Enduring Wisdom for Today’s Leaders: Peter Drucker’s Five Questions

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Peter Drucker, considered by many to be the father of modern management and a 2014 posthumous recipient of ILA’s Lifetime Achievement Award, continues to gift the world with much wisdom. He understood that leaders are bombarded with myriad issues and challenges every day. Knowing what to pay attention to requires “self-assessment,” and “is the first action required of leadership.”

To guide the assessment process, Drucker published The Five Most Important Questions You Will Ever Ask About Your Organization. These questions are profound, compelling, and still relevant today. Continuing his work, the Frances Hesselbein Leadership Institute issued an enhanced update to his book earlier this year titled Peter Drucker’s Five Most Important Questions: Enduring Wisdom for Today’s Leaders (Jossey-Bass/Wiley, 2015), which includes a special emphasis on the inclusion of insights from millennial leaders. I was honored to be a contributor along with other contemporary leaders in business, academia, social enterprise, and the military.

Drucker’s five questions guide organizations in developing a results-focused strategic plan that furthers the organization’s mission and its capacity to achieve goals. Below, I’ve illustrated how I’ve used these questions to reflect on the work of Mi Casa, an organization I helped found, and the way other contributors in the book used these questions to address challenges facing today’s leaders.

Question 1: What is our mission?

The mission is the glue holding the organization together. Mission inspires and clarifies the reason for being. Drucker reminded us, “The plan begins with a mission.”

An effective mission first scans the outside environment: Where can we make a difference? Set a new standard of performance? Inspire commitment? In our new book, Jim Collins contributes that mission must address the dynamic interplay between continuity and change. Based on core values and a fundamental purpose, organizations must first know what not to change. The mission anchors this process.

A Mission for Changing Times

In 1976 I attended the organizing meeting for Mi Casa Resource Center for Women and became its executive director. Almost forty years later, Mi Casa is Colorado’s largest Hispanic organization and a national model for economic empowerment. A key factor in Mi Casa’s longevity was its initial mission.

Mi Casa did not just have a mission — it had women who were on a mission. In 1976, forging a Hispanic women’s nonprofit corporation was groundbreaking and inspiring. Moreover, Mi Casa’s logo — a house with

Juana Bordas (pictured on the right with ILA Lifetime Achievement Award Winner Frances Hesselbein) is a former trustee of the International Leadership Association and a founder of Mi Casa, one of the first Hispanic organizations in the U.S. focusing on serving Hispanic women. She is the author of two award-winning books: Salsa, Soul, and Spirit: Leadership for a Multicultural Age and The Power of Latino Leadership.
the women’s symbol inside — signified that as Latinas advanced, so would their families and communities. The mission was broad enough to engender a new one in 2008: To advance the economic success of Latino families.

Importantly, while Mi Casa’s initial customers were Hispanic women, everyone was welcomed. It was both culturally centered and inclusive! This is pertinent when thinking about millennials today. How does one build organizations that are inclusive of four generations that work side by side? How do groups plan to serve humanity’s ever-growing diversity?

Questions 2 and 3:
Who is our Customer?
What Does the Customer Value?

Drucker believed this question could only be answered by the customers themselves. Organizations must know their customers, what they value, and how the organization’s services meet customers’ needs.

Mi Casa’s organizing committee consisted of Head Start mothers and professional Hispanic women. Bringing together people who would be served by Mi Casa and women with organizational experience was crucial. “The customer” was at the organizing table. The professional women, like myself, had grown up in similar circumstances and understood what was needed for Latinas to become successful. This made for an organization that was customer-centered, a key element — and I believe a prerequisite — for successful long-term planning.

Furthermore, organizations must understand that customers change and are never static. Their needs, aspirations, and wants evolve. To grow enrollment and to serve young students, for instance, universities must adapt to the preferences of the millennial generation by utilizing technology, cooperative learning, international experience, social relevancy, diversity, and real life learning — all preferred practices that millennials seek in their education. Universities that incorporate these preferences better position themselves to satisfy and grow their customer base.

Satisfying Supporting Customers

Organizations also have secondary or supporting customers which today might be termed collaborators or partners. These partners can benefit or hinder the service or product being offered. Organizations that serve youth, for example, may have parents, schools, volunteers, funders, and other community resources as secondary customers. These supporting customers choose and authenticate the organization enabling it to provide services to youth.

Mi Casa’s success also depended on garnering supporting customers — volunteers, funders, other organizations, and community leaders. Mi Casa built partnerships with corporations and foundations by focusing on numbers and results.

When I was director, a funder could be assured that by investing $1,800 in a program to assist a high-risk Latina youth to complete high school, Colorado would receive $200,000 in taxes over the young person’s life. Furthermore, more than half would go on to higher education. If the funder was looking for a qualified workforce for the future, Mi Casa would deliver. Today, Mi Casa carries on that tradition by incorporating programs into its planning process that meet the needs of today’s employers: bilingual bank tellers, computer classes, health care, and customer-service programs.

