



HELPING CHURCH LEADERS TRANSITION FROM THE PRESENT TO THE FUTURE

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TWO FALSE ASSUMPTIONS

Peter Drucker has increasingly worked in recent years with the third sector, or nonprofits, including churches, and has often remarked that the role of management is "to make the churches more churchlike, not to make churches more businesslike." In a significant essay published in the October 5, 1998 issue of *Forbes*, Drucker writes of the new paradigms in management and the once-valid assumptions that today are "either wrong, out-of-date or both." This *NetFax* identifies two of the false assumptions. The copyrighted material is used with permission of Drucker and *Forbes*. To read the full text of the essay online, visit the *Forbes* website at www.forbes.com/forbes/98/1005/6207014a.htm

THE ERASING OF TECHNOLOGICAL BOUNDARIES. In the 19th century and throughout the first half of the 20th, it could be taken for granted that technologies outside one's own industry had minimal impact on that industry. Now the assumption to start with is that the technologies likely to have the greatest impact on a company and its industry are technologies outside of its own field. One implication of this is that non-customers are as important as customers, if not more important, because they are potential customers. Very few institutions know anything about the non-customers---very few of them even know that they exist, let alone know who they are. And even fewer know why they are not customers. Yet it is with the non-customers that changes always start. All our experience tells us that the customer never buys what the supplier sells. Value to the customer is always something fundamentally different from what is value or quality to the supplier.

Consider the pastoral megachurches that have been growing so very fast in the U.S. since 1980 and are surely the most important social phenomenon in American society in the last 30 years. There are now some 20,000 of them, and while traditional denominations have steadily declined, the megachurches have exploded. They have done so because they asked, "What is value?" to a non-churchgoer and came up with answers the older churches had neglected. They have found that value to the consumer of church services is very different from what churches traditionally were supplying. The greatest value to the thousands who now throng the megachurches---both weekdays and Sundays---is a spiritual experience rather than a ritual.

BRINGING THE WORLD INTO THE ORGANIZATION. All the traditional assumptions I have examined rest on an even bigger assumption - that the domain of management is within the company. That management's principal job is to run the organization. That, too, is no longer true. It leads to an otherwise incomprehensible distinction between management and entrepreneurship. It artificially divides the functions of managing and innovating. An enterprise, whether a business or any other institution, that does not innovate and does not engage in entrepreneurship will not long survive.

What all this means for management is perfectly clear: The forces that most influence organizations come from outside the organization, not from within. The new Catholic orders grew not because the organization required them but because events in society required them. The Methodist movement in Protestantism exploded almost spontaneously in the late 18th century, not for reasons of theology but as a response to social depravity among the poorer classes in Britain and the U.S. In short, these religions survived because they innovated in response to social change. Management and entrepreneurship are only two different dimensions of the same task. An entrepreneur who doesn't learn how to manage will not last long. Management that does not learn to innovate will not last long. Management does not need more information about what is happening inside. It needs more information on what is happening outside.

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