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MANAGER'S JOURNAL

The Rules of Executive Class

By PETER F. DRUCKER  
June 1, 2004; Page B2

An effective executive does not need to be a leader in the sense that the term is now most commonly used. Harry Truman did not have one ounce of charisma, for example, yet he was among the most effective chief executives in U.S. history. Some of the best business and nonprofit CEOs I've worked with over a 65-year consulting career were not stereotypical leaders. They ranged from extroverted to nearly reclusive, from easygoing to controlling, from generous to parsimonious. What made them all effective is that they followed the same eight practices:

- **Ask "What needs to be done?"** Failure to ask this question will render even the ablest executive ineffectual. Jack Welch realized that what needed to be done at General Electric when he took over as chief executive was not the overseas expansion he wanted to launch. It was getting rid of GE businesses that -- no matter how profitable -- could not be No. 1 or No. 2 in their industries.
- **Ask "What is right for the enterprise?"** Note that the question is not what's right for the shareholders, or the executives, or the employees. Those are all important constituencies who need to support a decision, or acquiesce in it, if the choice is to be effective. But if a decision isn't right for the enterprise as a whole, in the long run it won't be right for any of the individual stakeholders.
- **Develop action plans.** The action plan is a statement of intentions rather than a commitment. It should be revised often, because every success creates new opportunities. So does every failure. Napoleon allegedly said that no successful battle ever followed its plan. Yet Napoleon also planned every one of his battles, far more meticulously than any earlier general had done. Without an action plan, the executive becomes a prisoner of events.
- **Take responsibility for decisions. This is particularly important when it comes to hiring or promoting people.** If after promoting a person, the decision has not had the desired results, executives don't conclude that the person has not performed. They conclude, instead, that they themselves made a mistake. In a well-managed enterprise, it is understood that people who fail in a new job, especially after a promotion, may not be the ones to blame.

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- **Take responsibility for communicating.** Effective executives make sure that both their action plans and their information needs are understood. Specifically, this means that they share their plans with and ask for comments from all their colleagues -- superiors, subordinates, and peers. At the same time, they let each person know what information they'll need to get the job done. The information flow from subordinate to boss is usually what gets the most attention. But executives need to pay equal attention to peers' and superiors' information needs.
- **Focus on opportunities, not problems.** In most companies, the first page of the monthly management report lists key problems. It's far wiser to list opportunities on the first page and leave problems for the second page. Unless there is a true catastrophe, problems are not discussed in management meetings until opportunities have been analyzed and properly dealt with.
- **Make meetings productive.** Every study of the executive workday has found that even junior executives and professionals are with other people -- that is, in a meeting of some sort -- more than half of every business day. Making a meeting productive takes a good deal of self-discipline. It requires that executives determine what kind of meeting is appropriate and then stick to that format. It's also necessary to terminate the meeting as soon as its specific purpose has been accomplished. Good executives don't raise another matter for discussion. They sum up and adjourn.
- **Think and say "We."** Effective executives know that they have ultimate responsibility, which can be neither shared nor delegated. But they have authority only because they have the trust of the organization. This means that they think of the needs and the opportunities of the organization before they think of their own needs and opportunities. This one may sound simple. It isn't, but it needs to be strictly observed.

I'm going to throw in one final, bonus practice. This one's so important that I'll elevate it to a rule: **Listen first, speak last.**

*Mr. Drucker is a professor of social science and management at the Peter F. Drucker and Masatoshi Ito Graduate School of Management at Claremont Graduate University. This commentary is adapted from his article "What Makes an Effective Executive" in the June issue of the Harvard Business Review.*

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