

"GOALS PROGRAMS HAVE TWO SIDES: WHAT THE ORGANIZATION WANTS TO ACHIEVE, AND WHAT THE INDIVIDUAL WANTS TO ACHIEVE."

# HOW TO MAKE A GOALS PROGRAM SUCCESSFUL

BY ERWIN  
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Goals programs, whether they are called Management by Objectives or Managing for Results or Managing with Goals have been around for a long time. The idea is simple and appealing. If you know where you are going, you won't wind up somewhere else; or, the Lord helps those who help themselves. Everyone knows that, when you get up in the morning with a specific plan of what you will do, you will get more done that day.

Yet, when a manager\* tries to make a goals system work, more often than not, something goes wrong.

Goals become a lot of paper work, or few people pay attention to them, or much discussion occurs and, when all has been said and

done, much has been said and little done.

When two professors from Harvard and Florida State investigated the success of Management by Objectives programs, they came to the conclusion that only two percent or fewer of the Fortune 500 companies have programs that are really successful.

At first that seems surprising, but when we think about it, it really isn't. There are a lot of ways a goals program can go wrong. Goals systems are no different than other programs that are worthwhile. On the surface such programs often appear to be much simpler than they really are. It's the same as with professional sports. To play ball is one thing, but to play with a professional team is something else. The main difference lies with subtle matters, with careful attention to minute details, with professional execution of every step. Only if managers clearly understand what these subtleties are, can goals really provide benefits for everyone involved, the organization as well as the individuals who work

toward the goals.

There are eight areas where careful attention is necessary to goal programs. These eight areas are represented by eight questions which managers must answer appropriately if they wish a goals program to be vibrant and effective, and if it is to become a way of life. These eight questions are:

1. How many goals should be set for any one person?
2. How can quality of goals and goal statements be judged?
3. How extensively should a manager be involved in the way in which direct subordinates work toward goal achievement?
4. How frequently should progress toward goals be reviewed and new goals be set?
5. How should performance with respect to goal achievement be evaluated?
6. How much influence should subordinates have in goal setting?
7. What should be the role of performance appraisal in a goals program?
8. Where does personal development of subordinates, and career

\*The words manager and supervisor will be used interchangeably here. It is assumed that no matter what the title, somebody who supervises and is in charge of a project or team, manages that project or the team's work, and therefore is a manager. The reverse is also true, at least most of the time.

planning belong in a goals program?

### How Many Goals to Set

Goals can be set only on those things that are important, those that will improve effectiveness, in terms of quality and quantity of product and service, or quality of work life, or any other dimension of importance to the organization.

It is obvious that a goals program that should work in practice, as well as in theory, has to recognize the fact that people are busy, even without a goals program. If the manager sets many goals and all are on the day-to-day work, then the goals program becomes a treadmill.

Even if goals are set only on the very important matters, they are likely to bring additional work. The more of them there are, the more additional work has to be done.

When there are too many goals, people suspect that the primary purpose of the goals program is to make them work harder, often with few, if any rewards for them, in return.

That is not the way a goals program should work. It should provide better performance for the organization but also greater personal satisfaction and possibly even higher tangible rewards for the people who strive to reach the goals.

The conclusion is obvious — there can't be many goals during any one particular period.

There must, of course, always be at least one goal, and there should be at least two. The goal that is always there, is the goal that all work has to be done as well as before. The second and further goals spell-out specifically where extra effort and special attention should be placed.

The trap that most managers fall into is that they set goals on those things that are uppermost on *their* minds. These tasks are the ones that are urgent, in addition to being important, and setting goals there is wasting the goals system. These matters will receive maximum attention anyway. Goals belong on matters that are important but *not* urgent — those that

will be pushed aside unless something happens to give them the additional priority. That is what the goals system is for. To help an organization build more and more of the fences it needs so fewer people spend their time chasing cows that ran away — or battling other crises.

There is a skill involved here, and a discipline. Managers who set a lot of goals in effect tell their subordinates that they don't want to do the hard thinking, and make the hard decisions that setting of priorities demands. By their failure to make these decisions they are forcing their subordinates to make them. Some of these managers even shift the blame, at the end of the period, to the subordinate for not setting these priorities correctly.

At any rate, whether the goals are set formally and in writing, or whether they are informal and little is in writing, setting many goals is bad. It leads to confusion, to extra paperwork, to resentment, to all kinds of results — but not to the desire to achieve goals. If there are many goals, then it is not likely that the kind of climate will develop which encourages people to build their own generators, the ones that Herzberg calls "real motivators."

A goals statement is fairly easy to judge. If it states the time when the goal is to be achieved, if quantity and quality of what is to be achieved is either expressed or clearly implied, and if it is clear who has accepted the responsibility to work toward the goal, or to lead toward it, then the statement is of good quality. Any intelligent person can write a high-quality goal statement with a few minutes practice even if he or she has never written one before.

