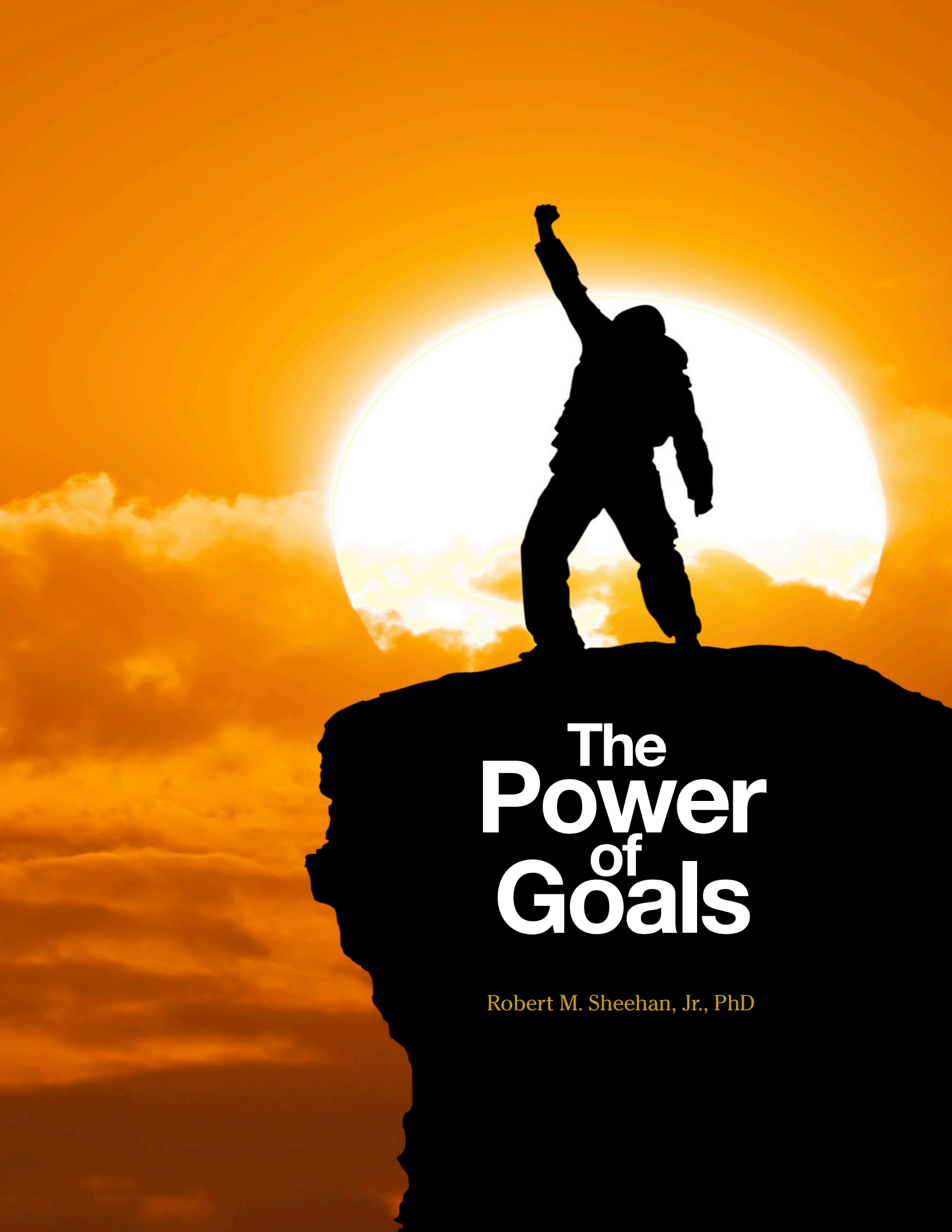


The Power of Goals

Robert M. Sheehan, Jr., PhD

You are probably well experienced at goal setting.

And, yet, in this brief article I'll share some unique insights that can help you take the power of goal setting to an entirely new level. Applying these insights will give your goal setting process exceptional – even transformational – power that can lead to a more fulfilling life and a higher performing organization.

Because of its power, goal setting is one of the most researched aspects of organizational life. There are dozens of good books you could read, but I will summarize the research and add what I've learned during my 30-plus years of consulting, academic research, and direct hands-on work experiences.

These ideas are the essence of what I believe people need to know if they want to harness the power of goal setting for success.

Goals Versus "Go with the Flow"

Most of us want to use our time in ways that are more relevant – relevant to what we care about most in life.

Yet, when given the freedom to choose, most people do not set goals or they do not set them effectively.

They choose to "go with the flow."

The truth is that every now and then, going with the flow is not a bad thing. But just remember that every time we do that, we let the "flow" take us where it wants, versus where we would have intentionally chosen to go. And sometimes we can drift far away from where we would have intentionally chosen to be.

This leads us to the first important finding from the research on goal setting:[1]

Goals direct attention and action toward relevant activities and away from non-relevant activities.

Think about that.

For your day-to-day actions to be relevant – to address some aspect of your personal or work life that you really care about – it's important to set effective goals.

