



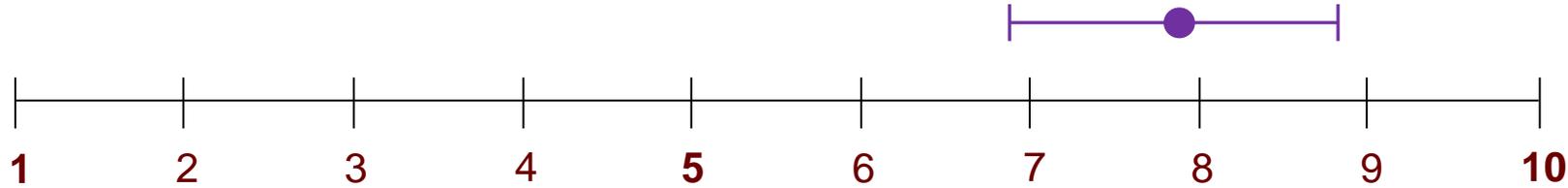
**SMA**™ | **TALENT ON DEMAND**  
**DRUCKER SCHOOL of MANAGEMENT**

# The Ten Principles of Peter F. Drucker SMA Survey Results

October 2021

# Clear Mission and Theory of the Business

1. Have a strong mission and a cogent answer to the deceptively difficult question,  
“ **What business are we in?** ”



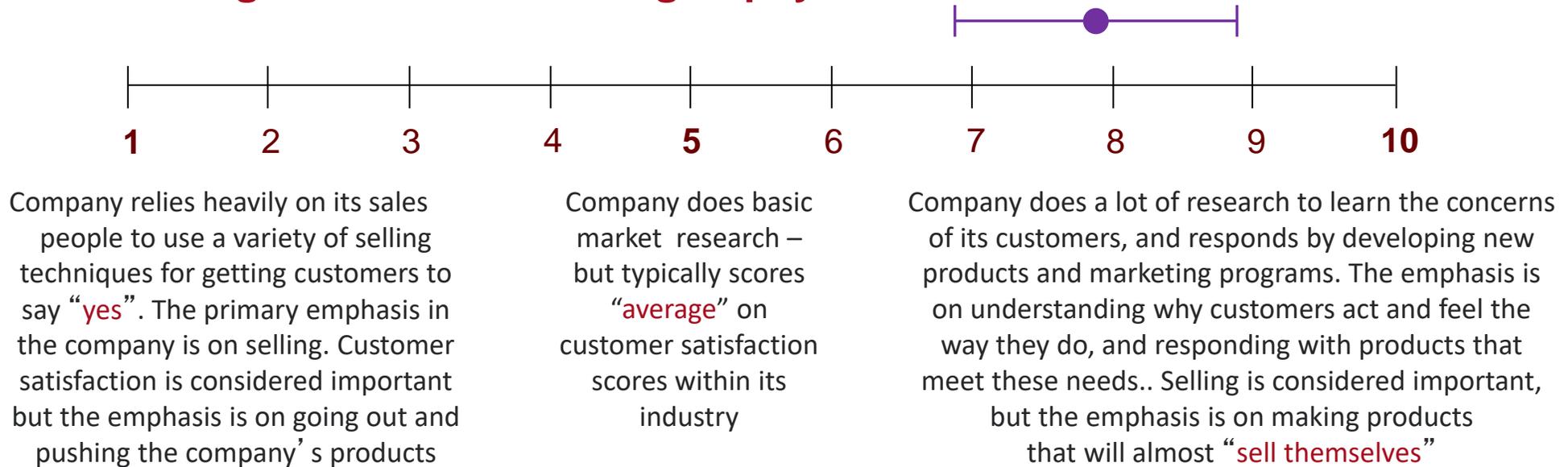
Mission is vague. Tends to be financially-oriented. “Generic” in structure– could be for any firm. Not understood and embraced by the majority of employees

Reasonably clear mission statement. Not particularly unique. Employees can articulate the mission statement – but behaviors , at best, are inconsistent with mission

Firm’s mission is clear and precise. Focuses attention heavily on its customers and the impact of the organization on society. It energizes employees on a common goal. Employees consistently behave in ways that are supportive of mission

