Managing in the Next Society

Peter F. Drucker

Managing in the Next Society is a collection of articles and interviews which originally appeared from 1997 through 2002 in periodicals ranging from The Economist to Foreign Affairs and from Red Herring to The Harvard Business Review. Wonderfully insightful, its themes find their way to the surface just as Drucker’s ideas emerged, developed and re-emerged, in somewhat modified form, over the course of six years. There is much here to consider. And multiple readings, I suspect, will afford the reader (at least this reader) numerous stimulative insights and ideas. Fortunately, Drucker’s Preface is of considerable orientation value. Unlike many such introductions, it is substantive and serves to pre-guide the reader to some of the work’s important thematic threads. As this is a series of essays, rather than an instructional text, the Preface is particularly helpful.

“I once did believe in a New Economy. The year was 1929 and I was a trainee in the European headquarters of a major Wall Street firm.” In his Preface, Drucker continues to explain that his boss was the European Economist for the firm and as the firm’s youngest trainee, he was assigned the task of Research Assistant on his boss’s book titled Investments, the goal of which was “…to prove ‘conclusively’ that buying American common stock was the one absolutely foolproof way to get rich quick.” The book, Drucker tells us, “…was published two days before the New York Stock Market crash and disappeared without a trace…” A few days later, he notes, so did his job. Drucker, clearly, is skeptical of the idea of a “New Economy.” Indeed, as he sees it, there have been other equally radical economic transformations.

“The New Economy may or may not materialize, but there is no doubt that the Next Society will be with us shortly,” so writes Drucker at the opening of the final segment of Managing in the Next Society. In any event, as he sees it, the “…New Society will be...[considerably]...more important…” He does not deny the impact of E-Commerce. Indeed he notes that it “…is profoundly changing economies, markets, and industry structures [.]” Similarly, he does not deny the existence of a transforming “Information Revolution” which he suggests should more appropriately be known as a “Knowledge Revolution.” Drucker does not claim current technological changes are not powerful. Rather, I believe he would say they are not the most powerful changes underway and they are not unique in our socio-economic history. The Information or Knowledge Revolution Drucker argues, in both its impact and trajectory, is very similar to the Industrial Revolution of the early to mid-1800’s and to the “Printing Revolution” which swept Europe in the half century following Gutenberg’s invention of moveable type in 1455.

Debunking the myth of uniqueness which seems central to at least some “New Economy” pundits is not, however, Drucker’s primary goal. His intent, rather, is to alert us to the “…basic and predictable trends that persist regardless of today’s headlines...[so as to create the opportunity for us]…” to exploit these trends as opportunities.” “The emergence of the Next Society and its...unprecedented...characteristics...the global shrinking of the young population...the emergence of the new workforce ['Knowledge Workers', to employ the term Drucker coined in 1960]...the steady decline of manufacturing as a producer of wealth and jobs; and the changes in the form, structure, and function of the corporation and [thus of necessity] of its top management...” are the key trends, the thematic threads, to which Drucker alerts us in his Preface.

In the context of those trends, Drucker warns us, firms “…can not survive as...manufacturing company[ies].” Rather they must “…become...knowledge company[ies]...” Clearly, the same can be said with regard to capital providers and financial intermediaries. Increasingly, it is neither machinery nor capital which will differentiate winners from losers. It is knowledge.

“In a traditional workforce the worker serves the system; in a knowledge workforce the system must serve the worker.”

“In a knowledge-based organization...it is the individual worker’s productivity that makes the system productive.”

And, therefore, the key in the economic transformation is neither the electronics nor the data transmitted. It is cognition.

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