### Judging Your Goals

The intrinsic quality of the goal itself is a different matter, though, and it is not so easy to judge. A goal is of high quality if it meets three requirements:

1. It must be an appropriate goal for the mission. As mentioned previously, a goal should not be a result that is urgent right now and important to the mission, but

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rather something that is *not* urgent today but just as important. It should be something that requires some action soon so it will not become urgent or maybe even a crisis, at some later time.

2. Secondly, a goal must be challenging. That sounds easy, you may say; all you have to do is set it high. If it's high, it is automatically challenging, isn't it? Maybe not. A goal that is too high can be discouraging, instead of challenging. Too high, then, is not what we want. Which leaves the big question: When is high, high enough so that it is challenging, and not too high so that it is discouraging?

3. Goals must be realistic. This means they must not be too high, as we just said. At the same time, they must also not be too low. If people believe that a goal will be achieved even if no extra effort is needed, then they are not likely to pay much attention to it. As a matter of fact, such goals will bring disdain for the goals system. People won't take them seriously and that is just as bad as if they become discouraged.

How, then, can a manager set goals that deserve the highest priority in relation to the mission and which are, at the same time, both challenging and realistic? Managers who do it best seem to combine a mixture of attention to detail, especially with respect to setting priorities and in the other matters which are discussed later, such as appropriate reviews, appropriate participation, appropriate accountability and appropriate support.

How deeply should a manager be involved with a subordinate's work? This question really asks — When does supervision become snoopervision? Here, too, it is in attention to detail that the answer can be found. What is appropriate with one person may be too much over-the-shoulder looking, or too little support with someone else. People who are relatively inexperienced or are relatively limited in their ability to accept responsibility, require considerable support. They need to know that the supervisor is there to help them avoid mistakes, and to guide them when

they are in trouble. That is much less true in routine jobs, of course, than it is in jobs that are varied. At the other extreme, the highly competent, highly mature individuals need to be left alone. They need to know that they can ask for help when necessary, but that otherwise they are free to use their own judgment in the steps they take to achieve their goals. Even people of the highest caliber, though, want to know that the supervisor is aware of what they are doing, and how well they are doing it. They also want to be sure that when they have questions or when they need help the supervisor is available.

The better a supervisor understands how to assess the competence, the maturity and the attitudes of subordinates, the more likely that the supervisor will strike a good balance between too much supervision and too little.

#### Frequency of Goals Reviews

Even when supervisors work closely with the people who report to them, there is a need for regular reviews of progress toward all goals. Such reviews should not be too frequent nor should there be too few in the course of a year.

During these reviews, there are some very important questions that have to be asked. They concern progress toward the goals, the help which the supervisor should provide, whether the priorities are still what they should be, and whether all other people who may be affected by the goals are being kept appropriately informed.

How frequently this kind of semi-formal review should take place depends on a lot of factors such as how close the supervisor is to the individual, how often they see each other, how many goals are involved and, of course, how competent the subordinate is. No hard and fast rule can be drawn, nor should the frequency be the same at all times. In some situations, it may be necessary to hold reviews more often while under normal conditions, there may be fewer. One good rule to keep in mind is that goals reviews should take place at least four times a year.

Most managers have problems with how performance against goals should be evaluated, even though they are aware of the principles which are involved:

- Evaluation of performance against goals should cover the entire period since the previous evaluation.

- Evaluation should, as much as possible, be based on relevant factual information.

- The evaluation should measure only matters that are under the control of the person being evaluated.

- The person being evaluated should have access to all information that is used to evaluate his or her performance.

- The person being evaluated should have advance knowledge of the criteria that are being used to evaluate performance so that he or she can be guided accordingly.

Few managers would disagree with any of these criteria. Yet, how many managers honestly tell their people, in advance, specifically, what criteria will be used? How many managers who evaluate on the basis of results achieved really exclude all matters beyond the control of the subordinate, yet are thorough in considering all that are? How can these criteria be followed without creating a paperwork monster?

Clearly, regular goals reviews can help to provide data. At the same time they enhance communications so that a much better understanding can exist on what the manager expects of the person reporting to him or her. Still, even with regular reviews, some very hard choices must be made if goals are to be the primary basis of evaluation. When is failure to achieve a goal due to outside circumstances and when is it due to inadequate effort or inadequate competence?

Fortunately this question need not necessarily be answered precisely. Most people will accept that outside influences work for them as well as against them. Sometimes they block timely achievement of a goal, but sometimes they may make it much easier to achieve one. What is important,

though, is that managers are thorough in holding the goals review, that they are factual in the evaluation, that they clarify the evaluation criteria for their subordinates in advance, and that they make a sincere effort to exclude matters that are beyond the control of the subordinate.

