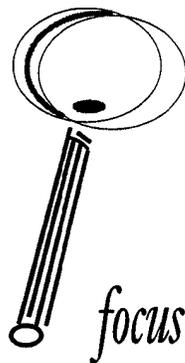


1

The Importance and Value of Organizational Goal Setting



Learning Objectives

By the end of this chapter, you should be able to:

- Define goal-setting terms: mission, objectives, goals, strategy, and action plans.
- Define the value and power of goal setting for organizations and for managers.
- Describe how to use a mission statement for determining potential goal areas to develop and plan for your organization.

Putting Principles Into Practice

By the end of this chapter, you should produce:

- Your organization's mission statement. This is a good springboard to developing your department or work unit's mission statement.
- Your department's mission statement. This will serve as a working document that assists you in brainstorming potential goals with your staff and colleagues.

INTRODUCTION

"If you don't know where you are going, any road will get you there." This line from *Alice in Wonderland* has been true in many organizations and companies. They often don't have-or maybe don't articulate very well-real business goals other than "staying in business." Most businesses have fiscal goals, of course, but that may be simply a financial variation of staying in business. Besides wanting to survive, do most organizations know where they are going? Because of stiffer competition, new technologies, more complex

regulations, and increasing global opportunities, organizations today are seeing the value of setting a clearer direction from top to bottom and putting all their energies and resources into moving toward that destination. Setting this direction through goal setting often leads to greater market share, higher profits, new products and services, and more committed employees. Goal setting also becomes a tool to measure progress and to help define future direction. Though it is true that setting and accomplishing organizational goals won't guarantee success for any organization, not having and accomplishing organizational goals brings certainty of long-term failure.

Goal setting is one of the most prominent and basic tools used by both individuals and organizations to assist in setting their direction and in accomplishing it. Successful companies and other organizations (public sector and nonprofit entities) often set both long- and short-term goals, not only for sales, products, and service development but also for improving quality, reducing errors, becoming more customer-focused, and building better internal and public relations.

That's where you come in. You're likely a manager in an organization that has set some business objectives at the executive level, and you've been told to make it happen in your part of the organization. For some, this may mean not so much setting the goals as redefining them for your department and then developing the action plans to reach those goals. Others may be asked to set their own departmental goals but to make sure that they actually further the organization's broader mission.

This course is designed to be a practical, hands-on guide to both setting and redefining goals for your department and giving you the "nuts and bolts" of planning and guiding the process of achieving those goals successfully. That process includes aligning resources, developing goal strategies, getting "buy-in" from the members of your department, delegating responsibilities and task assignments appropriately, and outlining what to do when something goes wrong on your journey to accomplishing your department's goals.

Each chapter has both specific learning objectives and practical objectives to be completed; both a conceptual understanding component (e.g., understanding how to communicate the goals to your staff and a practical outcome (e.g., developing from a worksheet a speech that you can deliver to sell the goals at a staff meeting). Unlike courses that are mostly conceptual, this course is designed to be a resource to which you can refer over and over when you are setting, planning, and carrying out goals.

DEFINING SOME GOAL-SETTING TERMS

The terms we need to define in this segment of this chapter are shown in Exhibit 1-1. They are mission, objectives, strategy, goal, and action plans. In later chapters we'll get into how to use these concepts; right now, we need just to define and understand them.

**Exhibit 1-1****Goal-Setting Terms**

- **Mission**
 - **Objectives**
 - **Strategy**
 - **Goals**
 - **Action Plans**
-

Mission

An organization's mission is the reason behind its establishment, what it is meant to do or to produce. In short, why it exists. In the business sector, it is the products or services that it produces and provides. In the public sector and nonprofit entities where there is a lesser emphasis on products, it is what the organization is trying to accomplish. Most nonprofit groups are established either to start something (e.g., a local industry council might be established to attract business to the community) or to stop something (e.g., the March of Dimes is trying to stop or at least prevent birth defects). Knowing your organization's mission seems like a given, but it is important to goal setting because each goal that you develop for your department must in some tangible way move the larger organization toward accomplishing its stated mission.

