

FORMULATING YOUR STRATEGIC GOALS AND OBJECTIVES

What is this module about?

This module is about setting clear goals and objectives, which quantify the Vision, Mission and Values Statement.

You need to set strategic objectives for the big picture before you can set day-to-day operational objectives. Not everyone in your organisation will be involved in the operational objectives such as marketing approaches to targeted customers. However everyone needs to be clear about their part in achieving the Vision and Mission. To allow them to know their role in the big picture, strategic goals and objectives examine the Vision, Mission and Values Statement and quantify it in measurable terms.

Strategic goals and objectives will then lead to prioritised organisational strategies so that you can detail the tasks of those strategies in Business or Operational Plans.

What is our definition of “goals” and “objectives”?

A goal is the description of the purpose toward which an initiative is directed. The purpose is a generic action or an outcome toward which we strive. For example, “my goal is to become a leading world class athlete”. The goal may not be strictly measurable or tangible, but it is certainly of the longer term.

An objective is the target to which the goal is aimed. It is usually described as a specific action – the objective supports the achievement of the goal. An example is “I will win my first Olympic gold medal in the long jump in 6 years’ time.” The objective should be measurable and will be of short to medium term.

We recommend that you complete this module after you have created a clear and compelling Vision, Mission and Values Statement.

All the information required should be available to you without special research. Specifically, you will need your written Vision, Mission and Values Statement and a planning timeframe (when do you wish to achieve your Goals and Objectives?)

This module should take about 4 hours to complete.

Why do I need Strategic Goals and Objectives?

If you have a clearly stated Vision, Mission and Values Statement, you have answered the question “Where do I want to be?”

You now need to ask, “How do I know when I get there?”

You can write out a whole series of detailed objectives but in doing this you run the risk of:

- Setting the wrong detailed actions on small issues that may not achieve the big picture;
- Taking the “shotgun” approach and being inundated with too many tasks that ultimately are not targeted and important – you will lose focus;
- Sending conflicting messages about priorities to yourself, employees, customers and stakeholders about your Vision.

Setting strategic (big picture) objectives first will set the direction of all those detailed operational steps.

Properly set Strategic Objectives will quantify the Vision, Mission and Values. This will establish what areas are your priorities and what issues in those areas are critical priorities.

To do this you need to look at the Vision from four perspectives similar to the inputs to your Vision:-

- The Business Environment perspective
- Core Competencies perspective
- Human Resource perspective
- Owners’ and Financial perspective

The Business Environment perspective includes matters such as the market, your customers, competition, the industry and legislation.

The Core Competencies perspective will include a view of products and services, internal business processes (such as administration), technology, and learning and growth.

The Human Resource perspective looks from the point of view of staff structures, union relationships, employment policies, staff rewards and so on.

The Owners’ and Financial perspective will look at owners’ and stakeholders’ requirements, financial targets etc.

From each perspective you need to ask the question, “If our Vision is to succeed, what must we do differently in each area and how would it be measured?”

On completion of this module you will have documented your organisation’s Strategic Goals and Objectives.

Your Organisation's Name

Please enter in your organisation's name.

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6.1.2.2.A Quantifying the Vision, Mission and Values Statement

The first step in quantifying the Vision, Mission and Values Statement into Strategic Objectives is to analyse the Vision, Mission and Values Statement into four perspectives.

Below is a table showing the four perspectives.

Review your Vision, Mission and Values Statement, then enter into the most appropriate column, key words, phrases and concepts from the Statement.

For example if the Vision section of your Statement said “Our top performing team of consultants will provide the best value-added services available while providing financial rewards for all stakeholders”, you may include “Teamwork” under the Human Resources Perspective, “Value add our services” to the Core Competencies Perspective, “Appropriate financial rewards” under the Owners’ and Financial Perspective, etc.

If the Mission section of the Statement said “We provide change management services to Small and Medium Enterprises throughout the world using the internet”, you might include “Internet expertise” and “Change Management Services” under the Core Competencies Perspective while also including “International applicability” under the Business Environment Perspective.

Then, say your Values include “Socially responsible practices,” this phrase may be entered under the Business Environment Perspective, the Human Resource Perspective as well as the Owners’ and Financial Perspective.

Please complete the table below. There is no right or wrong answer – only what is right for you.

	<u>Business Environment Perspective</u>	<u>Core Competencies Perspective</u>	<u>Human Resource Perspective</u>	<u>Owners' and Financial Perspective</u>
<u>Example components of the perspective</u>	<i>The Market, Customers, Competitors The Industry, Legislative atmosphere.</i>	<i>Products, Services, Internal business processes, Technology, Learning & growth.</i>	<i>Staffing structures, Employment policies, Training, Union relations, Legislation.</i>	<i>Stakeholders' requirements, Financial targets.</i>
<u>Key words, phrases and concepts from the Vision, Mission and Values Statement.</u>				

For each perspective, review what the Vision, Mission and Values Statement means as summarised into key words, phrases and concepts, and identify Key Strategic Issues i.e. critical measurements as to whether you are moving towards the achievement of the Vision, Mission and Values Statement.

