The Effective Executive (178 pages, 1967)
Peter Drucker

Preface + Introduction

The subject of this book is managing oneself for effectiveness. Indeed, executives who do not manage themselves for effectiveness cannot possibly be expected to manage their associates and subordinates. By effective, I mean doing the right things (as opposed to efficient, which is doing things right). I have called executives those knowledge workers (as opposed to manual workers who are judged by efficiency), mangers or individual professionals who by virtue of their position or knowledge, are responsible for contributions that significantly impacts or can potentially impact the performance and results of the company.

To be reasonably effective, it is not enough for the individual to be intelligent, hard-working or knowledgeable. Nor is it essential for the individual to have special gifts or talents, aptitude or any specific training. Effectiveness as an executive demands doing certain and fairly simple practices. These practices are not inborn. All of the effective ones I met had to practice (and learn) effectiveness until it became a habit.

Effectiveness is what executives are being paid for, whether they manage large teams or are solo workers. Without effectiveness, there is no performance, no matter how much intelligence and knowledge goes into their work. It is important to note that the book is titled The Effective Executive and not the Effective Individual, because the effectiveness of the individual today depends on his or her ability to be effective in an organization. Effectiveness in and through an organization is what makes an effective executive.

All effective executives follow the same eight rules or practices (rather, they were effective because they did the below eight practices exceedingly well) -

1. They ask, "what needs to be done?"

2. They ask, "what is right for the enterprise?"
3. They developed action plans.
4. They took responsibility for decisions.
5. They took responsibility for communicating.
6. They were focused on opportunities rather than problems.
7. They ran productive meetings.
8. They thought and said "we" rather than "I".

The first two practices gave them the knowledge they needed. The next four helped them convert this knowledge into effective action. The last two ensured that the whole organization felt responsible and accountable.

A) Getting the knowledge you need - The first and most critical practice is to ask what needs to be done (not "What do I want to do?"). The answer will contain more than one urgent / critical task. However effective execs will focus on one or a maximum of two tasks, no more. Thus after asking what needs to be done, sets the priorities and sticks to them. Examples of priority tasks are redefining the company's mission, developing next level of leaders, getting rid of unprofitable businesses etc. Ideally after completing the original top-priority task, the executive resets priorities to create a new priority rather than automatically moving to the number two task on the original priority list.

Jack Welch in his autobiography says that, every five years he asked himself, "What needs to be done now? And every time, he came up with a new and different priority." Welch also asked himself which of the two or three tasks at the top of the list he himself was best suited to undertake. He concentrated on the task and delegated the others. Effective execs try to focus on jobs that they will do especially well.

Effective execs' second practice - as important as the first - is to identify what is right for the enterprise, not shareholders, employees, customers because they know that a decision that isn't right for the enterprise will ultimately not be right for any of the stakeholders. Asking what is right for the enterprise does not guarantee that the right decision will be made, but failure to ask the question virtually guarantees the wrong decision.

B) Convert the knowledge gained into effective action - The executive needs to use an action plan (written down) to plan his course. This will help him think about
1. desired results: what contributions should the enterprise expect from me in next 18-24 months? What results will I commit to? What deadlines?
2. probable restraints on his actions: is this action that I will undertake compatible with organization's mission? Is it acceptable to employees? Is it ethical?
3. future revisions: the action plan is not set in stone. It will change to reflect business environment, competitive actions. It should be flexible.
4. measurement of results / check-in points: the action plan needs to create a system for checking the results against expectations. Ideally at the half-way point and then at the end before the next action plan is drawn up.
5. implications for how he will spent his time: the action plan should become the basis for determining how the exec spends his or her time. Time is the exec's scarcest and most precious resource and organizations are inherently time wasters. Hence the need to link his priorities to allocating his time.

As they translate their plan into action, executives need to pay particular attention to decision-making , communication, opportunities (as opposed to problems) and meetings.

Decision-making: An effective decision has not been made until people know the name of the person accountable for carrying it out, the deadline, the names of the people who will be affected by the decision, and therefore have to know about, understand and approve (or at least not be strongly opposed to it), and lastly the names of the people who will have to be informed of the decision, even if they are not directly affected by it.

It is just as important to review decisions periodically, at a time agreed in advance, in order to make sure that a poor decision can be corrected before it does real damage. This is especially true of people decisions, where typically only 1/3rd of such decisions turn out to be correct. Effective execs know this and check up 6-9 months later on the result of their people decisions. If they find that a decision has not had the desired results, they don't conclude that the person has not performed. They conclude that they may have made a mistake. However they will move the nonperformer out of his present role as they owe it to the organization and to their fellow workers.

Executives should give an option to nonperforming individuals to go back to a job at their former level or salary, than firing them. The existence of such an option can have a powerful effect, encouraging people to leave safe, comfortable jobs and take risky new assignments.

Executives should adopt the practice of a systematic decision review as a tool for self-development. 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. Systematic decision review also shows executives their own weakness, particularly the areas in which they are simply incompetent. In these areas, smart executives don't take decisions or actions, they simply delegate.

Communicating: Effective execs need to share their plans and ask for comments from all of their colleagues - superiors, peers and subordinates. Executives also focus on information flow from subordinates upward, such as the information that they need from an accountant / MIS.

