

The Effective Executive

By Peter Drucker

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About the Author

Peter Drucker is highly regarded as one of the ultimate thought leaders, particularly when it comes to management. He has even been described as “the founder of modern management”.

The Effective Executive was first published in 1967. It has certainly stood the test of time, and is just as applicable today as it was in 1967 (if not more so!). I will define both ‘effective’ and ‘executive’ later in this summary, but if you have any control over your time and output at work, then this book is pretty much a must-read.

I have gone through the book and summarised each chapter by picking out what I thought was the most important and most relevant. I hope this summary may provide you some insight and some important lessons. I always recommend that you read the full book for yourself, as a summary can never give it justice. In order to provide the most important lessons in as few words as possible, I have omitted most of the stories and therefore most of the context is missing, and that context is often what can help you translate intellectual ideas into actionable realities.

I hope you learn from the 8 practices and the 5 habits of Effective Executives laid out in this summary and I hope that you can either apply them directly to your lives or you are inspired to purchase the book for yourself.

Enjoy!

Oh - also, this book was written in the 1960s. Throughout the entire book, it only mentions 'men' in the workplace and exclusively uses the gender pronoun 'he'. Obviously, the office today looks very different than the office 50 years ago, and I realise that there are women executives too. Most of this summary I have left as it was written in the book, so please don't be offended and realise that we're now talking about everyone in the workplace, not just men.

Enjoy!!

Intro

Although first published in 1967 and now over 50 years old, the lessons in this book are more applicable today than ever. There is no domain-specific or industry-specific or temporal-specific information; the book presents an overall framework or lens to look at your working life through. It asks questions about what it means to be an 'Effective Executive' and then presents habits that will allow you to improve your productivity and effectiveness.

Being "effective" means getting the RIGHT things done. There is an important difference between *activity* and *productivity* - activity means doing a lot of things, but productivity means producing results. The two do not always go hand in hand; someone who *does* a lot doesn't necessarily *achieve* a lot. Efficiency, which means doing a lot of things quickly, is not discussed in this book. The important first step is to become effective before you start becoming more efficient. Being effective means cutting out the things that do not need to be done in the first place, no matter how quickly or efficiently you can do them.

There is no stereotypical personality of an Effective Executive. Whilst there are lionised icons of leadership, with leaders who are extroverted and inspirational and powerful and influential, these traits do not necessarily relate to being effective. Instead, there are eight questions or practices that make someone effective. They:

1. ask, 'What needs to be done?'
2. ask, 'What is right for the enterprise?'

3. develop action plans
4. take responsibility for their decisions
5. take responsibility for communicating
6. focus on opportunities rather than problems
7. run productive meetings
8. think and say "we" rather than "I"

8 Questions and Practices



Ask 'What needs to be done?'



Ask 'What is right for the enterprise?'



Develop action plans



Take responsibility for decisions



Take responsibility for communicating



Focus on opportunities rather than problems



Run productive meetings



Think and say "we" rather than "I"

1. Ask 'What needs to be done?'



DO NOT ask, 'What do *I* want to do?'. There is almost no correlation between what you want to do and what needs to be done. If you just focus on the things you want to do, you may get a lot of things done, but they almost certainly won't be the *right* things (you may be able to be efficient, but not effective).

"Ask the right question and take it seriously, otherwise you become ineffectual". Almost always, the answer you find will be that there is more than one urgent task that needs to be done. As we'll cover in fourth habit, 'First Things First', Effective Executives do not splinter themselves – they concentrate on one task at a time and follow it through until it's completed before they move onto the next urgent and important task.

2. Ask 'What is right for the enterprise?'



Shareholders, employees, executives, the stock price... of course they're all important. But the MOST important entity to consider is the Enterprise itself. Don't ask 'what is right for the stock price?', because what's right for the stock price in the short term isn't necessarily right for the enterprise in the long run. That's why the important question to ask is 'What is right for the enterprise?'.

"Asking the question doesn't guarantee that the right decision will be made, but failing to ask almost guarantees the wrong one will be".

3. Action Plan



"Executives are doers, they execute... Knowledge is useless to executives until it has been translated into deeds".