Many organizations have an official mission written out in a mission statement. Reviewing this document can be helpful to you with departmental goal setting. You can even invite those in your department to get together and write your department's mission statement based on that of the larger organization. It is a good activity to precede formal goal setting because it helps people get into the proper mind-set for determining the goals that they might need to set to help contribute to accomplishing the organization's mission. In fact, either writing a new departmental mission statement or reviewing one that exists in your organization is one of the practical objectives for this chapter.

A final aspect of an organization's mission (and therefore often included in its mission statement) is a brief summary of its values and particularly how those values shape how the mission will be carried out. This

should be not simply a formality. Organizations that experience long-term success know who they are. They hold themselves to a value system that helps define that identity.

For instance, a local company with long-held community ties may include in their mission statement: "We strive to be a good neighbor and a positive contributor to the well-being of this community." A potentially meaningful value is embedded in that sentence. We say potentially because the real test is in whether or not an organization lives up to its espoused values in tangible ways. For instance, say the company had a chance to expand its operation and double its factory size. This could lead to an even longer record of success. It is a good business decision. However, in order to live up to the value stated earlier, the company would need to conduct a community impact study to determine how the expansion would affect their neighbors. Then the company would need to use the results of that study to help shape how the expansion took place. Perhaps the community would request that the company's new facility be located in another part of the same community because to expand the existing plant would make the area too congested. The company would need to take into account as much as possible the needs of the community when planning and building the expansion if its values were really taken seriously.

One final note: Living up to your values (organizationally and individually) has tremendous business value. It enhances your reputation in the business community, it builds long-term business relationships with customers and suppliers, and it makes it a lot easier to sleep at night!

Objectives

Objectives are statements of broad intent that often arise out of the mission statement. A company's mission statement might, for example, include the following statement: "We will lead our industry through exemplary customer service." An objective of the company, then, would be always to emphasize exemplary customer service in all its dealings with customers. There would not be a time when the company would consider that area completely fulfilled and replace it with another idea. Therefore, an objective is continuous. In contrast, goals are not; they have a beginning and an end. Goals will be discussed further in just a moment.

In the previous example, the company should set goals related to the overall objective of exemplary customer service. For instance, "One goal is to cut in half (50 percent) our response time to satisfying customer complaints in the next six months." The company will know when or if it has accomplished the goal. When it does, it needs to set new goals still based on the objective—in this case, exemplary customer service. The objectives (most often three or four) drawn from the mission statement become the bridge between the often intangible mission and the very tangible goals an organization must have to get its work done in the most productive manner.

It may be that your organization doesn't have a formal mission statement from which you can extract its primary objectives. However, perhaps those

objectives can be found in a recent annual report or in strategic planning paperwork that is available to you.

Strategy

Once you've determined your organization's or department's overall objectives, you develop a strategy, a general course for meeting your objectives, taking into account the current situation and available resources. In goal setting, developing an overall strategy often is done before the actual goals are even set. For example, an organization determines that an overall objective is being cost-effective (and thus keeping its prices low while still delivering real value to its customers). To target specific costs in the organization, it develops a strategy of training and the use of outside consultants. It asks each department to implement the strategy by examining its use of both training and external consultants, by setting a target (goal), and by devising a way to hit the target (action plan) for reducing its costs in those areas. Thus the organization's strategy links the objectives, which are long-term and somewhat constant, to the goals, which are short-term and, by comparison, somewhat variable. The organization's current strategy is the platform for defining both its departmental goals and the action plans to reach those goals.

How is a strategy plan developed? It takes into account several factors.

- Current conditions in the marketplace (or in the case of the public sector, the current political climate, locally or nationally depending on the type of agency it is)
- The organization's strengths (what it does well, such as quick responsiveness to a customer's changing needs) and weaknesses (what it hasn't done well in the past, such as responding appropriately to a price war from a competitor)
- Available resources. Interested investors willing to infuse investment capital, partnering opportunities with other businesses, new equipment, and a well-trained and committed staff; should include any resource that can be accessed to meet the current conditions in the marketplace.