Opportunities: Good execs focus on opportunities rather than problems. Problem solving prevents damage, but it does not produce results. Exploiting opportunities produces results. Effective execs

systematically look at changes inside and outside the organization to identify opportunities. Drucker lists seven change situations to identify opportunities
- unexpected success or failure in their own enterprise, in a competing enterprise or in the industry
- a gap between what is and what could be in a market, process, product or service
- innovation in a process, product or service whether inside or outside the enterprise or industry
- changes in industry structure and market structure
- demographics
- changes in mind-sets, values, perceptions, moods or meaning
- new knowledge or a new technology

Effective execs make sure that problems do not overwhelm opportunities - the monthly management report or the monthly meeting could prioritize opportunities over problems. Effective execs also put their best resources to attack opportunities rather than on problems. One way to staff for opportunities is to ask each member of the management group to prepare two lists every 6 months - a list of opportunities for the enterprise, and a list of the best-performing people throughout the enterprise. These are then discussed and then the best people are matched with the best opportunities. In Japan this matchup is considered a major HR task in a big corporation, and this practice is considered one of the key strengths of the japanese business.

<u>C) Ensuring responsibility and accountability throughout the organization</u> - Studies have shown that executives are with others - in formal or informal meetings - more than half of the business day. Hence if they are to be effective, executives must make meetings productive. They must make sure these meetings are work sessions rather than bull sessions.

The key to running an effective meeting is to decide in advance what kind of meeting it will be. Different meetings require different forms of preparation (draft notes, presentations etc) and different results.

Making a meeting productive requires that executives determine what kind of meeting is appropriate and then stick to the format. It is necessary to terminate the meeting as soon as its specific purpose has been achieved, by summing up the discussion and action items. Good follow-up is just as important as the meeting itself. The great master of follow-up (through follow-up memos, each a short masterpiece) was Alfred Sloan who I consider to be the most effective business executive I have ever known.

The final practice is : don't say or think I. Think and say We. Effective execs 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 opportunities of the organization before they think of their own needs and opportunities.

Along with these eight practices, I am going to throw in a final, bonus practice. This one is so important that I will elevate it to the level of a rule : *Listen first, speak last*.

Chapter I - Effectiveness Can Be Learned

The realities of the executive's situation both demand effectiveness from him and make effectiveness exceedingly difficult. This is because of four major realities over which he has no control, and thus exert pressure towards non results and nonperformance.

1. The executive's time belongs to everybody else. He has very little control over his time, and further he has little individual time (mostly spent in meetings).

2. Executives are forced to keep on 'operating' unless they take positive action to change the reality in which they live and work - unless he / she changes it by deliberate action, the flow of events will determine what he is concerned with and what he does. If the executive lets the flow of events determine what he works on and what he takes seriously, he will fritter himself away 'operating'. What he needs is criteria which enable him to work on the truly

important, that is, on contributions and results, even though the criteria are not found in the flow of events.

3. The executive is within an *organization*. He is effective only if and when other people make use of what he contributes. Organization is a means of multiplying the strength of an individual. It takes his knowledge and uses it as the resource, motivation and vision of other knowledge workers. However knowledge workers are rarely in sync with each other; each has his skill and his own concerns. Usually the people who are most important to the effectiveness of an executive are not people over whom he has direct control. They are people in other areas, people who in terms of organization, are 'sideways'. Or they are his superiors. Unless the executive can reach these people, can make his contribution effective for them and in their work, he has no effectiveness at all.

4. Finally, the executive is *within* an organization. Every executive sees the inside of the organization as close and immediate reality. He sees the outside not directly but through an organizational filter of reports, received in an already predigested and highly abstract form that imposes organizational criteria of relevance on the outside reality. But the organization is an artificial, often accidental construct. There are no results within the organization. All the results are on the outside, produced by a customer who converts the costs and efforts of the business into revenues and profits through his willingness to exchange his purchasing power for the products or services of the business. (*What happens inside any organization is effort and cost. Rather than profit centers, we should instead refer to effort centers. The less effort or resources - human or capital - an organization uses to produce results, the better it does its job*).
    - The outside environment, which is the true reality, is well beyond effective control from the inside. At best, results are codetermined such as attempts to mold the customers' preferences and values through promotion and advertising with the customer having the last word and veto power. Thus

the executive increasingly relies on the inside, which is most visible to him and is under his control - its crosscurrents and gossip, its problems and challenges reach him and touch him at every point. Unless he makes special efforts to gain direct access to outside reality, he will become increasingly inside-focussed. The higher up he goes, the more will his attention be drawn to problems and challenges of the inside rather than to events on the outside. Indeed the bigger and apparently more successful an organization gets, the more will inside events tend to engage the interests, the energies, and the abilities of the executive to the exclusion of his real tasks and his real effectiveness in the outside.
The truly important events on the outside are not the trends. They are changes in the trends. These ultimately determine success or failure of an organization and its efforts. These events cannot be counted, defined or classified in quantitative fashion. Such changes have to be perceived as they are qualitative factors. The danger is that executives will become contemptuous of information and stimulus that cannot be translated into quantitative units, thus becoming blind to everything that is perception (i.e., event) and only see facts (i.e., after the event).

These four realities the executive cannot change. They are necessary conditions of his existence. But he must therefore assume that he will be ineffectual unless he makes special efforts to learn to be effective. How does one learn effectiveness? What does it consist in? What does one have to learn?

Effectiveness is a habit. Rather, it is a complex of five habits of the mind, that have to be acquired to be an effective executive. These five habits are

1. Effective execs know where their time goes. They work systematically at managing the little of their time that can be brought under their control.
2. Effective execs focus on outward contribution. They gear their efforts to results rather than to work. They start out with the

question, "what results are expected of me?" rather than with the work to be done, let alone with its technique and tools.

3. Effective execs build on strengths - their own, those of their superiors, peers, subordinates and those of the organization. They do not build on weaknesses nor do they start out with the things that they cannot do.
4. Effective execs concentrate on the few major areas where superior performance will produce outstanding results. They force themselves to set priorities and stay with these priority decisions. They know that they have no choice but to do first things first, and second things not at all. The alternative is to get nothing done.
5. Effective execs make dissenting decisions. They know that this is above all, a matter of system - right steps in the right sequence. They know that an effective decision is always a judgement based on "dissenting opinions" rather than on "consensus on the facts". And they know that to make many decisions fast means to make the wrong decisions. What is needed are few, but fundamental decisions. What is needed is the right strategy rather than razzle-dazzle tactics.

