

# Drucker and Project Management In the 21<sup>st</sup> Century

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## 1 Abstract

Purpose - This paper looks at the vision of Peter Drucker for this century, and attempts to provide one perspective on the question posed for the celebration of his work in Vienna: “The Profession of Management for the 21st century - a new model?”

Design - The paper is theoretical, based on research and experience.

Findings - My answer to the question is Cross-Cultural Leadership Intelligence (XLQ), and the international project management process. It is a rendering of one possible trajectory resides in the few pages on offer here.

Practical Implications - The paper has practical implications for international business endeavors striving to boost quality and reduce operating costs.

Originality - No other papers on the topic were found.

## 2 Introduction

I look back at two of Drucker’s works that peer into the future of management (Drucker 1999; Drucker 2002). Both of these works offered a keen sense about the momentum of societies, and the relationship between business, governments, and people. I will paint one picture of the 21<sup>st</sup> century that merges their thinking with the patterns of business and society for the next 90 years, and the role that project management could well play.

In the conclusion we will suggest how people can, perhaps, see the tipping points and changes as they evolve.

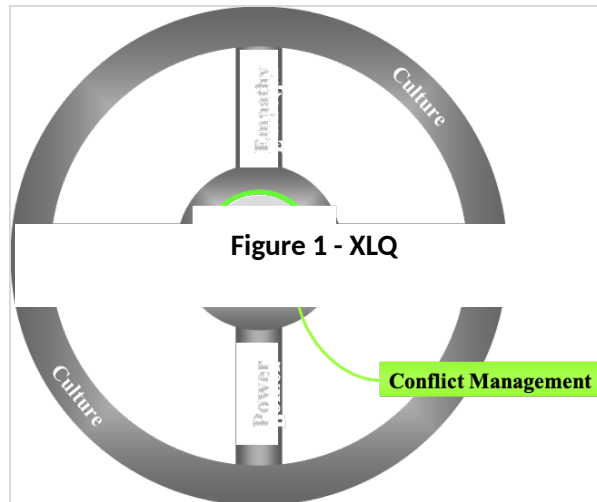
## 3 Drucker Predictions

Drucker said that there are five certainties for the 21<sup>st</sup> century: aging populations in the developing world, changes in the distribution income, need to redefine performance, global competition, and the divergence of globalization and politics. Certainly all of these certainties are, well, certain. Globalization, and the competition it engenders, is driven by consumers who want high quality products at low prices, and by local markets desiring to participate. The demands of people who want a better life, conflicting with governmental policies that are unable, or unwilling, to adapt. The current mediator is business, the entity least capable of bridging the gap, and the least willing to do so.

Drucker said that organizations should be considering the shape of the future corporation, including people policies, external information, and change agents. He was also clear that income disparity above a ration of 20-1, management to workers, is morally unforgiveable. Marx argued that capitalism will produce internal tensions which will lead to its destruction. (Marx and Engles 1952). He argued that just as capitalism replaced feudalism, so will socialism replace capitalism and lead to a stateless, classless society (Marx and Engles 1968), or a society where radical income disparity is unacceptable.

Drucker also wrote often about the knowledge worker, and said that these people will need to know the tasks and processes (project management), have autonomy (power), produce high quality at a low price (communication and transformation), be considered an asset (trust and empathy), and be engaged in continuous learning (change). The items in parenthesis come from the conjunction of the XLQ model, project management structure, and the need for continual change.

The XLQ model recognizes that there are leadership skills that are effective regardless of culture. In the 21<sup>st</sup> century there will need to be many more knowledge workers with these leadership skills (Grisham 2009). In Figure 1,



the hub of the model is trust, with communication, transformation, power, and empathy being the spokes. Cultural intelligence is rim, be it individual, corporate, societal, or global. Conflict management is the lubricant for dealing with disputes and change. A knowledge worker would have XLQ, be competent in managing projects, and have expertise in one or more disciplines. Trust is required for each component, with trust being the ability to inspire the desire to follow, and to inspire achievement beyond expectations.

What will these knowledge workers want in the 21<sup>st</sup> century? Much of what people have always yearned for, with education playing a central role:

- Health - living without pain or suffering, drugs, or hospitalization.
- Sustenance - clean wholesome food.
- Shelter - a safe and comfortable abode that keeps out the weather.
- Safety - no fear of physical harm.
- Environment - clean air and water, sanitation, lack of weather extremes
- Laws and Society - a stable predictable government of laws and equity.
- Belonging - compassion, love, companionship, a sense of place.
- Education - life-long learning, having a sense of importance, contribution, and dignity in the work.
- Income.

What will businesses want in the 21<sup>st</sup> century? Business will have amazing opportunities, and face huge challenges:

- Globalization - businesses must be global to survive.
- Politics - businesses have by far the greatest influence on political processes than ever in the past. Politicians cannot be elected in most countries without huge amounts of money, which comes in large measure from business.
- Social Constraints - people want to share the benefits of a global economy equitably, want to have their culture respected, and want to live in a clean environment.
- Knowledge - As Sir Francis Bacon said, knowledge is power. Information is ubiquitous with assistance of the internet. Converting that into knowledge requires internalization through education, experience, and time to think.

