



Management and Performance Associates – January 2006

SMART

Peter Drucker introduced the concept of Management by Objectives (MBO) in his 1954 book “The Practice of Management.” In his work, he introduces the idea that each staff member should have objectives in line with the strategy of the organization. These objectives should be monitored and performance should be assessed based on these objectives.

He strongly recommended that we should avoid at all costs becoming trapped in our day to day tasks, thereby missing our perspective of the reason for our work. Drucker describes this phenomenon as the “activity trap” and emphasizes that the organizational performance must improve if staff objectives are aligned with the organizational strategy. Although this concept continues as strong and current more than half a century later, it is not easily implemented.

At MAPA Consulting, throughout our practice of more than 20 years working with large corporations, both as employees and as consultants, we have noted that most managers do not know how to fully implement this concept, which is required by policy in all large global organizations. As a consequence, most written goals are no more than activities to be performed on a day-to-day basis.

The process begins top-down, from the organization strategy to the specific objectives/goals for each staff member. The process is completed when we monitor performance throughout each period, with the idea of reinforcing accomplishments and introducing the needed changes to reach the maximum level of excellence.

Most managers comply with the letter of the process, but miss its spirit by confusing objectives with tasks in addition to defining objectives too broadly.

One year later, it is too late to realize that it is not easy to prove if we have achieved these objectives or not. This originates much miscommunication between managers and their staff members. Had we been specific enough from the beginning these different interpretations would have been avoided. Goals come from and have the same intent of the organizational strategy, but are specific, measurable, verifiable, and most importantly, they are not to be confused with tasks needed to accomplish them. The set of accomplished objectives allow us to monitor the organizational strategy.

When defining goals/objectives we should start each one with an action verb. Customer service means different things for different people. To “Obtain an 87% customer level satisfaction in a survey” is much more concrete.

The **SMART** acronym will help us to understand the characteristics of a well defined objective: **Specific, Measurable, Achievable, Relevant, and Time Bound.**

These simple guidelines will be of great help when defining the objectives:

- **Specific:** Well defined. Clear enough so that everyone understands “what is to be accomplished,” “where,” “how” and “who?”
- **Measurable:** Quantifiable at all times, so that we know how close we are to its accomplishment.



- **Achievable:** Realistic, given the resources available, the capacities, and the available support that is necessary to achieve it.
- **Relevant:** Oriented to support the organization strategy. The key concept here is alignment.
- **Time Bound:** Defining a reasonable amount of time to achieve it.

A last recommendation: Ensure that all objectives are well known and agreed to by each staff member. After the communication and agreement, record them as they should be referenced throughout the year, during coaching sessions and performance appraisals.

See you next month. Suggestions are welcome.

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