Once each factor is fully analyzed, the strategists determine a plan that, given the current conditions, helps the organization to succeed in the marketplace by building on its strengths, reducing or minimizing its weaknesses, and fully using all available resources.

Goals

A goal can be defined as a specific desired accomplishment over a defined period of time. An organizational decision to be the best may be admirable, but it is not a goal. It is a desire, a wish, maybe even a dream. To make any desirable idea into a goal, you must subject it to five criteria.

- Specific
- Measurable

- Attainable
- Relevant
- Time-trackable

An easy way to remember these criteria is to understand that your goals must be SMART. This method of goal setting, made popular by super salesman Zig Ziglar, often has been used to realize individual goals, both personal and professional. In this course, it will be used to help you as a manager, supervisor, or team leader to set good organizational or departmental goals.

Action Plans

The last term to define is action plan. It is a prioritized checklist of items that must be done for a goal to be realized. It becomes the working document to which you most often refer after setting a goal by using the SMART criteria. When a department is determining a course of action in reaching an agreed-on target, it is developing its action plan. Often checkpoints and subgoals are built into an action plan to ensure that the department stays on track with the larger goal area. In this course, you will have opportunity to become skilled at developing action plans for goals in your department. See Exhibit 1-2 for a visual look at how each of these terms works together.

DETERMINING YOUR ORGANIZATION'S MISSION

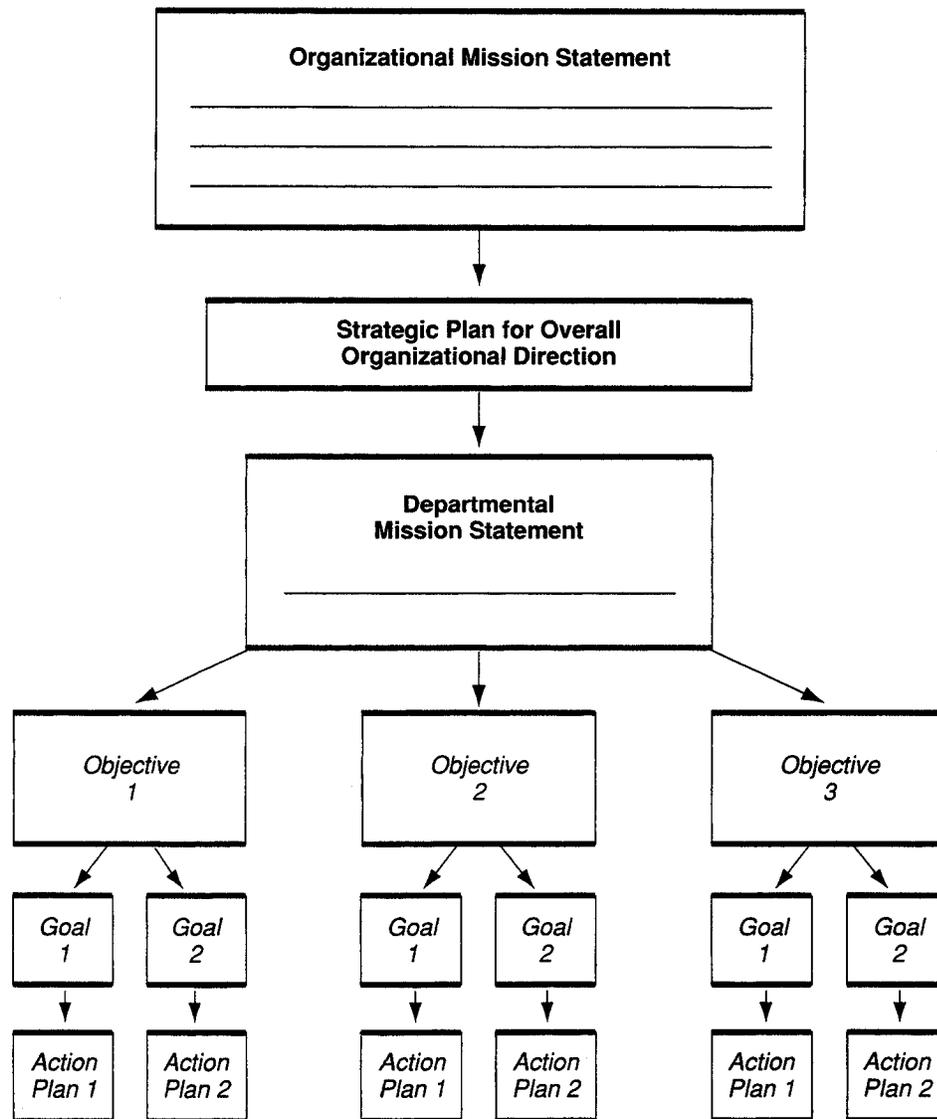
Worksheet 1-1 will help you review and better understand your organization's mission and how it ought to affect your department's mission. You simply may be copying down your organization's formal mission statement if it is already developed and is public knowledge, or you may be attempting to develop it on your own. Either way, this gives you the context for developing your department's mission statement.

