

The Anti-Crisis Medication for Drucker's Own Managers

Prologue

I grew up in a part of the world where climate conditions are at the upper extremes. The sun is closer, more generous and non-relenting in this part of the world.

Back in my days of science, we were told that the sun gets its energy through a process known as “nuclear fusion”, where the nuclei¹ of two or more elements² fuse to form one or more different atomic nuclei, with the release of energy.

Not as though I was so interested in the innards of the 4.5-billion-year-old Sun, I am not a nuclear physicist and I don't think I will ever be one, but one interesting thing is the fact that the sun's radiant heat energy is distributed unequally across all climes. Different parts of the world receive different doses of the sun's heat.

No one coerced me to develop an interest in Geography, but as a science student, I had no choice but to learn about most of the sciences. But that was way back then. I have dropped most of them now, including Geography. However, some of the knowledge persist in my big brainy skull.

I recently met an older man, in his 50's. He was a cab driver in my school, a tertiary institution in Nigeria. Of course, I met him when I took a ride in his Toyota Camry car which he had devoted for public transport within my school. After a brief moment of silence in the car, we had to break the silence. Very amazingly, because of my innate, but yet unrecognised interest in Geography, I uttered the first words as follows:

“Wow! The weather is so hot today!”

And the conversation followed along that sequelae of the hot weather.

Universally, weathers and seasons differ across the year. Certain months of the year can be linked to certain seasons, but this pattern is not so fixed. I'm not exactly sure what it is elsewhere, but here in my own country, seasons can be very erratic.

Has it always been this way, or things recently changed? Prosaically speaking, nature does not seem to follow protocols, at least, not anymore. Our only scientific explanation is the effect of global warming on changing seasons and more intense seasons.

Burkina Faso is a country in West Africa with average yearly temperature of 82.85°F, being the hottest country in the world. At the other extreme, Svalbard and Jan Mayen

¹ Plural of 'nucleus', refers to the central region of the atom containing subatomic particles

² The basic constituents of all matter that cannot be normally broken down to smaller components. However, nuclear physics have shown that they can be broken or converted to other forms.

regions of Norway average as low as 15.55°F. Globally, 2018 was the fourth warmest year on record since 1880. This same year 2018, Elon Musk unveiled his plans to populate the cold continent of Mars in his SpaceX project³. Hold on a bit, you will soon understand why I am dropping these facts here.

There seem to be a common pill taken by everyone who would survive turbulent times. This is what I'd like to call the "anti-crisis medication". But what exactly is this anti-crisis medication?

A small step back to my earlier story, my cab man had opened up to me how he had lived in the Northern part of Nigeria at some point in his life. As opposed to the Southern region, conditions in the North are usually more unpropitious and dryer. Temperatures are higher and rainfalls lesser all-year-round. But there is never a day when anyone was reported to have been roasted alive by the scorching heat surges experienced at certain periods of the year, neither did the coldest part of the year in those cold Norwegian countries cause people to freeze to death while they sleep. These explain even better the common pill that people take to survive sudden surges, or what Peter Drucker would call *turbulence* in management parlance.

Drucker once stated in his book⁴ that important catastrophic events like World War I (WW-I), the Depression and World War II (WW-II), turns out to have *shifts*⁵ in directions opposite to the impacts expected – there is an acceleration of the transition towards development. The expected direction is a usually a huge catastrophic collapse in most economic parameters. However, the shift is in the opposite direction to these expectations. This he exemplified by the following examples;

- The shift from railroad transport of goods to trucks.
- The popularization of the telephone as the primary means of communication over distance.
- And finally, the transition to the hospital as the primary centre for sickness care.

Drucker posited accurately when he said "similar structural trends can be found in most industries and markets. They do not make the *weather* for an industry or a company - they create the *climate*"⁶. By similar structural trends, he refers to those unpredictable happenings that are capable of altering everything the manager has ever planned for. These do not make a weather for the industry, because weather conditions are temporary and erratic. In contrast, a new climate emerges and this new climate is a product of the application of the same principles of adapting to

³ Elon Musk's space project

⁴ Drucker, *Managing in Time of Great Change*, p.40-41

⁵ Direction of the outcome of a catastrophic event. P. Drucker, *Managing in Times of Great Change*

⁶ Ibid.

change as Drucker prescribed. Of course, many do not yet have full access to this anti-crisis medication, either through their unwillingness to visit the *management pharmacy*⁷ or their ignorance of the fact that they need some form of *change therapy*⁸, but in any case, a new climate is created for the industry with survivors different from those who dominated in the outgoing one.