It is cliché to say that ‘no plan ever survives contact with the battlefield’, but it’s still important to have a plan to begin with. *“Without an action plan, the executive becomes a prisoner of events”*.

Without a plan, you have no choice but to be REactive. You will always be reacting to whatever crises present themselves. Instead, we should put in place an action plan from the outset, so we can at least begin with the mindset that we will be PROactive.

Furthermore, an action plan provides us with a basis to which we can compare progress and constantly re-examine events as the plan unfolds. *“Without check-ins... the executive has no way of knowing which events really matter and which are only noise”*.

4. Take responsibility for decisions



Deciding in your head is a first step, and an important one. But perhaps even more important than *making* the decision is *taking responsibility* for the decision, which means other people must be made aware of:

- The name of the person accountable for implementing the decision
- The deadline

- The names of the people affected by the decision (and therefore, these people also have to know of the decision)
- The other people that need to be informed of the decision, whether they are directly impacted by it or not
- As you can see, making a decision is only the beginning of the process.

5. Take responsibility for communication



An Effective Executive ensures that all information and all decision are known and understood by all relevant parties. It's also important to note that effective communication is not a one-way street, it's not just from superior to subordinate – an Effective Executive shares their plans and asks for feedback from their colleagues, their superiors and their subordinates.

6. Focus on opportunities (rather than problems)



Yes, of course, problems must be taken care of. When a problem arises, it must be dealt with. But *“problem solving doesn't produce direct results – exploiting opportunities does”*. Opportunities are where untapped potential or value lies, so Effective Executives focus their attention on these opportunities, not on always looking for more problems.

7. Make meetings productive



“An organisation in which everybody meets all the time is an organisation in which no one gets anything done”.

We’ve all sat through boring, unnecessary, mind-numbing meetings. These are ineffective meetings. The less meetings the better, but there will always be a need for some meetings.

The Effective Executive must first identify a specific need or purpose for a meeting. Different purposes require a different meeting formats or different elements to ensure that the meeting is effective. For example:

- If the meeting is to prepare a statement or announcement or press release: one person should be responsible for preparing a completed draft BEFORE the meeting begins, and one person is made responsible for distributing the announcement or statement after the meeting is over.
- If the meeting is to announce an internal organisational change: the meeting should be confined to the announcement and subsequent discussion about it, but nothing else.
- If only one person is reporting in the meeting: nothing but the report should be discussed.
- If several or all members of the meeting are to report: there should either be no discussion, or the discussion should be limited to clarifying questions about each report.

- If the meeting is to inform or update the convening executive: the executive should listen and ask questions, and he/she may sum up at the end but not give any other presentation.

8. Think and Say "WE" (not "I")



Having the mindset and constant realisation that an Effective Executive is not just a solitary 'I' but part of a greater 'we' of an organisation is vital for creating the greatest contribution. An important quote to remember that will help you in all aspects of life: *"Listen First, Speak Last"*.

These are the eight questions or practices you need in order to become an Effective Executive. The good news is: effectiveness can (and must) be learned.

Effectiveness Can Be Learned

"There seems to be little correlation between a man's effectiveness and his intelligence, his imagination, or his knowledge".

Remember, being 'effective' means getting the right things done, and this often has nothing to do with ability or intelligence. *"Brilliant men are often strikingly ineffectual; they fail to realise that the brilliant insight is not by itself an achievement"*.

In the past: we only required a few effective people. Most workers were 'manual workers', working in factories or on farms, with a few people at the top giving the orders. There is always a base-level supply of 'naturals' who were naturally able to effectively manage themselves and others. In the past, *"the major problem of an organisation was efficiency in the performance of the manual worker who did what he had been told to do"*.

Today: there is less need for manual workers and more and more requirement for 'knowledge workers'. Entire organisations are built of knowledge workers, and most manual work is being outsourced or automated. Whilst it is easy to measure the performance of a manual worker (how many widgets did you complete in the past hour?), it is almost impossible to monitor or measure the effectiveness of a knowledge worker. Ultimately, it comes down to what they ACHIEVE. *"If effectiveness is lacking in his work, his commitment to work and to contribution will soon wither and he will become a time-server going through the motions of 9 to 5"*.

Whilst it is true that 200 people can do more work than one person, it does not follow that 200 people necessarily

achieve more or **contribute** more to an organisation than one Effective Executive.