These five habits - *managing time, contribution through results, operating from strengths, setting the right priorities and effective decision-making* - are the elements of executive effectiveness, and these are the subjects of the book.

Chapter II - Know Thy Time

Effective execs do not start with their tasks. They start with their time. And before they even plan, they start by finding out where their time goes. Then they attempt to manage their time and to cut back on unproductive demands on their time. Finally they consolidate their "discretionary" time into the largest possible continuing units. This three-step process of

- recording time
- managing time, and
- consolidating time

is the foundation of executive effectiveness (In context of consolidating time, see bandwidth vs time argument by Senthil Mullainathan).

Man is ill-equipped to manage his time. He lacks a reliable time sense. Rarely will he be able to say exactly where his time was spent. Almost always, he overestimates time spent on what he considers desirable activities (strategic reviews, brainstorming), and underestimates time spent on what he would consider undesirable activities (ceremonial events, unproductive meetings). Hence the effective exec knows that before he can even manage his time, he has to first know where it goes.

Any exec, whether manager or not, has to spent a lot of time on non-productive items. The higher up he goes (and typically the larger the organization), the more such time spent on things that do not contribute at all. Some of this may be somewhat important though unproductive and unavoidable, such as meeting key customers who suddenly drop in, industry association meetings, etc. Senior executives rarely have as much as even a quarter of their time truly at their disposal (control) and available for the matters that contribute to the organization! Yet most of the tasks require, for minimum effectiveness, a fairly large quantum of time. To spend in one stretch less than this minimum is sheer waste. One accomplishes nothing and has to begin all over again. Thus, to the effective, every executive needs to be able to dispose off time in fairly large chunks. To have small dribs and dabs of time at his disposal will not be sufficient even if the total is an impressive number of hours.

This is particularly true with respect to time spent working with people. If one wants to get anything across, one has to spend at least an hour and usually much more. A leisurely exchange is needed to understand or share problems, issues and even to spend time motivating and encouraging others. Such a session takes a great deal of time, especially as it should be unhurried and relaxed. People must feel that "we have all the time in the world." This actually means that one gets a great deal done fast. But it also means that one has to make available a good deal of time in one chunk and without too much interruption.

For key decisions such as people decisions or make-or-break strategic questions, you may need to make these decisions slowly, and make them several times before you commit yourself fully. Again here time is needed in big chunks if anything meaningful has to happen. To enable this systematic time management is required. From the record / time log maintained, one has to find the nonproductive, time-wasting activities and get rid of them if one possibly can. This requires asking these questions to himself

- What would happen if these were not done at all? (If nothing would happen, then obviously you need to stop doing it)
- Which of the activities on my time log could be done by somebody else just as well, if not better? (Delegation - getting rid of anything that can be done by somebody else so that one can really get to one's own work)

and the following to his subordinates

- What do I do that wastes your time without contributing to your effectiveness? (To ask this question, and to ask it without being afraid of the truth is the mark of the effective executive)

These three diagnostic questions deal with unproductive and time-consuming activities over which every executive has some control. In addition to these, execs also need to be equally concerned with time-loss that results from poor management and deficient organization, such as

- the recurring crisis - this should be foreseen and prevented or reduced to a routine which clerks can manage
- overstaffing - a good thumb rule is when you spend more than a tenth of your time on people feuds, friction, jurisdictional disputes etc. This is clearly a sign of a bloated workforce and people getting in each other's way. In a lean organization people have room to move without colliding with one another and can do their work without having to explain it all the time

- malinformation - not getting the right information or information at the right time and in right format (hence having to recreate, rely on approximation, or cultivate informal sources etc)
- malorganization - its symptom is an excess of meetings, when people in an organization find more than a quarter of their time going in meetings, it is clearly a sign of fatty degeneration of meetings, and a sign of malorganization.

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Meetings are by definition a concession to deficient organization. For one either meets or one works. In an ideally designed structure (which clearly doesnt exist), there would be no meetings. Everyone would know what he needs to know to do his job. Everyone would have the resources available to him to do his job. We meet because people holding different jobs have to cooperate to get a specific task done. We meet because the knowledge and experience needed in a specific situation are not available in one head, but have to be pieced together out of the experience and knowledge of several people.

Organizations of today will always have enough meetings. However each meeting generates a host of little follow-up meetings. Meetings therefore need to be be purposefully directed. An undirected meeting is not just a nuisance, it is a danger. An organization in which everybody meets all the time is an organization in which no one gets anything done. Too many meetings signify that work that should be in one job or in one component is spread over several jobs or several components. They signify that responsibility is diffused and that information is not addressed to the people who need it.

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One good way to consolidate discretionary time or 'chunking' is to have specific days carved out for specific purposes, or have days where you have no meetings (Asana: no meeting wednesdays), or even have a day in a week where you work out of home. This last time-consolidation method is ideally suited for research scientists / editors etc. Another fairly common method is to schedule a daily work period at home in the morning.

Despite all this, and however effectively the exec manages his time, there will be continuous encroachment from unproductive tasks, immediate crises and random trivia, mitigating all the gains made through effective planning. Thus effective execs have to get into the habit of managing their time perpetually. Time is the scarcest resource, and unless it is managed, nothing else can be managed. The analysis of one's time, is also the one easily accessible and yet systematic way to analyze one's work and to think through what really matters in it.

