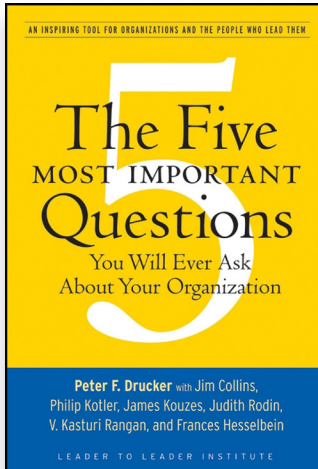


# EXECUTIVE BOOK SUMMARIES

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## ABOUT THE AUTHOR

### Peter Drucker

*Peter Drucker was widely considered to be the world's foremost pioneer of management theory. He was a writer, teacher, and consultant specializing in strategy and policy for business and social sector organizations.*

## The Five Most Important Questions

### THE NUTSHELL

Jossey-Bass 2008

For years, most nonprofits felt that good intentions were by themselves enough. But today, we know that because we don't have a bottom line, we have to manage better than for-profit businesses. We have to have discipline rooted in our mission. We have to manage our limited resources of people and money for maximum effectiveness; and we have to think through very clearly what the results should be for our organization.

The self-assessment process is a method for assessing what you are doing, why you are doing it, and what you must do to improve an organization's performance. It asks the five essential questions: What is our mission? Who is our customer? What does the customer value? What are our results? What is our plan? Self-assessment leads to action, which lacks meaning without it. To meet growing needs and succeed in a turbulent and exacting environment, social sector organizations must focus on mission, demonstrate accountability, and achieve results.

Tomorrow's society of citizens is getting the help being created through the social sector by your nonprofit organization. In that society, everybody is a leader, everybody is responsible, and everybody acts.

# The Five Most Important Questions

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Therefore, mission and leadership are essential for nonprofits. Self-assessment can and should convert good intentions and knowledge into effective action as soon as possible.

*Question 1: What is Our Mission?* Every good mission statement reflects all your opportunities, competence, and commitment. You look first at the outside environment. The organization that starts from the inside and then tries to find places to put its resources is going to fritter itself away. Above all, it will focus on yesterday. Demographics and needs change. You must search out the accomplished facts or things that have already happened which present challenges and opportunities for the organization. Leadership must anticipate the future and attempt to mold it, bearing in mind that what happens next is where your opportunity lies.

*Question 2: Who is Our Customer?* Not long ago, the word customer was rarely heard in the social sector. Nonprofit leaders would say, "We don't have customers. That's a marketing term. We have clients, recipients, or patients. We have audience members. We have students." Rather than debate language, I ask, "Who must be satisfied for the organization to achieve results?" When you answer this question, you define your customer as one who values your service, who wants what you offer, and who feels it's important to them.

Often the customer is one step ahead of you. So you must know your customer—or quickly get to know them. Time and again you will have to ask, "Who is our customer?" because customers constantly change. The organization that is devoted to results will adapt and change as they do.

*Question 3: What Does the Customer Value?* This may be the most important question, yet it is the one least often asked. Nonprofit leaders tend to answer it for themselves. "It's the quality of our programs. It's the way we improve the community." People are so convinced they are doing the right thing, and so committed to their cause that they come to see the institution as an end in itself. But that's a bureaucracy. Instead of asking, "Does it deliver value to our customers?" they ask, "Does it fit our rules?" That question not only inhibits performance but also destroys vision and dedication.

To formulate a successful plan, you will need to understand each of your constituencies' concerns, especially what they consider results in the long term. Integrating what customers value into the institution's plan is almost an architectural process. It's not too difficult to do once it's understood, but it's hard work. First, think through what knowledge you need to gain. Then listen to customers and accept what they value as objective fact. Make sure the customer's voice is part of your discussions and decisions, not just during the self-assessment process, but continually.

*Question 4: What Are Our Results?* The results of social sector organizations are always measured outside the organization in changed lives and changed condition. They are measured in people's behavior, circumstances, health, hopes, and above all, in their competence and capacity. To further

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the mission, each nonprofit needs to determine what should be appraised and judged, then concentrate resources for these results.

One of the most important questions for non-profit leadership is, "Do we produce results that are sufficiently outstanding for us to justify putting our resources in this area?" Need, alone, does not justify continuing, nor does tradition. You must match your mission, your concentration, and your results. Like the New Testament parable of the talents, your job is to invest your resources where the returns are manifold which is where you can have success.

*Question 5: What Is Our Plan?* The self-assessment process leads to a plan that is a concise summation of the organization's purpose and future direction. The plan encompasses mission vision, goals, objectives, action steps, a budget, and appraisal. Now comes the point to affirm or change the mission and set long-range goals.

To further the mission, there must be action today and specific aims for tomorrow. Yet planning is not masterminding the future. Any attempt to do so is foolish as the future is unpredictable. In the face of uncertainties, planning defines the particular place you want to be and how you intend to get there. Planning does not substitute facts for judgment, or science for leadership. It recognizes the importance of analysis, courage, experience, intuition and even hunch. It is responsibility rather than technique.

True self-assessment is never finished. Leadership requires constant re-sharpening and refocusing, never really being satisfied. I encourage you to keep asking the question, "What do we want to be remembered for?" It is a question that induces you to renew yourself, and the organization, because it pushes you to see what you can become.