­­HBR – Goal Setting:

Why Set Goals?

Set Goals

Accomplish Goals

Evaluate Goals

# Why Set Goals?

Goal setting helps you decide how you want to focus your resources and spend your time. Learn how to set the right goals—ones that boost your own and your team’s performance.

## What is goal setting?

Goal setting is a process through which you define targets that create value for yourself, your team, or your organization. When you set goals, you commit to accomplishing certain outcomes—and you make a plan for doing so.

Setting and accomplishing goals is an important personal and organizational skill. By learning how to define clear goals and then having the discipline to reach them, you help to instill a culture of achievement.

## Why goals matter

Goals are crucial to personal and professional success. In contrast to New Year’s resolutions—which seldom include a plan for how to accomplish them—goals give a sense of purpose to your activities. They also make you accountable for certain outcomes.

Through goal setting, you and your team decide where you want to go and what you need to do to get there. When you work with your direct reports to define specific, challenging goals, you help yourself and them achieve high levels of performance.

Setting goals drives performance and boosts motivation in you and your team in several specific ways:

Goals motivate behavior change. When you define a clear and compelling goal, you feel motivated to adopt the new behaviors required to reach it.

Goals provide direction. When you set a goal, you naturally direct your attention toward the next step you’ll be taking. Consequently, you mentally lead yourself in the right direction—and your actions follow your thoughts.

Goals sustain momentum. When you make progress toward reaching a goal, it feels rewarding. That feeling releases a brain chemical called dopamine, which elevates your mood and energy—and can be addictive.

Goals generate feedback. When you change your behavior while trying to reach a goal you’ve defined, you get feedback showing that you’re making progress toward the goal—or not. You can use that feedback to make midcourse corrections as needed.

Goals build character. The process of defining your goals helps you gain insight into what’s truly important to you. And as you achieve your goals, you boost your efficacy, which in turn builds character.

## Types of goals

As a manager, you set many types of goals:

### Organization-focused goals

Organization-focused goals define what you and your group will do to create value for your unit and organization. They include:

Unit goals: What your group as a whole will try to accomplish.

#### EXAMPLE

Your team wants to redesign a product website to improve your customers’ experience and make it easier for them to learn about and purchase products.

Individual goals: How each employee will contribute to achieving the unit goals.

#### EXAMPLE

Your web designer sets a goal of researching and selecting a web content management system that will save development time and make the new site easy to maintain and update.

### Personal development goals

To grow as individuals, you and each of your employees need to set personal development goals. These goals can relate to your personal life as well as your professional life.

#### EXAMPLE

One of your direct reports has a goal of becoming a manager. You suggest that she head up a project team, an experience that would help her develop leadership skills essential for being an effective manager.

#### EXAMPLE

You decide that you want to get more involved in grassroots political movements so you can have more input into the policy decisions shaping your life. You set out to learn more about how such movements come into being and how the policy-setting process works.

### Short- and long-term goals

Different goals have different time frames. Some goals you aim to achieve within one or two months; others, in many more months or even years. Often, achieving short-term goals can help you score small wins that energize and encourage you to work toward a more ambitious, long-term goal.

#### EXAMPLE

You want to lead a major product line at your company, and you know that achieving that goal will take time and effort. In the shorter term, you take on several small projects that will help you build some of the knowledge and skills you’ll need to reach your ultimate goal. These more immediate efforts include learning how to analyze competitors’ offerings and completing a course on product manufacturing and supplier logistics.

## Goal alignment

When individual, unit, and organizational goals are aligned, they support one another rather than work at cross-purposes. Goal alignment helps an organization execute its strategies and reap the business value those strategies promise—such as increased market leadership, innovation, or profitability.

#### EXAMPLE

An organization seeks to become the market share leader in its industry by swiftly introducing innovative products. To support this strategy, the product development unit sets a goal of hiring additional staff to boost its capacity for designing new products. The sales unit sets a goal of training field representatives on the new products. And the finance unit sets a goal of upgrading its budgeting and reporting software to improve tracking of product sales.

Team members within each of those units set individual goals needed to support the unit goals. For instance, Dean, a product developer, decides to study new approaches to product innovation. Florence, the sales team leader, commits to creating new training materials. And Shauna, an accountant in the finance department, resolves to research new software applications and compare their pros and cons.

In many large organizations, the high-level corporate strategy is influenced by ideas and knowledge flowing up from lower levels. Through their everyday work, managers on the front lines learn about changes in customer needs, technology, and competitors’ moves. They share their knowledge with each other and with higher-level executives. Information from all levels in the organization thus contribute to shaping the organization’s strategy.

