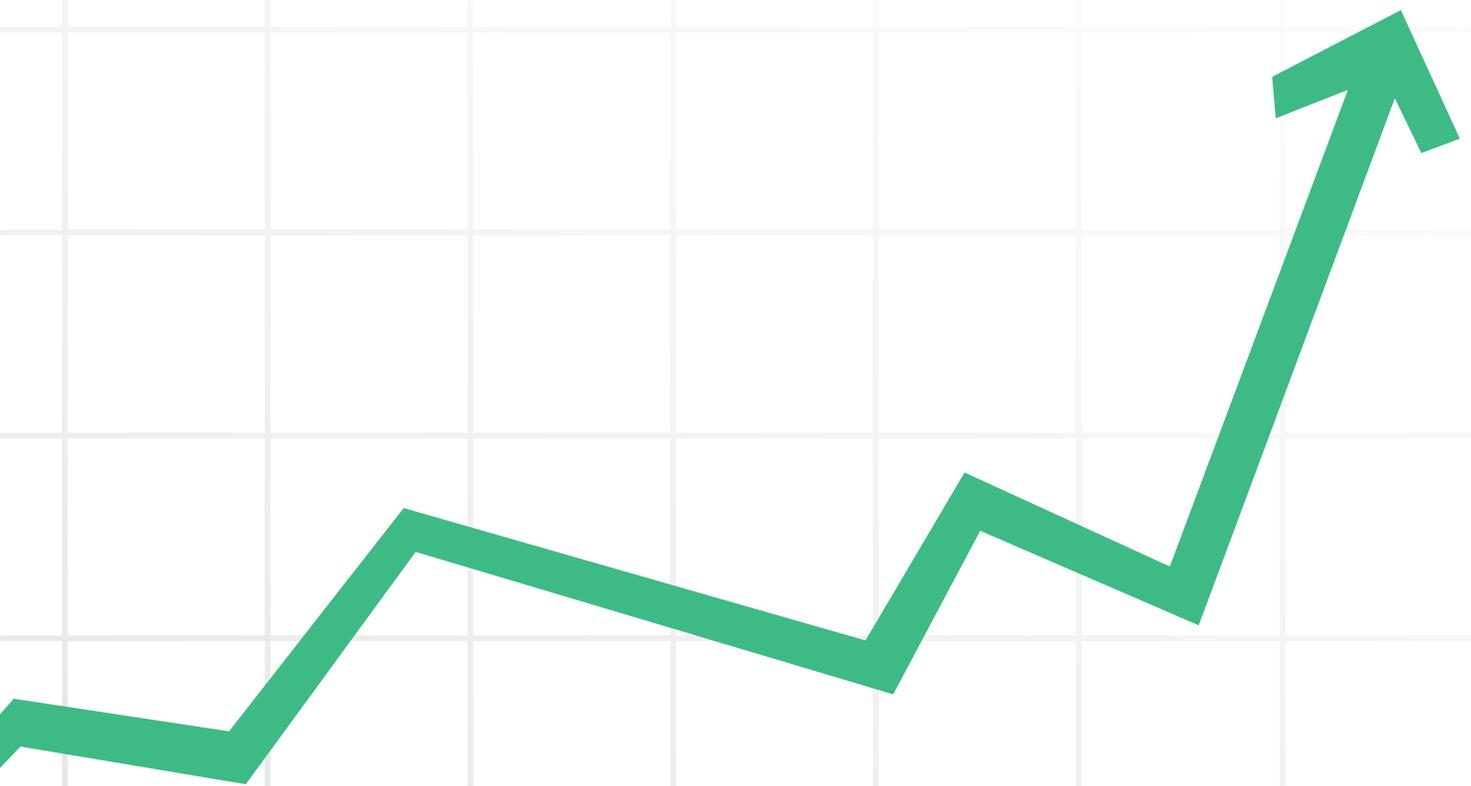


The Executive Guide to Goal Setting

Best Practices on Setting and Achieving
Goals and the Pitfalls to Avoid



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Goal setting has always been an essential process within organizations. But today, Simply establishing goals is not enough. The focus has shifted to managing and achieving them. Which is the topic of this white paper.