Chapter III - What Can I Contribute?
The great majority of execs tend to focus on efforts rather than with results. The effective exec instead focuses on contribution. He asks himself "What can I contribute that will significantly affect the performance and the results of the institution I serve?". The focus on contribution turns the exec's attention away from his specialty, his own narrow skills towards the performance of the whole, towards outside, towards results. He is then forced to think through what relationships his skills, his specialty, his function or his department have to the entire organization and its purpose. He therefore will have to think in terms of the customer, the client or whoever is the ultimate reason for whatever the organization exists to serve. As a result, what he does and how he does it will be materially different.

Contribution could be in the following three areas -

- direct results
- building of values and their reaffirmation
- building and developing people for tomorrow (an organization is to a large extent, a means of overcoming the limitations mortality sets to what any one man can contribute. An organization that is not capable of perpetuating itself has

failed. An organization there has to continuously renew and upgrade its human capital)

All three have to be built into the contribution of the exec but their relative importance varies greatly with the personality and the position of the exec as well as with the needs of the organization. The same executive as he rises up in his career will also have to adjust the relative weights of these contributions.

Effective execs find themselves asking other people in the organization, their superiors, their subordinates, but above all their colleagues in other areas "What contribution from me do you require to make your contribution to the organization? When do you need this, how do you need it and in what form?". Effective execs know that as specialist knowledge workers they do not produce things; they produce ideas, information and concepts which have value and generate results only when it is put together with the output of other specialists before it can produce results. As an example take the case of cost accountants who speak to operating managers to understand which of the figures to them are important and figure out how to present it effectively, or a biochemist who learns to present his findings in the language of the clinicians.

The man who takes responsibility for his contribution will relate his narrow area to a genuine whole. He soon learns that he has to learn enough of the needs, directions, limitations and the perceptions of others to enable them to use his own work. Even if this does not make him appreciate the richness and excitement of diversity, it will give him immunity from arrogance emerging through his own learning.

Executives who focus on contribution in their own work and in their relationships with others, automatically develop good / effective relations with others (beyond just warm feelings and pleasant words which many people mistake for good relations). This is because focus on contribution by itself supplies the four key ingredients of effective human relations.

- Communications: Executives who take responsibility for contribution in their own work will as a rule demand that their subordinates take responsibility for contribution too. They will ask their juniors to think through and communicate what contribution should be expected of him. This will ensure that any discrepancy between their conclusions and what their superior expected will stand out strongly.
- Teamwork: The focus on contribution leads to communications sideways and makes teamwork possible. The question "who has to use my output for it to become effective?" immediately shows up the importance of people who are not in the line of authority, either upward or downward, from and to the individual executive. It underlines the reality of the knowledge organization: effective work is actually done in and by teams of people of diverse knowledges and skills, working together voluntarily and according to the logic of the situation and the demands of the task, rather than according to a formal jurisdictional structure
- Self-development: The man who asks himself "What is the most important contribution I can make to the performance of this organization?" asks in effect "What self-development do I need? What skill and knowledge do I have to acquire to make the contribution I should be making? etc"
- Development of others: The executive who focuses on contribution also stimulates others to develop themselves, whether they are subordinates, colleagues or superiors. People in general and knowledge workers in particular, grow according to the demands they make on themselves. And a executive who is contribution-focused sets standards and demands performance of high aspiration, great ambition and excellence, leading to an all-round impact on the expectations of the people around him, and thus their performances as well.

The meeting, the report or the presentation are the typical work situation of the executive. They are his specific, everyday tools. They also make great demands on his time, however much he succeeds in analyzing his time and controlling whatever can be controlled.

Effective execs know what they expect to get out of a meeting, report or presentation and what the purpose of the occasions or should be. They ask themselves: "Why are we having this meeting? Is it for a decision, or for information, for brainstorming or to make clear to ourselves what we should be doing?". They insist that the purpose be thought through, and spelled out before a meeting is called, a report asked for, or a presentation organized. They insist that the meeting serve the contribution to which they have committed themselves.

The effective man always states at the outset of a meeting the specific purpose and contribution it is to achieve. He does not allow a meeting called to inform to degenerate into a ideas discussion, or one called for brainstorming into a presentation by one of the members. He always, at the end of his meetings, goes back to the opening statement and relates the final conclusions to the original intent. The cardinal rule of making meetings effective is to link it to contribution.

The focus on contribution enables the executive to counteract three basic problems or weaknesses inherent in his role

1. It enables him to handle the confusion and chaos of events, and their failure to indicate which is meaningful and which is noise. The focus on contribution imposes an organizing principle. It imposes relevance on events.
2. It enables him to overcome his dependence on other people, his being *within* an organization into a source of strength. It creates a team.
3. It enables him to fight the temptation to stay within the organization. It enables him to lift his eyes from the inside of efforts, work and relationship to the outside; that is to the results of the organization. It makes him try hard to have direct contact with the outside - whether markets or customers, government agencies or other stakeholders.

To focus on contribution is to focus on effectiveness.

Chapter IV - Making Strength Productive

To achieve results one has to use all the available strengths - the strengths of subordinates and associates, the strengths of the superior, and one's own strengths. To make strength productive is the unique purpose of the organization. It cannot overcome the weakness with which each of us is abundantly endowed but it can render them irrelevant by using the strength of each man as a building block for performance.

Utilizing the strength of subordinates

The area in which the executive first encounters the challenge of strength is in staffing. The effective executive fills positions and promotes on the basis of what a man can do. He does not make staffing decisions to minimize weakness but to maximize strength. Whoever tries to place a man or staff an organization to avoid weakness will end up at best with mediocrity. There are no well-rounded people. Strong people always have strong weaknesses too. Where there are peaks there are also valleys. There is no such thing as a "good man". "Good for what?" is the question.

