



Goal Science Best Practices

Win at Work By Increasing Alignment and Engagement

Reality Check

What goals matter? Who is working on them? How are they connected? Senior executives want to know. Managers want to know. Individual contributors want to know. Yet processes for discovering answers to these questions are disconnected, or worse, non-existent in many organizations. The psychology and technology behind goal setting are evolving into goal science and Quantified Work because traditional top-down communication using Excel, PowerPoint, and Google documents is failing the modern workplace.

Researchers studying how knowledge workers can become more productive recently reported, “The answer is simple: Eliminate or delegate unimportant tasks and replace them with value-added ones.”¹ Their three-year examination indicates that knowledge workers spend a great deal of time—an average of 41%—on discretionary activities that offer little personal satisfaction and could be handled competently by others.

Setting goals can focus an organization and bring discipline to company-wide planning. It can help leaders and teammates communicate accurately and consistently about what is important. It can also establish indicators for how company success is measured. At a time when only 13% of employees worldwide admit to being engaged at work² and others are spending nearly half of their time focused on unimportant tasks, now is the right time to advance goal-setting processes.

Historical Perspective

In 1954, Peter Drucker introduced management by objectives (MBOs), also known as management by results (MBRs). Many businesses were quick to adopt his approach. He asserted, “Unless commitment is made, there are only promises and hopes...but no plans.” Drucker was an advocate of S.M.A.R.T. goals—specific, measurable, achievable/actionable, relevant/realistic and time-related—providing a guide to businesses seeking to understand the best way to write MBOs. In 1981, George T. Doran claimed S.M.A.R.T. was the right way to write management’s goals and objectives, setting the foundation for how objectives³ should be set by corporate, departments, and sections. Later, the terms evaluated and

¹ Harvard Business Review. “Make Time for the Work that Matters,” Julian Birkinshaw and Jordan Cohen, September 2013.

² Gallup. “State of the Global Workplace,” October 8, 2013.

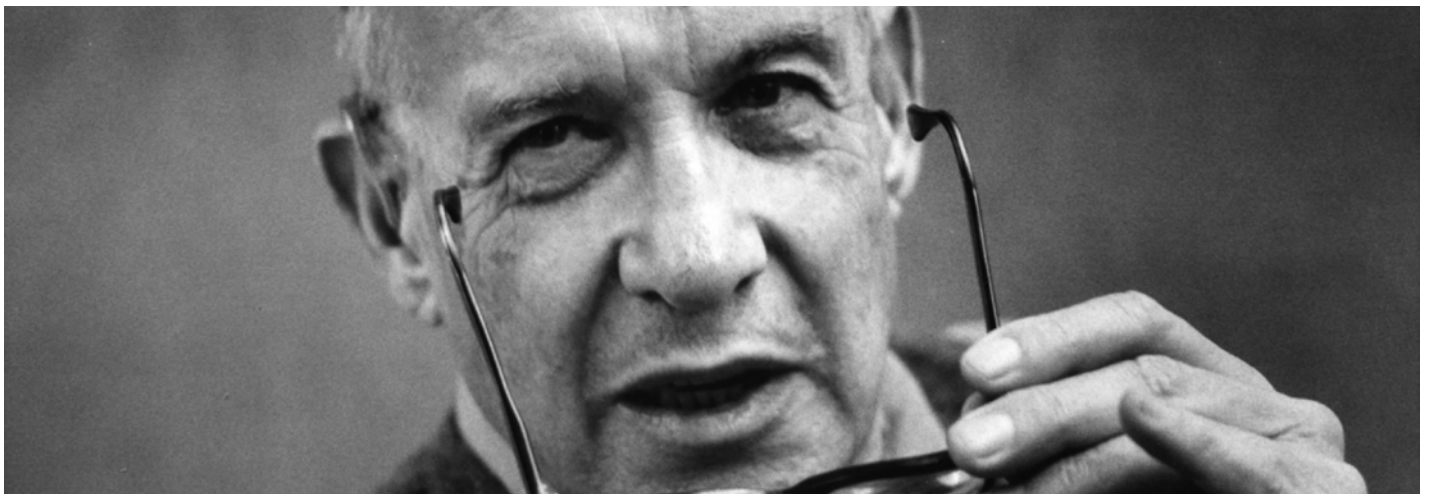
³ Management Review, ““There’s a S.M.A.R.T. Way to Write Management’s Goals and Objectives,” George T. Doran, November 1981.

reviewed, along with other variations, would be added to help achieve even S.M.A.R.T.E.R. goals.

