

How Do I Set SMART Objectives?

What is this?

- This quick reference will help managers and employees work together to develop performance objectives that are **S**pecific, **M**easurable, **A**chievable, **R**elevant, and **T**ime-bound (**SMART**).

What do I need to know?

- A common mistake in setting goals is to start by identifying the activities before the outcomes or desired end results. Well written objectives define outcomes...not activities!
- In addition to setting SMART objectives, you'll also want to check out these other quick reference guides on objective setting to help you :
 - Align your objectives to McKesson's Vision, Mission, and Scorecard goals (How Do I Align Performance Objectives?).
 - Select the right measures or metrics for your goals (How Do I Select Metrics?).
 - Ensure you set appropriately challenging goals (How Do I Set Stretch Objectives?).
 - Know when to update goals to keep them in-synch with changing priorities (How/When Do I Update Objectives?).

How do I do it?

- To make sure you set SMART goals:
 - **First:** take a stab at writing down your objectives for the year.
 - **Second:** test your objectives against the SMART guidelines:
 - **S**pecific—clear and concise statement of what needs to be done.
 - **M**easurable—uses concrete, observable criteria such as cost, quality, quantities, cycle time, and revenue to describe what will be different once the objective is achieved.
 - **A**chievable—feasible for the employee based on their demonstrated abilities and the challenge of the objective.
 - **R**elevant—Aligned to McKesson's goals, and has significant impact on business results.
 - **T**ime-bound—Includes a timetable for completion.
 - **Third:** if necessary, edit your objectives.
 - **Fourth:** review your SMART objectives with your manager.

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Tips and Tools

- Use action verbs like these when you write your goals:

| | | |
|--------------|------------|------------|
| — Analyze | — Develop | — Initiate |
| — Coordinate | — Direct | — Manage |
| — Create | — Examine | — Prepare |
| — Design | — Increase | — Review |

- Avoid the following unclear phrases:

| | |
|-------------------|---------------|
| — Responsible for | — Ensure that |
| — Oversee | — Support |
| — Participate in | |

- Refer to these examples of a SMART goals

Corporate Goal

Earn a 9% premium on our cost of capital in FY'05

CFO Goal

For the year, reduce costs of all finance-related areas by 5% of prior year's costs.

Director, Tax

Research and understand new tax laws applicable to McKesson in 2005 and prepare an approach by May 1 to reduce our tax base by 10%.

Tax Analyst

Provide all necessary documentation to the tax consultants 45 days prior to the first filing deadline to ensure timely filing of the corporate tax returns.

Where Do I Go for More Information?

- For more information, go to the Performance Management Web site at <http://mcknet.mckesson.com/PM> or contact your local HR representative.