- Profitability - with some businesses this is still the only focus. That will change.

The question is, are these needs in conflict, are there opportunities for fulfilling both in a symbiotic future. Government currently plays a role as well, but as the century wears on that role will change.

#### **4 Visions of 21<sup>st</sup> Century Society**

Nations exist to distinguish themselves from others, and to define the differences in culture, values, norms, and laws. Nations also exist to define physical boundaries, and thereby natural resources. According to Porter (1990) the competitive advantage of a nation was based on factor and demand conditions, related and supporting industries, and the strategy, structure, and rivalry of the business. The factor conditions includes the natural resources, both physical and societal - countries that have copper can use this physical resource to compete, countries that have educated people can use this resource to compete.

Nations must attend to the needs of their people, for laws, security, health, the environment, infrastructure, education, and other services. Nations are looking more to business to provide most of these services, except laws. The International Monetary Fund has long insisted on privatization as a means of improving economic efficiency in developing countries. Now developed countries are increasingly using business to outsource a variety of services from health care administration to prisons. The reasons are economic, but the implementation needs to be humane. This is one factor driving the increase in corporate social responsibility (CSR).

As nations devolve responsibilities, business will be challenged to understand the national cultures, and to offer services that are respectful and responsive to the citizens' changing needs. What transnational firms (Ghoshal and Bartlett 1990) see as a local face to a global service. Said another way, a local customization of a global product, like Coca-Cola.® Also as the government of Peru discovered, when they privatized their water services, the cost must be within the reach of the citizens. Citizens who were paying US\$0.45 with the government subsidies, were paying US\$3.22 dollars after privatization, and this proved unsustainable. Conflict will occur when perfect efficiency, meets subsidies. Business must understand the societal, environmental, and economic conditions of a nation. They will need the power of a local heart.

Governments are struggling to keep pace with emigration and immigration. Drucker pointed to the changes caused by demographic trends, and the pendulum of isolationism will swing back toward more permeability of borders. The people emigrating will need to understand the culture of the society if they are to be successful. Governments will continue to put their metaphorical fingers into the dike of globalization, to maintain tax revenues to fuel their economies, and to maintain their services: health care, sustenance, shelter, safety, the environment, laws, and of course education. Transnational firms have businesses in multiple countries, and their profitability derives in part from tax advantages globally.

Business will be the conduit for societal change, scary thought that. Business is global and leverages its competitive knowledge advantage to increase market share, in a larger global market. Businesses must understand cultures, markets, governments, and resources to survive. In doing so they must adapt to laws, policies, and norms that they cannot change, and lobby to adjust those that they can. This interaction changes both the business, and the

nation, sometime symbiotically, sometime not. For the 21<sup>st</sup> century, this dance will yield more sustainable results, it must. Business listens, questions, thinks, and then acts, transferring information into knowledge. Business will need knowledge workers who are equally nimble and accepting of change.

Business will be a surrogate for government. Those people who work with a global firm will see the benefits that are available in the developed world, and the more developed world. The Economist produced a Quality of Life Index (Economist 2005) that measured the yearnings of knowledge workers, and more. Drucker said income disparity will cause social changes, and I fully concur. Knowledge workers see the benefits and disadvantages in other societies through the lens of business, which will change the view already gained through global social networking. Incomes need not be equal, that is not what Drucker was saying, but rather equitable.

Business will also provide the opportunity for knowledge workers to live in their desired nation, and have an income adequate to mitigate government shortcomings. Knowledge workers will have connectivity, comparatively high income, and an understanding of the world. The internet and income will build a platform for the life-long learning necessary, for knowledge workers and for their children.

Then there is the environment. The 21<sup>st</sup> century will see the change from conspicuous consumption, to measured conservation and protection. But this will take until the end of the century. In the interim, citizens and business will bear the burden. Business will be viewed as having deep pockets, and a direct responsibility for pollution of the planet. After all, no business, no pollution. There will be national pressure to deal with local pollution, and these pressures will be focused on business. There will pressure to deal with global warming, eradication of species, and extreme weather, focused more on government and international institutions. When sea rise displaces millions, business will be asked to mitigate the problems.

Then there are the knowledge workers. Under the age of 30, have been playing with technology since six, masters degree in a discipline, speaks two or more languages, has a social network in a dozen countries, wanting an income that will support their view of a quality life, and willing to work the hours necessary. Possibly born in one country and raised in multiple countries. Curious, in need of acknowledgement, and on-demand connectivity to their family and friends. People who are not afraid of change, but will only accept it if they have a safe and stable platform from which to venture out.