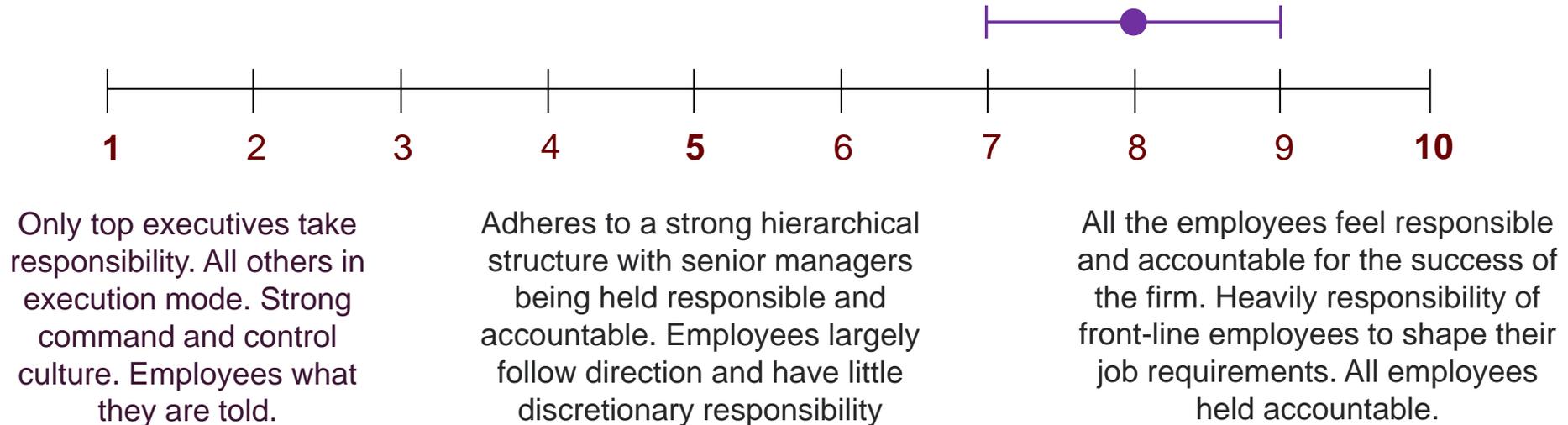
# Focus on Understanding Customer Needs

2. Always remember that “ **there is only one valid definition of business purpose: to create a customer** ” while accepting that “ **quality in a product or service is not what the supplier puts in. It is what the customer gets out and is willing to pay for.** ”



# Responsibility and Accountability at All Levels

3. Push responsibility and accountability as far down into the organization as possible and follow this basic communications strategy: Listen down, talk up.



