

---

AN INSPIRING TOOL FOR ORGANIZATIONS AND THE PEOPLE WHO LEAD THEM

---

# The Five MOST IMPORTANT Questions

You Will Ever Ask  
About Your Organization

**Peter F. Drucker**

**Jim Collins, Philip Kotler, James Kouzes,  
Judith Rodin, V. Kasturi Rangan,  
and Frances Hesselbein**

  
**Leader to Leader**  
INSTITUTE

Preparing tomorrow's leaders

 **JOSSEY-BASS**  
A Wiley Imprint  
[www.josseybass.com](http://www.josseybass.com)



“Nobody, not even Socrates, has ever asked better questions than Peter Drucker. All the personality, all the wisdom is here to make your work dramatically more effective. There’s nothing better. It’s like having Peter at your side.”

—Bob Buford, author, *Halftime* and *Finishing Well*,  
and founding chairman, Peter F. Drucker Foundation  
for Nonprofit Management

“Peter Drucker’s penetrating and profound insights are more relevant and needed today than when he originally produced them. This helpful revision of his classic *Self-Assessment Tool* offers managers and leaders in every sector—nonprofit, business, and government—a useful guide to figuring out what’s needed, why it matters, and how to make it work. At a time when the need for more effective management and more ethical leadership are the moral equivalent of global warming, Drucker’s common sense and courage should be modeled by everyone who cares about doing things right and doing the right thing.”

—Ira A. Jackson, dean, Peter F. Drucker and Masatoshi Ito Graduate School of Management, and board member, The Drucker Institute

“Peter Drucker’s *Five Most Important Questions* continue to be the indispensable questions that an organization must ask itself, regardless of size or sector, if it is determined to be an organization of the future. When these questions are asked, the journey begins. And as Peter Drucker reminds us in this book, the answers are in the questions.”

—Kathy Cloninger, CEO, Girl Scouts of the USA

“The Leader to Leader Institute has done a great service in bringing us this monograph. Good leaders come up with answers, but the great leaders ask the right questions—and this wonderful work helps all leaders do exactly that.”

—Jim Collins, author, *Good to Great and the Social Sectors* and *Built to Last*

“An amazing resource that can help even the most successful organizations become more successful!”

—Marshall Goldsmith, author, *What Got You Here Won't Get You There: How Successful People Become Even More Successful*, winner of Soundview Executive Summaries' Harold Longman Best Business Book of 2007 Award

---

AN INSPIRING TOOL FOR ORGANIZATIONS AND THE PEOPLE WHO LEAD THEM

---



# The Five MOST IMPORTANT Questions

You Will Ever Ask  
About Your Organization

**Peter F. Drucker**

**Jim Collins, Philip Kotler, James Kouzes,  
Judith Rodin, V. Kasturi Rangan,  
and Frances Hesselbein**

  
**Leader to Leader**  
INSTITUTE

Preparing tomorrow's leaders

 **JOSSEY-BASS**  
A Wiley Imprint  
[www.josseybass.com](http://www.josseybass.com)

Copyright © 2008 by Leader to Leader Institute. All rights reserved.  
www.leadertoleader.org

Published by Jossey-Bass  
A Wiley Imprint  
989 Market Street, San Francisco, CA 94103-1741—www.josseybass.com

No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, scanning, or otherwise, except as permitted under Section 107 or 108 of the 1976 United States Copyright Act, without either the prior written permission of the publisher, or authorization through payment of the appropriate per-copy fee to the Copyright Clearance Center, Inc., 222 Rosewood Drive, Danvers, MA 01923, 978-750-8400, fax 978-646-8600, or on the Web at www.copyright.com. Requests to the publisher for permission should be addressed to the Permissions Department, John Wiley & Sons, Inc., 111 River Street, Hoboken, NJ 07030, 201-748-6011, fax 201-748-6008, or online at www.wiley.com/go/permissions.

Readers should be aware that Internet Web sites offered as citations and/or sources for further information may have changed or disappeared between the time this was written and when it is read.

**Limit of Liability/Disclaimer of Warranty:** While the publisher and author have used their best efforts in preparing this book, they make no representations or warranties with respect to the accuracy or completeness of the contents of this book and specifically disclaim any implied warranties of merchantability or fitness for a particular purpose. No warranty may be created or extended by sales representatives or written sales materials. The advice and strategies contained herein may not be suitable for your situation. You should consult with a professional where appropriate. Neither the publisher nor author shall be liable for any loss of profit or any other commercial damages, including but not limited to special, incidental, consequential, or other damages.