"Knowledge work is not defined by quantity. Neither is knowledge work defined by its costs. Knowledge work is defined by its results"

An Executive is someone who must make decisions, not just carry out orders. An Executive must also take responsibility for making a contribution. There are four realities that dictate the limits or boundaries of what an Effective Executive can achieve:

1. The executive's time belongs to everyone else

A doctor can tell his receptionist to hold back the next two appointments, but an executive cannot tell his biggest customer that he is too busy to talk.

2. Executives are forced to keep on operating unless they take positive action to change the reality in which they live and work

Once you are assigned a regular, ongoing task, it is your responsibility until you make it someone else's. Even when you get a promotion to a new role, you are still expected to maintain your previous work until it is given to somebody else.

3. An Executive operates from within an ORGANISATION

As knowledge workers, the things that we produce are essentially useless unless somebody else within our

organisation can do something something with it. If the rest of the organisation finds our work useless, we are ineffective.

4. An Executive operates from WITHIN an organisation

Results only occur *outside* of the organisation. The only results that count are the interactions with the customers, and from inside the organisation, we have no access to this. The only time we get to see these results is in reports after it has been filtered through multiple different lenses and biases.

"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".

The Promise of Effectiveness

"The experience of the human race indicates strongly that the only person in abundant supply is the universal incompetent".

Wow. What a sentence. It's worth repeating: "The only person in abundant supply is the universal incompetent". There are so many people on Earth that need a job but most of them don't have strengths that match the skills required for specific jobs. As such, people are shoehorned into positions and asked to 'do their best', which usually doesn't lead to high levels of achievement, contribution or effectiveness. *"We will have to learn to build organisations in such a manner that any man who has strength in one important area is capable of putting it to work".*

With so many 'universal incompetents', it's important to identify at least one important area of strength. But by the

same token, it is important that people do not get too 'tunnel visioned' and too focused on their own area of expertise without getting an understanding of the other vital functions around them. *"One of the weaknesses of young, highly educated people today (whether in business, medicine or government) is that they are satisfied to be versed in one narrow specialty and affect a contempt for the other areas"*. You don't need to be an expert in everything, but it is important to know at the very least why such roles and responsibilities exist, what they are about, and what they are trying to achieve. You should have an understanding of, for example, the finance, human resources, administration, and marketing departments within your organisation.

The other thing Drucker makes specific reference to is the fact that there is no stereotype of a specific type of personality that is primed for effectiveness. As Drucker said: *"There is no 'effective personality' ... effective people vary widely in terms of their temperaments and abilities... All they have in common is the ability to get the right things done"*. Any one of any ability or demographic makeup can learn to become Effective. "Effectiveness, in other words, is a habit; that is, a complex of practices (and practices can always be learned)". The five habits that we will delve into that combine to make an Effective Executive are:

1. Know where your time goes
2. Focus on outward contribution
3. Build on strengths
4. Concentrate on the few major areas where superior performance will produce outstanding results

5. Make effective decisions

5 Habits



Know where your time goes



Focus on outward contribution



Build on strengths



Concentrate on the few major areas where superior performance will produce outstanding results



Make effective decisions

Habit 1: Know Thy Time



“The output limits of any process are set by the scarcest resource. In the process that we call ‘accomplishment’, the scarcest resource is time”.

A lot of advice is centred around planning your tasks and planning your work. In theory, this is a good idea and there are plenty of benefits to being organised and have checklists. (Check out some other books on time management and productivity like ‘Getting Things Done’ and ‘The Checklist Manifesto’). In theory, planning your work makes sense. But in practice, it almost never works. Most ‘good’ plans are merely good on paper and rarely turn into actual achievement.

Instead, Effective Executives start by planning their TIME, not their tasks. Effective Executives go through a three-step process that allows them to structure their time in the way that allows them to be most effective. They:

1. Record Time
2. Manage Time
3. Consolidate Time

Effective Executives start out by finding where their time actually goes (record), then they attempt to cut back unproductive demands on their time (manage), and finally combine their ‘discretionary’ time into the largest possible continuing units (consolidate).