The growing popularity of PCs in business made it possible to begin tracking key performance indicators (KPIs) in spreadsheets and various homegrown systems for performance measurement, enabling executives to evaluate success. While better than the alternative of not setting goals strategically, companies have since experienced the shortcomings of KPIs, MBOs/MBRs, and other traditional goal-setting approaches including balanced scorecards—a performance measurement framework combining strategic non-financial performance measures and traditional financial metrics so managers and executives can get a more 'balanced' view of organizational performance.

Even with the use of PCs, connecting goals using spreadsheets, online documents, and email is a time-consuming and difficult process for several reasons. The early models (some still common today) focus on management. Goals are established by top executives and then communicated down into the organization. Therefore, goals are not always meaningful to individual contributors and employees doing the actual job. Moreover, managers sometimes have differing opinions of goals—some believing goals are what employees should be working on and others thinking goals are special tasks, above and beyond an employee's day job.

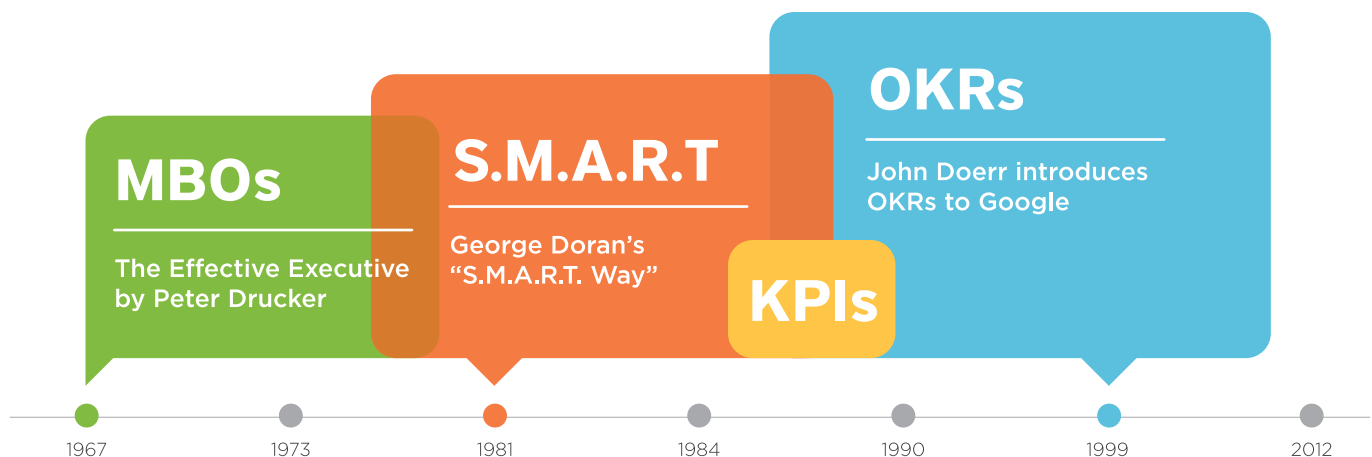
In many organizations, MBO-set goals become stagnant because businesses evolve, yet yearly goals are rarely updated. In the infrequent cases when they are revised, non-operational, largely siloed systems prevent adapted, electronically entered goals from being incorporated into daily workflows. Because KPIs, MBOs, and other models found their homes in human resources (HR) departments and systems, goal setting has unfortunately become part of review and compensation processes. These significant shortcomings led forward-thinking executives to find a better goal-setting approach.



Peter Drucker, creator of MBOs

A Revolution Begins with OKRs

In the mid-1980s, technology leaders Andy Grove at Intel and Gary Kennedy working for Larry Ellison at Oracle were among those focused on innovating traditional goal-setting models. Their companies replaced earlier, fractured processes with Objectives and Key Results (OKRs) and Mission, Objectives, and Key Results (MOKRs), which provided frameworks for employers and employees to discuss how the work of an individual employee connected to the overall business strategy. Nearly 20 years later, John Doerr who was at Intel with Grove was backing some of the world's most successful entrepreneurs as a partner at Kleiner Perkins Caufield & Byers (KPCB). Doerr introduced OKRs to Google's leadership because he believes, OKRs help ensure "everyone is working towards the same result."



