The SMART approach from a systemic perspective. Conditions and Development Potentials.

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This article aims to examine the S.M.A.R.T. approach introduced by George T. Doran and has since been used by many organizations in a management context in various forms. The less known framework for using S.M.A.R.T. objectives by Doran is examined as well and is compared to the more well known and highly distributed management frameworks 'Management by Objectives' by Peter Drucker and 'Objectives and Key Results' by Andrew Grove. It is concluded that S.M.A.R.T. objectives can make their contribution in every management framework using objectives if they are being adapted to the context as needed.

1 Introduction

The S.M.A.R.T. Approach [2][4] is an attempt to standardize the writing of effective objectives, to help establishing a controlled workflow for ensuring a certain quality in the process of object generation. Doran, claimed that

> "most managers still don't know what objectives are and how they can be written"[2]

and that

> "characteristic of management excellence is a climate in which company officers and managers talk in terms of objectives"
>
> [2]

and therefore makes arguments for a standardized and effective way to write objectives. He argues that the S.M.A.R.T. Approach can help fulfill the requirements of reasonable objectives in a generic way.

Doran introduced S.M.A.R.T. as the acronym meaning Specific, Measurable, Assignable, Realistic, Time-Related. Doran's publication being almost 40 years old, this

method is widely known. However if not referring to the first occurrence by Doran [2], there is no standardized definition of it and there are many alterations and derivatives of it in use, referring to the term of S.M.A.R.T. objectives [7]. This work aims to give an overview of the intention of the approach by Doran, while examining two of the most popular frameworks it has been used in, and therefore trying to determine the best suiting conditions for its usage. The frameworks which are investigated for this are the popular 'Management by Objectives' framework by Peter Drucker [3] and the further development of it 'Objectives and Key Results' by Andrew Grove [5]. Both are being compared to the proposals of the suiting conditions Doran made for his S.M.A.R.T. objectives. For this paper S.M.A.R.T. Objectives are looked at isolated from the proposals Doran made about his proposed conditions to be able to compare S.M.A.R.T. objectives in different settings and frameworks. Furthermore S.M.A.R.T. is not treated as a rigid acronym since there are many different versions being used [7]. Rather it is seen as a set of criteria which is used to generate high quality objectives and can be adjusted as required.

2 Goals vs. Objectives

Objectives are seen as an important part of Organization communication by Doran [2]. There exist many different definitions of objectives and goals in which they change its roles eventually. Since for clear communication it is important to clarify vague or variably used. He argues that the definition is not important as long it is used in the same way in one organization, at least on executive level. Therefore he uses the most common way of terminology where goal is the long-term target to reach and objectives are the short-term targets required which - ideally - are clearly defined through a framework and can be assigned to employees. His proposal of the S.M.A.R.T. approach is therefore developed for this reason - for obtaining these objectives from long-term goals.

A more recent publication of Osahon Ogbeiwi [7] inspects the terminology of the term goal from a wider angle. Ogbeiwi finds that popular authors regarding goal-setting theories define 'goal' as some kind of action with it's expected end-result to be achieved at a defined time in the future. Regarding objectives he notes that some authors equate the term 'objectives' to different terms like 'goals', 'aims', 'targets' or 'end-results'. But also other terms "such as 'target' have been used interchangeably with goals, aims and objectives as their synonyms in goal-setting literature, which suggests that the distinction of the meanings of the different goal concepts may be terminologically hazy in the academic arena" [7]. Especially in the field of organizational management, development organizations and in the health care sector, goals often seem to be long-term, and objectives are mostly short-term related, being more specific and assignable to employees.

Based on the research of Ogbeiwi and the work of Doran it can be roughly concluded that there is no general definition of these result-related terms and it really depends on the area, framework and not least due to the author's understanding and usage. For this reason two of the more common usages of the terms 'goals' and 'objective' are used in this work as described in the following.

Goals

Goals define long-term targets to be reached. There may or may not exist a time-frame on when to complete the goal but the desired result which shall be achieved needs to be specific. There can be more or attributes to the goal than being specific about the outcome but not less. When being more specific one should be aware that it may decrease flexibility in creating the sub-goals - being the objectives.

Objectives

Objectives are being used to split goals in more specific and therefore more understandable, easier to overlook and easier achievable sub-goals. They can be split in objectives recursively on different levels if needed but should follow the determined framework according to the acronym as much as possible. Objectives are derived accurately if they lead to the desired outcome of the higher level objective or goal.

3 The S.M.A.R.T. Acronym

As mentioned before there exist many acronyms based on the term S.M.A.R.T. to be found in publications and the internet. The exact definition can vary and different versions may suit different tasks or organizations. Either according to different sources they use or to different needs they have. According to Ogbeiwi [7] it is noticeable that most authors agree on the first two criteria introduced by Doran [2] being 'specific' and 'measurable' where there is a much higher fluctuation on the last three criteria. With originally being introduced as 'assignable', 'realistic' and 'time-based' by Doran [2] other authors found themselves many different substitutions for the them. Extensions of S.M.A.R.T. exist as well as, for example, in S.M.A.R.T.E.R., while some authors created completely new acronyms [7].