The State of Business Goal Setting Today

Businesses have a wide variety of ways to set goals and to manage progress toward achieving them. These goal-setting methodologies can be classified as loosely defined and highly structured. Loosely defined goals are generally amorphous and come in the form of “improve customer satisfaction” or “increase revenue.” While highly structured methods emphasize specified metrics to assess progress and ultimate success.

One of the most popular structured methods involves using SMART goals, which are Specific, Measurable, Achievable, Realistic, and Time-bound.¹ SMART acts as a handy checklist for all components of a structured goal.

Regardless of approach, the act of setting goals can have a positive effect on executives, employees and teams by helping to focus them on targets of importance. By the very fact that everyone is moving toward a common objective, the goal setting process alone produces positive results.

Of course, no matter what methods are in place today, goal setting can always be improved. Because the real mission of goal setting is not simply to establish the objectives, but rather, to achieve them. To do that, visibility into the work effort behind any given goal, and the resulting ability to track progress over time to ensure that staff and teams are continually hitting their targets as they move toward their goals, is critical. Visibility also allows for making real-time course corrections as needed.

On the flip side, failing to monitor progress can cause teams to lose sight of their goals. While having a narrow focus on goal-setting can, according to consultants in this space, result in neglecting other areas of a business, such as customer service.

Clearly, there are many ways goal-setting can fail to produce the results businesses expect. Therefore, the questions to ask are these:

- Is it possible to improve the critical process of goal setting?
- If so, what are the steps organizations can take to do so?



The act of setting goals is almost always positive. Doing so in a manner that inspires success is even better.

In their article, “Goals Gone Wild: Systemic Side Effects of Over-Prescribing Goal Setting,” experts at Harvard Business School suggest that too many goals can confuse employees and cause them to focus on the wrong ones.² Moreover, while the goals themselves may be correct, the timelines may be wrong, causing employees or business team members to fail to meet their goals by the target dates.

If goals are too easy to reach or the time allotted to reach the goal is set in the too-distant future, employees may procrastinate, believing they have plenty of time to reach their goals, the authors suggest. If goals are too difficult, employees may be tempted to cheat or take unnecessary risks to achieve goals. Or, if the schedule doesn’t allow time to reach the goal properly, employees or team members may settle for less than optimal results, the business school experts warn.

In addition, complex and extremely challenging goals may cause employees or team members to focus so intently on their goals that they have no time to consider alternative options for reaching them, a factor that may inhibit learning or prevent individuals from seeking new and effective alternative approaches. If improperly structured, goals can also reduce cooperation among workers and encourage employees to focus on the rewards, for example, a bonus payment, rather than achieving the goal, the authors write.

In this white paper, we will address these issues by showing how executives in a variety of businesses are setting and reaching their goals and how using innovative software tools can help businesses track progress and their results as they move toward attaining them.

How Businesses Address the Challenges of Goal Setting

Many business leaders have mastered how to effectively set specific, measurable and realistic goals that can be accomplished in the time allotted, usually one quarter or one year. Yet many still struggle to get staff to fully support them in reaching these goals for a variety of reasons. Employees may not be focused on the goals each and every day. They may not understand how their specific, assigned tasks relate to the overall company objectives. They may not be motivated by the understanding that their progress is being tracked, or that they are accountable for results.

Here's an example. Financial advisor Pat McArdle began his career almost 40 years ago selling mid-sized computers for IBM. Back then, IBM required new sales staffers to make quota in the first two years. In his first year, he did so without much trouble. But in his second, he had a higher goal and a new territory. By the fourth quarter, he was way behind, and in danger of missing his number.

