

MANAGEMENT CHALLENGES FOR THE 21ST CENTURY

The Central Management Issues of Tomorrow

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MAIN IDEA

Business management is currently in the middle of a profound transitional period, and what is successful and accepted today is most likely to be entirely counter productive in the years ahead.

Therefore, business managers need to adopt new paradigms and address new challenges arising from the new social, economic and demographic realities of the evolving marketplace. These new conditions can and must force managers to react differently -- the policies, procedures and intellectual approaches of the past will no longer be viable.

Instead of being frozen in a time warp and attempting to delay the inevitable, the management challenges of the present should be a clear call to action. Only those organizations that move boldly forward, working their way through the myriad of issues that arise, stand any chance of prospering in the future. Therefore, the management challenges of the present should be embraced as opportunities to move forward rather than ties to the past. If nothing else, it's quite certain the status quo of the current business environment will not be maintained for very long.

The future of society as a whole rests squarely on the ability of managers to react successfully to the challenges they currently face.

1. THE CHALLENGE OF NEW MANAGEMENT PARADIGMS Page 2

Managed organizations (whether a business, a church, a university, etc.) lie at the very heart of modern society. The ability of these organizations to attain their own desired results drives society forward.

Good management means to be responsible for everything that affects the performance of the organization -- both for the factors under direct control and for those totally beyond it.

2. THE CHALLENGE OF NEW BUSINESS STRATEGIES AND CERTAINTIES Page 3

Strategies convert the theories on which a business is founded into performance. Good 21st century business strategies will be based on five economic certainties:

1. The birthrate will continue to decline in the developed world.
2. Substantial shifts in the distribution of disposable income.
3. New definitions of good performance will emerge.
4. Global competitiveness will become a key issue.
5. A growing chasm between economic and political realities.

3. THE CHALLENGE TO LEAD CHANGE Page 4

A business organization cannot attempt to manage change. It can only attempt to lead the changes that occur so as to influence the ultimate outcome.

Change leaders see change as an opportunity. Becoming a change leader requires:

1. A willingness to attempt to make the future.
2. Systematic methods to identify and anticipate changes.
3. Techniques for introducing internal and external changes.
4. Policies which balance change and continuity.

4. THE CHALLENGE OF THE AVAILABILITY OF MORE INFORMATION Page 5

For the 50-years the information revolution has already been running, most of the emphasis has been on collecting, storing, retrieving, transmitting and presenting data.

In the 21st Century, there will be less emphasis on data and more on information -- how to redefine tasks using greater amounts of information and how to redefine the organizations carrying out that task.

5. THE CHALLENGE OF KNOWLEDGE WORKER PRODUCTIVITY Page 6

The most important contribution of management in the 20th Century was to increase manual worker productivity in manufacturing by around fifty-fold.

The key management challenge of the 21st Century is to bring about a similar increase in the productivity of knowledge workers.

6. THE CHALLENGE OF BEING ABLE TO MANAGE ONESELF Page 7

Knowledge workers will have a longer working life than manual laborers. In fact, most knowledge workers will have productive careers of 50 years or longer. Since the average life expectancy of a successful business is only about 30 years, knowledge workers must be prepared to have two or three careers -- and to manage themselves rather than follow a pattern set down by an organization.

Managing a career will require the knowledge worker to answer the questions:

1. What are my unique strengths?
2. Where do I add the most value?
3. What is my specific contribution?
4. How can I assume responsibility for my business relationship?
5. What will I do with the second half of my life?