“Effective Executives know that time is the limiting factor”. You can always get more money, more workers, more machinery, more raw inputs, but you can never get more time. Time is a unique resource - you can’t exchange it with anything else. The supply of time is also totally inelastic, meaning that no matter how high the demand is for time, the supply can never change. Time is irreplaceable, totally perishable and it cannot be stored - yesterday’s time is gone forever and we can borrow from tomorrow’s time. “Nothing else, perhaps, distinguishes Effective Executives as much as their tender loving care of time”.

Time Demands on an Executive

“There are constant pressures toward unproductive and wasteful time use”. As you progress higher up in an organisation, more and more demands are placed on your time. The higher you go, the more your organisation demands of your time.

And how is this for a quote: *“In every executive job, a large part of time is wasted on things which, though they apparently have to be done, contribute nothing”.*

Aside from your organisation placing more and more unproductive demands on your time, you will be hindered by people. *“People are time consumers. And most people are time wasters. To spend a few minutes with people is simply not productive”.* Whilst it’s impossible to remove all interactions with people, keep in mind that time spent talking with people is almost certainly unproductive time - you are achieving little or nothing. It might sound harsh, but you should aim to minimise the time spent with people so that you can maximise the time you can invest in producing and contributing and achieving.

Time Diagnosis (RECORD)

The first step of our time management process is to record actual time use. It doesn't matter how you do it, as long as you do it.

You can either log the hours yourself as you go, or you can have someone observe you and record you. The only thing that doesn't work is to try to do it retrospectively. We must record our time use in real time, rather than trying to rely on memory later. When we try to recall how we allocated our time, we always overestimate the time we spend on productive, effective work, and grossly underestimate the time we wasted on useless, ineffectual tasks.

Pruning Time-Wasters (MANAGE)

Once we have recorded our actual time use, we can start to better manage our day:

1. Eliminate the things that do not need to be done at all

These are pure time wasters. In order to identify these time wasters, ask yourself: 'what would happen if this were not done?'. If the answer is 'nothing would happen', then stop doing doing it.

Possibly my favourite quote of the book: *"It is amazing how many things busy people are doing that will never be missed"*.

2. Ask ‘Which of the activities on my time log could be by someone else just as well, if not better?’

This is in essence delegating or outsourcing. Most people seriously overrate their own abilities and underrate the abilities of others. Many executives feel that a many tasks can only be done by them and that no one else could possibly replicate their efforts... But this is simply not true. *“The only way (an Effective Executive) can get to the important things is by pushing onto others anything that can be done by them”*. Delegate as much as you possibly can.

3. Eliminate the time wasters caused by you that impact others

Whilst we are eliminating the time wasters that others a placing on us, we also need to be mindful of the tasks we are requesting of other people that are in fact time wasters (and of course, eliminate these too!). *“Even very effective executives still do a great many unnecessary, unproductive things”*.

When you are first trying to manage your time, it is important to keep pruning away these time wasters. It is very unlikely that you will prune too much away, because it will soon become obvious that a task you have removed is actually essential. We often overrate the importance of tasks anyway, so it is better to try to prune a little more than we may think is appropriate. Keep pruning, prune as much as you can.

Here are some hints as to where we might find unnecessary time-wasters:

- **The ‘Recurrent Crisis’**

These come from a lack of foresight or the lack of a robust system. If a certain ‘crisis’ pops up at regular intervals, it means it was never truly dealt with. *“The recurrent crisis is simply a symptom of slovenliness and laziness”.*

- **Overstaffing**

An organisation with an excess of staff is bound to lead to plenty of time-wasters.

- **Malorganisation (a symptom of an excess of meetings)**

I think I can speak for everyone when I sat that we all hate meetings... *“An undirected meeting is not just a nuisance, it is a danger”.* And next is probably my second favourite quote of the book, given the amount of boring, unnecessary, unproductive meetings I’ve sat through: *“An organisation in which everybody meets all the time is an organisation in which no one gets anything done”.*

- **Malfunction in information**

Sometimes the only thing worse than the wrong information is incomplete information or information that is in the wrong form.

**Consolidating
(CONSOLIDATE)**

‘Discretionary

Time’

“The final step in time management is therefore to consolidate the time that record and analysis show as normally under the executive's control”.