Drucker’s questions — Who is our customer and our supporting customers, and what does our customers value — are the foundation for crafting services, measuring results, and developing the plan.
What does the customer value? Ask the customer! Just as important — listen. Then use this feedback to guarantee the customer’s voice is continually part of the planning process. It is easy to know your customers when they are sitting at the table in leadership roles. Yet Drucker cautions, “The danger is in acting on what you believe satisfies the customer… go to the customer.” Mi Casa did not rely solely on what we thought we knew. We designed a door-to-door survey to determine the needs of low-income Hispanic women. The results were not earthshaking: good jobs, high school completion, English proficiency, a supportive place to learn, and helping young Latinas finish school. These needs continue to be the core of Mi Casa’s programs.

Michael and Kass Lazerow co-founders of Buddy Media, a company assisting organizations use and integrate social media, note in the book that there has been a customer revolution. Through text messaging, Facebook, Twitter, Yelp, and other social media the power has shifted from companies to customers. Today organizations must engage in a whole new way of providing services when and how the customer wants it.

It’s About Customer Engagement

Most leaders understand the need to pay attention to customers — but what about innovation and technology — what about areas where the customer just doesn’t know the possibilities? Certainly Steve Jobs wrestled with this. As he famously told Business Week in 1998, “It’s really hard to design products by focus groups. A lot of times people don’t know what they want until you show it to them.”

A millennial contributor to our book, Nadira Hira, wisely noted that in this age of unprecedented customer engagement, leaders should never stop at the first, simplest, or most available answer. They should dig, frame, reframe and explore all the angles to help customers discover the “deepest truths about their ideal experience.”

Question 4: What are Our Results?

Results indicate where to concentrate for future success. Leaders hold the organization accountable, ensure desired results, and prevent mismanagement of resources. To accomplish this, leaders need the courage to admit failure and learn from mistakes. Real impact requires evaluation, measurement, learning, and course correction. Leadership requires assessing what should be strengthened and what must be abandoned. Drucker wrote that the abandonment of things that are no longer productive should come first, but is the most difficult to achieve.

Learning: The Roadmap to Future Success

In the 1980’s foundations urged nonprofits to launch businesses to generate funds. After a careful analysis of market needs, the skills our women had, finding start-up-money, and partners, Mi Casa launched A Woman’s Touch – a cleaning service where participants could earn 30% more than in the marketplace. Within a year, women had the experience to leave and start their own cleaning services. Gone was the original plan to generate operating revenue from this venture. But we knew how to run a business!

Often mistakes are our biggest teachers. Latinas today are the fastest growing small business sector in the U.S. In 1988, Mi Casa started its business center to assist Latinas and aspiring entrepreneurs develop businesses. In 2013, 80 new businesses were launched generating 7.5 million dollars in revenues. Leaders can transform mistakes into opportunities and utilize learning for future success.
Question 5: What Is Our Plan?

Drucker believed, “Planning defines the particular place you want to be and how you intend to get there.” The five elements of an effective plan start with abandonment — discarding what does not work — followed by concentration on what does work. Leaders must look for tomorrow’s success or innovation. Planning involves risk-taking and evaluating which decisions are worth the potential risk. Finally, when a leader is not sure on future direction, she conducts an analysis to gather the information needed to move forward.

Never Really Be Satisfied

Plans must be adjusted when conditions or customer needs change, results are poor, or a surprise success leads you in a new direction. Since the future is unpredictable, it is critically important to have an open mind, flexibility, and a learning attitude. Drucker wrote, “True-self assessment is never finished. Leadership requires resharpening, refocusing, never really being satisfied.” Successful millennial entrepreneur Caroline Ghosn writes about the plan as the tangible connecting point between mission and action — the opportunity to engage people and garner commitment. The plan, she notes, must be alive. It must be the thermometer that measures wins, mitigates loses, and celebrates milestones.

In the end, Drucker brings us back to mission as the heart of assessment and planning. Keep asking: What is our purpose? Why do we do what we do? What do we want to be remembered for? As for Peter Drucker, he will be remembered for his immeasurable contributions to humanity and for leaving a body of work that strengthens and elevates the field of leadership throughout the world.

About the International Leadership Association

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The International Leadership Association (ILA) is the global network for all those who practice, study, and teach leadership.

The ILA promotes a deeper understanding of leadership knowledge and practices for the greater good of individuals and communities worldwide.

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The principal means by which our mission is accomplished is through the synergy that occurs by bringing together public and private sector leaders, scholars, educators, coaches, consultants, and students from many disciplines and many nations.

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