Not everyone survives the crises. Many of such catastrophic events lead to the permanent demise of some companies, others may be temporarily spared while they peter out or rise again. But what makes the difference between the failures and the success stories is that a proportion of people have devised strategic and systematic means to weather the storm, craft a new path that bypasses the crisis they now witness and walk through it until they balance their *third foot*⁹ on a firm pedestal.

Drucker's Prescription for the Crisis

From my medical study, I know that Angiotensin Converting Enzyme Inhibitors (**ACE - I**) are a class of drugs used in the treatment of hypertension, a chronic disease of the heart. The management doctor¹⁰ himself also discovered a similar medication for management of crises that are capable of affecting the heart of the business environment. In Drucker's own version, **ACE - I** acronym spelt as follows:

- **A**bandonment
- **C**ontinuous productivity improvement
- **E**xploitation of successes and,
- **I**nnovation

On the 11th of March 2020, coronavirus disease, the severe acute respiratory distress syndrome coronavirus-2 (SARS-CoV-2), was declared a global pandemic by the WHO. Drastic measures like lockdowns were instituted and these had harsh consequences to the business environment. This was not the first time an outbreak of this kind was experienced. Severe acute respiratory distress syndrome coronavirus-1 (SARS-CoV-1) disease was a similar outbreak in 2002 and no one could have been able to scientifically predict that a second, even worse variant of this disease would re-emerge in 2019

The outbreak witnessed an initial global surge in the disease burden, then the interventions that followed to curb the transmission and spread of the disease caused an implosion of almost everything that makes business sustainable. Almost every business was affected, however, some worse hit than others. What would you do in such times of crisis, and even though we do not wish for newer crisis in the future, what would you do if they surface?

⁷ Implying that they are willing to acquire the anti-crisis medication of Peter Drucker

⁸ Implying the willingness to accept change – not opposed to it

⁹ Metaphorically referring to gaining balance.

¹⁰ Management doctor refers to Drucker.

Let me take you a little deeper into Drucker's prescription, the medication that business managers who would survive the pandemic take.

*“Predicting the future can only get you into trouble. The task is to manage what is there and to work to create what could and should be.”*¹¹— Peter Drucker, *Managing in Turbulent Times*.

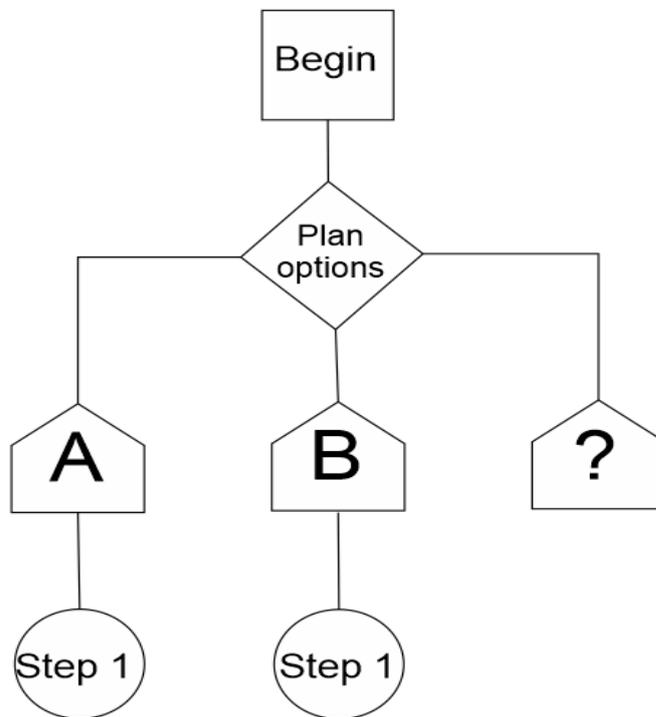
Indeed, the best answer to the question of how to overcome catastrophic events like WW-I, WW-II, SARS-CoV-1 and SARS-CoV-2, lies in Peter Drucker's prescription of ACE - I. There is a dynamism and uncertainty in the business environment. Most managers make management plans for any uncertainties that may arise. They would simply set aside an alternative plan B or C, or better put, follow an algorithm that dictates what their next course of action would be if there be any variation. Though, the algorithm devised by some of these managers have some outcomes of success most times, they are still largely deficient.

According to Peter Drucker¹², he accounted for yet another mysterious outcome when he proposed that planning for uncertainties should cease from being *planning for a possible uncertainty* in the future, to providing answers to the question “*what has already happened that will create the future?*.” In other words, he tries to instil in every 21st century manager a sense of constant preparedness for any unfathomable uncertainty. This paradigm is summarised in his recommendation that the manager should move from *managing change* to *leading change*. In other words, the manager must lead the change to favour growth and development.

