a labor union, in a university or in the army, the executive is expected to get the right things done. He is expected to be effective.

The realities of an executive’s situation both demand effectiveness from him and make effectiveness exceedingly difficult to achieve. Indeed, unless executives work at becoming effective, the realities of their situation will make their efforts futile.

To be effective, executives need to follow eight practices:

- They continually ask: “What needs to get done?”
- They always ask: “What is right for the enterprise?”
- They develop action plans
- They take responsibility for decisions
- They take responsibility for communicating
- They focus on opportunities rather than problems
- They run productive meetings
- They think and say “we” rather than “I”

There are four hurdles which stand in the way of an executive’s effectiveness.

a) The executive’s time tends to belong to others who can encroach on his time.

b) Executives are forced to keep on ‘operating’ unless they take positive action to change the reality in which they live and work.

c) The executive is within an organization. He is effective only if and when other people make use of what he contributes.

d) The executive sees the outside only through thick and distorting lenses, if at all. What goes on outside is usually not even known firsthand. This is unfortunate because there are no results within the organization. All the results are outside. What happens inside any organization is effort and cost.

A Habit

Effectiveness is a habit that must be developed by practice.

Five habits of the mind are needed to be an effective executive:

a) Effective executives know where their time goes. They work systematically at managing the little of their time that can be brought under their control

b) Effective executives focus on outward contribution. They direct their efforts to results rather than to work. They are more concerned with the results rather than with the work to be done.
c) Effective executives build on strengths – their own strengths, the strengths of their superiors, colleagues, and subordinates; and the strengths of the situation, that is, on what they can do. They do not build on weakness.

d) Effective executives concentrate on the few major areas where superior performance will produce outstanding results. They are good at setting priorities. They know that they have no choice but to do first things first – and second things not at all.

e) Effective executives, finally, make effective decisions. They know that an effective decision is always a judgment based on dissenting opinions rather than by consensus. And they know that to make many decisions fast means to make the wrong decisions. They make a few, but fundamental decisions in a systematic way.

**Time Management**

Effective executives do not start with their tasks. They start with their time. They find out where their time actually goes. Then they attempt to manage their time and to cut back unproductive demands on their time. Finally they consolidate their “discretionary” time into the largest possible units.

Most of the tasks of the executive require, for minimum effectiveness, a fairly large quantum of time. To spend in one stretch less than this minimum is sheer waste. This is particularly true with respect to time spent working with people. To spend a few minutes with people is simply not productive.

There are some effective executives who make decisions fast and others who make them rather slowly. But without exception, they make personnel decisions slowly and they make them several times before they really commit themselves.

The essence of systematic time management is finding the unproductive, time-wasting activities and getting rid of them. First one must identify and eliminate the things that need not be done at all. To find these time-wasters, one must ask of all activities: “What would happen if this were not done at all?” And if the answer is, “Nothing would happen,” then obviously the conclusion is to stop doing it.

The next question is: “Which of the activities could be done by somebody else just as well, if not if not better?”

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. So, effective executives must learn to ask systematically and without hesitation: “What do I do that wastes your time without contributing to your effectiveness?”

Some time-wasters are the result of lack of system or foresight. Here, one must look for the recurrent “crisis,” the crisis that comes back year after year. A crisis that recurs a second time is a crisis that must not occur again.

Time-wasters may also result from overstaffing.

Another common time-waster is malorganization. Its symptom is too many meetings. Meetings are necessary because people holding different jobs have to cooperate to get a specific task done. They may be needed 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. But meetings have to be the exception rather than the rule. An organization in which too much time is
spent on meetings is an organization in which little gets done.

As a rule, meetings should never be allowed to become the main demand on an executive’s time. Too many meetings imply poor structure of jobs and the wrong organizational components. They indicate that work that should be in one job or in one component is spread over several jobs or several components. They signify that responsibility is diffused and that information is not addressed to the people who need it.

**Focus on contribution**

The effective executive focuses on contribution. He asks: “What can I contribute that will significantly affect the performance and the results of the institution I serve?” The focus on contribution turns the executive’s attention away from his own department and specialization toward the performance of the whole. It also turns his attention to the outside, where the results lie.

