

Goal Setting for Your Business

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It may come as a surprise, but research has shown that most small business owners are not personally goal-oriented. Many of these businesses have succeeded in spite of having no goals at all. It seems that an organized program of setting goals and carrying them out is very rare.

It is my belief that some companies that do well because of other factors (like right place/right time etc.) often experience low or no motivation for goal setting and/or strategic planning. They just make the assumption that if we keep on doing what we have been doing, we can expect the same good results. In most cases this attitude will eventually result in the demise of the business.

When a business is new and things are going well, you may feel no dire need for planning, and you may be right. Obtaining constant growth, while maintaining excellence, is not an easy task. However, as competition increases (and it eventually will) the bar is raised and doing well and succeeding becomes more difficult.

For those of you whose stores may be experiencing the pain of stagnation, low profits, or declining sales, goal setting could be the first step in getting back on track and turning things around.

How Goal Setting Works

There are four ways that goals help us get where we want to go, get what we want, do what we want, and be who we want.

1. Goals give us focus. Without goals, we can be easily be distracted by the normal day to day activities that we must engage in. Focus is important, because if we don't have it we lose sight of the goals and the desired outcome. A perfect example of what the lack of focus can do is what happened to Lindsey Jacobellis recently in the Winter Olympics snowboard competition. She was going for the gold medal, and had it nailed. She was near the finish and had over a 100 yard lead on the #2 contender. Then she looked back to see how much of a lead she had, decided to do a little showboating move, lost her focus, and fell and ended up finishing number two for a silver medal. All because she lost her focus for a second or two. With so much at stake it is hard to believe she would do that.
2. Goals get us started and keep us going. Goals not only serve as beacons for our attention, but they motivate us to act and start the process that we need to engage in order to attain them. Goals also provide Clarity about desired results.
3. Goals add to our resolve. Persistence is the key to accomplishing what we want to do. Without goals, we may find ourselves being persistent at lower-priority activities rather than the activities that will get us to where we want to go.

4. Goals lead to actions. Once you set a goal, a plan for action is the normal and natural next step. Your action plan should outline "how" you plan to achieve or accomplish the goal. You need to identify and act on the key actions that need to be taken to get to where you want to go.

There are many other good reasons for setting goals, but in order for goal setting to help, you absolutely need to have a plan for achieving your goals. Here are some other reasons for setting goals.

Goals Boost Productivity

If you know where you want to go, in general, and how you want to get there -- more or less -- then why is it so important to get more specific about goals and setting them? The reason is rooted in research and the resulting evidence demonstrated by that research. After all, how many gold medal Olympians motivated themselves by setting a goal to finish in the top half of the field? Their goal had to be to win a gold medal, or at the very least to win a medal.

It has been proven that we can accomplish more and go farther if we dedicate ourselves to written goals, keep them on both our business and personal radar screens, and follow through on the steps that we have determined to be required to make them happen. Putting them on the wall in your office is not a bad idea.

Angelo Kinicki, who co-authored the textbook "Organizational Behavior," found that 68 out of 70 organizations examined in various studies enjoyed productivity gains as a result of management by objectives, with the "objectives" being nothing more than goals.

According to Kinicki, productivity increased an average of 56 percent when the commitment of the business owner or top management was high, but only 6 percent -- on average -- when the owner's or the top management commitment was low. Employees' job satisfaction also correlated positively to management's commitment to setting goals, having a plan, and executing the plan.

Goals Provide Clarity about desired Results

When clear goals with measurable results are set, there is no doubt about the desired outcome. A goal that is loosely written (such as "increase sales") does give a result but it is hardly measurable. If annual sales are increased by one cent, technically the goal has been achieved. The goal needs to be more specific, give an amount that is measurable, and then it is perfectly clear.

Goals can get commitment from individuals and other work units

When measurable goals are set and communicated to individuals and work units (such as the sales force, the installation crew, etc) it is appropriate to ask for a commitment to achieve those goals. Likewise, if the process has been skillfully implemented, and individuals have set their own goals, they must be written down and you must obtain a commitment from the individual or the work unit.

What I am implying here, is that as the owner of the store you should be setting the goals, but you must be committed and you must get "buy-in" from your employees. Since the

employees will be responsible for following the plan, their support and “buy-in” is necessary. In order to obtain the necessary “buy in” you need to let the employees participate in some of the decision making, allow them to participate in the goal setting, encourage them to set their own goals, and constantly seek their feedback.

For commitment to occur, goals must be:

- Clear and understandable
- Specific and measurable
- Realistic and attainable
- Relevant and Meaningful

For example, assume you just spend a great deal of money to update and improve your showroom. You tell your employees that because of the increased overhead, you need to have a 15% increase in revenues to maintain the same profitability. If that is the end of the conversation how do you think your employees will respond? What do you think your employees will do? If your answer is they will respond by saying OK but they will do nothing but hope for the increase, you have the correct answer.

Now, let us look at a different approach to this project. Before your showroom is remodeled and upgraded, you tell them that you are planning on doing it, and you tell them the reason you are is so that you can stay up to date, create a better work and selling environment, be more efficient, and close a higher percentage of your walk in customers. At this point you have communicated and set some goals. The remodeled and upgraded showroom is one of the tools and necessary actions to achieve the goals.

Now you ask for their input on the new showroom. You may already have plans drawn, but at the very least you review them with your salespeople and employees and ask them what they think. They may have some suggestions that would be an improvement over the plans. After that process, you let them know how much this is going to cost, and you tell them about the revenue increase that is required to pay for this upgrade. You then ask them for suggestions on how to achieve the revenue increase once the new showroom is completed. Ask specifically, what needs to be done to generate a 15% increase in revenue?

If your salespeople are dedicated, they will come up with all kinds of ideas. Some examples they might come up with could be: We need to review our store hours, we need to let people know we have remodeled our store, we need to follow up after the sale and ask for referrals, and call those referrals and invite them in the store, we need to advertise more effectively, we need to run a promotion to get people in here, we need to raise prices, we need sales training, etc.

You may be amazed at the good suggestions you will get. Also, at some point you will ask them to commit to the 15% increase, and to write down and share with you how they plan to achieve that. By now you probably get the idea of the process.

In a worst case scenario, if your people give you a blank stare when you ask them how to increase revenue by 15%, you may need to seriously consider making some changes in

personnel. At the very least, you should have an idea how you would increase revenues by 15% and communicate that to them.

Clearly, your goals are a critical starting point for this process, but letting employees know what they are and letting them participate in the process helps you to get well on your way to creating the success you envision. To not have clearly written and understood goals and a clear plan to achieve them is to leave your success to fate, wishing, and hope. After all, wishing to make more profit will not make it so, just like wishing to lose weight will not make it so.

Questions, comments, and feedback are always welcome.

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