Jossey-Bass books and products are available through most bookstores. To contact Jossey-Bass directly call our Customer Care Department within the U.S. at 800-956-7739, outside the U.S. at 317-572-3986, or fax 317-572-4002.

Jossey-Bass also publishes its books in a variety of electronic formats. Some content that appears in print may not be available in electronic books.

### **Library of Congress Cataloging-in-Publication Data**

Drucker, Peter F. (Peter Ferdinand), 1909-2005.

The five most important questions you will ever ask about your organization/Peter F. Drucker; [with] Jim Collins ... [et al.].

p. cm. —(Leader to Leader Institute Series)

“Third edition”—Foreword.

Includes index.

ISBN: 978-0-470-22756-5 (pbk.)

1. Nonprofit organizations—Management—Evaluation. 2. Organizational effectiveness—Evaluation. 3. Total quality management—Evaluation.

I. Collins, James C. (James Charles). II. Title.

HD62.6.D777 2008

658.4'013—dc22

2008009374

Printed in the United States of America

FIRST EDITION

*PB Printing*

10 9 8 7 6 5 4 3 2 1

## **OTHER PUBLICATIONS FROM THE LEADER TO LEADER INSTITUTE**

Leader to Leader 2: Enduring Insights on Leadership from the Leader to Leader Institute's Award-Winning Journal, *Frances Hesselbein, Alan Shradler, Editors*

In Extremis Leadership, *Thomas A. Kolditz*

The Leader of the Future 2, *Frances Hesselbein, Marshall Goldsmith, Editors*

Leadership Lessons from West Point, *Major Doug Crandall, Editor*

Leading Organizational Learning: Harnessing the Power of Knowledge, *Marshall Goldsmith, Howard Morgan, Alexander J. Ogg*

Be\*Know\*Do: Leadership the Army Way, *Frances Hesselbein, General Eric K. Shinseki, Editors*

Hesselbein on Leadership, *Frances Hesselbein*

Peter F. Drucker: An Intellectual Journey (video), *Leader to Leader Institute*

The Collaboration Challenge, *James E. Austin*

Meeting the Collaboration Challenge Workbook, *The Drucker Foundation*

On Leading Change: A Leader to Leader Guide, *Frances Hesselbein Rob Johnston, Editors*

On High Performance Organizations: A Leader to Leader Guide, *Frances Hesselbein, Rob Johnston, Editors*

On Creativity, Innovation, and Renewal: A Leader to Leader Guide, *Frances Hesselbein, Rob Johnston, Editors*

On Mission and Leadership: A Leader to Leader Guide, *Frances Hesselbein, Rob Johnston, Editors*

Leading for Innovation, *Frances Hesselbein, Marshall Goldsmith, Iain Somerville, Editors*

Leading in a Time of Change (video), *Peter F. Drucker, Peter M. Senge, Frances Hesselbein*

Leading in a Time of Change Viewer's Workbook, *Peter F. Drucker, Peter M. Senge, Frances Hesselbein*

Leading Beyond the Walls, *Frances Hesselbein, Marshall Goldsmith, Iain Somerville, Editors*

The Organization of the Future, *Frances Hesselbein, Marshall Goldsmith, Richard Beckhard, Editors*

The Community of the Future, *Frances Hesselbein, Marshall Goldsmith, Richard Beckhard, Richard F. Schubert, Editors*

Leader to Leader: Enduring Insights on Leadership from the Drucker Foundation, *Frances Hesselbein, Paul Cohen, Editors*

The Drucker Foundation Self-Assessment Tool: Participant Workbook, *Peter F. Drucker*

The Drucker Foundation Self-Assessment Tool Process Guide, *Gary J. Stern*

Excellence in Nonprofit Leadership (video), *Featuring Peter F. Drucker, Max De Pree, Frances Hesselbein, Michele Hunt; Moderated by Richard F. Schubert*

Excellence in Nonprofit Leadership Workbook *and* Facilitator's Guide, *Peter F. Drucker Foundation for Nonprofit Management*

Lessons in Leadership (video), *Peter F. Drucker*

Lessons in Leadership Workbook *and* Facilitator's Guide, *Peter F. Drucker*

The Leader of the Future, *Frances Hesselbein, Marshall Goldsmith, Richard Beckhard, Editors*