One of the most common acronyms is being presented here exemplary, in which S.M.A.R.T. stands for Specific, Measurable, Achievable, Relevant and Time-Bound. The chosen criteria are supposed to be applied on objectives as tightly as possible but as abstract as needed according to Doran [2]. The presented definition of S.M.A.R.T. and the

questions on how to obtain the particular features is based on a book of Paul Meyer [6] is meant to be exemplary since - based on the findings described before - the term should not be seen in a rigid way. Meyer uses S.M.A.R.T. in a general motivational context and delivers a helpful description on how to derive objectives.

Specific

The objective should be clear and specific so it's tangible and therefore easier to motivate the assigned people to achieve it. The following questions can be useful to determine if the objective is specific enough:

What do I want to be accomplished?

Why is this objective important?

Who is involved?

Where is it located?

Which resources or limits are involved?

Measurable

It's important to have measurable objectives, meaning to be able to quantify them or at least suggest an indicator of progress. This helps to stay focused on the intended objective and meet the deadline. It also helps in evaluating the objective and track the progress made on it. A measurable objective should address questions such as:

How much?

How many?

How will I know when it is accomplished?

Achievable

An objective also needs to be realistic and attainable to be successful. In other words, it should stretch the abilities but still remain possible. When setting an achievable objective, it may be possible to identify previously overlooked opportunities or resources. An achievable objective will usually answer questions such as:

How can the objective be accomplished?

How realistic is the objective, based on constraints, such as financial factors and other resources?

Relevant

This step is about ensuring that the objective matters, and that it also aligns with other relevant objectives. Its supposed to brings progress for the associated goal this objective is part of. A relevant objective can answer "yes" to these questions:

> Does this seem worthwhile?
> Is this the right time?
> Does this match our other efforts/needs?
> Are the assigned people the right ones to reach this objective?
> Is it applicable in the current socio-economic environment?

Time-Bound

An objective needs time frame. In this version it is requested in a form of a target date, so that there is a deadline to focus on when the objective has to be finished. This part of the SMART objective criteria helps to prevent everyday tasks from taking priority over your longer-term goals on the one hand and to make the objective more measurable on the other. A time-bound objective will usually answer these questions:

> When? What can I do six months from now? What can I do six weeks from now? What can I do today?

4 The Right Conditions

This sections describes and compares management strategies on how to use objectives and therefore S.M.A.R.T. objectives in a management context. Even though Doran described conditions which seemed to him suit best for implementing S.M.A.R.T. objectives in a management context, the objectives themselves are just sub-targets [2]. Without having a strategy or framework on how to generate, distribute and execute them effectively, it is hard to review them in a sense of a management framework since there is no basis on how to compare the usage. To demonstrate conditions in which objectives can be used this section gives a survey over the two well-known management frameworks 'Management by Objectives' and 'Objectives and Key Results' which use objectives and where particularly 'Management by Objectives' is often combined with the use of S.M.A.R.T. objectives. Prior to that the idea of the right conditions Doran had about S.M.A.R.T. objectives is described before the different methods are beeing compared to each other [2].

4.1 Doran's 'perfect' Conditions

According to Doran [2] it is very important to set the right conditions in an organization to be able to establish an environment for effective use of smart objectives to gain maximum productivity. In his opinion the most important part is to find the right job fit for employees so they can bring in their personal strengths where it is most effective. Since job requirements can change quickly over time, job fit evaluation is needed on a regular basis. He argues that therefore "radical change is needed in the position evaluation and salary structure" so that it is possible to move up or down in positions independent of the salary and reputation. Doran also claims that it is the job of a excellent manger to move people to their job fit and if not possible remove them. He argues that "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 " [2].

4.2 Management by Objectives

The management framework 'Management by Objectives' (MBO) was introduced by Peter Drucker in his book 'The practice of Management' in 1954 [3]. The framework is based on 5 steps which consists of actions to review the organizational goal, to set worker objectives, to monitor the progress made, to evaluate the progress and performance and to give feedback and reward the subordinates. The last step is the most essential step of this framework, since this method seeks to improve its efficiency by plentiful feedback and reward. MBO is based on the theory that the employees get motivated through recurring feedback and improve their efficiency through positive rewards. The manager can also adapt through the given feedback and on the basis of the evaluation process. Thus both, the supervisor and the employee are supposed to have influence on the process. The objectives are supposed to be formed to be challenging but achievable. Thus a motivational atmosphere shall be created in which manager and employee both seek to fulfill their objectives fast. This process can be performed iteratively over multiple levels and is therefore applicable for a whole organization.

4.3 Objectives and Key Results

'Objectives and Key Results' (OKR) is a goal setting framework and was introduced by Andrew Grove as a further development of MBO when he worked as CEO at Intel and was later introduced at Google by his former colleague John Doerr [5][1]. The framework is based on objectives and key results, where objectives - as defined before - represent the short-term or middle-term targets and the key results represent clear results which are supposed to make the objectives measurable. For every objective a set of few key results is assigned. After a defined period the progress made is measured by the key

results being achieved. Therefore the objective is not measured by the fact whether it is achieved completely or not but by the key results. This is supposed to give a precise method of measurement. In his book Grove gives the following illustrative example. It displays which questions a person has to ask if she or he wants to travel to some place and make this goal manageable:

1. Where do I want to go? (The answer provides the objective.)
2. How will I pace myself to see if I am getting there? (The answer gives us milestones, or key results.)

