

SUMMARY

THE FIVE MOST IMPORTANT QUESTIONS YOU WILL EVER ASK ABOUT YOUR ORGANIZATION

PETER F. DRUCKER



Summary of “The Five Most Important Questions You Will Ever Ask About Your Organization” by Peter F. Drucker

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Discover the key questions that will unlock your company's success.

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Introduction

There are a lot of business resources out there. And I mean *a lot!* In fact, there are so many that it's easy to get lost and confused in the vast wealth of material available to you. With so many texts addressing the same subject, it's easy to get lost in the cacophony of so-called experts, all claiming they know best. Whose ideas are correct? Whose thoughts are original? What should you believe? These questions can be paralyzing to newbies who want to learn more about the business world; everyone just wants the best for their business, but how do you know what that looks like? That's why Drucker attempts to cut through the noise and provide you with the top tips from the wisdom he's gleaned through his years of experience in the business world. Rather than wasting your time with suppositions and over-hyped formulas that may or may not work, Drucker boils his expertise down to five key questions that will help you engage with your organization's purpose and chart a clear path toward success. And over the course of this summary, we'll conduct an in-depth examination of those questions.



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What's Your Mission?

This question is our starting point for pretty obvious reasons. After all, it's tough to successfully start and run a business if you don't know why you're doing what you're doing! Drucker points out that this question is invaluable because answering this question will quite literally enable you to discover the essence of your organization. So, if you're hoping to skip any of the questions on Drucker's list, don't start by skipping this one! Instead, flesh this question out by asking a few follow-up questions that will solidify your answer. For example, instead of simply asking, "What's my mission?" ask, "What goals does my organization seek to meet? What problem does my organization want to solve? How does my company make the world a better place? What would living into those goals look like?" The answers to these questions will help you formulate your company's mission statement.

Once you have these answers under your belt, you can put them into action in your mission statement. But as you do so, it's important to be intentional about your wording. For example, let's say you're the founder of the UK's largest mental health charity. How would you describe your mission statement? You might say something like, "Our purpose is to support and treat mental health." But that wouldn't really be an accurate reflection of your goals. Because, in practice, you're actually helping people who are struggling with *mental illness*. "Treating mental health" isn't really a thing, because if your mind is healthy, there's nothing to treat! Instead, your purpose would be to support and treat those who are struggling with mental illness. Or, alternately, you might say that your organization promotes and encourages the development of mental health.

This might sound obvious or a bit simplistic, but when you intentionally strive for clarity in your word choices, it can make a big difference in your organization's focus. To put this example into perspective, let's imagine how it would play out in real life. If your organization claims that its perspective is to treat mental health, then you're likely to devote the bulk of your time and resources to surface solutions that treat the minor stresses which impact our mental health. For example, you might provide people with encouraging words, positive statements, or suggestions to try a relaxing face mask or a bath bomb. But if your aim is to treat mental illness, then you're starting from a baseline that assumes people are truly suffering. And rather than offering them solutions that are designed to give healthy people a boost, you'll be providing them with treatment aimed at those who are ill.

So, the key takeaway from this chapter is to be clear with yourself and with those who are responsible for upholding your organization's values. After all, it's pretty tough to

enforce a mission statement if you're not totally sure what it is! That's why identifying your mission statement should always be your first step in starting any business. But this step should also provide you with a foundation that will stay strong even when your organization needs to change. This is an important step to be aware of-- and one that far too many people forget. Because once you've founded your organization and curated its perfect mission statement, it's easy to think that your job is done. Your organization is built on solid values, so there's nothing to change, right? Wrong!

Whether your organization is tailored to benefit users, a customer base, or a certain demographic you want to help, being sensitive to their needs is vital. And over time, those needs can change. So, if you want to stay relevant and helpful, it's likely that you'll need to update your organization's goals and practices at some point down the line. But what does that look like? Can you update your mission statement without compromising your core values? Drucker believes you absolutely can! To understand how that works in practice, let's take a look at a good example. The University of Cambridge holds a proud place as the definitive gold standard of education. This is reflected in their university motto: *hinc lucem et pocula sacra*, which means, "From this place, we gain enlightenment." This motto has been in place since 1573, but it's pretty safe to say that the university's aims and practices have been updated a little since then.