The goal is to get these ‘discretionary’ chunks of time into the longest continuous stretch as possible. If you have a report to write, for example, it is better to focus on it and tackle it in one continuous two-hour effort rather than trying to write in eight 15-minute chunks spread out across the week. Another option Drucker suggests is keeping 9am-11am clear every day - this is typically the time when we’re most mentally alert and productive, so don’t waste your peak time on meetings. Other ideas include working from home one day a week (this is not appropriate for everybody), only scheduling meetings on two days a week, or blocking out specific chunks of time where you are not to be disturbed.

"Time is the scarcest resource, and unless it is managed, nothing else can be managed"

Habit 2: ‘What Can I Contribute?’



"The Effective Executive focuses on contribution. He looks up from his work and outward toward his goals. He asks: 'what can I contribute that will significantly affect the performance and the results of the institution I serve?' His stress is on responsibility"

Most people focus on effort rather than results. Hence, most people are ineffective. Effective Executives know that the only thing that matters are results. Effort is largely irrelevant as long as you are achieving results and contributing value. It is a mistake to value effort over results.

"The man who focuses on efforts and who stresses his downward authority is a subordinate no matter how exalted his title and rank. But the man who focuses on contribution and who takes responsibility for results, no matter how junior, is in the most literal sense of the phrase 'top management'." An Effective Executive, no matter what level they are in the organisation, holds themselves accountable for the performance of the organisation as a whole.

"To ask 'what can I contribute?' is to look for unused potential in the job". What is usually considered ‘good performance’ or even ‘excellent performance’ in a position is often well below the potential level of contribution the job could provide. *"Executives who do not ask what they can contribute are not only likely to aim too low, they are likely to aim at the wrong things".*

When you move into a new role, you should begin by exploring the potential in the position by asking what you could contribute. You can't assume that the work you were

doing in your previous role will be sufficient in your new role. *"The most common cause of executive failure is inability or unwillingness to change with the demands of a new position. The executive who keeps on doing what he has done successfully before he moved is almost bound to fail".*

Three Areas of Performance

To a large extent, an 'organisation' is "a means of overcoming to limitations mortality sets to what any one man can contribute". As in, a way to set up something that will continue after you die and keep contributing. Every organisation needs performance in three major areas:

- Direct Results
- Building values (then reaffirming them)
- Developing people for tomorrow

If we relate the organisation to the human body, the Direct Results are like our calories (they're the essentials we need to function) and the Values and People are like our vitamins and minerals (you may be able to get along without them, but only for a very short amount of time before performance is impaired and eventually starts to break down).

Generalists vs Specialists

It is a mistake to look for 'generalists', people that appear to be *good enough* in many areas. They may fear that by selecting a 'specialist' for a role, they are susceptible to their weaknesses. They think that a generalist could probably do

anything pretty well, whereas the specialist has areas of weakness as well as their areas of strength. But this is a very narrow-minded approach. For any organisation, *"the task is not to breed generalists. It is to enable the specialist to make himself and his speciality effective"*.

Human Relations

‘Good human relations’ may be seen as “warm feelings” or “pleasant words” that are ultimately meaningless. They are "indeed a false front for wretched attitudes". After all, these relationships should be work-focused and there needs to be achievement and contribution from all parties in order for the relationships to be effective. Instead of having separate Human Relations departments to act as the mediator in tricky situations, an Effective Executive should manage their own ‘human relations’ in the following four ways:

1. Communication must be a two-way street

Most executives focus on downward communication - from manager to employee, from superior to subordinate. But effective communication is practically impossible if it is only in one direction. Effective Executives take responsibility for their own work, and they should demand that their subordinate do too. They should encourage the subordinates to engage in effective communication to keep them engaged in the achievement of the organisation.

2. Teamwork

Teamwork, by definition, cannot be achieved alone. Effective work and achievement can only come from

teams of people of diverse knowledge and skills each contributing in their own areas of specialisation.

3. Individual Self Development

An Effective Executive looks at what contribution he can make, and then looks at what self-development he must undertake in order to maximise his strengths and set high standards.

4. Development of others

This goes for colleagues and superiors, in addition to their subordinates. *"People in general, and knowledge workers in particular, grow according to the demands they make on themselves"*

Remember, it is all about results, not effort. And the best and most important results come when we consciously focus on what we can *contribute*.

