
Performance Management: The Trouble with Goals

by **Patricia A. McLagan**

Goals ('objectives') have been around for as long as there has been human ambition. They are among the key tools we use to deliberately create and influence the future. But, goals as a vehicle for institutional and self-management have not yet reached their full potential. This is partly because humans are both rational and emotional or non-rational creatures. We don't often follow the textbook when we use structured processes, even when it seems in our best interest to do so. Also, times have changed. They appear more chaotic and unmanageable than ever and goals have little credibility if they are always changing.

So, the way we've developed and used goals in the past doesn't seem to fit today's needs. Who wants more paper and procedures when we're supposed to be more flexible and face-to-face in our dealings?

We must work through issues like these in order to find out 'where have all those goals (and goal-setting processes) gone and where must they go in the future?'

Goals mean different things to different people

By the time we move into the workplace, our concept of 'goals' has already gelled. If we've been involved in sports, we think of goals as 'winning'. We remember days and weeks of practice and exercise, of humiliating defeats and, perhaps, stunning victories. We think of sacrifice and 'no pain, no gain'.

Our memory reruns may recall a prodding, punishing or nurturing parent moving with, behind, or at a distance from us. Depending on our successes and failures back then, our spirits soar or dive when we think of goals applied to our work.

Even without a history of sports involvement, we all have other experiences with goals. For example, most of us have set, achieved, and (more likely) missed New Year's resolutions. We've made and sometimes broken commitments to ourselves and others and created our own track record of accomplishments, complete and unfinished checklists, and our own unique usage of goals.

There are personality differences, too. Some of us move with analytical precision from milestone to milestone, securely armed with objectives, checklists, and vertical rows of post-it notes pasted in oversized diaries. Others go out of our way to avoid the constraints of direction, discipline and plans. These intuitive or analytical approaches may have genetic foundations, be programmed by experience over time, or they may result from combined heredity and environment.

Whatever their origin, our views of and approaches to goals have long histories and deep emotional roots. These diverse views and approaches transfer to the workplace, creating an immense dissonance, a cacophony of reaction and meaning which energises or dooms any management attempts to become more goal directed.

Complicating all this is a schizophrenia in most organisations about just how goal-directed people really ought to be. Pressures, especially in difficult economic times, to respond and adapt seem endlessly at odds with longer-term visions and goals. This is particularly true today as big and multi-year projects like Total Quality, flexible manufacturing, and participative management try to compete with quarterly profit pressures and the stress of massive retrenchments. Even the most goal-driven among us, unless we are willing to engage in guerilla warfare, throw up our hands, toss out our dreams and cry, 'what's the use?'

The Murky World of Goals in Business

Evidence of the pressures created by our complex modern environment may be found in the suddenly heated debate and lack of agreement about what goals really are (financial and other numerical targets, programs, products, services, or activities and plans); who should have them (individuals, teams, departments, or the entire organisation); what the difference is between a goal, target, objective, strategy, or action plan; how goals should be developed, and by whom; when and why they should change; and who should own and manage goals once they exist.

Even if the answers to these questions are simple and unambiguous (which they seldom are), the emotional context in which goals exist is neither. Since the fifties, personal performance goals have existed mainly to feed the performance appraisal system: we've set goals in order to have something to measure so that we can determine merit pay increases. This is not always the stated nor implied intent of performance goals, but a telling clue is provided by the fact that personal performance goals rarely link in a meaningful way to important strategic needs of the business. Nor are many people willing

to set really challenging goals. They fear that they won't be able to exceed tough goals and qualify for a superior performance rating and the largest merit increase. But in organisations where trust is low and where there are few intrinsic rewards (the kind that come from meaningful work and inclusion in decisions, for example), a high performance rating and the best pay increase are all there is. This puts downward pressure on goals and contaminates any goal management process with self-esteem and other emotional issues. In low trust and autocratic cultures, such pay for performance linkages actually work against the very performance they are meant to stimulate! They only set the stage for massive game playing, intrigue, and self protection.

Organisations have ignored evidence of these shortcomings in the past. And they have been able to afford such an attitude. Despite loud rhetoric about people being the most important asset, in typical command and control, pyramidal organisations goals really only matter for those at the top. Top management does the thinking and directing, others do what they are told. 'Goals' for everyone but the top relate essentially to activities that are subject to change at the whim of the next boss. As Peter Drucker says in *Managing for the Future*, people in an industrial age organisation are simply tools of production.

The effect of this reality in traditional organisations is that goals are mostly tactical and often paper bound. In fat times, they are usually benign, and in lean times they have a strong potential 'gotcha' quality. In either case are they powerful tools for engaging the thinking, creativity, and motivation of the people who must own them. But, then, in a command-and-control organisation, people are not expected to think.

But, We Need Goals More Than Ever!

I believe the ability of organisations to unleash thinking at all levels will in future be a key success factor. But to be effective, thinking must be harnessed and directed, and that's where goals come in. So I likewise foresee that we are entering an era where the serious redefinition and pursuit of goals will be a key success factor both for individuals and institutions. There are two reasons why this is true.

First, there is an immense gap between current organisation norms and practices and what it will take to succeed. Successful organisations must be very much more customer oriented and flexible. They must continuously improve quality while anticipating and leading breakthroughs in products, services, and support systems. In short, they must be willing to continuously break down and recreate their structures, use and reorganise around new technologies, and anticipate long-term issues while adapting opportunistically in the short term.