So, in practice, this means that Cambridge may not employ the same methods it used in 1573, but their mission statement-- to spread education and enlightenment-- has remained the same. From their example, we can see that even if you update your practices to change with the times, a good mission statement can help you stay grounded. You may have to change a few things here and there, but your mission statement should always be the standard by which you measure your organization's accomplishments. Put simply, change is good! Change helps you to avoid stagnation and keep it fresh, so don't be afraid to switch it up sometimes. Just remember to make decisions that are in line with your core values. Because if you do that, your choices will continue to be good ones, even if they get a face-lift.



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Who is Your Customer?

This question might seem overly obvious as well, but bear with us! Because even though you might hope that the entire world is your customer base, the truth is that that's not always realistic. Instead, it's far more likely that you have an "ideal customer" out there-- one who is exactly right for your organization. Your job is to find out who that customer is. To help you answer that question, Drucker has created a hierarchy that will help you identify your customers. The first step is to distinguish between what Drucker calls "primary customers" and "supporting customers." We'll explore the differences between these groups over the course of this chapter.

A primary customer can best be defined as the person who most needs the service you have to offer. For example, let's say you run a non-profit that's dedicated to providing meals for children who experience food insecurity. In this case, your primary customer would be the children who directly benefit from the lunches you provide. Your supporting customers would therefore be the people who don't directly benefit from your service, but who are literally responsible for supporting you, your customers, or your business. In the case of this example, your supporting customers might be the children's parents, the children's schools, or local grocery stores and restaurants who will donate to help your cause.

Categorizing your customers according to this method will provide your organization with an increase in clarity and focus. That's because you'll be able to devote the bulk of your time and resources to helping the group who can most directly benefit from your efforts. Without this insight, many organizations make the mistake of dividing their resources unequally, pouring more time and effort into their supporting customers without realizing that this can result in an imbalance of resources for the group who needs your help the most! That's why the author advocates for the importance of knowing your customers. But the benefits of identifying your primary and supporting customers don't end there! This insight can also help with your organization's evolution, as we discussed in the previous chapter. Knowing your audience will help you know when it's time for your organization to update its practices. This in turn will help you stay relevant and enable you to meet your audience's needs!



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What Does Your Customer Value?

Be honest: when you thought about setting up your organization, did this question come to mind? It's okay if you said no, because the truth is that this question is often overlooked by many businesses. So, why is it important and why do you need to know the answer? Drucker acknowledges that this question directly feeds into the purpose of the previous questions we've discussed. In fact, without this answer, it would be tough to accomplish the goals set forth by the other two! That's because the answer to this question will enable you to customize a service that is authentically customer-centric. And whether you're a non-profit seeking to help people or a business that wants to turn a profit, this question is invaluable because it will help you create a product that people actually want!

Here's how it works: when you're starting a business, many people assume that because they've had a bright idea, it must be the one that will work best. After all, you've thought about your product, the gap you want to fill, or the problem you want to solve, and you've concluded that your idea will meet that criteria. Having conducted their own assessment of their idea, many people stop there, assuming that they've already taken all the necessary steps. But this process neglects one vital element of the equation: your customers. You haven't asked them what they think or what they need! And without that vital input, you can't hope to adequately meet their needs. So, if you think about it that way, you'll realize that your product can experience tremendous growth and development just by conducting a simple survey of your customers and learning what they value! To consider how this strategy can benefit your organization, let's take a look at a real example.

One of my favorite brands is a designer that sells purses, luggage, office supplies, and accessories. They're significantly more expensive than other purveyors of the same goods, but they never seem to experience periods of low sales or face competition from cheaper competitors. Why? Because they know what their customers value. Having conducted a thorough survey of their customer base, they've concluded that their customers are people who value products that fit their desired aesthetic. They're also people who enjoy paying more for superior quality or bragging about owning the latest trend from a designer. And because they tailor their products to those values, customers are happy and eager to fork over their hard-earned cash! If they sacrificed their quality or lowered their prices to compete with cheaper brands, this likely wouldn't be the case. But because they play to their solid understanding of their customers, they continue to be successful.