So you have an algorithm that spells out which decisions you will take based on the conditions given, the conventional planning for uncertainty employs the managers' ability to predict outcomes. The caveat of this, however, is that though the manager may be an astute predictor of events, arriving at let's say, two possible outcomes A and B. Then he would plan for these two uncertainties, right? But then, what happens when an unexpected condition (?) arise in a manner that could never be predicted? These new conditions or uncertainties are what Drucker refers to as *crisis*. It is important that you leave a flexible room to accommodate and plan for crisis as though you were making the plans afresh.

¹¹ Drucker, *Managing in Turbulent Times*, pp. viii.

¹² Drucker, *Managing in a Time of Great Change*, pp. 39-40.



“Planning tries to optimize tomorrow the trends of today. Strategy aims to exploit the new and different opportunities of tomorrow.” – Peter Drucker, Managing in Turbulent Times.

The bottle containing the anti-crisis medication¹³ has the inscription boldly written, **“ACE - I; the language of adaptability”**. You’d agree that whether one lives in the hot tropical regions of Northern Nigeria or Burkina Faso, or at the cold poles, or if one decides to relocate to Mars with space-X, adaptability is what keeps one from being extinguished. Adaptation in itself, is not mere endurance. Adaptation is the ability to modify certain parameters to make life better and more sustainable. It is an active process with the goal of overcoming turbulence in mind. This is exactly what the ACE-I pills help you to achieve.

ACE - I in Full

Abandonment

Abandonment is a deliberate process of carefully leaving behind what no longer have a success potential to concentrate on those areas that are still relevant.

¹³ Customized bottle in cover page of this article; referring to the container of the anti-crisis pills.

Drucker painted a picture that asserts that abandonment and concentration are opposite sides of the same coin. The aim of abandonment is to shift focus or concentration to other areas, decisions or strategies with higher potential for success.

Continuous productivity improvement

Continuous productivity improvement aims at evaluating the current productivity value and putting continuing efforts to improve it. Just like Émile Coué quotes “*every day, in every way, I'm getting better and better*”, continuous productivity improvement keeps the engine moving towards a better tomorrow and the day after it.

But how does it apply to a crisis?

It births the realization that interventions for the crisis may not yield maximal results overnight. You may have to keep stepping it up one at a time. Making too big plans in times of crisis only creates a situation where you meet a second crisis midway into your new big plans. Taking it step by step at that time helps you to cross the crisis till the end, more like you trying to cross an old raggedy wire bridge with unstable wooden steps. You've got to thread carefully and slowly.

Exploiting success

Exploiting success refers to the business leader's ability to focus more on their successes and build on them. In the business environment, all outcomes can be categorized into positive, negative and neutral outcomes. Negative outcomes have the intrinsic potential for reducing the company's worth and assets, while the positives project the organization by at least one step into the future.

It is important for the business manager to devise ways to turn a blind eye to the failures, of course, learning one or two lessons from them and then focus more on the successes and how to reproduce them or scale them bigger.

Exploiting success clearly aligns with the *theory of comparative advantage*, a concept of international trade that emphasizes that each country should focus more in the production of goods and/or render services in which they have a more competitive advantage over other countries. Your firm or business can have an equal competitive score or potential with another firm at one point. You only rise above that level when you continually focus on exhausting the full potential of each and every of your strengths, while tuning down your weaknesses as much as possible.

Innovation

On innovation, Drucker in his book *Innovation and Entrepreneurship: Principles and Practice* has laid down the principles of innovation¹⁴, where he talked about the dos

¹⁴ Drucker, *Innovation and Entrepreneurship: Principles and Practice*, pp. 134-140.

and the don'ts of innovation. These are what he referred to as the conditions of innovation.

Purposeful, systematic innovation begins with the analysis of the innovative opportunities. The interesting thing about these innovative opportunities is that, as destructive as the crisis can be, it can open up new innovative opportunities. The manager must look out for those opportunities and exploit them.

Innovation is an action, not a mere conception. Drucker sternly warns against the Da Vincian display of intellectual genius¹⁵, of innovative ideas that are restricted to the drawing books and never acted upon. Innovation demands that you swiftly modify your old models to newer ones that are better suited for the present times.

What Crisis Demands of the Manager

What would your first reaction be when you inadvertently step on a hot coal? My earliest memories about this experience serve me good enough. Only if you belong to the ancient philosophical school of Stoicism would you be able to refrain from reflexively withdrawing your limb as fast as you can.

The Indians believe that there are seven centres of spiritual power represented on certain parts of the body, referred to as Chakras. I thought of how I could link the concepts of reflex withdrawal of a limb from a hot coal and Chakra to make a lesson for the Druckerian manager. And here is what I found.