Habit 3: Making Strength Productive



"The Effective Executive makes strength productive... It cannot overcome the weaknesses with which each of us is abundantly endowed, but it can make them irrelevant".

Staffing from Strength

"The idea of 'well rounded' people, people who have only strengths and no weaknesses is a prescription for mediocrity, if not incompetence". If you want strong strengths, you're going to have to accept strong weaknesses too. Unfortunately, ineffectual leaders sometimes see strength in others as a threat to themselves, but no executive has ever suffered because his subordinates were strong and effective. In fact, the opposite is true: managing other Effective Executives who achieve and contribute a lot reflects rather positively.

When it comes to staffing and building a team, the Effective Executive focuses on what people could contribute to the team, rather than how people will get along. Effective Executives ask what people can do exceptionally well, and they also ask what they cannot do. *"In staffing, they look for excellence in one major area, rather than performance that 'gets by' in all areas".*

The Process

- 1. They assume all jobs were not created by nature or God, but by highly fallible men**

"A job that has defeated two or three men in succession, even though each had performed well in previous assignments, must be

assumed unfit for human beings. It must be designed". The first and most vital step in staffing is ensuring the job is well designed. You should not hunt for a genius to do the impossible, and should instead redesign a flawed job description. "The test of an organisation is not genius, it is capacity to make common people achieve uncommon performance".

2. Make each job demanding and big

This forces people to bring out their best. Strength and Scope are required to allow significant results to be produced. If a job is too small or too narrow, an executive will lose motivation and the effort will decline (and therefore output won't be maximised).

3. Start with what an executive can do, rather than what the job requires

Don't write a description of what you think a job SHOULD be and then try to shoehorn somebody into the role. Instead, identify a person you want in your staff, examine their strengths and weaknesses, and design the tasks around that. You must do your thinking about people and talent long before making a decision on filling a job.

Another aspect of this is regular performance appraisals. These reviews often focus on weaknesses or what a subordinate has done wrong. *"For a superior to focus on weaknesses, as our appraisals require him to do, destroys the integrity of his relationship with his subordinates".* Here are some better questions you could use to guide your official performance discussions:

- What has he or she done well?
- What, therefore, is he or she likely to be able to do well?
- What does he or she have to learn or acquire to be able to get the full benefit from his or her strength?
- If I had a son or daughter, would I be willing to have him or work work under this person?
 - If yes, why?
 - If no, why?

4. Realise that to get strength, you must put up with weakness

“If a man can do something, his lacks become secondary”. You should only be concerned someone’s weaknesses if it stands in the way or limits the full development of their strengths. Another important thing to note is that you should always appoint or promote the most qualified applicant, regardless of how badly they are needed in their current position.

Habit 4: First Things First



“If there is a ‘secret’ to effectiveness, it is concentration. Effective Executives do first things first and they do one thing at a time”.

I’m sure that, right at this very moment, you could list 10 things that you ‘could’ or even ‘should’ be doing right now. But it would be a mistake to try and tackle them all. As Drucker said previously, time is a finite, non-renewable resource, and we don’t have enough of it to allow us to do everything. *“There are always more important contributions to be made than there is time available to make them”*. So, we must be proactively selective with the things we allocate time to and the things that we don’t.

In order to be effective and to do things properly, we must concentrate. *“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”*. ‘Concentration’ is a state where “all faculties are focused on one achievement”. If you are formulating a report and at the same time listening in on a conference call, you are not concentrating and you won’t do either well.

It appears as though Effective Executives get a lot of things done. But it is a mistake to then assume that this level of achievement is due to multitasking and trying to complete everything at once. So, what is the secret of these people who seem to achieve so much and complete so many different things?

They only do *one* things at a time.

They see this task through to completion before commencing their next assignment.

They also need much less time to complete their tasks than the rest of us because they are concentrating and they don't lose time and cognitive efficiency but constantly trying to switch tasks and monitor the progress of different things.