Effective execs know that their subordinates are paid to perform and not to please their superiors. They know that it does not matter how many tantrums a prima donna throws so long as she brings in the customers. The opera manager is paid to put up with the prima donna's tantrums if that is her way to achieve excellence in performance.

Effective execs never ask "How does he get along with me?" but "What does he contribute?" Their question is never "What can a man not do?" but "What can he do uncommonly well?". In staffing they look for excellence in one major area and not for performance that gets by all around. To try to build against weakness frustrates the purpose of the organization. Organization is the specific instrument to make human strengths redound to performance while human weakness is neutralized and largely rendered harmless. A good tax accountant who is poor with people might not survive on its own but in an organization, he can be shielded from people and can focus on his strengths.

If this is such an obvious thing why do we not do it all the time? The main reason is that the immediate task of the executive is not to place a man, but to fill a job. The tendency is to start with the job as being a part of the order of nature. Then one looks for a man to fill the job. It is only too easy then to be misled this way into looking for the "least misfit", one who leaves least to be desired. And this is inevitably the mediocrity.

One cure for this is to fit jobs to the personalities available. But other than in a very simple organization, this would be a disaster. This is because of the interconnected nature of jobs in the organization. A change in the definition, structure and position of a job within the organization sets off a chain reaction of changes throughout the entire institution. One cannot change everybody's work and responsibility just because one has to replace a single man in a single job. Further structuring jobs to fit personality is likely to lead to charges of favoritism and conformity.

Defining jobs objectively and structuring it impersonally also helps in providing the organization with the diversity it needs, especially when you chose to staff on the basis of strength. To tolerate diversity, relationships must be task-focused, not personality-focused. Achievement must be measured against objective criteria of contribution and performance.

One implication is that the men who build first-class teams are not usually close to their immediate colleagues and subordinates. Picking people for what they can do rather than on personal likes and dislikes, they seek performance, not conformance. To insure this outcome, they keep an aloofness or distance between themselves and their close colleagues.

To summarize, effective execs follow four rules that enable them to staff for strength

1. They do not start out with the assumption that jobs are created by nature or God. They know that they have been created by highly fallible men, and therefore they are on guard against the 'impossible job'. This is any job that has defeated two or three men in succession, even though each had performed well in his previous assignments; these are jobs that require two disparate temperaments. Typically such a job would have got created through the growth of a company and thus got built automatically to accommodate an unusual man, and tailored to his idiosyncrasies.
2. Make each job demanding and big. It should have challenge to bring out whatever strength a man may have. Only if the job is demanding and big will it enable a man to rise to the new demands of a changed situation.
3. Effective execs know that they have to start with what a man can do rather than with what a job requires.
4. The effective exec knows that to get strength one has to put up with weaknesses. They never talk of a good man, but one who is good for one task. In this one task, they search for strength and staff for excellence.

Effective execs understand that the present appraisal procedure is flawed, in that it focuses on weakness and on potential, whereas we know that the effective exec is concerned with strength and performance. The effective exec uses a radically different form of appraisal procedure. It starts out with a statement of the major contributions expected from a man in his past and present positions, and a record of his performance against those goals. Then it asks four questions

1. What has he[she] done well?
2. What therefore is he likely to be able to do well?
3. What does he have to learn or to acquire to be able to get the full benefit from his strength?
4. If I had a son or daughter, would I be willing to have him or her work under this person?

  - If yes, why?
  - If no, why?

This above appraisal process is focussed around strengths and performance. Only the last point is not directly concerned with strengths. This is to weed out those with corrupting abusive habits. This is one area in which weakness itself is of importance and relevance.

Effective execs are intolerant of the argument that a man is indispensable to a role. As soon as they hear it, they should attempt to move the man. Otherwise one only destroys whatever strengths he may have. Conversely it is the duty of the exec to remove ruthlessly anyone - and especially any manager - who consistently fails to perform with high distinction. To let such a man stay on corrupts the others. It is grossly unfair to his subordinates who are denied advancement. Above all it is senseless cruelty to the non-performer himself who might be secretly praying for deliverance under all the pressure of nonperformance.

Managing the boss

Above all the effective exec makes the strength of his boss productive. This is critical to his effectiveness as well, and enables him to focus his own contribution in such a way that it finds receptivity upstairs and will be put to use.

The effective exec attempts to build on his boss's strengths, enable him to do what he can do to make him effective, which in turn will make the subordinate effective. The effective exec thus asks "What can my boss do really well?" "What has he done really well?" "What does he need to know to use his strength?" "What does he need to get from me to perform?" He does not worry too much over what the boss cannot do. He does not get his boss to overcome his limitations.

The effective exec knows that his boss has his own ways (manners and habits) of being effective. He looks for these ways. He identifies if his boss is a reader or a listener or a talker. He decides if his boss likes to be involved in the cooking of a decision, or will involve only if the matter is ripe. The boss's strengths and preferences also impact the order in which different areas are presented - if say a superior's strengths lie in his political ability, then one presents to him first the political aspect of a situation. This enables him to grasp what the issue is all about and to put his strength effectively behind a new policy. Few things make an executive as effective as building on the strengths of his superior.

Making yourself effective
Effective executives lead from strength in their own work. They make productive what they can do. They do not complain about all the things company policies don't allow them to do, what their boss doesnt allow them to do, what govt wont let them do etc. They admit that there is no point wasting their time and strengths worrying about the things that they cannot do anything about.

Even when a situation sets limitations, there are usually meaningful, important, pertinent things that can be done. The effective exec looks for them. If we starts out with the question: "What can I do?" he is almost certain to find that he can actually do much more than he has time and resources for.