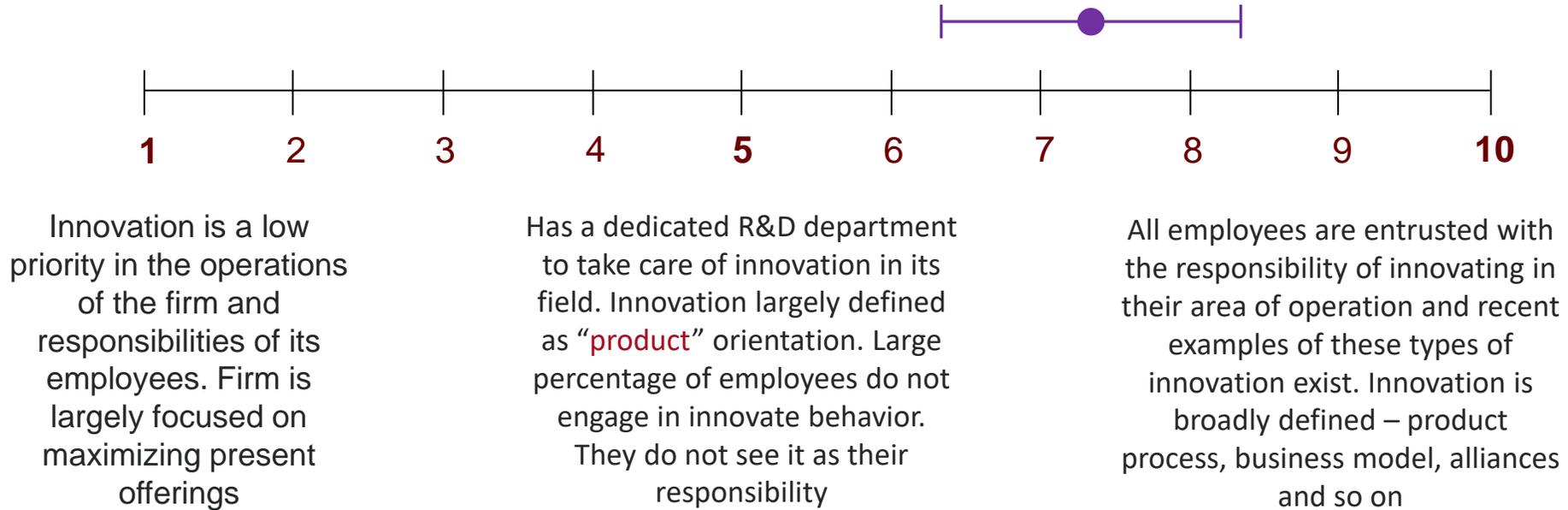
# Employee Orientation

4. Embrace the fact that every organization develops people--“ **it either helps them grow or it stunts them** ”--and so you do everything you can to help them grow.



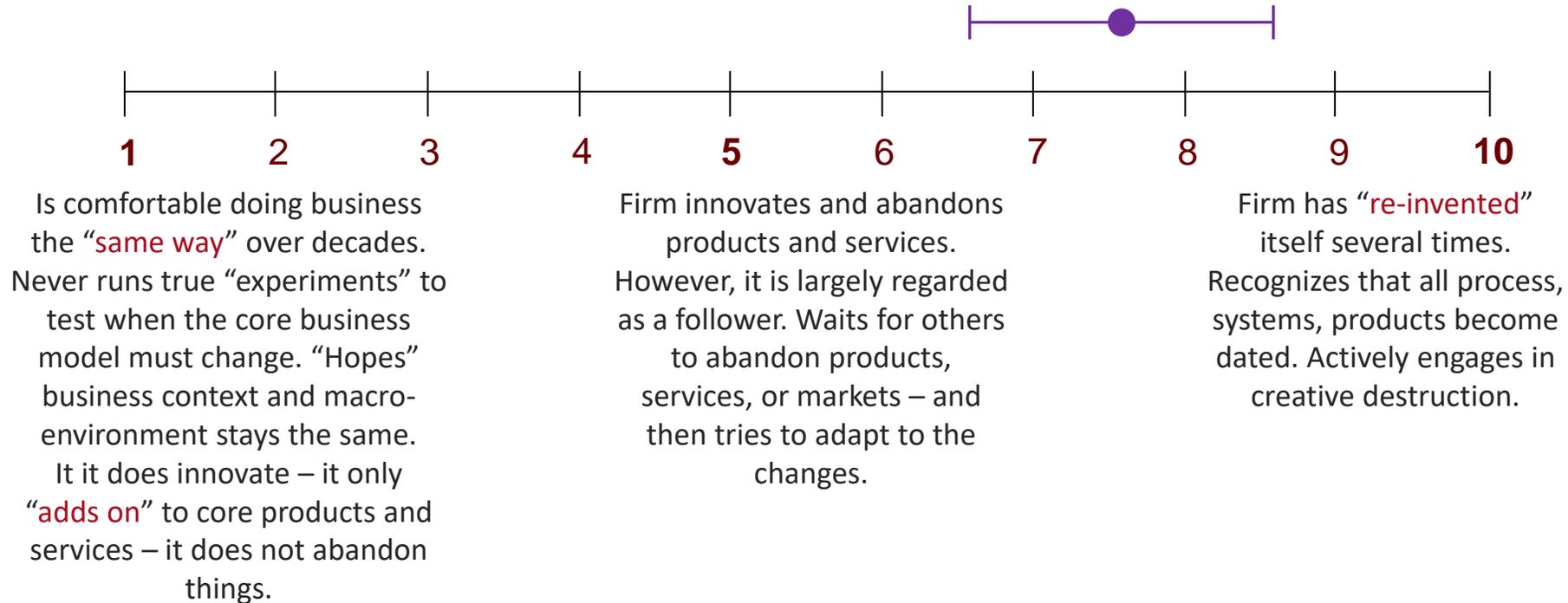
# Everyone Innovates

5. See innovation--that is, “ **change that creates a new dimension of performance** ” — as the responsibility of everyone in the enterprise, not just the R&D staff