Specifically, OKRs help impose disciplined thinking so major goals are surfaced. They let everyone in the organization know what is important and enable more accurate communication because everyone can see everyone else's priorities. They help establish a metrics-driven culture progress, and they help focus effort and ensure alignment.

Don Dodge, a developer advocate at Google, describes the OKRs process this way: "Every quarter, every group at Google sets goals, called OKRs, for the next 90 days. Most big companies set annual goals like improving or growing something by x%, and then measure performance once a year. At Google a year is like a decade. Annual goals aren't good enough. Set quarterly goals, set them at impossible levels, and then figure out how to achieve them. Measure progress every quarter and reward outstanding achievement."⁴

The OKRs system pushes employees to do better because 100% achievement is not expected for every goal. Rather 60%-70% is considered successful. Employees are encouraged to create aspirational, yet S.M.A.R.T. OKRs that are aligned with company objectives. Because goals are made visible to all—transparent up, down, and across the business—OKRs serve as a foundation for alignment and more organic, cross-departmental collaboration. OKRs benefit everyone in the

organization because individuals negotiate goals with managers, regularly communicate about their goals, and change them to reflect the reality of their workflows and products. Unlike predecessor approaches, OKRs have no direct ties to compensation.

OKRs have helped Google grow from 40 to 40,000 employees, and because talent does leave as careers mature and evolve, former Google employees (Xooglers as they are known) have made OKRs standard at social media and e-commerce upstarts such as Twitter, LinkedIn, and Square. The OKRs system is arguably better than what came before, but the future of goals—and business success—demands more.

⁴ Don Dodge on The Next Big Thing, “How Google Sets Goals and Measures Success,” January 28, 2010.

Quantified Work Raises the Bar with Goal Science



Quantified Work, based on goal science, incorporates all that businesses have learned so far about goal development and processes while delivering more value to the individual. Featuring data-driven approaches (input, feedback, visualization) to drive employee engagement and business performance, Quantified Work begins with strategies for defining goals and metrics, giving organizations behavioral insight into achieving objectives through measurable key results. A better way to work, Quantified Work with its goal science foundation is where top-down alignment meets bottoms-up engagement.

But there are a lot of questions surrounding Quantified Work and goal science. What types of goals are most effective? Who should be involved? When should goals be set and updated? How can employees best achieve their goals? Why are goals important? The following table highlights answers to some of the most common questions:

What?	Concrete and Focused.	<ul style="list-style-type: none"> You know exactly what your goals are, and how they interrelate to your business as a whole. You focus on 3-5 goals at time. Your goals are quantifiable with clear metrics and milestones.
Who?	You and Your Coworkers.	<ul style="list-style-type: none"> Your goals are yours to create and own, but they connect to others too. Having a supportive community alongside you increases goal progress.
When?	Continually.	<ul style="list-style-type: none"> The aspirational, future goals you want take time. You have smaller steps along the way to help reach them. The workplace is dynamic. Adapting goals when appropriate helps you stay flexible and on track.
How?	Progress and Feedback.	<ul style="list-style-type: none"> Progress is the positive force motivating you to do your best. Achieving small steps makes feedback relevant, which further fuels your momentum.
Why?	Make an Impact	<ul style="list-style-type: none"> You want to accomplish challenging things at work, and make a difference. Mastering aspirational, meaningful goals leads to greater engagement, performance, and satisfaction at work.

Anyone who regularly sets goals knows the importance of defining goals clearly. The most basic and successful goal-setting strategies leverage the S.M.A.R.T. framework, refrain from difficult to understand language, and focus on the vital few—the ones that truly matter. Well-defined goals include concrete rather than ambiguous or abstract statements—such as “improve the work culture”—that cannot be measured. They are written in “plain English/language,” free from buzzwords and acronyms, making them easy to understand for anyone with a high school or equivalent education.

While it may be tempting to define dozens of goals, it is critical to focus on the few that are most important. Some methodologies advocate that individuals only focus on one goal. However, goal science best practices show a range of three-to-six goals is most advantageous.

Best Practices Pillars Form Foundation

Beyond these basic best practices for creating goals, a closer look at five key goal science pillars reveals the nuances and research that can help you take your goals and goal achievement to the next level:



1. Connected

“A mere 7% of employees today fully understand their company's business strategies and what's expected of them in order to help achieve company goals,”⁵ according to Harvard professors and co-authors Robert S. Kaplan and David P. Norton.

Businesses embracing goal science best practices can keep everyone working well together by making sure goals are not established in isolation. A company committed to goal setting will identify someone who can help educate all teams, track progress, and make the necessary changes to keep processes on track. This can be the chief operating officer or someone else in a leadership position.