The effective exec always tries to be himself; he does not pretend to be someone else. He looks at his own performance and at his own results and tries to discern a pattern. He asks "What are the things that I seem to be able to do with relative ease while they come hard to other people?", "Am I good at thinking or doing?", "Do I like working alone or in a group?". These issues of temperament are as critical as knowledge of a discipline or skills. To be effective the exec builds on what he can do and does it the way he has found out he works best.

Unlike everything else discussed in the book thus far, making strength productive is as much an attitude as it is a practice. If one disciplines oneself to ask of a subordinate "What can this man do?" rather than "What can he not do?" one soon will acquire the attitude of looking for strength and of using strength. And eventually one will learn to ask this question of oneself.

The task of an executive is not to change human beings. Rather, as the Bible tell us in the parable of the talents, the task is to multiply performance capacity of the whole by putting to use whatever strength, whatever health, whatever aspiration there is in individuals.

Chapter V - First Things First

If there is any one secret of effectiveness, it is concentration. Effective execs know that they have to get many things done and done effectively. Therefore they concentrate their own time and energy as well as that of the organization on doing one thing at a time, and on doing first things first.

The more an exec focuses on upward contribution and achieving results, the more he will need to focus on sustained efforts - efforts which require a large quantum of time to bear fruit. Yet to even get that half-day or those two weeks of really productive time requires self-discipline and an iron determination to say 'no'. Similarly the more an executive works at making strengths productive, the more he will become conscious of the need to concentrate the human strengths available to him on major opportunities. This is the only way to get results.

But concentration is dictated by the fact that most of us find it hard enough to do well even one thing at a time, let alone two. The only way to apply strength productively is to bear a large number of individual capabilities in one task. It is concentration in which all faculties are focused on one achievement. Concentration is necessary precisely because the executive has so many tasks clamoring to be done. For doing one thing at a time means doing it fast. The more one can concentrate time, effort and resources, the greater the number and diversity of tasks one can actually perform.

That is the secret of those people who do so many things and apparently so many difficult things. They do only one thing at a time. They provide for some margin of time beyond what is actually needed (for the unexpected always happens). And lastly, they never try to hurry - they set an easy pace but keep going steadily. As a result they need much less time in the end than the rest of us. In fact the people who get nothing done often work a great deal harder, but typically on multiple things without the minimum time quantum required for any of the tasks in the program. As a result, if any of them run into trouble, his entire program collapses.

The first rule for the concentration of executive efforts is to slough off the past that has ceased to be productive. Effective execs periodically review their work programs and those of their associates, and ask: If we were not already doing this, would we go into it now? And unless the answer is an unconditional yes, they drop the activity or curtail it sharply. They thus pull out scarce resources invested in these tasks of yesterday and put them to work on the opportunities of tomorrow.

Every organization has certain projects that linger beyond their usual life. Especially dangerous are the 'sacred' activities on which much has been invested but do not produce. These tend to become investments in managerial ego. Unless these are pruned, and pruned ruthlessly, they drain the lifeblood from an organization. It is always the most capable people who are wasted in the futile attempt to obtain, for the managerial ego, the success it deserves.

The effective exec continuously polices all programs, all activities and tasks, asking "Is this still worth doing?". And if it isn't he gets rid of it so as to be able to concentrate on the few tasks, that if done with excellence, will really make a difference in the results of his own job, and in the performance of the organization. Ideally the executive will slough off an old activity before he starts on a new one. Without this the organization soon loses shape, cohesion and manageability. Similarly before he adds a new task to the responsibility of a capable resource, he removes an old task so as to keep the resource relatively unburdened and able to concentrate.

There are always more productive tasks for tomorrow than there is time to do them and more opportunities than there are capable people to take care of them - not to mention the abundant problems and crises. A decision has to be taken as to which of the tasks deserves priority. The only question is who will make the decision - the executive or the pressure - as finally the tasks will adjust to the time available and to the extent capable people are around to take charge.

If the pressures rather than the executive are allowed to make the decision, the important tasks will predictably be sacrificed. Typically then there will be no time for the most time-consuming part of any task, the conversion of decision into action. No task is completed until it has been adopted by other people, thus making the executive's 'completed' project their daily routine and part of organizational action and behaviour. If this is slighted because there is no time, then all the work and effort have been for nothing. Yet this is the invariable result of the executive's failure to concentrate and to impose priorities.

Another predictable result of leaving control of priorities to the pressures is that the pressures always favour what goes on inside. They always favour what has happened over the future, the crisis over the opportunity, the immediate and visible over the real, and the urgent over the relevant. The job is however to to set priorities. Anyone can do it. The reason why so few executives concentrate is the difficulty of setting "posteriorities", that is, deciding what tasks not to tackle, and of sticking to the decision.

Setting a posteriority is however risky, and unpleasant. What is one's posteriority may turn out to be another's priority. What one has relegated may turn out to be the competitor's triumph. Hence, it is much easier to draw up a list of top priorities, and then hedge by trying to do just a little bit of everything else as well. The only drawback is of course that nothing whatsoever gets done.

Thus, in setting or identifying priorities effectively, it is courage rather than analysis that dictates the truly important rules

1. Pick the future as against the past.
2. Focus on opportunity rather than on problem.
3. Choose your own direction - rather than climb on the bandwagon.
4. Aim high, aim for something that will make a difference, rather than for something that is "safe" and easy to do.

Research scientists who pick their projects according to the greatest likelihood of quick success rather than according to the challenge of the problem are unlikely to achieve distinction. True achievement goes to those who pick their research priorities by the opportunity, and who consider other criteria as qualifiers rather than determinants. Similarly in business, the successful companies are not those that work at developing new products for their existing line but those that aim at innovating new technologies or new businesses. As a rule, it is just as risky, just as arduous and just as uncertain to do something small that is new as it is to do something big that is new. It is more productive to convert an opportunity into results than to solve a problem - which only restores the equilibrium of yesterday.

