

### Drucker on Planned Abandonment

Adapted from *Management Challenges for the 21st Century*; *Managing the Nonprofit Organization*; and *Managing for Results*  
By Peter F. Drucker

There is a great deal of talk today about “the innovative organization.” But making an organization more receptive to innovation—even organizing it for innovation—is not nearly enough to stay in front during a time when change is the norm. It is not nearly enough to be a “change leader.”

To be a change leader requires the willingness and ability to change what is already being done just as much as to do new and different things. It requires policies to make the present create the future. The first policy—and the foundation for all the others—is to abandon yesterday. The first need is to free resources from being committed to maintaining what no longer contributes to performance and no longer produces results. In fact, it is not possible to create tomorrow unless one first sloughs off yesterday.

This can be especially difficult for nonprofit organizations because they are prone to consider everything they do to be righteous and moral and to serve a cause. Too many are unwilling to say that if this program doesn’t produce results, then maybe we should direct our resources elsewhere.

The change leader, however, puts every product, every service, every process, every distribution channel, every customer and end-use, on trial for its life. And it does so on a regular schedule. The question has to be asked—and asked seriously—“If we did not do this already, would we, knowing what we now know, go into it?” If the

answer is “no,” the reaction must not be “Let’s make another study.” The reaction must be “What do we *do* now?” The organization must be committed to change. It must be committed to action.

Some things are obvious candidates for abandonment. There are out-and-out failures. There are “investments in managerial ego”: those programs that the organization’s leaders are convinced will succeed tomorrow—but tomorrow never comes. And there is the “unjustified specialty”: the program that looks nice but is actually of little use to the organization’s core customers.

“Yesterday’s breadwinner”: the product, service, program or activity that once made a great contribution but no longer does—should almost always be abandoned on a fairly fast schedule. It may still produce some positive results. But it soon becomes a bar to the introduction and success of tomorrow’s breadwinner. One should, therefore, abandon yesterday’s breadwinner before one really wants to, let alone before one has to.

What’s harder to figure out is what to do with the “also-rans”: areas that are neither clear candidates for further investment nor obvious candidates for abandonment.

Among them will be “today’s breadwinners”: the program whose contribution appears large, but that actually commands more resources than it should. Here, too, will be found the “repair jobs” of

all kinds: the services, programs, processes and so on that might become worthwhile if only some major change or modification were made. There are also those programs that are declining but aren't dead yet; they might have only a few good years left and, meanwhile, are consuming your best people.

The main rule for also-rans is that they must not absorb resources at the expense of high-opportunity areas—areas where adding more resources will make a big difference. Only if resources are left over after the high-opportunity areas have received all the support they need should the also-rans be considered. And high-grade resources already committed to also-rans should be kept there only if they cannot make a bigger contribution in a high-opportunity task.

In practice, additional resources can rarely be spared for also-rans. Also-rans have to make do with what they have—or with less. They are put on “milking status.” As long as they yield results, they will be kept and milked. They will, however, not be “fed.” And as soon as these “milk cows” go into rapid decline, they should be slaughtered.

To call abandonment an “opportunity” may come as a surprise. Yet planned, purposeful abandonment of the old and of the unrewarding is a prerequisite to successful pursuit of the new and highly promising. Above all, abandonment is the key to innovation—both because it frees the necessary resources and because it stimulates the search for the new that will replace the old.