Now that we know the importance of concentrating on one task at a time, you must be thinking, 'but which task do I focus on?'. Because the number of opportunities and potential productive tasks we *could* attempt far outweigh the amount of time available, "*a decision has to be made as to which tasks deserve priority and which are of less importance*". **In addition to making 'priorities', another important factor is making 'posterriorities'**. Whilst *priorities* are the tasks of high importance to be done soon, *posterriorities* are those of low importance that should not be done at all. It can be a tough decision, but it's an important one. When it comes to effectiveness, deciding what NOT to do can be just as important as deciding what TO do. We must identify the posterriorities, decide what tasks will not be done, and stick to that decision. Given the lack of time, a decision on what to do will be made one way or another. If you try to do everything, eventually there will be too much time pressure that you won't possibly be able to do everything, so some things will fall by the wayside. "*The only question is, which will make the decision - the Executive or the pressure?*".

Everyone has the ability to put first things first by setting priorities and posterriorities, but very few do it. This is mainly due to the fact that calling something a posteriority, labelling it as unimportant and something to forget about, is a tough call to make. In an organisation, every posteriority is

someone else's priority... That's why very few ever become an Effective Executive.

“The Effective Executive 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”.

Habit 5 (Part 1): Elements of Decision Making



“Decision Making is only one of the tasks of an executive. It usually takes but a small fraction of his time. But decision making is THE SPECIFIC executive task: only executives make decisions”.

“Only executives make decisions”. If you are a manual worker, you simply follow instructions. You have a set procedure and you follow it. You do the tasks you are told in the order that you are told - there is no room for making decisions. For executives though, it is vital that the correct decision is made as often as possible. This chapter talks about the element of decision making and presents a 5-step process, then the next chapter is all about making effective decisions.

1. Identify if the problem is a generic problem or an exception

“The generic always has to be answered through a rule or principle, the exception can only be handled as such and as it comes”. There are four different types of problems, each requiring a different decision and a different course of action:

- A. Truly Generic problem - This occurrence is merely a symptom of a greater problem, and this must be addressed by putting a rule or principle in place to avoid the same problem arises in future
- B. A problem that is unique to the individual institution, but is actually a generic problem - an

example of this would be a merger or an acquisition: whilst it only happens once for an individual company, this actually happens regularly and is generic in the sense of the broader economy. In this instance, it is best to look at previous examples and use their rules and principles (where there was a good outcome)

- C. A True Exception - these are rare. You have no option but to address them when they arise and treat them on a case-by-case basis
- D. A problem that appears as an Exception but is actually the first occurrence of a new Generic problem - this may be the first manifestation of a type of problem that may recur in future. In order to reduce recurrences, put in place a new rule or principle that will minimise future disruptions.

All cases above, except C, require a generic solution. The biggest mistake an executive can make is to view a generic problem as an exception - tackling merely this instance rather than addressing the greater problem by creating a new rule or principle is delaying the inevitable and creating more headaches in the future. Another mistake is treating the exception the exact same as a previous problem and applying the exact same solution (exceptions must be treated in isolation as they are completely different issues). Another mistake is incorrectly or incompletely defining the problem in the first place - in order to solve a problem, you must first have all of the information you need.

2. Define the specifications or ‘boundary conditions’ that your solution must satisfy

Once we have identified the type of problem and hence the type of solution that is required, we must define the ‘boundary conditions’. Essentially, we need to define the crux of the problem that we are trying to solve and make clear specifications as to what the decision is trying to accomplish. These boundaries must be clear and stated concisely. The clearer they are, the better chance you have of making an effective decision - unclear specifications leads to ineffectual decisions.

3. Think through what is ‘right’

We must have a clear understanding of what is *right* before we can enforce our decision. We must know what the bare minimum is and we must know what elements of the decision cannot be compromised or adapted. Almost every decision will be challenged and you must make changes and concessions to ensure that all parties are satisfied, but before doing so, we must know exactly what is needed to satisfy the boundary conditions in the ‘right’ way.

To determine what is ‘right’, we must consider two parables or proverbs.

- The first: “half a loaf of bread is better than no bread at all”.
- The second is King Solomon’s Judgement: “Cut the baby in half!”.

Is it better to accept less than what you initially wanted or hoped for if the alternative is to get nothing? Or is it an ‘all-or-nothing’ proposition where getting less than your full expectation is not a viable option? You must know what you are and are not willing to compromise on before announcing your decision and dealing with dissenters.

