

5 tips to setting the right goals

The goals a business sets at the beginning of the year are vital to its long-term health. Get it wrong and a company could be blown off course and lose market share or key customers to competitors that could set it back years. Get it right and a company can hold a steady course towards its vision, achieve its aims, return strong shareholder value, make competitors less relevant and be a company that people want to work for.

Strong, clear and creative goals that are evenly balanced throughout a company will bring everyone in that company together, increase motivation and bring out the best in them. Relationships with customers, partners and other stakeholders are strengthened when they see a clear set of goals to achieve their mission.

Because setting the right goals is vital for your year ahead it might be worth just taking another look and asking yourself if you really have created goals that will strengthen your company and drive it towards your vision.

Here are five tips to setting the *right* goals.

No.1 – Don't just set goals, set the *right* goals

You've set your business goals for the year but are the *right* goals.

Have you set goals that will propel your business beyond simply a percentage growth on the previous year? Have you learned from last year and set goals that exploit what worked well and addresses what didn't? Do you know why some targets were met and why others were not?

Of course it's important to know why something didn't work well so that you can avoid making the same mistakes, but it's also important to look at what did work so that you can build on it.

Key Points

Goals are the stepping stones to achieving your vision. Think of them as the stopovers during a world cruise.

Even though course checks and corrections are continuously made in between stopovers, these major milestones are your check that your company is on course.

In addition to 1 year goals try to set 3 year goals. Some of the 1 year goals will themselves be stepping stones to these 3 year goals.

Create a set of balanced goals that improve all aspects of your company. Any neglected areas could result in a drag on the company's progress. Any people in those areas would also become de-motivated.

Set goals that will strengthen your company and drive it forward and in order to do this they need to be the *right* goals. So, how do you make sure you set the right goals to achieve your aims for the year?

Reaching a goal is like successfully arriving at your destination after a long journey. Like any journey, to know how to get to where you want to go, apart from the location, you need to know that you have the necessary equipment, funds and ability to reach your destination. You need to know where you are starting from and be prepared for the hazards that you may encounter on the way.

It's the same in business; know what resources and capabilities you have, what you need, your current position and what external factors could blow you off course.

This analysis is crucial if you're to set the right goals for the year to come. Only when you know the weak and vulnerable areas of your business can you do something about them. Only when you know your strengths can you exploit them.

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So, where do you start?

No.2 – Know yourself

Odd as this may sound, many companies set goals without really understanding themselves well enough to know what the impact these goals will have on their day-to-day business or even if the company has the capability and resources to achieve them.

Many people go through life without really knowing themselves or realising their full potential. And companies are no different; they struggle to find their niche, to meet their goals and realise their vision (assuming they have one).

These companies suffer from an identity crisis because their leaders have not taken the time out to really know their core values, what they are trying to achieve, how they are different, how to communicate that difference or who their audience should be.

Key Points

Are your goals creative and challenging or are new targets simply a percentage increase of the previous year's targets?

Setting the right goals requires focused effort, time and creative thinking. This should be a team effort. If your company is very small or just you then seek others to bounce your ideas off and provide new ones.

Don't skirt over this goal-setting exercise. Everything you and your people do should be aimed at achieving them. The success of your business depends on them.

As-well-as giving you targets to aim for your goals should also strengthen weak and vulnerable areas. Learn from the previous year. What didn't work? Where did you struggle? What issues did you face? What did work? What went well that you could improve on?

Make sure the goals you set can be achieved. It might require the buy-in and help of partner companies. Can you get their support?

The first phase of strategic planning is the *Think* phase. The outcome of this phase that passes to the next *Plan* phase is your set of goals.

Take time out to really know your business and set some goals that will strengthen any weak areas and exploit the strong areas. Not all goals should be outward-looking and focussed on increasing revenue. Some should focus on making sure your running effectively and efficiently to meet future growth demands. Get these inward-looking goals right and your company will be stronger, run more effectively and win more business.

No.3 – Know your place

In addition to knowing yourself it's vital to know where you are. If you don't, how can you know which route to take to reach your destination?

When planning a long journey you need to know where you are setting off from, the terrain you will cross, the weather you will experience, the equipment you will need, the politics of the region and so on. Only when you have all the facts can you properly plan the route and expect to get to where you're going.

The same applies to business; to set the right goals in order to realise your vision and steer a true course you must know where you are at the outset, where you want to get to and prepare for the hazards you may encounter. This requires an outward look at the markets you play in, your competitors, the needs of your customers and other external influences.

Business is a tumultuous sea, how you prepare for the journey across it makes all the difference.

We have looked at the importance of knowing yourself and your surroundings in order to set the right goals and strategies to grow your business and eliminate uncertainty. Next we look at the importance of strong leadership for setting and achieving these goals.

No.4 – Leadership

Achieving a challenging set of goals takes great leadership.

As a great business leader you are the face of your company to those outside and an inspirational force to those within. You stand-out from

Key Points

Only with a clear vision and mission and a full understanding of your company's strengths and weaknesses can you create a set of goals which will ensure you head in the right direction and that you have the resources and capabilities to get there.

Don't just set goals to win a number of projects, achieve revenue and profit growth. Also set goals that increase the *likelihood* of hitting your financial targets.

Set goals that prepare your business for the year ahead that addresses the potential hurdles and risks to your company.