"I needed to reach that quota, and I wasn't going to let the circumstances deter me," he says. So he put up a poster on his office wall showing every day until year-end. Each day, he recorded his progress toward the goal. It didn't matter if he noted a minor win such as a new lead or news of a major sale. "It wasn't something momentous every day but it was always something. Every day I recorded some little bit of business I closed." On Dec. 31, he recorded one last sale and finished the year at 102% of quota.

"I'm certain I would not have accomplished that goal without that level of detail, which allowed me to focus on my accomplishments and it was an ever-present reminder of my intent to achieve my goal," McArdle comments.

Stephanie Newkirchen, a principal with Deloitte Consulting, says Deloitte's approach to goal setting is similar to how McArdle approached his quota. All staff members set goals that are practical and attainable for their level within the company. Then they set some stretch goals designed to show what they could achieve at the next level, as well. "Before we promote you, we want to make sure you'll be successful at the next level, and this is a way to find out," she says.

Setting goals and executing to achieve them go hand-in-hand. That is, **"If you don't know what you're supposed to do, you won't know how to do it..."**

– Stephanie Newkirchen, Deloitte Consulting



To guide staff along the way, everyone must set goals within Deloitte's Competency Framework. "Without that framework, you can't be successful because you have to know what you're supposed to do. If you don't know what you're supposed to do, you won't know how to do it," Newkirchen says. The competency framework gives staff a guideline for goal setting, and a career path. "Without that, people think they don't have a path to move up. And everyone wants to succeed."

Leveraging the Psychology of Goal Setting

One of the challenges Jay Ryerse faces as the VP of Business Development for communications technology provider Digitel is making sure staff members don't get overwhelmed with goals that are too numerous or too large.

"At the staff level, we try not to give anyone more than three goals for each quarter," he says. "The reason is, it's best to have lots of little steps or little goals that you try to accomplish along the way to reaching a bigger goal. This approach is effective because if each of 10 team members hits three goals each quarter, then the company will achieve 30 goals every three months and 120 goals by year-end."



"It's best to have lots of little steps or little goals that you try to accomplish along the way to reaching a bigger goal."

– Jay Ryerse, VP of Business Development, Digitel

The same multiplier effect works if each of 10 employees has one big goal among the three they're targeting per quarter. If all goes according to the planning and goal setting Ryerse conducts in December and January, the company will accomplish 40 significant goals that year, he says.

Another goal-setting problem businesses struggle with is ensuring goals are realistic. Jennifer L. Scully, RN, president and CEO of Clinical Resources (CR), asks her staff to ensure every goal is specific and matched to a particular metric.

“That’s the only way we can know if team members will be able to reach their goals,” she says. Scully is careful not to have any team leader set unreachable goals. “If anyone said they wanted to increase revenue by 300%, that would clearly be unrealistic,” she adds. “In that case, I would ask for a more reachable target of say 30%.”

Scully rarely has the opposite problem of team leaders who don’t set high enough goals. One year, after one of CR’s recruitment teams had generated \$500,000 in revenue, the team leader set a target of \$520,000 for the next year. “I thought that was too low but I didn’t say a word. I believed his team would push him to do more. A day or so later, he reset it to \$600,000. The whole team encourages each other, which is something I just love about them,” she adds.

When a team or team member falls short of a goal either in a quarter or a year, Scully meets with them to identify what went wrong. Recognizing most people want to succeed, she doesn’t assign blame. Instead, she works with the team to identify barriers or faulty processes that kept them from achieving the goal, she says.

At times, team members may be reluctant to participate in goal setting or in being managed against goals, says Amy Bergin, a former training consultant for Coca-Cola. “The company wanted the staff to know and work toward the corporate mission statement, and that could be difficult in various departments because the mission statement was to increase shareholder value,” she says. “If you worked in IT that could seem fairly distant from shareholder value.” To get employees more engaged, her team researched best practices in setting goals and developed a curriculum to connect employee goals to the company mission. One way was to have employees set their own goals and link them to both the mission statement and their own performance evaluations, she adds.