Worksheet 1-2 involves writing down your department's mission statement. How does your department help the larger organization accomplish its mission? Follow the worksheet's instructions. This information is important because all your potential departmental goals must be based on how they help you to further your department's mission.

THE VALUE OF GOAL SETTING

Goal setting and goal achievement have tremendous business value.. Goal setting is a simple, though not always easy, concept that can change fundamentally the way in which organizations do their work.

No matter the type of organization-profit or nonprofit, public or private sector-well-planned goals often make the difference between success and failure. Goals give direction to the collective effort of all the parts of an organization, and they provide truly motivational accountability to all its members.

E**Exhibit 1-2****Goal-Setting in the Big Picture****Commitment Level**

Goals raise the commitment level of all those involved in helping the organization to achieve them. Modern motivational theory can be summarized as saying (in part):

People want to be a part of something greater than themselves, to make a contribution to an effort that would otherwise not be achieved.



Worksheet 1-2

Your Departmental Mission Statement

Directions: First answer questions 1 through 3 below. Then write a rough draft of a departmental mission statement in the space provided under 4 below. Be sure to share this worksheet with others in your department. Encourage them to write their own version, then compare them. Use points of agreement to develop a departmental mission statement. The mission statement can help you to get ideas about what goals to choose. Simply answer the question, "What goals would help us best accomplish our mission?"

1. What does your department do? (What services does it provide? What products does it produce?)

2. How does your department help your organization to accomplish its mission?

3. What principles and values drive your department?

4. Using the preceding information, write a first draft of your departmental mission statement.

workplace conflict when it does arise. If the conflict is important enough (i.e., if resolving it assists you in reaching your goals), it can be addressed more fully. If not, it can be shown to be trivial in light of the organization's goals. See if it's not true in your experience: Does an unfocused department or work unit have a lot of unnecessary conflict?

Performance Enhancement

Goals are also an individual and collective workplace performance enhancer. As employees see progress toward the goals, they tend to put even greater effort into them. They are willing to go the "extra mile" to make sure the goal is accomplished. The department's goals also can become a part of each employee's annual or semiannual performance review. A portion of the review can be devoted to a discussion of a question such as "How can you help bring about the department's goals over the next six months (or year)?" A manager can spell out expectations clearly and even change employee's job descriptions to reflect more accurately their specific contribution to the department's goals. This lets them know that the manager is serious about shifting the department's efforts from "business as usual" to goal setting and goal achievement.

Some of these areas are hard to measure; others are easier. However, any way you view it, proper goal setting has tremendous business value.



Think About It . . .

Which of the values of goal setting is most important to you and your department? Jot down a few reasons for its importance to you. Do this before continuing with the chapter.

THE POWER OF GOAL SETTING

Goal setting works! More is accomplished when you have direction than when you don't. There are at least three factors involved.

Focused Effort

Every action is subject to the question "How does this help us to accomplish our goals?" The question brings about a rethinking of how the organization runs. It reveals actions that are not important and can be dropped, key tasks that need to be done more productively, and procedures that need to be revised to ensure that the most important things are getting done first. Even the definition of what's most important can be changed by the very fact that a goal exists. The goals themselves deter-

mine what's important and what's not. They provide the focus for the organization's work.