According to the Indian belief of Chakra, the second of the seven Chakras is said to be located under the navel. This Chakra represents gut-instincts, intuition and emotions. Gut-instincts and intuitions are autonomic, subconscious knowledge or feelings you have about something. Chakra proponents also believe that Chakra can be *opened* or *developed* and harnessed for maximal human development. Since, the second Chakra is one for instinctive thoughts, actions and feelings, they often presume that at full development, the second Chakra can guide one away from danger even without one knowing.

The ability to adapt spontaneously to conditions of economic and management crisis is one that need to be developed. Just like you'd reflexively withdraw your limb from the hot coal or subconsciously take an action guided only by your developed gut-instincts, the manager need to be trained enough to instinctively adapt to change and optimize it as much as you possible. This is what will make you a better manager in times of crisis.

I look for a better way to explain this, but let's think of it this way. When crisis hits, most managers would be hoping for a quick restoration to normal conditions, many already switches to their alternate plans, but the best managers have trained themselves to not only detect that this may be a crisis, but also to make abrupt new

¹⁵ Ibid., pp. 134

plans for the prevailing conditions and as soon as possible. This is what *abandonment* in the Drucker's ACE - I prescription means.

The first task is to develop oneself to be reflexive at detecting turbulence and switching plans with lightning speed in times of crisis, but that alone is not enough. What rounds it off is that you must also be open enough to recognise the new opportunities presented by the crisis and active enough to exploit them maximally. This is what Drucker describes as *strategy*. Strategy simply means your new plans to exploit the new opportunities that come with each and every crises.

Putting together both reflex-switching-to-crisis-mode and strategic planning, Drucker said, "... *contrary to popular belief in the romance of invention and innovation, 'flashes of genius' are uncommonly rare. What is worse, I know of not one such 'flash of genius' that turned into an innovation. They all remained brilliant ideas*"¹⁶. In other words, you've got to develop yourself well enough to be able to turn your reflex change-to-crisis-mode of operation, to deliberate actions with the aim of exploiting the opportunities presented. This action is what we now call strategy.

Anyone can take the ACE - I medications when turbulences surface but not everyone can reflexively do so. The lesson here, however, is to instil into the consciousness of every Druckerian manager the need to develop ways that make them effective and reflexive decision makers especially in turbulent times. This is what separates the best organizations from those who are rooted out by the crisis. And if you may want to ask, *how you can achieve this*, it starts by learning to be flexible enough to accept that there is always going to be an outcome we never anticipated, a condition we could never have been able to plan for, and adaptable enough to start rebuilding with the new parameters in mind.

¹⁶ Innovation and Entrepreneurship, Peter Drucker – Page 133

Bibliography

- Balita-Centeno, L. (2020, April 14). *10 Pandemics Throughout History*. Retrieved from World Atlas: <https://www.worldatlas.com/articles/10-pandemics-throughout-history.html>
- Drucker, P. (1993). *Principles of Innovation*. New York: HarperBusiness.
- Drucker, P. F. (1995). *Managing in a Time of Great Change*. New York: Truman Talley Books/Dutton.
- Drucker, P. F. (1999). *Management challenges for the 21st century*. New York, Turkey: Harper Business.
- Hayes, A. (2020, October 26). *Comparative Advantage*. Retrieved from Investopedia: <https://www.investopedia.com/terms/c/comparativeadvantage.asp>
- PEXNetwork. (2012). *Managing in turbulent times: 4 Drucker's strategies for weathering the economic storm*. Sapartners.com.
- Rosenstein, B. (2020, March 17). *FYI: 24 Peter Drucker Quotes for Dangerous and Uncertain Times*. Retrieved from Bruce Rosenstein: <http://brucerosenstein.com/fyi-24-peter-drucker-quotes-for-dangerous-and-uncertain-times/>
- The SECOND CHAKRA: Emotions, feelings & gut instincts*. (2021, 05 29). Retrieved from Simply Spirit Center: simplyspiritcenter.com/the-second-chakra-emotions-feelings-gut-instincts/
- Waltner, A. (2020, March 10). *Coldest Countries in the World*. Retrieved from Swedish Nomad: <https://www.swedishnomad.com/coldest-countries-in-the-world/>
- World Population. (2021). *Hottest countries in the world 2021*. Retrieved from World Population: <https://worldpopulationreview.com/country-rankings/hottest-countries-in-the-world>
- Wouter Peters, e. a. (2020, September 7). *A historical, geographical and ecological perspective on the 2018 European summer drought*. Retrieved from The Royal Society Publishing: <https://royalsocietypublishing.org/doi/10.1098/rstb.2019.0505>