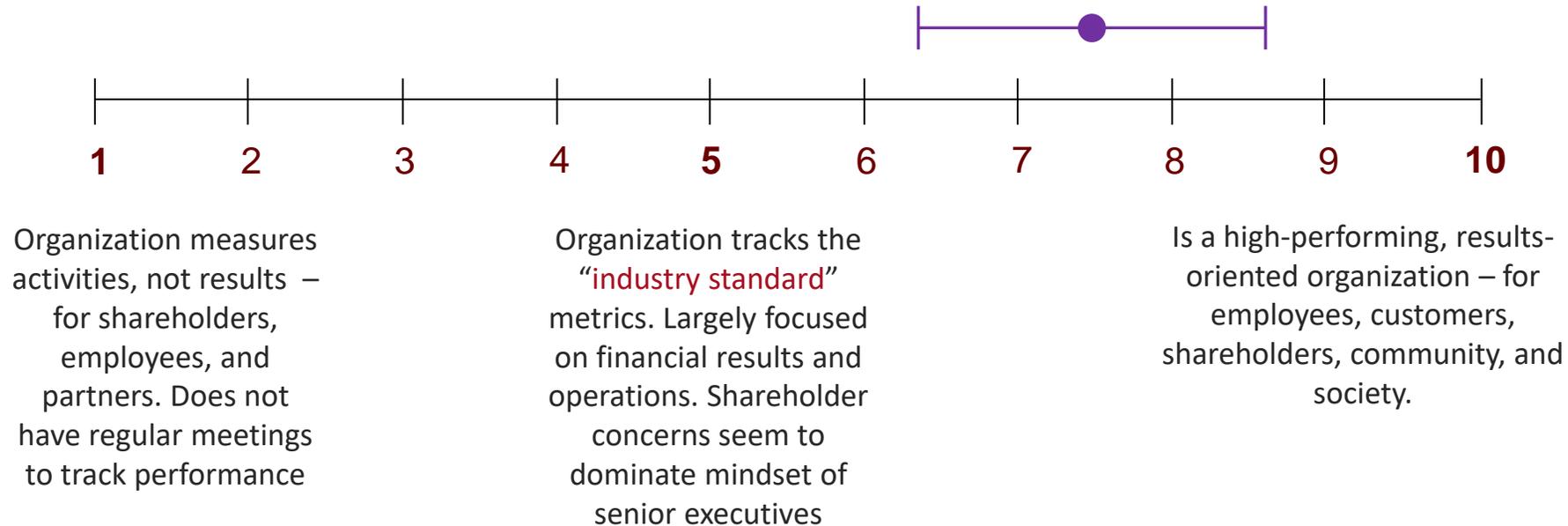
# Regular Abandonment is Practiced

6. Regularly abandon things--products, policies, practices--that are no longer effective or are consuming an inordinate amount of resources when weighed against tomorrow's opportunities.



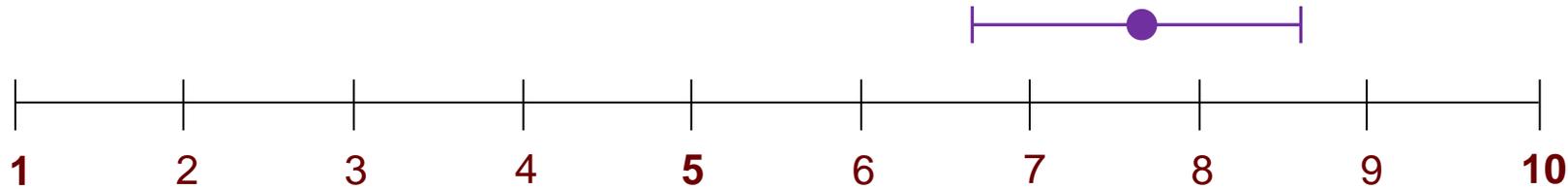
# Results, Not Activities, are Measured for all Stakeholders

