

# : What are Drucker's views on planning and decision making?

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Peter Drucker (November 19, 1909 – November 11, 2005) was an influential management thinker. His writings influenced two generations of business leaders and should continue to influence us. Drucker emigrated to the United States in the late 1930s and initially taught at Bennington College. He was a management professor at New York University from 1949 to 1971. He was Professor of Social Science and Management at Claremont Graduate University from 1971 to 2002. His first influential management book was [Concept of the Corporation](#) (1946). The book examined the structure and operations of General Motors. In total, Drucker published 39 management books. Shortly before he died in 2005, Peter Drucker was celebrated by Business Week magazine as "the man who invented management." The following paragraphs are excerpts from a number of Drucker's articles and books.

On planning and decision making, Drucker writes "the relevant question is not simply what shall we do tomorrow, but rather what shall we do today in order to get ready for tomorrow." Drucker further noted "the purpose of information is not knowledge. It is being able to take the right action." He also asserted "once the facts are clear the decisions jump out at you."

On computers and information technology, Drucker observed "if the computer is a tool, it is the job of the tool user to know what to use it for." He noted "We've spent the last 30 years focusing on the T in IT, and we'll spend the next 30 years focusing on the I."

## **Strategy, Planning and Decision making**

On strategic management, he said "Strategic management is not a box of tricks or a bundle of techniques. It is analytical thinking and commitment of resources to action. But quantification alone is not planning. Some of the most important issues in strategic management cannot be quantified at all."

He defined strategic planning "as the continuous process of making present entrepreneurial (risk-taking) decisions systematically and with the greatest knowledge of their futurity; organizing systematically the efforts needed to carry out these decisions; and measuring the results of these decisions against the expectations through organized, systematic feedback."

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"Important decisions are risky. They should be controversial. Acclamation means that nobody has done the homework. (p. 95)" attributed by Drucker (1990) to Franklin D. Roosevelt.

"There is no perfect strategic decision. One always has to pay a price. One always has to balance conflicting opinions, and conflicting priorities. The best strategic decision is only an approximation -- and a risk."

On intuition "I believe in intuition only if you discipline it. The 'hunch' artists, the ones who make a diagnosis but don't check it out with facts, with what they observe, are the ones ... who kill businesses."

"Making good decisions is a **crucial skill** at every level" ... "Of all the decisions an executive makes, none is as important as the decisions about people, because they determine the performance capacity of the organization."

Drucker (1967) wrote "The first question the effective decision-maker asks is: 'Is this a generic situation or an exception?'" ... "By far the most common mistake of the decision maker is to treat a generic situation as if it were a series of unique events ..."

### **Predicting the future**

"The best way to predict the future is to create it."

"Trying to predict the future is like trying to drive down a country road at night with no lights while looking out the back window."

"The future belongs to those who make the hard and right decisions today."

"A good manager always focuses his attention more strongly on opportunities than on risks ... constantly worrying about problems does not really move things forward. Doing this merely averts

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damage to the company. Positive results can only come about if senior executives consistently exploit opportunities. Thinking and acting in an opportunity-oriented way is a prerequisite for striking new paths. Striking new paths is a prerequisite for gathering experiences. And intuition needs experience."

### Computers and information

Drucker claimed "I find more and more executives less and less well informed about the outside world, if only because they believe that the data on the computer printouts are ipso facto information."

"The computer actually may have aggravated management's degenerative tendency to focus inward on costs."

"The fewer data needed, the better the information. And an overload of information, that is, anything much beyond what is truly needed, leads to information blackout. It does not enrich, but impoverishes."

"The new information technology ... Internet and email ... have practically eliminated the physical costs of communications."

"Information is the manager's main tool, indeed the manager's capital, and it is he who **must decide** what information he needs and how to use it."

### Some Conclusions from Drucker

"In a competitive economy, the quality and performance of the managers determine the success of a business, indeed they determine its survival. (Drucker, 1954, p. 3)"

"Plans are worthless, but planning is invaluable." Similarly Dwight Eisenhower stated "In preparing

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for battle I have always found that plans are useless, but planning is indispensable."

"Checking the results of a decision against its expectations shows executives what their strengths are, where they need to improve, and where they lack knowledge or information."

Finally, Drucker argued "taking action without thinking is the cause of every failure."

### Conclusions

What do Drucker's ideas mean for decision support? Decision support should: 1) encourage thinking, 2) encourage reflection and help review results of prior decisions, 3) be embedded in a broader decision making process, 4) help a decision maker determine if a situation is generic or an exception, 5) for exceptions that are strategic decisions help balance conflicting opinions and conflicting priorities, 6) manage information load and encourage a broad focus on facts not just on costs, 7) encourage future-oriented decision making, 8) help with decision implementation, and 9) focus on more than quantification of a situation, include qualitative factors, and emphasize analytical thinking in general.

Managers must learn when and how to use computerized decision support tools!

In conclusion, Drucker's ideas are still worth thinking about. If possible, read some of the references cited below, cf., Kantrow, 1980.

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I have tried to verify the accuracy of these quotes. Some are in multiple sources and in some cases the wording differs slightly.

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