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What Results do we Want?

If you've implemented the first three strategies, then you're going to want to see results from your labor! And that's why this chapter is solely dedicated to your relationship with results. Drucker observes that your results are closely connected to your company's mission statement. So, developing your knowledge of your mission statement is easily the fastest and most effective way to determine the results you want. For example, if we return to our example about the mental health charity, we can say that your results might include reducing the suicide rate in your area, increasing the number of people who are referred for therapy, helping people access medication, or enabling your clients to lead a fulfilling and functional life.

So, if these are the results you hope to gain, your next steps become very clear. For example, you would work to ensure that programs are in place to meet each of these needs. You would monitor the programs and services you offer to determine their effectiveness. You would consider statistics, patient surveys, and reports from your various members of staff. And above all, you would adopt an attitude of constant growth that would motivate you to make changes when certain practices aren't working. Similarly, Drucker acknowledges that you should also categorize your results by "short term goals" and "long term goals." This will not only put your goals into perspective, it will make them more manageable and increase your chances of success. For example, "reduce the rate of depression in London" is an enormous goal! There is no way you could hope to accomplish it all at once or over night. But if you broke that goal down into bite-sized chunks, you could focus on small steps to target certain problems in specific areas of London. With consistency and time, this effort would pay off and result in the achievement of your ultimate goal.

Managing your goals in this way is a big and helpful step, but it's not the last thing on your list! The last step Drucker suggests is to evaluate your results in two categories: quantitative and qualitative. Qualitative results are exactly what they sound like: they focus on examining the quality of your practices. An example of qualitative results would be receiving positive feedback from a patient who told you that your services had helped her battle her depression and improved her quality of life. This would provide you with genuine and personal evidence of your work's effectiveness. Quantitative results, by contrast, are those which can be measured by statistics. They might be more boring than working with people, but they're just as valuable! That's because quantitative results can show you exactly how many people you're reaching, how much you've earned, and how effective your efforts are as measured by percentages and statistics. So, be sure to use both standards to analyze your results!



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What's the Plan?

If our last key question sounds a little out of place, don't worry-- there's a reason for that! You might think a plan should be the starting point, but in fact, it's the other way round; most people begin with their mission and identify a long-term plan a little later on. And as far as the author is concerned, that's a great way to start! Drucker posits that passion will lead you to your mission, but it's a long-term vision that will help you cultivate your plan. That's because a plan is the step that incorporates all the finer details you'll need to make your organization a success. Your plan should incorporate your budget, your mission, your goals, your results, and the concrete actionable steps you will take to make those goals a reality. Your plan is the place to document your realistic concerns and how you can overcome them. For example, your concerns might include obstacles like funding, timing, or the availability of a physical home for your business.

However, Drucker cautions that as you take these steps, it's important to remember that although your mission and your core values should stay solid, all of your goals and obstacles are subject to change. And that's okay! As you get closer to making your dream a reality, it's likely that you'll run into new and unexpected obstacles or that you'll need to change your approach for accomplishing your goals. So, remember that your plan is a blueprint, but it's not infallible; it can be adjusted as your circumstances change. Accepting that might be scary, but as we discussed earlier, change is what helps you grow for the better. So, be flexible enough to recognize that straying from the plan can sometimes be good and can open you up to new opportunities!



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Final Summary

When it comes to starting a new business, you're likely to have a million questions running through your mind. As a result, it can be difficult to know if you're asking the right questions or accessing the right resources for help. Drucker aims to eliminate this confusion by providing aspiring entrepreneurs with five key questions they need to ask for success. So, as you're embarking on your new venture, always remember to ask yourself: What's my mission? Who is my customer? What does my customer value? What results do I want? And what's my plan?

Answering these questions will enable you to implement Drucker's five key strategies for success and thereby get ahead of your competition. These tips will also help you to achieve lasting change by putting your customers' interests first, categorizing your customers into "primary" and "supporting" customers, and measuring your results through both qualitative and quantitative methods. And as you do so, Drucker cautions all new business owners to keep your mission at the heart of everything you do and live without fear of flexibility.



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