Positive steps to be sure teams adapt well to the goal setting process:

- Keep the number of goals to a minimum
- Make them realistic, but somewhat ambitious, too
- Use missed goals as learning opportunities vs. for assigning blame
- Align individuals’ goals with corporate goals and mission

Improving the Goal Setting Process

Statistics show setting appropriate, motivating goals is not a straightforward process. Once executives realize this, they begin to fine-tune their goal setting processes to make them more effective. They may set more specific goals, adjust timelines, and tweak incentives to align corporate goals with those of line staff. They may also identify what has worked in the past and eliminate what hasn't.

At Digitel, Jay Ryerse says executives and staff set SMART goals (Specific, Measurable, Achievable, Realistic, and Time-bound) in increments of one, three, five, and 10 years. This was a process Ryerse pursued prior to joining Digitel, when he ran his own business.



At that time, he set a goal based on what he wanted to achieve in 10 years. Then he set a goal at the five-year halfway mark, as well as at the three- and one-year marks. "If I'm heading in the right direction at three and five years, I know where I want to be. The one-year goals are ongoing targets that you try to hit to get you to those three-, five-, and 10-year goals," he says.

The process worked well; since first setting those goals in 2004, Digitel acquired his business.

In addition to time based goals, they can also be set by project. Meaning, when the goal is reached, the project is complete regardless of the date, he says. Team members monitor progress in 90-day increments against metrics designed specifically for each goal.

To keep staff from being overwhelmed, each team member is assigned three goals per quarter, one of which is "a big, hairy, audacious goal, or BHAG," he explains.

Another company that uses SMART goals is Jennifer L. Scully's Clinical Resources. She meets with each of her 17 employees to set goals every year in January, Scully says. In those first weeks of the year, Scully and her staff spend part of every day setting personal and professional goals because she believes it's important for her team to align their personal and professional lives.

"Each team sets goals and sets the metrics to meet those goals and each person sets goals that are aligned with the team goals. Then we meet monthly and quarterly to review progress toward those goals," she explains.

There are multiple types of goals that can be combined to maximize results:

- SMART goals
- Time-based goals
- Project-based goals
- Employee-based goals
- Team-based goals
- Corporate/Organizational goals
- Stretch or BHAG (big, hairy, audacious) goals

Pat McArdle, now with Transamerica Financial Advisors, suggests focusing on the most important goals every day. When he started with Transamerica 18 years ago, he wanted to match his income level from a previous job and to earn recognition at the company's annual awards dinner. So, every day on his morning run, he recited a specific affirmation out loud about how he would earn this recognition on June 15 at 7 pm at the MGM Grand Hotel. "By making my goal precise and specific and by repeating it every day, I knew in my mind that I would be walking on that stage to get the award. And when the time came, I got that award," he says.

Like McArdle, Janet Lathrop, former president and CEO of a national certification organization, says goal setting must begin with matching individual's goals to the organization's mission. "For your goals to be meaningful, you have to make sure they are grounded in the mission," she says. "And everyone, most importantly those at the top, needs to understand and fully support the mission. If you stay focused on the mission, your goals, along with your outcomes, objectives, and measures will be easy to determine."

There are many ways to improve goal setting. One is to **"...Make sure they are grounded in the mission... if you stay focused on the mission, your goals, along with your outcomes, objectives and measures will be easy to determine."**



– Janet Lathrop, former President and CEO of a national certification organization

Marie Dinsmore, a Realtor with RE/MAX, has a similar approach to goal setting: making sure her team focuses on closing deals. To help ensure their success, she says, it's best to have a combination of achievable goals and stretch goals every year. In addition, she has one significant career goal that she aims to achieve in the coming years. "Every year, I tell myself I'm going to sell a house worth \$1 million or more and when that happens, I will apply for the Certified Luxury Home Marketing Specialist designation. I've come close and I know I will achieve it," she says.

Sometimes, of course, teams fall short of their goals. When that happens at Henderson Shapiro Peck, a marketing firm, executives do a root-cause analysis to understand what happened and why. "We analyze the situation with the key person in the company who is responsible for the particular goal and try to understand why we fell short," says Debbi Shapiro, the firm's president. "When we find that a goal was not a good goal for us, we eliminate it," she explains.