Knowledge workers will live where they choose, and many will remain with or in proximity to their family. Some will choose to explore the planet, living in many locations. They will expect that business and government either support them in acquiring their needs, or at least not be an impediment. On this score, they will become more involved politically and socially than their parents, and will take to the streets if necessary. Look to the elections in Iran for an example.

Knowledge workers will be a diverse group that will prefer to work virtually. They will be able to lead or follow, comfortably, and will be capable of performing more than one function for the organization. Business will adjust to these preferences, out of necessity, and will be challenged with guiding flatter organizations with few core employees and many fluid associates. They will utilize a blend of the young and old knowledge workers, energy and wisdom. As a result business will be more fragmented, more nimble, and without

leadership, more chaotic. But there is a profession that offers an option for the transition in the 21<sup>st</sup> century, project management.

## **5 International Project Management**

A project is a unique endeavor that provides a product or service, has a beginning and end, a budget, and a definition of the scope of the effort. People think of tasks as projects: develop a new product line, improve manufacturing efficiency, introduce TQM, shorten call wait times, develop algorithms for derivatives, etc.

Part of my definition of leadership is the ability to inspire achievement beyond expectations. Think of it from the perspective of the follower. If I am comfortable doing X, and have maximized my productivity doing it. I am now asked to do X<sup>2</sup> and believe I have the ability, but it will require a lot of creativity, effort, learning, and risk for I could fail. If I trust my leader to support me, and provide a safe landing if I fail, let me at it. I see change as exciting and rewarding, it gives me a chance to learn, explore, and expand. If I trust that my leader will blame me if I fail, I will see change as the opposite. The leader then must take the blame or responsibility for honest failure if change is to be embraced as a culture.

Nimble business must have a culture of change, built upon a foundation of leadership and trust. Nimble business will be forced to see into the future, anticipate market changes, and redefine their strategy. Core team leaders must first fully understand the vision, and communicate it effectively to the fluid and core knowledge workers. Business will adjust the number of their employees to follow the markets by utilizing the fluid workforce. The result will be rapid swings in the number of resources that are available on any given month. Such changes will require short-term goals and priorities to be planned, and then adjusted frequently.

Business will have virtual knowledge workers in different time zones, that must understand the new plan and priorities, what role they are required to fulfill, and who they will be leading or following. Business will also have knowledge management systems that enable them to find the expertise they require.

The discipline of international project management holds the offer of a platform that can guide change with a globally dispersed virtual workforce. At its best, project management reflects a codification of business thinking and concepts into practice. When business adopts a project management approach, they employ guidelines that can be utilized in multiple countries and cultures, with a culturally diverse and dispersed workforce. As Drucker, and many others have said, to have a culture of change requires a rock of security. People need stability, and the ability to see the ground.

Flexibility and customization will be the keys to success. The rock is in part represented by guidelines that are the same in Seoul, Bogota, Kinshasa, New York, Mumbai, Moscow, Beijing, or Tokyo. Imagine that last month a team from these countries was assembled to work on a project in Milano. The product of their endeavors will be customized to the local customers, so there will be change from the previous project in San Francisco. But, the process guidelines will be the same. Some stability, not too much. Also in this way as the team size fluctuates, the new members that enter the project already know the process, they can then focus on learning the team members and the customer. It saves time - cost down, quality up.

Knowledge workers require a continuous flow of information, and the time to convert it into knowledge. If communications, planning, estimating, risk, procurement, and quality have guideline processes, the members of the team can again save time by avoiding the creation of ad hoc operating conditions each time a project is undertaken. In virtual teams information and structure are simply critical if efficiency is to be achieved. Imagine having a virtual team member come through a project for a week to perform a certain task. If they are say 10 time zones away, it could take a week just to connect them into the information highway, introduce them to the team, describe the project, and find the virtual toilette. Four days piddling and one day working will not build an efficient nimble global organization. International project management can provide this rock. I see it as a tool utilized by leaders with high XLQ, in geographically dispersed fluid teams of knowledge workers who interact in a virtual work environment (Grisham 2009).

Processes enable knowledge, which often springs from mistakes, to be harvested from lessons learned, and metrics. Metrics enable a kaizen process, which enables a reduction in cost and an increase in quality. Project management holds the hope for a quality product or service, without the cost of a full TQM or six sigma undertaking.

## 6 Conclusion

Drucker saw the trajectory of business in the 21<sup>st</sup> century. The enhancements I have suggested are a more detailed look at these trends. I have trained many people internationally that work in global and transnational business. Most of them are enhancing their project management skills at the demand or request of their employers. Many tell me that their businesses are striving to implement project management processes globally. All are seeking ways to reduce the time that they spend working so that they can spend more time enjoying family, friends, and avocations. A majority work in virtual teams, and they come from dozens of different countries.

The change is afoot, and will increasingly require attention to those things described above. In summary business needs knowledge workers with high XLQ, who are multi-disciplinary, and enjoy virtual work in a rapidly changing environment. The most prized knowledge workers will be compassionate, curious, patient, and capable of adapting to their environment.

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