There's a S.M.A.R.T. way to write management's goals and objectives

George T. Doran

A characteristic of management excellence is a climate in which company officers and managers talk in terms of objectives. However, despite all the literature and seminars dealing with effective objective setting and writing, the fact is that most managers still don't know what objectives are and how they can be written.

From a behavioral point of view, too many of these managers' objectives represent a threat to their position. It is, therefore, the job of top management to communicate to its executives how objectives are set, how objectives are written, and, of course, the meaning of the word objective within the organization. Management must also realize that the writing of objectives represents a new world to many managers.

Although it may be fashionable to debate the differences between goals and objectives in our graduate business schools, from a practical point of view the label doesn't make any difference provided officers/managers agree on the meaning of these words. In some cases, goals are short-term and objectives are long-term. In others, the opposite is true. To other organizations, goals and objectives are synonymous. Time should not be wasted in debate over these terms. The important consideration is not to have the label get in the way of effective communication.

From the experience of a corporate planner, however, it is helpful to make a distinction between these terms, but only at the executive level. Goals represent unique executive beliefs and philosophies. They are usually of a form that is continuous and long-term. For example: (1) Conduct all corporate activities with honesty, integrity, and fairness; and (2) take an active role in community activities and practice good corporate citizenship. Objectives, on the other hand, give quantitative support and expression to management's beliefs. For example: To develop and implement by December 31, 198__ an inventory system that will reduce inventory costs by $1 million, with a cost not to exceed 200 work hours and $15,000 out-of-pocket initial expenditures. Although on a corporate level some objectives can be long-term, on a department level we could use a subobjective to express a short-run goal.

The establishment of objectives and the development of their respective action plans are the most critical steps in a company's management process. When top- and middle-level management are indecisive or set inadequate objectives, errors in judgment will compound themselves throughout the entire organization.

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The writing chore

Recognizing that objectives enable an organization to focus on problems, and give the company a sense of direction, why can't most managers write meaningful objectives? Today's enlightened management knows that the successful corporations of the future must find ways to deal with change and allow managers the freedom to reveal themselves as individuals. These twin demands of managing change and satisfying human needs can be accomplished if, and only if, organizations educate their people in the "what" and "how" of writing effective objectives.

It's important to understand the human side of the objective-setting process. It can be a difficult task, it requires scarce time, and to some it is an unpleasant experience that generates much stress. As a result, the majority of U.S. corporations don't really have an effective objective setting/planning process.

Operating managers feel pressure to produce. They are not interested in the future if they believe they are being evaluated on a short-term basis. Busy producing, they usually don't want to take time to put something on paper that they feel will commit them to a situation in which they may or may not have control over the variables. In many companies, managers resent having to come up with objectives, particularly when the corporate officers are somehow exempt from the necessary leadership in first developing and communicating them. So the process of writing objectives is a major source of anxiety that many individuals would like to live without. Yet, objective setting must become a way of life, and managers must be educated and encouraged to set job objectives within their shops.

How to write objectives

The critical question then becomes,

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Objectives

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"How do you write meaningful objectives?"—that is, frame a statement of results to be achieved. Managers are confused by all the verbiage from seminars, books, magazines, consultants, and so on. Let me suggest, therefore, that when it comes to writing effective objectives, corporate officers, managers, and supervisors just have to think of the acronym SMART. Ideally speaking, each corporate, department, and section objective should be:

*S*pecific—target a specific area for improvement.

*M*easurable—quantify or at least suggest an indicator of progress.

*A*ssignable—specify who will do it.

*R*ealistic—state what results can realistically be achieved, given available resources.

*T*ime-related—specify when the result(s) can be achieved.

Notice that these criteria don't say that all objectives must be quantified on all levels of management. In certain situations it is not realistic to attempt quantification, particularly in staff middle-management positions. Practicing managers and corporations can lose the benefit of a more abstract objective in order to gain quantification. It is the combination of the objective and its action plan that is really important. Therefore, serious management should focus on these twins and not just the objective.

It should also be understood that the suggested acronym doesn't mean that every objective written will have all five criteria. However, the closer we get to the SMART criteria as a guideline, the smarter our objectives will be. When you start hearing managers and the supervisors saying, "Are your objectives smart?," you know that effective objective setting is becoming a way of life with them. You also will know that you have taken a step to introduce management excellence into your organization. ■

Misfits

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The best time to do this is when a job becomes vacant. Or when you make a promotion decision. Or when you are hurting badly enough to do something about it.

Establish more teamwork. Bring in one person's strengths to help others. At planning or budgeting time, for example, use those who are good at planning or budgeting to assist those who are not. We must get away from the idea that everyone must be very good in every aspect or every stage of his job.

Make periodic evaluations of job fits—every two or three years. Discuss with subordinates any changes in their job requirements and in the circumstances in which they operate. What are the critical elements of the jobs? What are the individuals' strengths? And do they still match? Are the strengths that were right for the job three years ago still right today?

Jobs can change dramatically in a short time. A completely different set of skills may be wanted as the products change, as the organization grows, and as managers and other employees come and go.

This is a typical reason for job mismatch. A new manager may operate quite differently from his predecessor. A manager may be a *laissez-faire*, management-by-exception type, and his subordinates may be very comfortable working for him. Suddenly he leaves and is replaced by a tiger who takes complete charge of everything. He makes all the decisions. He establishes tight controls. Immediately, the job of every subordinate has changed. Overnight, the decision maker has created a half dozen job misfits.

Most organizations have a success philosophy of onward and upward. It is not necessary to motivate a good manager in this way. He'll climb through ground glass if he needs to for a command position. But this challenge to climb appeals to all kinds of people who should never be climbing.

Instead, companies should encourage people to seek or accept jobs where they will be most successful, even if this means lateral moves and, yes, even lower positions. To do this, a company must create the right environment so that transfers to the suitable position, up or down the ladder, are neither uncommon nor humiliating.

Most importantly, radical change is needed in the position evaluation and salary structure. Most salary systems now make it extremely difficult to move someone in directions other than up, without loss of pay. Normally, a person's salary is linked to quantifiable factors, such as the number of people under him or the size of his budget. The whole classification and evaluation of jobs tend to be very rigid.

A salary structure should allow people to be well paid for their contribution, whatever their position. Furthermore, salaries should be related much more to the individual rather than the job. A company could then look at what individuals give, match that with the requirements for success on a job, and reward them in accordance with their performance, rather than some title, job classification, or whatever.

Finally, hold managers accountable for the proper match of their subordinates and their jobs. Require evidence of job fit in performance appraisals as foundation, to management by objectives and all efforts seeking improvement in productivity. And, when you encounter job mismatch, correct it. If you must, remove the employee, move him or her to a more suitable position, or, if that is impossible, seek assistance in outplacement.

People are expensive assets. If a manager has persons in the wrong job, require him to face up to the reality of it, or be penalized. The immorality lies in failing to tackle the problem, not in being soft about it. ■