Finally, to summarize, the effective exec does not truly commit himself beyond the one task he concentrates on right now. Then he reviews the situation and picks the next one task that now comes first. Concentration - that is, the courage to impose on time and events his own decision as to what really matters and comes first - is the executive's only hope of becoming the master of time and events instead of their whipping boy.

Chapter VI - The Elements of Decision-making

Effective execs do not make a great many decisions. They concentrate on the important ones. They make these decisions in a systematic process with clearly defined elements and in a distinct sequence of steps. They try to think through what is strategic and generic, rather than solve problems. They are not overly impressed by speed in decision-making. Rather they consider virtuosity in manipulating a great many variables a symptom of sloppy thinking. They try to find the constants in a situation. They want to know what the decision is about and what the underlying realities are which it has to satisfy. They want impact rather than technique, they want to be sound rather than clever.

Effective decision-making has five key elements -

1. Clear realization that the problem was generic, and could only be solved through a decision which established a rule / principle.
2. Definition of the specifications (boundary conditions) which the answer to the problem has to satisfy
3. The thinking through what is right, i.e., the solution that will fully satisfy the above specifications before attention is given to the compromises. adaptations and concessions needed to make the decision acceptable.
4. The building into the decision of the action to carry it out.
5. The feedback which tests the validity and effectiveness of the decision against the actual course of events.

Let us now take these elements one by one.

The first question the effective decision-maker asks is "Is this problem a generic situation or an exceptional occurence?". The generic always has to be answered through a rule, a principle. The exceptional can only be handled as such and as it comes. Strictly speaking we can distinguish between four kinds of situations -

- generic, regular occurrences - inventory problems, working capital issues. These are manifestations of underlying basic issues.

- unique situation for the individual co but actually a generic situation, e.g., M&A situation
- exceptional, truly unique event that will not repeat - a black swan such as the 2008 crisis for US banks/
- exceptional, unique event which is the early manifestation of a generic problem - this last category of events is what the decision process deals with

The effective exec spends time to determine which of the four situations he is dealing with. All events but the truly unique (third category) require a generic solution - a rule, policy or principle. Once the right principle has been developed all manifestations of the same generic situation can be handled pragmatically, i.e., by adaptation of the rule to the concrete circumstances of the case. By far the most common mistake is to treat a generic situation as if it were a series of unique events, i.e., to be pragmatic when one lacks the generic understanding and principle. Equally common is the mistake of treating a new event as if it were just another example of the old problem to which the old rules should be applied. Other mistakes may be plausible but erroneous definitions of the fundamental problem, or an incomplete definition of the problem.

The effective exec always assumes initially that the problem is generic. He always assumes that the event that clamors for his attention is in reality a symptom. He looks for the true problem. He is not content with doctoring the symptom alone. If the event is truly unique, the experienced decision-maker will suspect that this heralds a new underlying problem and that what appears as unique will turn out to have been simply the first manifestation of a new generic situation. This explains why the effective decision-maker attempts to put his solution on the most general, conceptual, comprehensive solution.

As a result, the effective exec does not make many decisions, because he solves generic situations through a rule and policy, he can handle most events as cases under the rule; that is, by adaptation. An old legal proverb says "A country with many laws is a country of incompetent lawyers". It is a country which attempts to solve every problem as a unique phenomenon, rather than as a special case under general rules of law. Similarly an exec who makes many decisions is both lazy and ineffectual.

Let us now move on to the second element. There needs to be clear specifications as to what the decision has to accomplish, i.e., the objectives or minimum goals it has to obtain. A decision, to be effective, has to meet these goals or boundary conditions. The more concisely and clearly boundary conditions are stated, the greater the likelihood that the decision will indeed be an effective one and will accomplish what it set out to do. Watch out for boundary conditions that are incompatible with each other.

Thirdly, one has to start out with what is right rather than what is acceptable, precisely because one always has to compromise in the end. But if one does not know what is right to satisfy the specifications or boundary conditions, one cannot distinguish between the right compromise and the wrong compromise and will end up by making the wrong compromise.

Converting the decision into action is the fourth major element in the decision process. While thinking through the boundary conditions is the most difficult step in decision-making, converting the decision into effective action is usually the most time-consuming one. Yet a decision will not become effective unless the action commitments have been built into the decision from the start. In fact, no decision has been made unless carrying it out in specific steps has become someone's work assignment and responsibility. Until then, there are only good intentions.

Converting a decision into action requires answering several distinct questions: Who has to know of this decision? What action has to be taken? Who is to take it? And what does the action have to be so that the people who have to do it can do it? The first and the last are often overlooked. Also, the action must be appropriate to the capacities of the people who have to carry it out. This is especially critical when people have to change behavior, habits or attitudes if a decision is to become effective action. Hence one has to make sure that their measurements, their standards for accomplishment and their incentives are changed simultaneously. Else misaligned incentives, that is, greatest rewards being given for behavior contrary to that which the new course of action requires, will lead people to conclude that this contrary behavior is what the people at the top really want and are going to reward.

Thus it is essential that we think through what action commitments a specific decision requires, what work assignments follow from it, which people are available to carry it out, and if the right incentives have been set to direct their behavior.

Finally, a feedback has to be built into the decision to provide continuous testing against actual events, of the expectations that underlie the decision. After all decisions are made by fallible humans. Even the best decision has a high probability of being wrong. Even the most effective one eventually becomes obsolete. Hence the need to continuously monitor.

