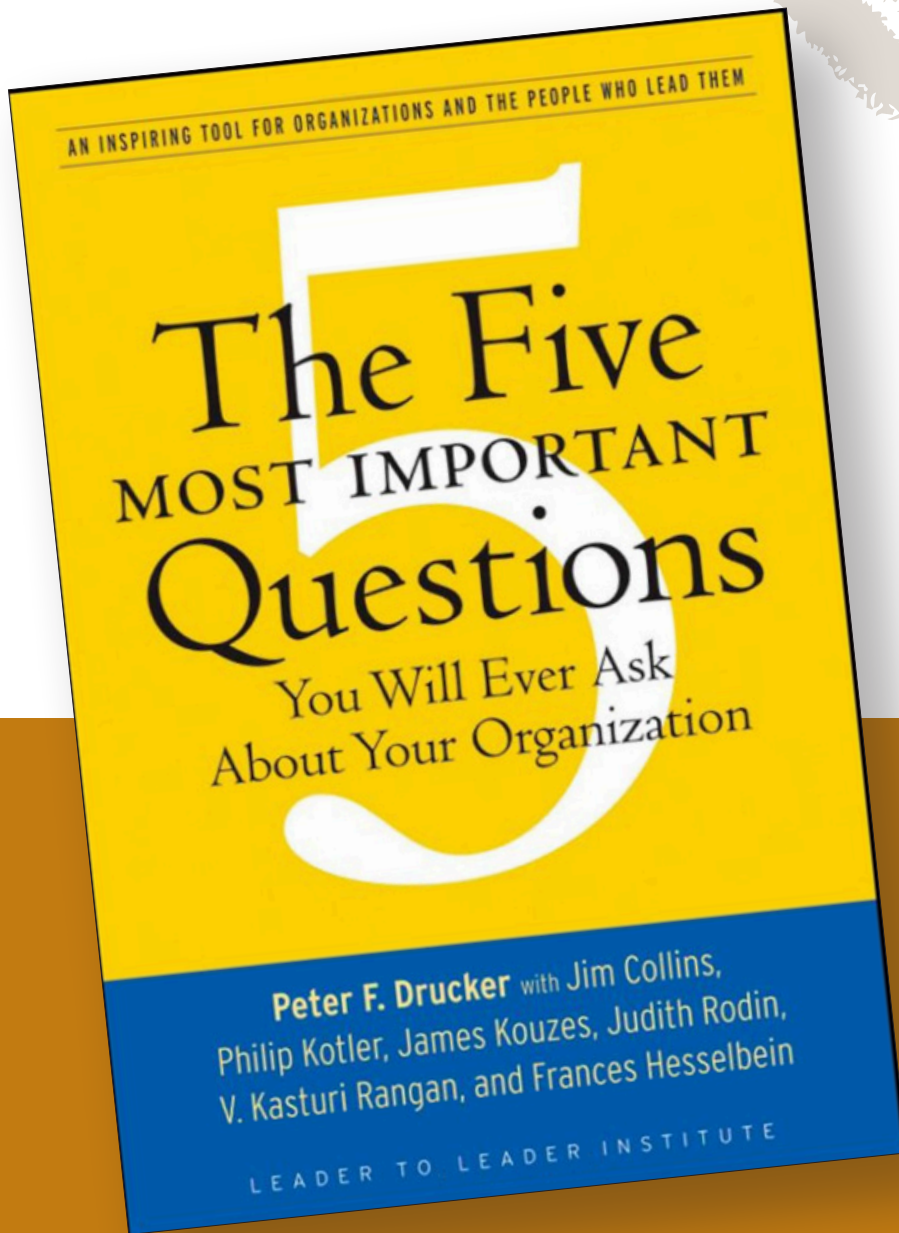


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The Five Most Important Questions | *Peter F. Drucker*

The Five Most Important Questions You Will Ever Ask About Your Organization
Jossey-Bass, 2008. 118 pages.

Today's nonprofits understand that they need management all the more because they have no conventional bottom line.

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 business. 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 results are 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 and lacks meaning without it.

The self-assessment tool forces an organization to focus on its mission. Most nonprofit leaders find it very hard to say no when someone comes to them with a good cause. It's time for organized abandonment.

You cannot arrive at the right definition of results without significant input from your customers—and yes, nonprofits have customers. In business, a customer is someone you must satisfy. In a nonprofit organization, whether you call the customer a student, patient, member, participant, volunteer, donor, or anything else, the focus must be on what these individuals and groups value—on satisfying their needs, wants, and aspirations.