Diagram

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Once managers and employees at all levels understand what the high-level strategy is, they can define goals supporting that strategy. What’s more, individuals and units can explore how the goals they’re setting affect one another, so they can help each other achieve the goals. Understanding such interdependencies is vital. For instance, what information will one unit need from another unit to attain its newly defined goal? What tasks will one unit have to perform for another?

Every employee needs to understand how their work-related goals support the unit's goals, and how achievement of the unit’s goals will help the organization reach its strategic objectives.

**Successful people reach their goals not because of who they are but because of what they do.**Text

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OKRs – Objectives & Key Results: [HBR Notes - OneDrive (live.com)](https://onedrive.live.com/?cid=5C1C26572596D92D&id=5c1c26572596d92d%2167385&parId=5c1c26572596d92d%210%2AL0xpdmVGb2xkZXJzL0RvY3VtZW50cy9Ob3Rlcy9IQlIgTm90ZXM&o=OneUp)

# Set Goals:

The goals you set directly affect your organization’s, your group’s, and your own success. Learn how to define the highest-potential goals for your group, your employees, and yourself.

## The goal-setting process

You set many different goals in your work. In a typical day, you probably think about how your group could operate more smoothly, what new responsibilities you could take on, and how your direct reports could work better as a team.

Your challenge is to sort through all of these concerns and set goals that will create the most value for your group and your organization when they are achieved. Here are some ways to begin.

### Brainstorm with your team

With your team, explore questions such as:

* What initiatives do we need to accomplish to support our organization’s goals?
* How could we make the biggest difference in our group’s performance?
* What do our customers want from us?
* How is the marketplace changing? How could we take advantage of new opportunities and manage new threats presented by these changes?

### Use your networks

Talk with others throughout your organization about what they see happening in the competitive environment and what they’re hearing about the organization’s strategic priorities. Talk with key suppliers and customers to learn how outsiders view your organization’s reputation and products. Use the insights you gather, along with your own ideas, to set goals for your group.

#### EXAMPLE

Sia is an operations manager at a large industrial goods company. By drawing on her networks, she learns that many companies in her industry are using digital technologies to provide attractive new services to customers, such as predictive maintenance. She uses these insights to set goals for her group that include running pilot projects to see whether new data collection techniques and predictive maintenance would reduce costly downtime for customers.

### Prioritize your goals \*

As you brainstorm with your team and use your networks, you may start generating ideas for many different potential goals for your group. You’ll need to prioritize them—that is, determine which ones you’ll pursue, and in what order.

To prioritize your goals, ask which ones would:

* Generate the most value for your organization (such as new efficiencies or new strategic advantages)
* Deliver the biggest improvements in your group’s performance, such as its productivity, efficiency, or profitability
* Best position your team to achieve even more success in the future

An organization or team that has too many conflicting goals will struggle to achieve the most important and valuable ones. One way to prioritize goals is to compare them side-by-side to decide which ones to focus on now, and which to leave for later. Set aside goals that are not an immediate priority, but are still valuable, on a waitlist for future attention.

#### EXAMPLE

Nadiyah leads the product development division of a home appliance manufacturer. With her team, she has identified several potential strategic goals for the coming year. These include improving supply chain efficiency, cutting costs, increasing employee engagement, designing and launching new product lines, and enhancing the quality of existing products.

To prioritize, Nadiyah and her team consider the goals side-by-side. Since their core products are currently selling well, they decide to put the launch of new products on a waitlist to revisit in six months. They will focus in the near-term on the improving the quality of existing product lines.

This clarifies the team’s direction, indicating that quality and innovation are key values in both the long and short term, but that the immediate focus will be on core product lines.

### The A-B-C of prioritization

You can also review your list of goals and rank each as A-, B-, or C-level priority. You’ll use two criteria to rank a goal’s priority level:

Value: The benefits that achieving the goal would deliver for your group and/or organization.

Importance: The degree to which achievement of a particular goal would support your group’s or organization’s objectives.

#### EXAMPLE

Alicia's organization has just defined a strategy focused on entering several new geographic markets on an accelerated timeline. The goals she has been considering for her group include creating an overseas assignment program. Alicia gives this goal high priority because it supports a strategy that her organization wants to execute soon.

With these criteria of value and importance in mind, follow these steps:

1. Look at each goal on your list and decide whether it’s A-, B-, or C-level priority.

* Priority A goals have high value and primary importance.
* Priority B goals have medium value and secondary importance.
* Priority C goals have some value but not much importance right now.

