

Your goals may be SMART – but are they clever?

Aligning effort to strategy

Having weathered the storm, training consultant Julia Rowan has noticed that many organisations are now turning their attention to performance – and to ensuring that how goals are executed contributes to achieving strategy.

Some ideas seem so simple and obvious that it's hard to think that they weren't always there. In his 1954 book, *The Practice of Management*, Peter Drucker introduced the world to the concept of management by objectives – the idea that organisations should set long-term goals to be realised by managers in more immediate stages. This concept has gained a steady foothold and most organisations now have some kind of performance management system. Concepts like key result areas, performance indicators and balanced scorecard now form part of every businessperson's lexicon.

SMART goals, too, have come into the lingo. The received wisdom being that goals should be Specific, Measurable, Achievable, Relevant and Time-bound. (Heck, you can even make your goals SMARTER simply by appending Exciting and Recorded). The theory behind SMART goals is admirable. They help turn important, big-picture, vague aspirations (like 'improve quality') into clear goals (like 'achieve a quality certification'). The goal can then be broken down into tasks (like 'review existing procedures', 'write a report' etc.). As the goals have cascaded from on high – the whole organisation now pushes in the same direction. Right?

Well, possibly. The old 'what gets measured, gets done' axiom now comes into play and each individual employee will actually be pushing in the direction of achieving their own SMART goals. The question is - will the SMART goal help achieve the big-picture aspiration?

An example might help here. Peter manages the customer service department of a technical company. Seven people report to him. They work intense, 12-hour days – fire-fighting, fixing, patching and trying to head off disaster. In my book, the fundamental purpose of a customer service department is to keep (or make) customers happy. Happy customers mean repeat business and recommendations. Peter and his team fixed problem after problem for customers. But there was no going back to source, no root and branch analysis of why problems were occurring, no attempt made to prevent problems rather than fix them.

It turned out that the team's goal was to ensure a 70% customer satisfaction rating from every customer that they interacted with. They were just scraping this target. The goal was certainly SMART. But it was not clever – it didn't drive the right behaviour. In fact, it was prolonging the problem. In my work, I am often confronted by examples of SMART goals driving crazy behaviour.

Take, for example, John, a salesman. His company wanted to grow market share. One of John's SMART goals was to increase the average number of orders taken per

week from 15 to 18. Fairly predictably, he jumped on any opportunity to split customer orders.

Or Jackie, a banker, who spent as much time and effort issuing a 3-month bridging loan as she did issuing a 15-year commercial mortgage. Why? Because her 'SMART' goal was based on the amount of money that she lent – not the return to the bank.

Perhaps the answer is to slice and dice the SMART goal ever more finely, making them still more detailed and measurable. Or maybe the answer is to look at performance management more broadly – ensuring that employees are engaged and motivated to do their best, with or without written goals?

I'm actually a fan of SMART goals, for lots of reasons:

- They motivate people. Research shows us that people with clear (preferably written down) goals will typically achieve more than those who are (merely!) asked to do their best
- They create a developmental focus – goals are normally set around things that we are trying to do better
- They provide clarity about what is strategically important and stop us being busy fools
- They are cascaded down the line so that every employee has a clear line of sight to the organisation's strategy. Cascaded vertically (down through the levels) and horizontally (across the whole organisation – with people in different areas working interdependently), goals ensure that all employees (and, yes, Directors) are pushing in the same direction.
- They create a performance culture, effectively saying, 'how you perform is what matters here' (not how long you've been here or who you know)
- In some organisations, they provide a basis for rewarding people (but that's the subject of another article, if not a book)

But there is a downside. Apart from being difficult to write, SMART goals can lead to a string of dysfunctional behaviours. In addition to those mentioned above, they can foster problems such as inappropriate competition, lack of co-operation and focussing solely the recorded goals to the detriment of other important projects, tasks and relationships.

So, what's a manager to do?

- Get in close to employees. You want employees who want the organisation to thrive – whether or not they have written goals. Conversations about performance – including goal-setting, delegation, giving feedback, coaching – should be happening all the time. Quality conversations ensure that performance management is a meaningful process – not just a once-a-year tick-box exercise.
- If you write SMART goals, make sure that your employees understand the spirit of the goal; what you are strategically trying to do. The SMART goal (which is the letter of the goal) is achieved when it contributes to achieving the bigger picture.
- Think about the behaviour that the SMART goal is likely to drive – is that what you intended?

- Make sure that the performance management document is a living, breathing document and that goals are updated in line with market/environmental/internal changes
- Make sure that everybody knows what the strategy is. Sending people an emailed copy of a presentation is not sharing the strategy. I often find that the top management team tell me that everybody in the organisation is aware of the strategy. Employees down the line will tell a very different story.

‘If you’re so SMART, why ain’t you rich?’ was an old put down. Perhaps they were SMART but not clever.

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