

# Harvard Business Review

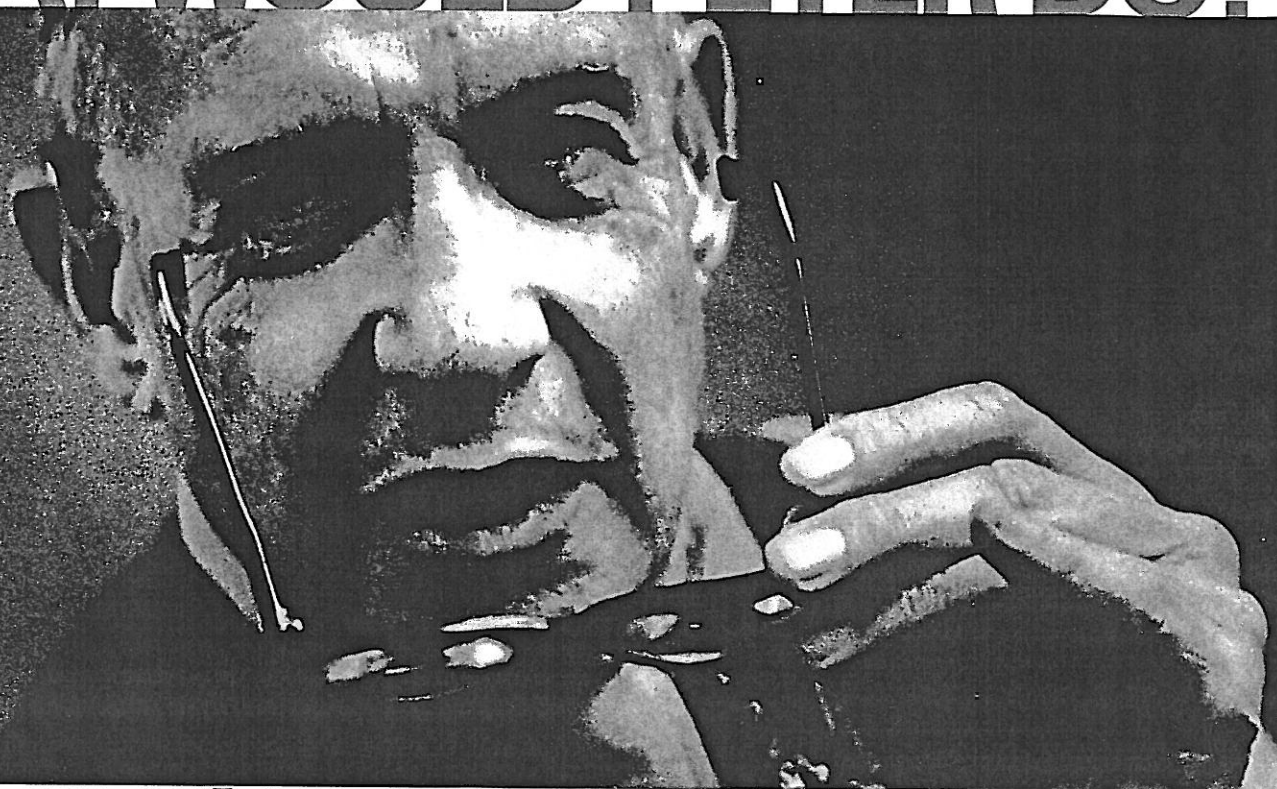
hbr.org



November 2009

THE DRUCKER CENTENNIAL

## WHAT WOULD PETER DO?



*How his wisdom can help you  
navigate turbulent times*

**WHY PETER  
DRUCKER  
HAD IT RIGHT**  
Rosabeth  
Moss Kanter

**HOW TO  
THINK LIKE  
DRUCKER**  
Alan Kantrow

**PLUS**  
P&G's A.G. Lafley,  
Haier's Zhang Ruimin  
and other CEOs on  
**HOW DRUCKER  
SHAPED THEIR  
STRATEGY**

# The Responsibility of Management Consultants

did) in such a way ("at his own request") that he transforms an abstract issue of structure into a more tangible one of managerial judgment. Third, he generalizes the assumptions on which Sloan's judgment was founded, translating them back into structural terms. Fourth, he suggests their potential range of application. Finally, he distills from them their essential, defining principle.