The danger is in acting on what you believe satisfies the customer. Leaders should not even try to guess at the answers; they should always go to customers in a systematic quest for those answers.

When you follow the self-assessment process through to its completion, you will have formulated a plan. Planning is not an event. It is the continuing process of strengthening what works and abandoning what does not, of making risk-taking decisions with the greatest knowledge of their potential effect, of setting objectives, appraising performance and results through systematic feedback, and making ongoing adjustments as conditions change.

Your commitment to self-assessment is a commitment to developing yourself and your organization as a leader.

The Five Most Important Questions | *Peter F. Drucker (cont'd)*

Mission and leadership are not just things to read about and to listen to; they are things to *do* something about.

1

Question 1: What is Our Mission?

- What is the current mission?
- What are our challenges?
- What are our opportunities?
- Does the mission need to be revisited?

Each of the over one million nonprofit organizations in the U.S. may have a very different mission, but *changing lives* is always the starting point and ending point.

The effective mission statement is short and focused; it says why you do what you do, not the means by which you do it.

To have an effective mission, you have to work out an exacting match of your opportunities, competence, and commitment.

Jim Collins

Every truly great organization demonstrates the characteristic of *preserve the core, yet stimulate progress*. The core mission remains fixed while operating practices, cultural norms, strategies, tactics, processes, structures, and methods continually change in response to changing realities.

To do the most good requires saying no to pressures to stray, and the discipline to stop doing what does not fit.

No matter how much the world changes, people have a fundamental need for guiding values and sense of purpose that gives their life and work meaning.

2

Question 2: Who is Our Customer?

- Who is our primary customer?
- Who are our supporting customers?
- How will our customers change?

Social service and nonprofit organizations have two types of customers. The *primary customer* is the person whose life is changed through your work. *Supporting customers* are volunteers, members, partners, funders, referral sources, employees, and others who must be satisfied.

Customers are never static; there will be greater or lesser numbers in the groups you serve. Often, the customer is one step ahead of you. So you must *know your customer*—or quickly get to know them.

The organization that is devoted to the results of this question – always with regard to its basic integrity – will adapt and change as they do.

The Five Most Important Questions | *Peter F. Drucker (cont'd)*

Philip Kotler

If Peter Drucker were here today, he would amend his observation to say, “The best organizations don’t create customers. They create fans.” Our business is not to casually please everyone, but to deeply please our target customers.

In the end, we must master our knowledge of who are our customers, who and what influences them, and how to create highly satisfying customer experiences.

3

Question 3: What Does the Customer Value?

- What do we believe our primary and supporting customers value?
- What knowledge do we need to gain from our customers?
- How will I participate in gaining this knowledge?

Customers behave rationally in terms of their own realities and their own situation. Leaders should not even try to guess at the answers but should always go to the customers in a systematic quest for those answers.

People are so convinced they are doing the right things and so committed to their cause that they come to see the institution as an end in itself. Instead of asking, “Does it deliver value to our customers?” they ask, “Does it fit our rules?” That not only inhibits performance but also destroys vision and dedication.

Integrating what customers value into the institution’s plan is almost an architectural process, a structural 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, accept what they value as objective fact, and make sure the customer’s voice is part of your discussions and decisions.

Jim Kouzes

Improvements in your organization should be driven by an unyielding commitment to listening to and creating value for the customer. What does the customer value? Customers value an organization that seeks their feedback and that is capable of solving their problems and meeting their needs.

4

Question 4: What Are Our Results?

- How do we define results?
- Are we successful?
- How should we define results?
- What must we strengthen or abandon?

The Five Most Important Questions | *Peter F. Drucker (cont'd)*

The results of nonprofit organizations are always measured outside the organization in changed lives and changed conditions – in people’s behavior, circumstances, health, hopes, and above all, in the competence and capacity.

Progress and achievement can be appraised in qualitative and quantitative terms. Qualitative measures address the depth and breadth of change within its particular context. Quantitative measures use definitive standards.

One of the most important questions for nonprofit 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.

Judith Rodin

The program work of a nonprofit is more iterative than linear. A plan needs to be constructed in such a way as to produce some measurable outcomes and to build mechanisms that allow midcourse corrections based on those results.

On the one hand, we must insure that our plans are designed in such a way that results can be measured. On the other hand, we must avoid the temptation to undertake only the work most easily quantified, to choose the sort of task that produces outputs, but fails to alter the most important outcomes.

5 Question 5: What is Our Plan?

- Should the mission be changed?
- What are our goals?