It is the man who focuses on contribution and who takes responsibility for results, no matter how junior, who is in the most literal sense of the phrase, “top management.” He holds himself accountable for the performance of the whole organization.

Every organization needs performance in three major areas: It needs direct results; building of values and their reaffirmation; and building and developing people for tomorrow. All three areas have to be built into the contribution of every executive.

The relative importance among the three dimensions of performance will change as a manager moves up the corporate ladder. The most common cause of executive failure is inability or unwillingness to change with the demands of a new position. The newly promoted executive who keeps on doing what he has done successfully in the past is almost bound to fail. The executive who fails to understand this will suddenly do the wrong things the wrong way.

Executives can develop good human relations by focusing on contribution in their own work and in their relationships with others. Warm feelings and pleasant words are meaningless, in the absence of a work-focused and task-focused relationship. On the other hand, an occasional rough word will not disturb a relationship that produces results and accomplishments for all concerned.

**Leveraging on strengths**

The task of an executive is not to change human beings. His task is to multiply the performance capacity of the whole by leveraging on the strengths of individual employees.

The effective executive fills positions and promotes on the basis of what a man can do. He does not make staffing decisions to eliminate weaknesses but to maximize strength. The effective executive knows that to get strength one has to put up with weaknesses. Effective executives know that they have to start with what a man can do rather than with what a job requires. They do their thinking about people long before the decision on filling a job has to be made, and independently of it.

The executive who is concerned with what a man cannot do and who therefore tries to avoid weakness rather than make strength effective is a weak man himself. He probably sees strength in others as a threat to himself.

Effective executives know that their subordinates are paid to perform and not to please their superiors.
So they never ask “How does he get along with me?” They ask “What does he (the subordinate) contribute?” “What can he do uncommonly well?”

Men who build great executive teams are not usually close to their immediate colleagues and subordinates. They pick people for what they can do rather than on the basis of their personal likes and dislikes. They seek performance, not conformance. To ensure this outcome, they maintain a distance from their close colleagues.

Effective executives know that jobs are designed by highly fallible men. They are therefore forever on guard against the “impossible” job, the job that simply is not for normal human beings. Any job that has defeated two or three men in succession, even though each had performed well in his previous assignments must be redesigned.

**Setting priorities**

If there is any one “secret” of effectiveness, it is concentration. Effective executives concentrate on one thing at a time. They do the first things first.

Concentration is necessary because the executive has so many tasks to be done. For doing one thing at a time means doing it fast. The more one can concentrate time, and resources, the greater the number and diversity of tasks one can actually perform.

The first rule for the concentration of executive efforts is to get rid of unnecessary activities. Effective executives periodically review their activities and ask: “If we did not already do this would we go into it now?” And if the answer is not an unconditional yes they drop the activity or curtail it sharply.

The difficulty does not often lie with the total failures. They liquidate themselves. But what has succeeded in the past, always lingers on long beyond its productive life. Putting all programs and activities regularly on trial for their lives and getting rid of the unwanted ones is the best way to stimulate creativity even in the most hidebound bureaucracy.

There are always more productive tasks for tomorrow that one can handle given the limited time and human resources. A decision therefore has to be made as to which tasks deserve priority and which are of less importance. Tasks always adjust to the available time. Opportunities will become available only to the extent to which capable people are around to take charge of them. The only question is who will make the decision – the executive or the pressures. The day-to-day pressures of executive life always favor what goes on inside over outside, the past over the future, the crisis over the opportunity, the immediate and visible over the real, and the urgent over the relevant.

The following rules must guide the executive while identifying priorities:

- Pick the future, not the past;
- Focus on opportunity rather than the problem;
- Choose 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.
Making decisions

The truly important features of great decision making are:

1. The clear realization that the problem is generic and can only be solved through a decision which establishes a rule, a principle;
2. The definition of the specifications which the answer to the problem has to satisfy, that is, of the “boundary condition”;
3. 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.