2. Put Priority C goals aside for now, delegate them, or cross them off your list.

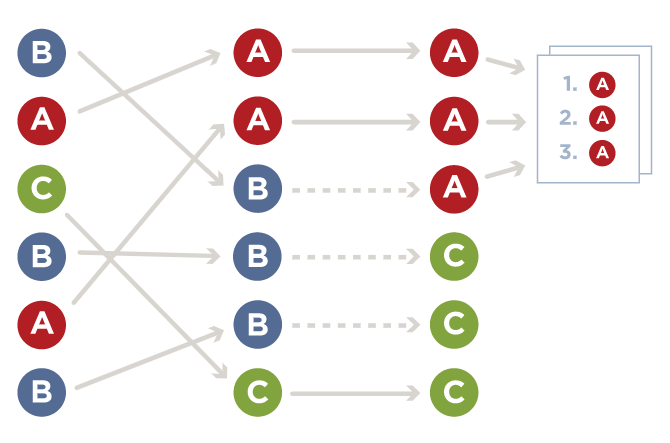
3. Look at your Priority B goals again. Reassign them as Priority A if you think they’re worth your time—and Priority C if they’re not. Disregard or delegate any goals you’ve just reassigned as Priority C.

4. Designate the goals that are now on your Priority A list as your top-priority goals.

5. Rank your Priority A goals according to their relative importance. Don’t assume that just because a goal is short term that it automatically has greater importance over a longer-term goal.

6. Write down your final Priority A list of goals, ranked by importance.

7. Commit to reviewing your list periodically to ensure that it still reflects your group’s and organization’s priorities.



TOOL: Worksheet for Prioritizing Goals

### Align employee goals with unit and organizational goals

Each of your direct reports needs to set individual goals that support the group’s goals, which in turn support the organization’s goals. Your role is to help employees with this process. Each of them should be able to say:

“Our organization’s goal is to \_\_\_\_\_\_\_\_\_\_\_\_\_. My department’s contribution to that goal is to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. And my part in this effort is to \_\_\_\_\_\_\_\_\_\_\_\_.”

To provide this support:

* Ensure that all team members are clear about the group’s goals, their individual roles, and your job expectations for each.
* Ask them to draft or modify their individual goals and express them in clear terms.
* Negotiate the details on commitments to particular goals, including your role in supporting them in achieving each goal.
* Describe what team members are expected to do. Confirm that everyone knows who is responsible and accountable for each goal.
* Tie performance evaluations to accomplishing goals.

## Characteristics of effective goals

The most effective goals have several defining characteristics:

TOOL: Worksheet for Setting Effective Goals

### Challenging

Effective goals inspire you and your group to “stretch”—without making anyone feel overwhelmed or sapping their motivation.

#### EXAMPLE

Zoe, the customer services manager for an office cleaning company, has set a goal of sharply increasing customer satisfaction scores within a short time frame. To support this goal, she sets up a task force to come up with ways to better solicit and respond to customer feedback. She also works with the training department to design a new program that will familiarize all customer service representatives with industry best practices.

Stretch goals can be characterized by: \*

* Extreme difficulty: They go beyond a group’s or organization’s current capabilities and performance.
* Extreme novelty: They require brand-new approaches to achieve.

Even if they are a stretch, goals must be realistic. As you set challenging goals, make sure you have a solid plan and the resources needed for reaching them. If goals are unreasonable, failure to meet them could be demoralizing and frustrating for everyone involved. One study of stretch goals in organizations identified two factors that consistently seem correlated with success at reaching such goals:

* Recent performance. If your group has just surpassed an important benchmark in its own history, it’s better positioned to tackle a stretch goal. Why? Winning affects attitudes and behaviors positively. When facing an unusually challenging task, employees in a group that has had a recent major success will be more likely to see an opportunity, show optimism, and demonstrate flexibility as needed to score another success.
* Surplus resources. If your group has more funds, knowledge, skills, expertise, people, equipment, and other resources than it needs, the extra resources can be used to experiment with new ways of doing things so as to achieve a stretch goal and to recover from any failures.

### Balanced

Some goals can be measured quantitatively; that is, by using numbers. Examples include increasing sales in a region by 10% in the next quarter or lowering manufacturing costs by 20% within six months.

You may find it tempting to set mostly quantitative goals because they are easy to measure. But many important goals are qualitative—not so easy to express in numbers. Examples include employee morale, job satisfaction, and performance on skills such as making presentations.

Though it can seem difficult to measure how well a group has achieved its qualitative goals, be sure to include such goals as you go through the goal-setting process. When you do, think about how you might assess progress toward these harder-to-measure goals.