4. Convert the decision to action

A decision is nothing without corresponding action. You must build into your decision the action or actions required to carry it out. Part of this is to also answer the following questions:

- Who has to know of the decisions?
- What action has to be taken?
- Who is to take it?
- The action must be appropriate to the capabilities of the people who have to carry it out

5. Seek regular ‘feedback’ to test the validity and effectiveness of the decision against the actual course of events

“Feedback has to be built into the decision to provide a continuous testing against the actual events of the expectations that underlie the decision”. Decisions are made by humans, and all human are fallible, so it is expected that decisions will not always be perfect. Hence, it is

important to keep checking the progress of the actions and get regular feedback about how the decision is being carried out, comparing the assumptions and expectations of the decisions to what actually happens in reality. *"Even the best decision has a high probability of being wrong. Even the most effective one eventually becomes obsolete".*

Habit 5 (part 2): Effective Decisions

"A decision is a judgement. It is a choice between alternatives. It is rarely a choice between right and wrong. It is at best a choice between 'almost right' and 'probably wrong' - but must more often it is a choice between two courses of action neither of which is probably more nearly right than the other".

It is a good idea to try and 'find the facts' before making the decision. But it is far more important to realise that it is *impossible* to find the facts. *"There are no facts - only opinions"*. One does not start with facts; one starts with opinions. Even the things people think are 'facts' are actually opinions - they initially had their opinion, and then the data was filtered through and, thanks to confirmation bias, the 'facts' they present will all seem to support their original opinion. We can easily cherry pick which statistics to highlight and which to ignore, meaning any 'facts' we present are the ones that support our opinions. An Effective Executive must understand this and always ask for many alternative measures so that he can decide for himself what is most appropriate. *"Unless one can consider alternatives, one has a closed mind"*.

An Effective Executive does not aim for consensus. Given there will be conflicting opinions, some people will feel strongly for their alternative. Creating dissention and disagreement is a good thing as it indicates that people truly believe what they are saying and think that they know what is best. Disagreement means there are multiple potentially 'right' courses of action, and as Drucker says, *"a decision without an alternative is a desperate gambler's throw, no matter how carefully thought through it might be"*. Furthermore, disagreement is required to stimulate conversation and imagination.

Act or Do Not Act

Before making any decision, you need to step back and think, *'is a decision really necessary?'*. Aside from the alternatives you can choose from, another alternative is to simply do nothing. The costs and benefits of a decision must also be weighed up against the outcomes of doing nothing. Act if, on balance, the benefits greatly outweigh the cost and risk.

Act or Do Not Act - don't 'hedge' or compromise.

"One thing the Effective Executive will NOT do at this point is give in to the cry 'let's make another study'. This is the coward's way out - and all cowards achieve is to die a thousand deaths where the brave man dies but one".

Conclusion: Effectiveness Must Be Learned

This has become one of my favourite books. I hope I have conveyed the main messages and you have realised how important it is to be Effective. More importantly, I hope you realise that whatever your level of performance is today, you can always learn to become Effective.

To summarise the summary

The 8 Questions and Practices:

1. Ask, 'What needs to be done?'
2. Ask, 'What is right for the enterprise?'
3. Develop action plans
4. Take responsibility for their decisions
5. Take responsibility for communicating
6. Focus on opportunities rather than problems
7. Run productive meetings
8. Think and say "we" rather than "I"

The 5 Habits:

1. Know where your time goes

2. Focus on outward contribution
3. Build on strengths
4. Concentrate on the few major areas where superior performance will produce outstanding results
5. Make effective decisions

I would strongly recommend reading the book for yourself to get the full context, but keep in mind it was written in the 1960s and the vocabulary and sentence structure can be a little tricky to dissect in parts. Nevertheless, this is an absolute weapon of a book and one that you should seriously take on board.

8 Questions and Practices



Ask 'What needs to be done?'



Ask 'What is right for the enterprise?'



Develop action plans



Take responsibility for decisions



Take responsibility for communicating



Focus on opportunities rather than problems



Run productive meetings



Think and say "we" rather than "I"

5 Habits



Know where your time goes



Focus on outward contribution



Build on strengths



Concentrate on the few major areas where superior performance will produce outstanding results



Make effective decisions