7. Measures results, not activities, for shareholders and all other stakeholders.



# Balances Short Term and Long Term Results

8. Keep an eye on the long term--and not just the short term--while being mindful that, while “**securities analysts believe that companies make money, companies make shoes.**”



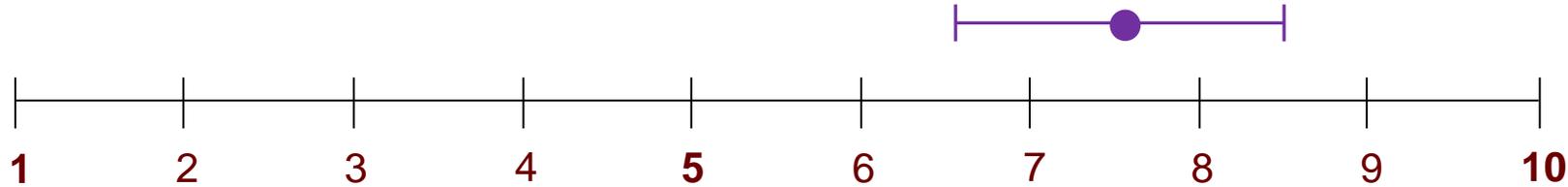
Firm is largely focused on meeting quarterly financial targets. Does not invest in understanding key forces of change. Regularly cuts R&D spending when financial results are not satisfying Wall Street. Has no clear point of view or plan to get to the future

While firm is focused on meeting short-term targets, it also allocates time and attention to the future. However, most in the firm would agree that too little effort is spent – time, money, and attention – on how the firm will need to change to compete in the future

Firm allocates 15-20% of its attention on the future. Often separate budgets and units are established to help get to the future. At the same time, the firm is able to consistently perform year over year.

# Everyone Lives by the Values

9. Live by a core set of values, animated by the belief that an organization needs values “**as a human body needs vitamins and minerals.**”



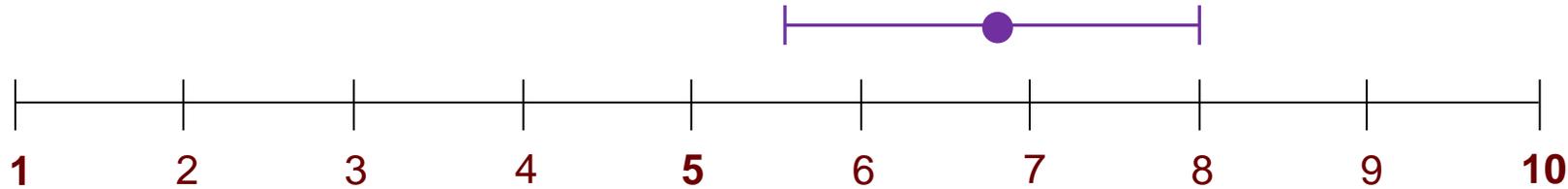
The firm does not have a values statement.

The firm has a values statement. However, the statement is somewhat generic – and could represent many different firms. Employees may be able to articulate the values – but their behavior is “**sometimes**” consistent with the firm’s values and sometimes not.

Is a values-led organization. The values are the north star that guides the firm. The firm regularly discusses if it adhering to its values. All employees “**buy into**” and “**live**” the values. Those that do not are removed from the organization, even if they are high performers.

# Demonstrates Social Responsibility

10. Demonstrate social responsibility not simply by having a CSR department or donating to charity but by understanding that an organization is responsible for “**whomever and whatever**” it touches



The organization is largely focused on short term financial metrics. No attention is given to social responsibility. At its core, the organization may not believe (and act in ways) that reflect social responsibility

The organization has a CSR department and has voiced its commitment to corporate social responsibility. However, the social responsibility work is an “**add on**” – and not central to the activities or mission of the firm

The organization deeply embraces its social responsibility. Employees and leaders join the organization because it takes its social responsibility seriously – it is not a slogan or catch phrase. Employees believe and behave in ways that are consistent with social responsibility