For example if the analysis of the Vision, Mission and Values Statement showed that key words, phrases and concepts under Core Competencies included “Continuous Improvement”, “New Services being introduced” and “Efficient production facilities”, Key Strategic Issues for Core Competencies may be “Number of New Services launched each year”, “Set minimum hours of training per employee” or “Monthly review of production process to improve each review”.

In another example, say that the Owners' and Financial Perspective listed "Growth", "Sustainable profits", and "Expansion", Key Strategic Issues for that perspective may include "Turnover increasing annually", "Net Assets growing annually" and "Profit after tax at or above desired level".

Here are other examples of what may be Key Strategic Issues to your organisation:-

- Appointments made with clients
- Calls made to obtain a sales prospective appointment
- Tenders sent out
- Number of tenders sent to obtain a sales contract
- Market share
- Customers gained/Customers lost
- Average sales per customer
- Number of times a customer buys in a period
- Customer satisfaction (goods returns, service calls)
- Production output
- Rejection rate
- Output per employee
- Staff turnover

As you decide on and enter the Key Strategic Issues in the table below, ask yourself if the Success Factors you chose are actually critical to the description of the perspective.

There may be Key Strategic Issues common to several key words and phrases or even to several perspectives – you do not have to repeat them on several lines.

There is no right or wrong – what is right for you?

<u>Perspectives:-</u>	<u>Key Strategic Issues:-</u>
<u>Business Environment Perspective</u>	
<u>Core Competencies Perspective</u>	
<u>Human Resource Perspective</u>	
<u>Owners' and Financial Perspective</u>	

Review each Key Strategic Issue and quantify it.

For each Key Strategic Issue, decide how it should be measured, what measurement would mean that the Vision, Mission and Values Statement has been achieved, and then over what period it should be measured.

How a Key Strategic Issue could be measured could include monetary units, percentage change, number of a factor (e.g. people, customers, regions, training days, productive hours etc) and so on. How much of that measurement will mean success in terms of your Vision, Mission and Values Statement is up to you to decide by asking yourself “how much of that one thing will mean the Vision has been achieved?”

You will need to consider the time frame over which the measure is to be achieved, for example by a set time, periodically (what period?), and so on.

<u>Key Strategic Issues</u>	<u>Quantification</u>	<u>Time frame</u>
<i>E.g. Net Assets should grow</i>	<i>Dollar Value to increase by 10%</i>	<i>Every year</i>

Strategic Objectives and Prioritising them

For each Key Strategic Issue that you have quantified, write one or more Strategic Goals and Objectives.

For example, if a Key Strategic Issue was “Net Assets should grow”, the quantification being a percentage increase, and the time frame was “every year”, the Strategic Goal and Objective may be “To increase Net Assets to double current value in 10 years/To increase net assets by 8% per annum through increasing sales and investments”.

Then, categorise your Strategic Objectives by deciding if they are Short-Term objectives, Medium-Term objectives or Long-Term objectives.

Key Strategic Issue	Goals and Objectives	Long, Medium, Short

Review of Your Strategic Goals and Objectives

Now it's time to put your work together into a list of prioritised Strategic Objectives and review them.

You should review your Strategic Objectives using the SMART model as well as an overall review for alignment to your Vision, Mission and Values.

Firstly, use the SMART Model,

Specific – Is the statement “Specific”. Does it refer to only one specific issue? Is it worded specifically and not in an ambiguous way?

Measurable – Does the statement contain “Measurable” elements? Is it stated in quantitative terms like how many units, how much, what percentage?

Achievable – Is the statement “Achievable? It may be challenging but is it based on reality?

Result – Is the statement “Result-Oriented”? Does it talk about a result, rather than an activity to be performed?

Timed – Does the statement provide “Timed” deadlines and appropriate responsibilities?

Secondly, is the achievement of the Objective and then the Goal a step towards the achievement of the Vision, Mission and Values?

Thirdly, is the order of priorities (Short, Medium, Long term) correct for your organization?

Make any changes you want before completing the list of prioritised Goals and Objectives.

Congratulation on following through with your vision!

In establishing clear strategic objectives you have taken the next step towards your vision. Research has shown that only 20% of people who come up with an idea trouble to detail their vision, and only 20% of those people actually follow through.

Congratulations on being in the top 4% of the population!

With your Vision, Mission and Values Statement you have answered the question “Where do I want to be?”

On completion of this Strategic Goals and Objectives module you have answered the question “How do I know when I get there?”