To further the mission, there must be action today and specific aims for tomorrow. Planning is not masterminding the future. Planning defines the particular place you want to be and how you intend to get there. It recognizes the importance of analysis, courage, experience, intuition— even hunch. Planning is responsibility rather than technique.

When developing and implementing a plan, the board is accountable for mission, goals, and the allocation of resources to results, and for appraising progress and achievement. Management is accountable for objectives, for action steps, for the supporting budget, as well as for demonstrating effective performance.

Five Elements of Effective Plans	
•	Abandonment – Ask of any program, system, or customer group, “If we were not committed to this today, would we go into it?” If the answer is, “no,” then ask, “How can we get out – fast?”
•	Concentration – Concentration is building on success, strengthening what does work.
•	Innovation – What are the opportunities, the new conditions, and the emerging issues?
•	Risk-Taking – Planning always involves decisions on where to take risks. Some risks you can afford to take; if something goes wrong, it is easily reversed. Some decisions may carry great risk, but you cannot afford not to take them.
•	Analysis – It is important to recognize when you do <i>not</i> know, when you are not yet sure whether to abandon, concentrate, or go into something new.

The Five Most Important Questions | *Peter F. Drucker (cont'd)*

Keep asking the question, “What do we want to be remembered for?” It is a question that induces you to renew yourself because it pushes you to see what you can become.

V. Kasturi Rangan

The biggest mistake organizations make about a “plan” is to cast it in stone as a tactical document with all details filled in for perfect implication. The following are the central elements to an effective plan:

- **A Strong Focus on Goals** – The organization’s overarching mission must be first translated into something that has operational traction before strategic goals can be set.
- **Steadfast in Direction, Flexible in Execution** – It is critically important to keep an open mind regarding the several potential alternative ways of getting to the goal, even while staying steadfast regarding the strategic direction.
- **Ownership and Accountability Placed with Individuals** – The persons responsible for executing a program should be primarily involved in constructing the plan of action.
- **Monitoring That Leads to Better Strategy** – It is not sufficient to monitor the overall attainment of the strategic goals by themselves, but to dig in to find out which programs really contributed to its success and which ones did not – and why.

Transformational Leadership

Frances Hesselbein

Leaders everywhere face the same fundamental challenge: the journey to transformation, moving from where we are to where we want to be in the tenuous future that lies before us. Organizations usually pass the following milestones on the way to their destination:

- **Scan the environment** – identify the major trends likely to affect the organization.
- **Revisit the mission** – ask yourself the first three of the five most important questions.
- **Ban the hierarchy** – Transformation requires moving people out of their organizational boxes into flexible, fluid, management systems.
- **Challenge the gospel** – Organizations must practice “planned abandonment” – discarding programs, policies, and practices that may work today but have little resemblance to the future.
- **Employ the power of language** – Leaders must repeat a few clear, consistent messages over and over.
- **Disperse leadership across the organization** – As leaders develop and perform across every level of the organization, the share the responsibility of leadership.
- **Lead from the front, don’t push from the rear** – Leaders don’t sit on the fence but model desired behaviors.
- **Assess performance** – Well-defined action steps and a plan for measuring results are essential to planning any organizational change.

The Five Most Important Questions | *Peter F. Drucker (cont'd)*

Mission and leadership are not just things to read about and to listen to; they are things to *do* something about.

The five questions above are simple – yet complex and compelling – and should be a part of every leader’s regular toolkit.

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Recommended Resources

1. Auxano Founder and Team Leader Will Mancini discusses the legacy of Peter Drucker in a post you can read [here](#).
2. Bob Buford, the founder of Leadership Network and a personal friend of Peter Drucker, talks with Will Mancini about the “6 Key Tasks of Pastors Who Make a Difference” in a post you can read [here](#).
3. Peter Drucker considered self-assessment “the first action requirement of leadership.” Read his thoughts [here](#) in a document from The Peter F. Drucker Foundation for Nonprofit Management.
4. [View](#) a Slideshare presentation of “The Five Most Important Questions” from The Executive Forum.

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Go Ahead Actions for Vision Clarity

by Bryan Rose

Vision Clarity Connection

Five Most Important Questions for the...

...Busy Studying Senior Pastor

In One Word: Focus – A skillful process of assessment, whether directed by a strategic outsider or self-led, as Drucker describes, should always deliver focus as a result. Focus for ministries. Focus for your staff. Focus that expands resources and allows you the margin to do what only you can do.