Find additional resources, helpful tools, and  
information on *The Five Most Important Questions* at  
**[www.fivequestionsbook.com](http://www.fivequestionsbook.com)**



# CONTENTS

Foreword	xi
About Peter F. Drucker	xvii
<b>Why Self-Assessment?</b>	1
Peter F. Drucker	
<b>Question 1: What Is Our Mission?</b>	11
Peter F. Drucker with Jim Collins	
<b>Question 2: Who Is Our Customer?</b>	23
Peter F. Drucker with Philip Kotler	
<b>Question 3: What Does the Customer Value?</b>	37
Peter F. Drucker with Jim Kouzes	
<b>Question 4: What Are Our Results?</b>	49
Peter F. Drucker with Judith Rodin	
<b>Question 5: What Is Our Plan?</b>	63
Peter F. Drucker with V. Kasturi Rangan	

<b>Transformational Leadership</b>	77
Frances Hesselbein	
<b>The Self-Assessment Process</b>	83
<b>Suggested Questions to Explore</b>	87
Definitions of Terms	99
About the Contributors	103
About the Leader to Leader Institute	107
Acknowledgments	109
Additional Resources	111
Index	115

# FOREWORD

It is often said that the simple questions are the hardest to answer. But how could this be? Doesn't logic tell us that simple questions should also be the easiest to answer? No. Simple questions can be profound, and answering them requires us to make stark and honest—and sometimes painful—self-assessments. We do a great disservice to our organizations—whether business, nonprofit, or public sector—and to our customers and to ourselves if we do not ask these five simple yet profound essential questions first posed by Peter F. Drucker.

As Peter Drucker said in the first edition of *The Five Most Important Questions You Will Ever Ask About Your Nonprofit Organization*, “The most important aspect of the Self-Assessment Tool is the questions it poses. Answers are important; you need answers because you need action. But the most important thing is to ask these questions.”<sup>1</sup>

More than fifteen years ago, the Leader to Leader Institute set off on a journey. Then known as the Peter F. Drucker Foundation for Nonprofit Management, the mission was *to*

*help the social sector achieve excellence in performance and build responsible citizenship.* The immediate and compelling question we heard from our customers when we began our work was, “You say we should achieve excellence, but how do we know when we get there?” That began our journey, together with our customer-partners, to develop a strategic organizational self-assessment tool.

Much excellent work was done by exuberant volunteers, staff, facilitators, and organizations—collaborating, developing, testing, publishing, and distributing the first edition of *The Five Most Important Questions*. Yet at its core was the management philosophy of Peter F. Drucker. If Peter Drucker were with you and your organization today, we believe he would ask the same questions of you that he asked more than fifteen years ago:

1. What is our mission?
2. Who is our customer?
3. What does the customer value?
4. What are our results?
5. What is our plan?<sup>2</sup>

These five simple—yet complex and compelling—questions are as essential and relevant today as they were then. These questions used as a self-assessment tool are unique, and though first developed in this framework for social sector organizations, they can be applied to almost any organization today. This book is designed to be used for *organizational*

strategic self-assessment, not for *program* assessment or for an *individual* performance review. It starts with the fundamental question *What is our mission?* It addresses the question of the organization's reason for being—its purpose—not the *how*. The mission inspires; it is what you want your organization to be remembered for. The questions then guide you through the process of assessing *how well you are doing*, ending with a measurable, results-focused strategic plan to further the mission and to achieve the organization's goals, guided by the vision.

The ultimate beneficiaries of this very simple process are the people or customers touched by your organization and by others like you who have made the courageous decision to look within yourselves and your organization, identify strengths and challenges, embrace change, foster innovation, accept and respond to customer feedback, look beyond the organization for trends and opportunities, encourage planned abandonment, and demand measurable results. Some organizations of the past rested on good deeds alone. Organizations of the future are relevant and sustainable with measurable results.

This self-assessment model is flexible and adaptable. Walk this tool into any boardroom or CEO's office. Use it in any sector—public, private, or social. It does not matter whether the organization is a Fortune 500 multinational or a small entrepreneurial start-up; a large national government agency or one that serves your local town or regional heartland; a billion-dollar nonprofit foundation or a \$100,000 homeless shelter. What matters is commitment to the future, commitment to the customer, commitment to the mission, and commitment