Goal setting may not be perfect from the start and there will be naysayers, so having someone oversee the process is important. Goals should be drafted and owned by individuals, reviewed by managers, and tracked by both. In contrast to MBO-model goals that are often only vertically aligned—visible to a manager and his or her direct reports—to be truly connected, all goals must be visible, aligned, and owned. Making goals visible online is a necessary condition for consensus and alignment in an organization.

To be aligned, goals must be connected in three primary ways:

- **Vertical** – An individual's goals connect to (and do not conflict with) a manager's goals.
- **Company/Mission** – An individual can clearly see how his or her goals connect to the company goals and mission, making goals more meaningful.
- **Horizontal** – An individual's goals connect (and do not conflict) across teams.

Who owns what goals is also important to achievement. Not all goals should come from corporate. Google Ventures'

⁵ Robert S. Kaplan and David P. Norton, *The Strategy-Focused Organization: How Balanced Scorecard Companies Thrive in the New Business Environment*, Harvard Business Publishing, September 2000.

partner Rick Klau suggests more than half of goals should originate from employees⁶. Behavioral science expert, Gary Latham found stakeholders participating in goal setting do better. About Kurt Lewin's student, Alex Bavelas, he wrote, "By securing employee participation in decision making, previously unattainable goals were reached by those workers."⁷

Individuals will achieve more when they help shape their own goals and connect them to an internal sense of what they can do to make the biggest impact for the business.



2. Supported

In addition to connecting goals across an organization, employees will make more progress on goals when they feel like they are part of a supportive community. Working as a team to do something important in a positive, social team environment helps make work engaging, meaningful, and fulfilling. Intrinsic, or internal, motivation to be a better person can be more powerful than extrinsic, or external, motivation such as getting praise or a bonus at work.

When researchers Teresa Amabile and Steven J. Kramer were looking at the best way to drive innovative work inside organizations, they analyzed diaries kept by knowledge workers and "discovered the progress principle: Of all the things that can boost emotions, motivation, and perceptions during a workday, the single most important is making progress in meaningful work."⁸

They realized, "If you are a manager, the progress principle holds clear implications for where to focus your efforts. It suggests that you have more influence than you may realize over employees' well being, motivation, and creative output. Knowing what serves to catalyze and nourish progress—and what does the opposite—turns out to be the key to effectively managing people and their work."⁹

When teams and organizations take time to celebrate individual accomplishments, no matter how small, they can drive achievement. Consider the success of the Positive Coaching Alliance,¹⁰ a national non-profit developing 'Better Athletes, Better People' by working to provide all youth and high school athletes a positive, character-building youth sports experience. More than five million young athletes have benefitted from improving themselves, their teammates, and the

⁶ Google Ventures YouTube Video. "Startup Lab Workshop. How Google Sets Goals: OKRs," May 14, 2013.

⁷ Gary P. Latham, *Work Motivation: History, Theory, Research, and Practice*, SAGE Publications, December 5, 2011.

⁸ Teresa Amabile and Steven J. Kramer, "The Power of Small Wins." *Harvard Business Review*, May 2011.

⁹ Ibid

¹⁰ Positive Coaching Alliance, <http://www.positivecoach.org>.

game as a whole as they positively pursue sports and life lessons.

Positive psychology is an umbrella term for the study of positive emotions, positive character traits, and enabling institutions. In 2000, Dr. Martin E. P. Seligman founded the field of Positive Psychology on the belief that people want more than an end to suffering. People want to lead meaningful and fulfilling lives, to cultivate what is best within themselves, to enhance their experiences of love, work, and play. When supported, it is amazing what individuals can achieve.



3. Adaptable

In contrast to traditional, yearly goal-setting processes that inform annual performance reviews, modern goal-setting processes strive to be dynamic and agile. Goals should reflect fast-paced, ever-changing global work environments, enabling workers to shift focus to more important goals. Rather than a set-it-and-forget-it approach, the recommended approach to goal science encourages individuals to modify, archive, and add new goals frequently and continuously.

The reasons for adaptation are summed up well by the author of *The 7 Habits of Highly Effective People*, Stephen Covey, “If the ladder is not leaning against the right wall, every step we take just gets us to the wrong place faster.”¹¹ In short, it is better to be working toward a moving target heading in the right direction than making progress in a direction that an individual knows is wrong.