To illustrate an objective and a key result, consider the following: I want to go to the airport to catch a plane in an hour. That is my objective. I know that I must drive through towns A, B, and C on my way there. My key results become reaching A, B, and C in 10, 20, and 30 minutes respectively. [5]

After the time set for the objectives has passed it can clearly be said if the objective has been accomplished or not. If it has not been accomplished it is still easy to identify the progress which has been made through determine which key results have been achieved. This forms the basis for the OKR framework.

If an objective and it's set of key results have been set, it is the responsibility of the assigned employee or employees to try and achieve the key results and therefore the objective. By overhauling processes on a regular basis it is made sure to stay agile and adapt processes to given circumstances as needed. A key factor of the framework is that failing an objective is not seen as failure but as a need to adapt. This is supposed to add to the agile character of the framework. It is also supposed to build up an atmosphere of achievement-driven motivation so employees are encouraged to fulfill their objectives by their own and use their abilities. The idea is that the individual potential is being realized and therefore less time-costly communication is needed.

4.4 Comparison

Doran's conditions and therefore the framework he describes for his S.M.A.R.T. objectives are very absolute in the sense of power relations between managers and employees. It is based on a strict hierarchical order using the top-bottom approach. The managers are supposed to be almost 'all-mighty' and determine the objects, who to assign them to and change assignments or even move or remove employees to create the right job fits. According to his framework the complete power of decision and therefore the responsibility is given to the managers [2]. MBO and OKR on the other hand both try to put more responsibility on the employees and use the bottom-top approach beside the top-bottom approach. Both aim to generate an atmosphere where employees feel responsible and motivated in achieving their objectives through positive reward. Especially OKR

emphasizes that failing is part of the process and is used to learn and adapt processes to gain efficiency. OKR being a further development of MBO it tries to be more agile through giving even more responsibility to the employees and getting rid of time-costly communication while therefore allowing failure explicitly and using it to adapt. Another important distinction of OKR from MBO is the decoupling of reward and achieved objectives to prevent employees from taking short-cuts. This is also supported by the already mentioned emphasizing that failing is part of the process. [3][5][1].

5 Discussion & Conclusion

Regarding the frameworks examined it can be assumed that the framework described by Doran for using S.M.A.R.T. objectives does not suit the market situation and/or organizational structures since no research could be found for his proposals of conditions even though his S.M.A.R.T. objectives are so famous. The success of the frameworks MBO and OKR which follow a contrary principle, giving more responsibility to employees, supports this claim. A meta study about MBO shows, that the framework increases productivity in 68 of 70 cases [8]. Since many successful companies like Intel, Google and Netfilx are using it's successor OKR, it may be assumed that it is even more effective given the current market circumstances. Especially the case of Intel, where OKR was developed and switched to from using MBO hints to that [5][1]. One of the reasons OKR is so popular and displaces MBO in some cases is its agile nature. While - compared to MBO - getting rid of some of the communication and giving more responsibility to the employees can lead to more failure, progresses can be made faster. The process is simply being adapted to the required needs, which therefore also can happen faster which makes up for the not achieved key results [5][1]. Another argument to put OKR over MBO is its weakness, that employees tend to achieve objectives using short-cuts because of its reward system. The decoupling of rewards from achieved objectives might rise the quality of achieved objectives remarkably because of the promoted positive error culture [5][1]. For all the prior made arguments it can be assumed that at the current market situation OKR delivers the most suitable management framework - out of the frameworks inspected - for using objectives and therefore S.M.A.R.T. objectives. [5][1]. From a more abstract and theoretic perspective it is hard to determine what the best conditions for S.M.A.R.T. objectives are, since the possibilities of using them are clearly restricted by existing organizational structures which are dependent on the current market situation and our economy system. After Dorans idea of a framework for S.M.A.R.T. objectives was denounced, the question arises whether S.M.A.R.T. objectives have their right to exist in these frameworks. MBO, OKR and other frameworks which are based on objectives are highly dependent of the quality of their objectives. The widely distributed usage of S.M.A.R.T. objectives makes a case for their significance in organizational management.

When sticking to the original definition of the S.M.A.R.T. acronym compulsively it can be assumed that it may not fulfill it's purpose satisfyingly or might even have negative impact on effectiveness since there exist many adjusted versions of it [7]. Since the criteria for S.M.A.R.T. objectives is highly adjustable as it is defined in this paper, it most likely can increase the value of every of these frameworks if adapted suitable. The conditions Doran proposed in his publication on the other hand seem to be old fashioned, using an absolute top-bottom principle where employees are just being used as screws the manager has to find the fitting screwdriver for. It doesn't take into account personal needs and therefore can probably not make use of the full individual potential of employees.

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