To set a goal that is achievable, as-well-as looking at your resources and capabilities, make sure you target markets and customers that you can actually service. For example, having a product that would be of interest to a mobile phone company doesn't mean you should approach them if your company is still young, small and cash sensitive. Their demands could easily kill your business.

the crowd and, in addition to many other attributes, you are impressive, credible and trusted. You are in control of your business, you think creatively, build relationships and communicate clearly.

Do you have the leadership qualities to keep your company on course, to become a valued partner to your customers and to bring out the best in your people? A CEO is hugely influential, especially when a company is a start-up or SME. In addition to the direction the company takes, he or she also sets the tone that influences everyone working in it.

Are you a strong leader who sees the long-term vision and possesses the right set of goals and control to steer your company towards it?

If you close your eyes do you see yourself on the bridge of a ship looking calmly at the horizon? Are you confident that you know where you're going and that your ship and crew have what it takes to get there? Or do you see yourself in the engine room, stoking the fire.

If you don't see yourself on that bridge then you are not in full control of your business and you probably feel pressure from a number of areas. It's also likely that your business doesn't have a strategy plan with a balanced set of goals at its core acting as a guiding light which shows the way.

Great leaders take the time out to think about the long-term future of their business and create a vision and goals that propel their company beyond their competitors. Do you constantly look for ways to improve your business and capture more customer value? Even if your company started out with a disruptive technology, if you stand still you will eventually become mediocre and struggle against the inevitable competition that follows.

Do not assume that your people will see the need for change as you do and so it is vitally important that you communicate your vision and why you see the need for change. Bringing your people together to achieve the goals set and head towards your vision is a skill that great leaders possess and which can turn a good company into a great company.

As CEO you must stand at the helm and know that others will follow where you lead, will listen when you speak and will trust in your judgement.

Key Points

Being a leader doesn't mean you have a monopoly on good ideas. Involve others when setting your goals.

Setting goals as a team with those responsible for achieving them will establish an emotional connection to them and increase the chances of success.

The goals are the "what" and as leader this is your call. Be influential in the "how" they will be achieved but if you have a team of people then give them responsibility for how these goals will be achieved.

All in your company should understand the reasoning behind your goals and know how their role contributes to its success or failure. This goes for strategic partners too.

All goals and the objectives and means for achieving them must be measurable, time-limited and have an owner.

No.5 – All goals are not made equal

Some goals will make a bigger difference to your business than others. Build a hierarchy of goals which together will strengthen your company, propel it forward, and make it run more effectively.

Throughout my working experience I have seen the same types of goals repeated year-on-year. These goals usually comprise hitting targets such as revenue and a number of design wins. Of course you need targets like these to hit and so there is nothing wrong with setting these kinds of goals but where are the truly inspirational goals that set companies apart from others? Where is the vision? Where are the supporting goals that will make the visionary ones possible?

Establish a tier of goals that range from 'visionary' to 'nice-to-do'.

Once you have carried out the self-analysis I described earlier, get together with your colleagues and come up with loads of ideas. Reduce them down, prioritise and create this tier of goals.

First your *visionary* goals; set one or two of these only (you can't take over the world in one leap). These should present a real, but realistic, challenge and could take one, two or even three years to achieve but which will create a step-function transformation of your business if successful. Take Apple as an example of a company that has set visionary goals that have created massive leaps in their fortunes and even cultural changes in our society.

Of course you don't want to put all your eggs in one basket and so select a handful of annual *key* goals that will drive the company forward in the right direction regardless of the visionary ones.

These should be followed by some *important* goals which will strengthen your company and help ensure you hit the key and visionary goals. And finally some *nice-to-do* goals which will make a difference but which your company doesn't depend on for success. Finally, discard any that are remaining.

Some of these goals will come about as a result of the self-analysis or strategic health check you hopefully carried out earlier.

Key Points

Some goals should be supportive; they should enable other goals to be achieved. For example a major goal to expand into other geographical territories may require an enabling goal to establish a strategic sales channel partnership that is strong in that region.

Visionary goals may take two or three years to achieve. These are the truly inspiring goals which can bring everyone together, build excitement, increase loyalty and stand your company out from the crowd.

People are the most important assets a company has. As leader, make sure you help them achieve their personal, career goals.

Create a one-page summary of your goals, the objectives to achieve them and the processes involved. Create a one-year version and if possible a three-year version. Print them onto A3 sheets and display them where you and your people will see them daily.

Last word...

These five steps to setting the *right* goals will make a huge difference to the growth of your organisation. As a leader of a company, regional office or business unit, you are central to this process.

Work with your people to establish a strong tier of goals. Do not rush this process; once your self-analysis has been carried out, if necessary split the 'goal setting' sessions into two or more. (But don't take too long or lose the momentum and excitement of this creative process.) The first session could identify a whole heap of goals for people to go away and think through for a couple of days. Creativity doesn't occur on demand but can build in waves.

Once your goals are set, ensure your people know them and the reasoning behind them as you'll need their buy-in to ensure success.

Key Points

The *Plan* phase of the strategic planning process takes your goals and sets the objectives and means for achieving them. It takes the "what" and sets the "how".

Creating goals can be an inspiring, invigorating exercise. To develop them you (and team members) will need to step away from your business. Only by doing that can you possibly hope to set the *right* goals and steer a true course for the year ahead.