Drucker's process of discussion, then, is to establish relevant precedent, make it comprehensible in human terms, articulate its organizational implications, define its limits, and make clear what it is really about. His mind plays over the issue at hand, looking at it from various perspectives, indicating now this, now that aspect of importance. Drucker engages the reader by a tour de force of reflection but convinces him, if at all, by a tone of responsible authority and a commonsense flow of reasoning.

**Rhetorical firepower.** Such are the mechanics of a typical piece of Drucker's prose. He does not drag the reader kicking and screaming toward some undesired conclusion. To the contrary, he gently takes him by the arm and walks about with him until his conclusion appears a most reasonable place to go. His step along the way is usually calm, measured, deliberate. But not always. Every now and then he breaks into a flag-waving charge up some rhetorical San Juan Hill. Here, for instance, is Drucker in full stride on the issue of profits:

"In fact, the concept [the all-too-familiar equation of profits with the profit motive] is worse than irrelevant: it does harm. It is a major cause for the misunderstanding of the nature of profit in our society and for the deep-seated hostility to profit which are among the most dangerous diseases of an industrial society. It is largely responsible for the worst mistakes of public policy – in this country as well as in Western Europe – which are squarely based on the failure to understand the nature, function, and

**I KNEW PETER DRUCKER FOR 30 YEARS.** Aside from the personal career advice he gave me, his view of the responsibility of business to society and of management consultants to clients has had a profound impact on my life.

In 2001 Drucker wrote, "In the half century after the Second World War, the business corporation has brilliantly proved itself as an economic organization....In the Next Society, the biggest challenge...may be its social legitimacy: its values, its mission, its vision." The wave of distrust of business generated by the recent financial crisis has proved how right he was.

Too many business leaders pay lip service to social responsibility. They see it as more about image (which can be delegated to the PR department) than about substance (which is core to strategy). Their predominant concern remains maximizing short-term shareholder value – a narrow focus that Drucker decried. And they continue to pay themselves exorbitant salaries and bonuses – "morally and socially unforgivable," in his words.

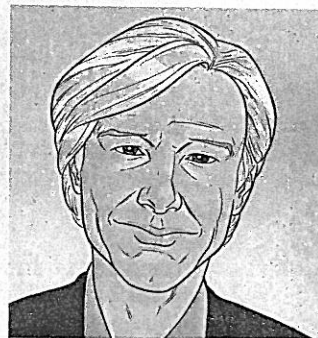
Management consultants – being "central to the development of the theory, the discipline, and the profession of management" – as a whole are no better. They focus almost entirely on the economic side of management. All too often cost-cutting and layoffs are their prescriptions.

A root cause of the problem is education. Drucker considered management one of the liberal arts and therefore believed that managers should be educated in the humanities and the social sciences. I wholeheartedly agree. Management innovators have produced an abundance of concepts and tools to help corporations improve their economic performance. Where are the concepts and tools to help them improve their social performance?

As disseminators of knowledge in the business world, management consultants can and should help organizations become better corporate citizens and regain public trust. They should think of themselves as diagnosticians, therapists, and scholars rather than as technicians, Drucker said, and must understand a company's unique competencies, culture, and history. The best way to help a client improve its performance is to build on its strengths, including the best aspects of its culture. He knew that you can discard bad habits, but you can't quickly transform an entrenched culture.

Drucker also believed that a consultant should respect all his clients and remember that he lives off their knowledge. This makes eminent sense: If consultants are to disseminate best practices, they must be not only good teachers but also good students. This doesn't mean that they must shy away from telling clients the truth; on the contrary, the consultant sometimes has to be an "insultant," he said.

The corporation is entering a new era – one in which it will have to reinvent itself not just to compete but also to prove its social legitimacy. As change agents, management consultants will have a critical role to play. Peter Drucker's guidelines can help them play it well.



**Peter Paschek** is a managing partner of Delta Management Consultants and is based in Berlin.