Once the right principle has been developed, all manifestations of the same generic situation can be handled pragmatically. Truly unique events, however, must be treated individually. One cannot develop rules for the exceptional.

The two basic mistakes are to treat a generic situation as if it were a series of unique events and to treat a new event as if it were just another example of the old problem to which, the old rules can be applied.

The effective decision-maker always tries to put his solution at the highest possible conceptual level.

He assumes initially that the problem is generic. He always assumes that the event that clamors for his attention is in reality a symptom. He examines what lies below. He is not content with doctoring the symptom alone. And if the event is truly unique, the experienced decision-maker suspects that this heralds a new underlying problem and that what appears as unique will turn out to have been simply the first manifestation of a new generic situation.

The effective executive does not make many decisions. Not because he is slow but because he does not need to make many decisions. He deals with generic situations through a rule or policy. So he can handle most events as cases under the rule; that is, by adaptation.

The most time-consuming step in decision making is not making the decision but implementing it. While an effective decision must be 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.

Implementing a decision requires answering several distinct questions: Who has to know of this decision? What action has to be taken? Who is to take it? And what does the action have to be so that the people who have to do it can do it?

To go and look for oneself is also the best way to test whether the assumptions on which a decision had been made are still valid. One always has to expect the assumptions to become obsolete sooner or later. Reality never stands still for long. Failure to go out and look is the typical reason for persisting with a course of action long after it has ceased to be appropriate or even rational.
A decision is a judgment. It is a choice between alternatives. It is rarely a choice between right and wrong. It is more often a choice between almost right and probably wrong.

Decisions should follow from conflicting views, the dialogue between different points of view, the choice between different judgments. The first rule in decision-making is that one does not make a decision unless there is disagreement.

Disagreement acts as a safeguard against the decision-maker’s becoming the prisoner of the organization. Everybody is a special pleader, trying to obtain the decision in his favor. Disagreement provides alternatives to a decision. And without alternatives a decision is a desperate gambler’s throw, no matter how carefully thought through it might be.

The effective decision-maker does not impose his views on others. He does not start out with the assumption that one proposed course of action is right and that all others must be wrong. He starts out with the commitment to find out why people disagree.

Effective executives do not see anything wrong with the man who disagrees with them. They know that unless proven otherwise, the dissenter may have reached a different conclusion because he sees a different reality and is concerned with a different problem. The effective executive is concerned first with understanding. Only then does he even think about who is right and who is wrong.

There is one final question which effective decision-maker askers ask: “Is a decision really necessary?” One alternative is to do nothing.

One has to make a decision when a condition is likely to degenerate if nothing is done. This also applies with respect to opportunity. If the opportunity is important and is likely to vanish unless one acts with dispatch, one has to act.

At the opposite end there are those conditions which may take care of themselves even if nothing is done. If the answer to the question “What will happen if we do nothing?” is “It will take care of itself,” one does not interfere. One also does not act if the condition, while annoying, is of no importance and unlikely to make any difference anyhow.

The great majority of decisions will lie between these extremes. The problem may not take care of itself. But it may also not turn into a degenerative malignancy. The opportunity is only for improvement rather than for real change and innovation; but it is still quite considerable. If we do not act, in other words, we will in all probability survive. But if we do act, we may be better off. In this situation the effective decision-maker acts if on balance the benefits greatly outweigh cost and risk. But under no circumstances does he “hedge” or compromise. Half-action is the one thing that is always wrong.

Concluding Notes

Self-development of the effective executive is central to the development and performance of the organization. As executives work toward becoming effective, they raise the performance level of the whole organization. They raise their own sights as well as those of others.

Self-development of the executive toward effectiveness is the only available answer. It is the only way in which organizational goals and individual needs can come together. The executive who works at making his and others’ strengths productive works at making organizational performance compatible with personal achievement. He works at making his knowledge area become an organizational
opportunity. And by focusing on contribution, he makes his own values become the organization’s results.

Only executive effectiveness can enable this society to harmonize its two needs: the need of the organization to obtain from the individual the contribution it needs, and the need of the individual to have the organization serve as his tool for the accomplishment of his purpose. Effectiveness must be learned.