Start Here: Question 1 – Mission is the starting point to Drucker's customer and results. This is where your leadership begins as well. Dive into the 4 inquiries that define Question 1 on your own, then lead your key staff to do the same. **Go Ahead** by discussing each leader's discernment and lead a collaborative effort to answer each of Drucker's sub-questions. Now provide focus by renewing, renovating, or restating the mission accordingly.

Chew on This: *"To do the most good requires saying no to pressures to stray, and the discipline to stop doing what does not fit."*

...Constantly Connected Student Minister

In One Word: Plan – You are most likely one of the higher capacity creatives and visionaries on staff. Intuitively you understand mission, customer, and results. What you need to develop is a plan—but not for you, for your staff and volunteer leaders. Develop a plan within the framework of the church's vision; then give your leaders the sense of achievement they crave and do not get from relational experiences like you do.

Start Here: What are your goals? – Get beyond the "input" goals of attendance and awesomeness to some "output" goals manifesting in the life and actions of the students. **Go Ahead** by developing a list of 5-7 attitudes, actions, or attributes of character that students will develop after immersion in the ministry. Then define impact in their families and schools as a result of growing in their faith. Let these measurable goals then drive your ministry plan.

Chew on This: *"Planning is responsibility rather than technique."*

...Trend Setting Lead Worshipper

In One Word: Customer – First, get past the business term and apply the spiritual concept in your role as a connection between the people and the gathering of worship itself. Understanding the facets of each type of Drucker's "customer" in the worship experience can serve to fuel this holy connection. Always remember though, as a leader, knowing the customers is more about showing them where they NEED to be than satisfying them where they WANT to be. And yes, your primary customer IS God... and He has called you reach the rest.

Start Here: What does the customer value? – Get to know the people whom God has entrusted you to lead. A survey could be a highly spiritual moment of conviction and inspiration when developed and implemented within the worship context. Knowing who and where the congregation is, and regularly re-examining to monitor progress, could possibly be your most effective creative team element. **Go Ahead** by starting with your worship and creative team, asking for stories and "best-of" moments. Then dig in to the "Why" behind each response as a source for value discernment.

Chew on This: *"The danger is in acting on what you believe satisfies the customer." (Emphasis by navigator, not author.)*



Go Ahead Actions for Vision Clarity (*continued*)

by Bryan Rose

...Bean Counting Administrator

In One Word: *Plan* – This may be the only time you and the Student Minister share a common ideal, so enjoy. However, your planning takeaway from Drucker is the realization that not every plan is the right plan. Even as you are in your sweet spot developing and executing a strategy, lean into the vision behind the plan more than the plan itself.

Start Here: *What is our plan?* – Connect the dots for the rest of the team between Mission, Customer, and Plan. You are most likely more action-oriented than anyone and understanding how actions matter toward vision make you the ultimate integration Rosetta Stone. **Go Ahead** by spending 45 extra minutes this week around the other creative visionaries and ask questions that begin to connect those dots for you; then process and connect the dots back to the plan for them.

Chew on This: *“Planning is not masterminding the future. Planning defines the particular place you want to be and how you intend to get there.”*

...Vision Dripping Volunteer

In One Word: *Effectiveness* – as Drucker points out, good intentions are not enough, given the divine calling of our organization—the church. Effectiveness is maximized by the management of limited resources, people and money. In your role as a high-capacity volunteer, modeling effectiveness comes from constant contact with the mission and thoughtful implementation.

Start Here: *5 Essential Questions* – As the Pastor and staff process and wrestle these questions for the organization as a whole, do your part by modeling and listening. Your position as a “regular person” might allow for greater insight or broader permission when it comes to asking questions and implementing plans. **Go Ahead** by praying for your staff and leaders and by modeling the mission while striving to see results in your own life.

Chew on This: *“Mission and leadership are not just things to read about and to listen to; they are things to do something about.”*



More About Bryan Rose

As Lead Navigator for Auxano, Bryan Rose has a strong bias toward merging strategy and creativity within the vision of the local church and has had a diversity of experience in just about every ministry discipline over the last 12 years.

With his experience as a multi-site strategist and campus pastor at a 3500 member multi-campus church in the Houston Metro area, Bryan has a passion to see “launch clarity” define the unique Great Commission call of developing church plants and campus, while at the same time serving established churches as they seek to clarify their individual ministry calling. Bryan has demonstrated achievement as a strategic thinker with a unique ability to infuse creativity into the visioning process while bringing a group of people to a deep sense of personal ownership and passion.

Bryan has a Master of Arts in Christian Education from Southwestern Baptist Theological Seminary and a B.A. in Architecture from Mississippi State University. He lives outside Houston, TX with his wife, Kelly and children Macy & Matthew.

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