Because they can and should be modified regularly, goals do not have to be perfectly defined when they are created. For imperfect goals such as “launch product X,” individuals may only know three real milestones at the start, yet anticipate five to ten more coming. When each milestone can be defined—whether midway through or near the end of a quarter—goal science best practices advocate editing and refining the goal, but only when goals are ready. By always staying focused on how to refine goals, employees can be sure they are getting the right work done now.



4. Progress Based

The quantified self-movement—with activity trackers such as FitBit, Jawbone, and others—has proven that people want to get frequent, measurable, visual, and graphical feedback. It has also shown that when individuals do get feedback, it helps shape behavior to make more consistent progress toward goals.

¹¹ Stephen R. Covey, *The 7 Habits of Highly Effective People: Powerful Lessons in Personal Change*, 1990.

Weekly check-ins as a goal science best practice create a culture of frequent feedback around progress. Research conducted by Dr. Gail Matthews discovered: "...people who wrote down their goals, shared this information with a friend, and sent weekly updates to that friend were on average 33% more successful in accomplishing their stated goals than those who merely formulated goals."¹²

Progress has been shown to be a powerful force in motivating employees to do their best. Studies including the one by Amabile and Kramer uncovering the progress principle demonstrate the progress loop is self-reinforcing. They wrote: "The more frequently people experience that sense of progress, the more likely they are to be creatively productive in the long run. Whether they are trying to solve a major scientific mystery or simply produce a high-quality product or service, everyday progress—even a small win—can make all the difference in how they feel and perform."¹³

Recent studies also show that framing goals positively leads to greater achievement. Behavioral scientist Latham revealed, "A negatively framed goal ("Try not to miss answering more than 3 of 15 anagrams.") led to worse performance than either a positively framed goal ("Try to answer 12 out of these 15 anagrams.") or a do-your-best goal."¹⁴

By continually driving a virtuous cycle of progress and at the same time breaking negative cycles, employees can achieve more success. Goal science best practices include updating goals frequently so small wins are continually captured. They also include creating goals with appropriate goal resolution, for example, approximately one milestone every one-to-two weeks.



5. Aspirational

Every employee should aim high when setting goals because stretch goals also promote greater achievement. Psychologists Edwin Locke and Gary Latham wrote: "Studies have shown that specific and ambitious goals lead to a higher level of performance than easy or general goals. As long as the individual accepts the goal, has the ability to attain it, and does not have conflicting goals, there is a positive linear relationship between goal difficulty and task performance."¹⁵

¹² Dominican University, "Study Backs Up Strategies for Achieving Goals,"

<http://www.dominican.edu/dominicannews/study-backs-up-strategies-for-achieving-goals>.

¹³ Teresa Amabile and Steven J. Kramer, "The Power of Small Wins." Harvard Business Review, May 2011.

¹⁴ Gary P. Latham, Work Motivation: History, Theory, Research, and Practice, SAGE Publications, December 5, 2011.

¹⁵ Edwin A. Locke and Gary P. Latham, "New Directions in Goal-Setting Theory," Current Directions in Psychological Science, SAGE Journals, Volume 15, Number 5, October 2006.

Because goals should be somewhat difficult to achieve, goal setting and tracking should not be directly tied to compensation. Goals may be used as inputs to inform an annual performance review about the tasks an individual is working on, however goal setting progress should in no way be connected to annual performance review results. The rationale for this separation is that tying goal setting to compensation can lead to gaming the system. Employees want to achieve 100%, so some will lower targets as they near a review cycle. Moreover, achieving 100% on every goal may mean employees are not raising the bar high enough during the goal setting process.

The Future of Work

To stay competitive, businesses need the alignment benefits that Quantified Work with its goal science foundation provide. With alignment comes improved business operational excellence and increased employee engagement. Businesses that recognize making people successful will also make their enterprises more successful are moving beyond manual, time-consuming spreadsheets, presentations, and online documents. They are beginning to adopt new platforms that support a better way to work.

While bridging the gap between HR and business requirements, these solutions based on goal science best practices offer a foundation for businesses of all sizes, in all industries, to quickly and easily get started without investing six, nine, or 12 months planning. Intuitive and easily accessible to both employees and managers, evolving solutions are designed for employee success which leads to overall business success.

Like building muscles, developing goal science in any organization is an iterative process that can start with a single team and expand to the whole business—at a pace that is right for the enterprise.

Learn more about Quantified Work at BetterWorks.com.