Better Time and Resource Management

When planning goals, consideration must be given to how much time and effort is needed to accomplish each of them. Resources such as employees' time, uses of technology (e.g., computers), other equipment, and so on must be aligned properly behind the goal. Tasks that are outdated or redundant can be eliminated or refocused based on how they contribute to the goal.

Measurement of Success

Goals let you know how you're doing. They are a way to measure success. They're also a way to measure and correct failure. Publicizing an organization's movement toward its goals can spur people on to even greater heights. If the organization is getting off track at any time along the way, pointing to the goals is a way to get it to adjust and get back on track. Some organizations even keep daily tabs on progress toward a goal and post them for all to see. This is a subtle way of asking everyone to measure their daily success by how much they contributed to the goal during their time at work.

Goal setting has tremendous power for individuals and their organizations. Harnessing that power will help you to be a better manager or supervisor and will help your entire staff to make a more meaningful contribution to the organization.



Think About It . . .

List three specific ways in which you hope the power of goal setting will change how your department currently does its work.

- 1.
- 2.
3. _____

Use these as encouraging reminders to yourself and others when you face challenges.



Goal setting is a proved way to help an organization to accomplish its mission--the reason for its existence--whether that be to provide or produce. Objectives are the bridge between the mission and any goals that are developed either organization-wide or in a department. A goal must be SMART to be a genuine goal:

That is, it must be specific, measurable, attainable, relevant, and time-trackable. Without those criteria, a goal is simply a wish, dream, of desire that is unlikely to be realized. A strategy is a general course taken to reach the desired result by taking into account the present situation and the resources available to apply to the problem. An action plan is simply a prioritized checklist used to keep things on track while accomplishing the goal.

The business value of goal setting is evident. Internally it increases employee commitment, reduces unnecessary workplace conflict, and serves as a performance enhancer in that people add that something extra to their work to accomplish a visible goal. When they do all this, employees will be more productive and work at a higher level of quality.

The power of goal setting is threefold. First, setting goals gives focus to each employee's effort, in addition to the entire department's effort. Second, goal setting is also a way to align resources behind a central set of goals, thus reducing waste and redundancy. Third, having specific goals allows you the opportunity to measure your success. If the goal is accomplished, it leads to setting higher goals; if not, it leads to reexamining what went wrong. Either way, a department continuously improves when proper goal setting takes place.



Review Questions

1. An organization's mission is: 1. (b)
 - (a) the specific action that it wants to accomplish.
 - (b) the reason for its existence, whether it be to provide or produce.
 - (c) a prioritized checklist for accomplishing a goal.
 - (d) a plan for addressing a problem area based on an organization's strengths and weaknesses.

2. A goal must be SMART: This stands for: 2. (c)
 - (a) specific, meaningful, attainable, realistic, time-trackable.
 - (b) specific, measurable, attainable, relevant, teamwork.
 - (c) specific, measurable, attainable, relevant, time-trackable.
 - (d) strategic, measurable, attractive, reasonable, time-trackable.

3. A strategy primarily focuses on: 3. (a)
 - (a) available resources.
 - (b) the mission of the organization.
 - (c) the history of the organization regarding goal setting.
 - (d) detailing step by step how to accomplish a goal.

4. Goal setting is a powerful tool for organizations because: 4. (d)
 - (a) it is a measurement of success.
 - (b) it focuses everyone's efforts in one direction.
 - (c) it helps to align resources behind specific efforts.
 - (d) it combines all of the above.

5. What is the difference between a strategy and an action plan? 5. (c)
- (a) A strategy is decided after a goal is chosen, whereas an action plan is put together before a goal is chosen.
 - (b) A strategy focuses on specific, prioritized steps, whereas an action plan focuses on aligning available resources.
 - (c) A strategy sets out a general direction before setting a goal, whereas an action plan is a prioritized list of steps to be taken to accomplish the goal.
 - (d) There is no appreciable difference between a strategy and an action plan.