A fundamental characteristic of a transformed organisation is that goals take the form of tangible images of a future not yet achieved. They are key magnets for pulling people into a new, better reality. Unless this happens, unless people everywhere in the organisation have and care about such goals, top management's new strategies remain a paper dream, another empty New Year's resolution.

The second reason goals have a new significance is their ability to unlock the thinking and creativity of every individual in the organisation. Virtually all of the new priorities (high productivity, customer focus, quality, elimination of waste, balancing short and long-term needs and opportunities) demand that organisations tap much more deeply

into the energy, knowledge, and skill of every individual employee.

The question is, can we make such a conceptual and emotional transformation happen? Few organisations demonstrate a history of these behaviours.

The Changed Role of Goals

For a moment, let's assume that 'goals' are anything we want to accomplish. Furthermore, let's use the word to mean the goals themselves, the process of developing them, and their actual use on the job. There are several major contributions that goals, goal setting, and goal management make in the new organisation.

First, individuals and teams use goals to connect them with their customers. In the past, goals usually came from the inside out. Today, customers' needs, perceptions, and requirements must directly affect what we do. It makes no sense to provide products, services, and information that customers don't value or want. It is also dangerous to assume that yesterday's needs and expectations apply today. Discussions with customers that result in clearly defined goals reflecting their input are a partial response to the new challenges that 'customer focus' strategies present.

Second, individuals and teams use goals to connect them with larger business priorities. In the past, the 'boss' was often responsible for such connections (when they occurred), making assignments and interpreting business strategy. Today, organisations need every individual and team to deeply examine the larger priorities and help interpret their meaning for their jobs. Success also requires a two-way flow of ideas about what the best strategies and options are. Goals are the tangible focal point for such discussions and creative debate. They become the personal crucible through which organisations channel

important messages and make them personally meaningful.

Third, individuals and teams use goals to create (and recreate) a common vision and expectations. Most of what we must do in the course of our work requires support and cooperation from others. This, in turn, implies that the people involved agree and have a reasonably common view of what the accomplishment will be. In today's very lean performance world, crossed expectations are expensive. They lead to waste, conflict, rework, and distrust. Also, when key people don't take time to agree about what will be produced, they miss an opportunity to creatively explore options and ideas together. It is usually worthwhile to think about what we'll create and do before taking action. It is certainly less expensive to make changes while work is still in the idea stage. Goals are an important intervention to ensure the existence of a common vision and the creative thinking it carries.

Fourth, individuals and teams use goals to bring quality and continuous improvement to their day-to-day work. Most Total Quality programmes help organisations identify and pursue major process improvements, while individual and team goals processes bring 'improvement thinking' to every facet of the

The Role of Goals for Individuals and Teams today:

1. Connect with customer
2. Align with larger business priorities
3. Create common vision and expectations
4. Bring quality and continuous improvement to daily work
5. Manage time and stay sane
6. Focus ongoing communication

job. Goals are used as an opportunity to engage people in the continuous creation of the business. Respect, involvement, and the opportunity to influence and make decisions takes the pressure off pay and promotion as the 'reason why people come to work'. Goals and goal-setting processes become the organisation's way of institutionalising quality as an area of personal prerogative and influence.

Fifth, individuals and teams use goals to help them manage their time and stay sane. In *Alice in Wonderland*, the Cheshire cat tells Alice that if she doesn't know where she is going, any road will get her there. Pressured organisations can no longer accommodate such whimsical aimlessness! Goals must keep individuals and teams on the right road. They also provide a base from which to evaluate and make trade-offs among alternative directions. The latter is especially important today because there are so many options, and conditions and opportunities change very rapidly. Goals may have to change, too, but in a goal-focused organisation, changes are purposeful. People take their goals seriously. They own and protect them. When new priorities arise, they challenge and debate whether new goals should replace the old. Like a sailor on stormy seas, individuals and teams today stay sane by using goals to keep themselves from being lost and pulled in too many directions at once.

Sixth, individuals and teams use goals to focus ongoing communication. In the past, goals were a control point and a paper-oriented activity. Today, they provide a regular stimulus to communicate within teams and between individuals and customers, managers, colleagues in other teams, and suppliers. Their major value is in dialogue and discussion, and in the shared meaning and ownership that such communication creates.

Finally, goals are a major force for empowerment. This occurs when organisations install goal-setting and goal management proc-

esses which protect and support individual initiative and ownership. In the past, goal processes institutionalised autocratic and dependent behaviour as managers simply gave goals to people or assumed that they knew what to do. Today's individuals and teams are expected to take charge of their jobs, find out about the larger context, and create and negotiate how their time will be spent. In this era of increased self-management by teams and individuals, goals become management tools that ensure discipline and integration while supporting individual rights and responsibilities to participate. Organisations and individuals which move to empowerment without strong goal processes do so at their own peril.

The Challenge

Goals have been around for a long time. One could argue that the concept and its use is evolving just as we are. It would be a pity if we discredit goals at the very moment when we need them the most – to help us imagine the future, to help us integrate efforts in creating the future we want, and to ensure the best use of resources and time as we move forward.

With a little thought and attention, we can use goals to harness both the rational and the emotional commitment of all the people in the enterprise. If that happens, the effort is worth the energy required to move people to new heights of achievement by their creative and committed use and pursuit of goals.