One needs organized information for the feedback. One needs reports and figures. But unless one builds one's feedback around direct exposure to reality - unless one disciplines oneself to go out and look - one condemns oneself to a sterile dogmatism and with that to ineffectiveness. These were the elements of the decision process. Now about the decision itself.

Chapter VII - Effective Decisions
A decision is a judgement. It is a choice between two or more alternatives, neither of which is provably more nearly right than the other. To make an effective decision, execs start with opinions - untested hypotheses - and not facts. To determine what a fact is requires a decision on the criteria of relevance, especially on the appropriate measurement. This is the hinge of the effective decision and usually its most controversial aspect.

Thus the effective decision does not flow from a consensus on the facts as much as the clash and conflict of divergent opinions, and out of the serious consideration of competing alternatives. The effective exec encourages opinions but he also insists that the people who voice them also think through the testing of the opinion against reality. He asks "What do we have to know to test the validity of this hypothesis?" "What would the facts have to be to make this opinion tenable?" He insists that people who voice an opinion should also take a responsibility for defining what actual findings can be expected and should be looked for.

The crucial question here is "What is the criterion of relevance?". This, more often that not, turns on the measurement appropriate to the matter under discussion and to the decision to be reached. Whenever one analyzes the way a truly effective decision has been reached, one finds that a great deal of work went into finding the appropriate measurement (e.g., Theodore Vail's conclusion that service was the business of the Bell system).

The effective decision-maker assumes that the traditional measurement is not the right one, else there would not be a need for a decision; a simple adjustment would do. The traditional measurement reflects yesterday's decision. That there is need for a new one normally indicates that the measurement is no longer relevant.

The best way to find the appropriate measurement is to go out and look for the 'feedback' discussed earlier - only this is feedback before the decision. In this regard, don't look at averages, rather look at the minority of causes leading to the majority of effects. Decisions based on averages may make things worse actually. Finding the appropriate measurement is thus not a mathematical exercise but an exercise in risk-taking judgement. Only if there are alternatives can one hope to get an insight into what is truly at stake. Effective execs therefore insist on alternatives of measurement, so that they can chose the appropriate one.

This desire to explore alternatives also underlies the effective exec's desire for dissension, not consensus in the process of arriving at a decision. The exec knows that decisions are made well only if based on the clash of conflicting views, dialogue between different points of view, and choice between different judgements. A key rule in decision-making is that one does not make a decision unless there is disagreement. Hence the effective exec will create a disagreement so that he gets "some understanding of what the decision is all about". Indeed, only a disagreement alone can provide alternatives to a decision. Without an alternative or a backup, one is likely to flounder dismally when reality proves a decision to be inoperative.

Thus the effective decision-maker organizes disagreement. This protects him from being taken in by the plausible but false or incomplete. It gives him the alternatives so that he can choose and make a decision, but also so that he is not lost in the fog when his decision proves deficient or wrong in execution. And finally it forces the imagination - his own and that of his associates. Disagreement converts the plausible into the right and the right into the good decision.

Effective execs know that unless proven otherwise, the dissenter has to be assumed to be reasonably intelligent and fair-minded. Therefore it has to be assumed that he has reached his so obviously wrong conclusion because he sees a different reality and is concerned with a different problem. The effective exec therefore always asks "what does this fellow have to see, if his position were after all tenable, rational, intelligent?". The effective exec is concerned first with understanding. Only then does he think about who is right and who is wrong.

No matter how high the emotions run, no matter how certain he is that the other side is completely wrong, the exec who wants to make the right decision forces himself to see opposition as his means to think through the alternatives. He uses conflict of opinion as his tool to make sure all major aspects of an important matter are looked at carefully.

There is however one final question that the effective exec asks: "Is a decision really necessary?" One option is to not do anything. Typically one has to make a decision when a condition is likely to degenerate if nothing is done. This also applies with respect to opportunity. If the opportunity is important and is likely to vanish unless one acts with haste, one acts, and one makes a radical change. At the opposite end there are those conditions in respect to which one can, without being unduly optimistic, expect that they will take care of themselves even if nothing is done. If the answer to the question "What will happen if we do nothing?" is "It will take care of itself", one does not interfere. Nor does one interfere if the condition, while annoying, is of no importance and is unlikely to make any difference anyhow.

The great majority of decisions will fall between these extremes. The problem is not going to take care of itself; but is unlikely to turn into degenerative malignant either.The opportunity is only for improvement rather than for real change and innovation, but it is still quite considerable. If we do not act, we will in all probability survive. But if we do act, we may be better off.

In this situation, the effective decision-maker compares effort and risk of action to risk of inaction. The guidelines are clear

- Act if on balance, the benefits greatly outweigh cost and risk and
- Act or do not act; but do not hedge or compromise (half-action)

Lastly, once it is clear to the exec the course to pursue, he then waits a few days, especially if the decision is unpleasant for many. He waits for his inner voice to emerge. Nine times out of ten the uneasiness that the inner voice reveals may be a trivial thing. But the tenth time, one realizes that one has overlooked a critical fact, or has made an elementary blunder. If in a few days or at the most a couple of weeks, the inner voice has not spoken, he acts with speed and energy whether he likes to or not.

Executives are not paid for doing things they like to do. They are paid for getting the right things done - most of all in their specific task, the making of effective decisions.

Conclusion: Effectiveness Must Be Learned
The knowledge worker demands economic rewards. Their absence is a deterrent. But their presence is not enough. He needs opportunity, he needs achievement, he needs fulfillment, he needs values. Only by making himself and effective executive can the knowledge worker obtain these satisfactions. Only executive effectiveness can enable this society to harmonize its two needs: the needs of organization to obtain from the individual the contribution it needs, and the need of the individual to have organization serve as its tool for the accomplishment of his purposes. And hence, effectiveness must be learned.