#### EXAMPLE

André wants to help his team members get better at presenting project updates to audiences outside the team. He encourages them to set a goal of conducting three such presentations in the next six months.

André and his team then create a form for providing feedback on the presentations and assessing their effectiveness on specific criteria—such as accuracy, clarity of project information, and ability to answer questions from the audience. After each presentation, André and the team member who gave the presentation complete the form. André also discusses their progress in mastering presentation skills and explores ideas for how they might improve next time.

### Clearly expressed

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Effective goals are expressed in clear, unmistakable terms. Such clarity encourages shared understanding of exactly what the group plans to accomplish. Clarity therefore strengthens the group’s commitment to achieving the goal. It also reduces the chances of disagreement over whether the group has met the goal.

The “SMART” acronym can help you express your goals in clear language:

* Specific. Clearly defines what will be accomplished.
* Measurable. Gauges success using quantitative or qualitative measures.
* Action-oriented. Can be attained through specific behaviors or processes.
* Realistic. Can be achieved given existing constraints, such as time and resources.
* Time-limited. Will be accomplished within a specific time frame.

However, keep in mind that the SMART test can’t tell you whether the goal itself is a good idea. It’s how you approach the process of identifying and prioritizing your goals that really helps you gauge which goals are worth pursuing. \*

Also, take care that the acronym doesn’t tempt you or your team to set low goals. The best way to use the SMART acronym is to check whether the goals you create are clearly stated—not to determine which goals you should be focusing on.

TOOL: Worksheet for Writing SMART Goals

TOOL: SMART Goals

## Development goals

As a manager, you’re responsible for supporting your employee’s professional and personal growth, as well as furthering your own. That calls for setting development goals. Such goals enable people to build their knowledge, skills, and effectiveness in their work, personal, and community lives.

When people set and achieve development goals, they grow in their professional and personal lives, becoming increasingly effective, increasingly satisfied by their achievements, and increasingly valuable to their organizations.

### Help your employees set development goals

When you help your team members set professional and personal development goals, you make it clear that you care about what they want for themselves as well as how they can contribute even more to the organization. As a result, you:

* Enhance their job satisfaction. You keep your people motivated and engaged.
* Boost job performance. When team members learn new skills as part of their professional development, they can do their jobs more effectively and efficiently.
* Reduce turnover. Talented and ambitious people are more likely to stay with the organization if they have opportunities to further their development. When you retain valuable employees, you build a stronger workforce for your organization. You also minimize the costs associated with recruiting and training replacements for employees who have left to find organizations that offer more developmental opportunities.
* Increase innovation. When employees have opportunities to achieve personal development goals, they often bring fresh ideas into their work lives.

#### EXAMPLE

Maura manages a finance team in a large organization. During a casual discussion, she learns that Roberto, one of her team members, is interested in getting more involved in environmental responsibility efforts. Maura offers a few ideas for how he could work toward this goal. As a result, Roberto starts volunteering for a local group focused on the possibilities presented by solar energy. He uses knowledge gained from his volunteer work to make a compelling case for installing solar panels on several of the company’s facilities.

The company accepts Roberto’s idea. It significantly reduces its energy expenses and wins kudos in the industry for its sustainable business practices. Roberto, meanwhile, feels even more satisfied with and stimulated by his work, and his commitment to the company is stronger than ever.

### Set development goals for yourself \*

When you set development goals for your work, personal, and community life, you achieve a healthy and balanced life and become more effective and satisfied in each of those domains. You also set an example for your direct reports, further encouraging them to set development goals for themselves.

Just as you support your employees in setting their development goals, you can work with your manager to set development goals for yourself. That includes building a shared understanding of the expected outcomes of achieving these goals and securing the support you need to attain them, such as training or new job experiences.

How do you set your professional development goals? Consider identifying unique skills, knowledge, and expertise that you bring to your group’s efforts. Examples include:

* Deploying specific skills, such as creating budgets or determining staffing needs.
* Supporting team members’ work, such as providing data to be included in proposals or coaching individuals on certain tasks.
* Communicating your group’s activities to the broader organization, such as securing resources that your group needs to accomplish its goals and integrating your group’s goals with other groups’ goals.

To set professional development goals, think about which of these skills or forms of expertise you’d like to strengthen, which new skills or expertise you’d like to gain, and how you might do so. Work with your own manager to craft plans for achieving these goals.

Use a similar process to set personal development goals. For example, ask yourself what you’d like to achieve with your family or friends, how you’d like to better manage your own health, or what skills or knowledge you might contribute to your community.