Smart Thinking for SMART Goal Setting

When setting performance targets for employees, it is sometimes difficult to assess whether these will generate the performance desired. Will they be too easy or too hard?

Indeed, in avoiding targets that are too easy, this can sometimes generate an environment that can prompt the employee to cross the Rubicon and cheat, steal, or commit fraud and other illegal or unethical acts in order to achieve their incentive rewards.

In this environment SMART goal setting, is the business norm, yet managers often struggle to appreciate the concept well. The mnemonic itself is clear enough:

Specific, **M**easurable, **A**ppropriate, **R**ealistic, **T**ime-bound. So how can SMART goals be judicially set? Just what is smart thinking for SMART Goal Setting?

Business success can rarely be secured by a single performance indicator, hence the Performance Dashboard. So goals that are too specific or too narrow can put blinkers on employees who then fail to see the bigger picture and what is important to the wider business context. So ask what does a good job look like and relate that to the company's Vision and Mission statements and your Business Unit's Objectives and Strategy.

Much research and evidence suggests it is vital to promote intrinsic rather than extrinsic motivation. As per Daniel Pink's DRIVE, employee motivation thrives under increased **M**astery, **A**utonomy and **P**urpose. So Measureable is a two edged sword and needs to be wielded with care. For the more we manage, the less we encourage intrinsic self-motivation. Allow employees to contribute to the discussion as this fosters their ownership and motivation, which will encourage their Responsibility and **MAP** drivers.

How much stretch still allows a goal to be still attainable? Fear of failing in the face of too much stretch can lead to the psychological reaction of loss aversion which can result in excessive risk-taking. When an employee is getting close to a goal which is still tantalisingly out of reach, it can generate the potential for irrational assessments crossing that Rubicon from otherwise ethical and legal behaviour. When the fear of failure to attain a goal is strong, and the bonus is seen slipping away, the resultant psychology leads to cognitive dissonance where non-compliant behaviour can result overriding any sense of protecting their reputation.

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Attainable goals should avoid excessive risk taking, and in the cascade of goal setting, it is often upper and middle managers that are under the greatest financial pressures, which makes them more vulnerable to unrealistic risk-taking. Encourage Ethics and Compliance professionals to be part of the goal setting process at the Business Leader level. This ensures compliance programmes and goal setting are aligned, and goals with potentially unintended consequences for compliance failures are challenged and removed.

Managers therefore need to be cognisant of Situational Leadership skills and tailor individual goals to each employee’s skills, whilst promoting common standards, fairness, teamwork and the values of the organisation.

Stressed employees can reinterpret corporate messages which are meant to protect company ethos, culture and reputation. They often do so by rationalising their actions as better benefiting the company rather than themselves. Understanding how, where and why these ‘reinterpretations’ occur helps mitigate against them by targeting where to apply company culture and values interventions. These interventions are a fantastic tool to keep your culture alive and strong, especially in high-risk operating environments.

Considering the goal to be Relevant is also about making sure it is aligned to your organisational culture and values. Goals that are so aligned will encourage employee behaviour and contributions that will protect their reputation and standing within an enhanced company reputation. So keep a focus on what is the ultimate goal of the organisation?

Finally, the Time-Bound horizon needs to be suitable. Short termism and especially trying to satisfy short-term financial targets is clearly one of the greatest temptations leading to corporate impropriety. Avoid the myopia of short-termism by targeting longer term outcomes, but with milestones along the way; i.e. intermediate goals that are achievable in a suitable time span for reviewing ongoing performance.

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