No matter what methodology a company subscribes to, or how it attempts to improve upon it, management and employees need a way to track progress against their goals. Fortunately, advances in technology have led to the development of solutions that are well suited to this task, enabling both individuals and the organization to establish and track their success in achieving their collective objectives.



Innovative software such as a Results Management System (RMS) offers improvements over commonly used homegrown solutions, enabling teams to visualize, track, and manage goal setting, making the process integral to organizational success.

Using Technology to Drive the Goal Setting Process

Given businesses have many different ways to set goals and manage the process of reaching them, it seems logical they could implement tools to standardize goal setting and follow best practices. Results Management Systems (RMS), such as Achievelt, that feature the ability to assign work, collect updates, manage performance, and report a wide variety of data on goal attainment. They also allow companies to move away from commonly used solutions such as spreadsheets, planning documents, and email reminders into a more dynamic, collaborative purpose built environment.

Among the best features of RMS platforms are relevant dashboards that allow leaders and team members alike to visualize the company's progress toward reaching goals. Executives, managers and team members can use an RMS such as Achievelt to update progress on any schedule, such as daily, weekly, or quarterly, for any project or goal.

Allowing every member of a team or every employee in a company to view progress toward goals over any time period empowers executives and staff to focus on their performance in real time. At a glance, all staff can see the big picture, allowing them to gain a full understanding of what they have accomplished to date and what still remains to be done.

These types of dashboards help all team members get a thorough understanding of the business itself, strategies being put in place, and progress at any point in time, according to "Defining Personal and Team Objectives," from Harvard Business Press.³ They can also display key performance indicators (KPIs) to show progress at any time, data on activities and trends over a specific period of time, allowing executives and staff to compare progress against goals and identify areas that need attention.⁴

Not only do staff and team leaders get the big picture, but they also can drill down into the details of any project, empowering all staff and team leaders to track performance, identify and correct problems early, and communicate the need for adjustments. They also allow managers to report and celebrate accomplishments to a wide or narrow audience. Making this level of detail available to all helps reinforce everyone's commitment to the goals and builds accountability for achieving them.

Summary

Goal setting is an essential, yet varied, process within organizations. The mere act of setting them has a profound, positive effect on employee performance. Leaders and managers can further accentuate the positives of goal setting by adhering to a disciplined approach such as SMART goals.

However, simply establishing goals is not enough. Few companies today leverage tools dedicated specifically to helping them assign tasks, monitor progress toward goals or to make course corrections as needed. Therefore, they do not have the information in one place that they need to manage their day-to-day efforts to drive results.

Of course, all companies have the information necessary to manage their operations every day. But that information is spread far and wide and is not easily accessible by those who need it most: the executives and staff who set goals and manage the movement toward those goals daily. Lacking such a tool, they may not even be aware it's missing.

But those few companies that do have such tools can manage their efforts to set and reach goals much more effectively than their competitors. This turns the goals themselves into something more than just a target or metric to inspire performance. Instead, the goals and process for achieving them become tools that can create and leverage true competitive business advantage.

An intuitive results management system can help executives and employees manage the goal-setting process by allowing them to view how their objectives relate to the company's and colleagues' goals. An RMS also allows executives and staff to coordinate the setting of and progress toward achieving their goals, thus turning the entire process into a strategic asset for the company as opposed to being only a baseline metric target.

Five Best Practices for Effective Goal Setting

1. Set goals that are SMART: Specific, Measurable, Attainable, Realistic, and Time-related
2. Document progress as teams move toward achieving their goals and provide top-to-bottom visibility to give all a view of their progress over time
3. Connect employee goals to the mission of the company, thus giving employees a clear sense of their value in helping the company meet its objectives
4. Encourage individuals and teams to keep goals top-of-mind
5. Install a results management system (RMS) to make goals actionable and achievable

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