### Subordinate Influence

How much influence subordinates should have in deciding what the goals should be is the question of participation that is so widely discussed as the key to good human relations. Still there is overwhelming evidence that few managers really practice *appropriate* participation. Some strive for maximum participation, others allow only token participation. Here again, it is the subtle nuances that are so important. Managers can use any point along the total participation range, from the highly autocratic style to a style so democratic that it borders on abdication of responsibilities.

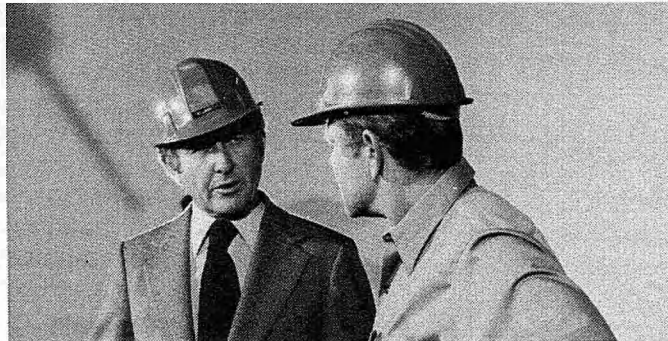
Behavioral scientists have been saying for a long time that the competent manager picks from all these styles the one that is appropriate for the specific situation and the specific subordinate. What they have not emphasized is that participation is multi-dimensional. Not only can the manager choose how much participation to allow, but also the point, or time when the subordinates are brought into the situation. The manager must also consider when subordinates want a voice in a decision. Clearly, they don't want any part of it if they think that they are being asked only as a gesture — that their viewpoint will carry only if they decide on what the manager wants to do in the first place. Nor do they want to participate when it seems fairly obvious that the manager only wants to spread the responsibility, or when they feel they do not have the necessary information, or when they have no interest in the matter.

Often, of course, the manager does not have much choice when it comes to participation in goal setting, because the goal comes from above or it is so important that the manager feels it must

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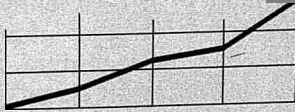


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receive maximum attention. Even here, though, participation can be *appropriate* — but here it applies only to the steps that should be taken to work toward the goal. There are other goals where *appropriate* participation means that the subordinate should have maximum freedom in setting the goals the way he or she considers best. Personal-development goals, for instance, are goals of that type.

As Tannebaum and Schmidt, and others have said since the early '50s, it is not being right in each instance that counts, it is the batting average that is important. A manager who develops a good batting average in being perceived as allowing the *appropriate* amount of participation is indeed allowing the correct amount of participation.

#### The Role of the Performance Appraisal

If there is a separate performance-appraisal system and a separate goals system and if the two are not coordinated, then obviously they can be fighting each other. If working hard to set challenging goals and working hard to achieve them is not rewarded in the performance-appraisal system, then what good is either the goals program or the performance-appraisal system?

A manager who has no control over the performance-appraisal system, because it is established at higher levels, can bridge the gap by helping subordinates understand what is going on and by clarifying how the quality and the quantity of their efforts toward achievement of the goals will be used to evaluate their performance. The performance-appraisal form can then be filled out to reflect that evaluation.

Managers who are at levels where they can influence the formal performance-appraisal system, if one exists, can of course rearrange it so that it is indeed aligned with the goals program.

Goals, after all, are part of plans, and if plans and goals are to be achieved, then people must own those plans and goals. They must feel personal involvement in them, and that can happen only if the

psychological as well as the tangible reward system has some logical relationship to the goals program.

If goals are set only on matters which concern organizational performance then they leave out a large area that is crucial to the continuing health of the goals program. Goals programs have two sides: On one side is what the organization wants to achieve. On the other side is what the individual wants to achieve. A goals program that is to be worth its salt must take both into account. It must include personal-development goals and career-planning goals that are both challenging and realistic. That doesn't mean that a personal-development goal or a formal one concerning the next career step should exist at all times. It does mean, however, that the question has to be asked at every goals review, or whenever goals are set, whether a personal-development goal or career-plan goal should exist.

#### Conclusion

To answer all these eight questions appropriately at all times, requires high-level managerial skills. They are central skills, however. As a matter of fact, they are the skills that make for excellence in management. They are not easy to acquire and it takes practice, determination and continuing effort. But then it's not a new thought that a manager who strives for excellence must be a learning manager, not a learned one. Here is a fundamental set of skills where continuing self-renewal will bring maximum satisfaction and tangible rewards to the manager who takes them seriously.\*

*\*The principles which were discussed here apply at every level with respect to the person directly reporting to the manager/supervisor. Goal setting is often somewhat easier at higher levels but nevertheless these principles must be honored there as much as at the first line if the goals program is to be successful in every unit of the organization.*

Erwin Rausch is president of Didactic Systems, Inc. He is the author of *Balancing Needs of People and Organizations* published by the Bureau of National Affairs, and originator, author and editor of many simulation games, techniques and books.