How? Read on.

> "Goals direct attention and action toward relevant activities and away from non-relevant activities."

Set Goals as Outcomes, Not Activities

You will increase your personal and organizational effectiveness by setting your goals as "outcomes" instead of "activities." Setting goals as outcomes makes you focus on what you really want.

Here's a simple example:

Raise $500,000 in cash gifts by Nov. 1

Notice the goal is not to mail 100,000 fund-raising letters or make 10,000 phonathon calls. The goal is to raise $500,000. How that is accomplished is through activities.

When you are considering goals – whether personal or organizational – always define the result, the outcome, really desired.

Once you set an outcome-based goal then it is totally fine to connect activity-based goals to it. Realize though, that just because an activity is completed does not mean that the desired results are produced.

Unfortunately, outcome-based goals are all too rare in organizations.

It is easier to list the activities for an individual or team to work on rather than the outcomes the activities are intended to produce. One reason why is that language around performance often lacks rigor.

A typical question asked of direct reports by supervisors is "What are you working on during the upcoming quarter?" instead of "What outcomes will you produce during the upcoming quarter?"

This lack of rigor, or definition of expectation, makes it more difficult for

"It is easier to list the activities for an individual or team to work on rather than the outcomes the activities are intended to produce."

people to be held accountable. Completing an activity is easier than producing an agreed upon outcome.

I've seen this problem at individual, team, and organizational levels. When we hold accountable others or ourselves for an outcome, failure is a possibility as are consequences. People naturally want to avoid failure and activity-based goals don't engender much accountability. When we set personal goals, we need to overcome this. And as supervisors, we need to work with others to design outcome-based goals.

> *Setting outcomes can be challenging for some types of work, but it can be done. Two excellent resources that can help you in establishing goals as outcomes are* Make Success Measurable *(1999) by Doug Smith, and* First Break All the Rules *(Buckingham & Coffman, 1999)*

Use the SMRT Goal Formula

No, it's not a typo. We'll get to the "A" in SMART goals next. For now, focus on the SMRT part.

To be more effective, goals should be:

1. Specific & Measurable

Vague goals do not provide focus -- and are almost impossible to measure.

You know that a goal is fully specific and measurable when there can be no objective argument over whether it has been achieved. Relying on opinions of various people about whether or not the goal has been met does not move organizations (or people) forward.

Vague goals, like "Do your best," allow people to interpret effort in a variety of ways.

When you set specific goals, like "Raise $20,000 from phonathons by Friday," then people will expend more intense and persistent effort to meet the goal.

It is simple common sense, backed up by research:[2]

> *The more specific the goal, the more explicitly performance is regulated.*

2. Relevant

Don't waste time on trivial goals. Think about the goals relevant to your organizational or personal mission that will catapult you toward the future you want to create.

Make setting the most relevant goals a priority

3. Time-Bound

Every goal should have a date attached to it. Simply make sure that you add the phrase "by Month, Date, Year" to every goal you set.

Ok. Here comes the "A" part.

And there is more to consider than you may expect.

There are more than one hundred different versions of the popular SMART Goal formula.

Three versions all have the same words for SMRT as explained above. The difference in the three versions is the "A" word. Your choice of the "A" you pick should be based on what you want the goal to do for you.

SMART v. 1.0 – Attainable Goals

One popular SMART version emphasizes that goals should be Attainable.

Many people who teach this version coach others not to set a goal unless it is believed to be at least 80% Attainable.

The reasoning is simple: you don't want to set a goal and then fail at it.

That seems reasonable enough since we can all think of times when we – or others – experienced significant negative consequences from failing to achieve a goal.

Therefore, setting goals that are easily Attainable seems to be a SMART thing to do.

Except for one thing. Goal research does not support this. Instead, research demonstrates:

> *The more difficult the goal, the higher the level of performance.*[3]

So, set a relatively easy "Attainable" goal and chances of succeeding are higher – but the overall level of performance may be lower.

Hmmmm.

Some advocate setting relatively low goals when the consequences of failing are too risky. So, just convince your boss that your easy goals are really hard so you can succeed and look good. (This goes on every year in organizations around the globe!)

Okay – that's a little cynical. But the desire to avoid punishment for failing at a goal is understandable.

There are many good reasons for setting goals that are relatively easy to accomplish. One is to build momentum with "quick wins" on a new project (low-hanging fruit is the easiest to pick, right?).

Another could be setting Learning Goals in situations when it is difficult to judge what is easy and what is hard.

And finally let's face it; some people deal with setbacks better than others. Setting easier

goals for a team you think lacks confidence may be the way to go for a while.

But don't forget the research – more difficult goals result in higher levels of performance. And despite the pushback you might get, most people like to be challenged.

SMART v. 2.0 – Aggressive Goals

Some SMART Goal advocates use the word "Aggressive."[4]

Using "Aggressive" as the A in SMART helps to leverage the research:

> *The more difficult the goal, the higher the level of performance.*

Aggressive goals are often defined as those that have about a 35% chance of being accomplished versus the 80% chance with Attainable goals.

Hold on now. It's good to set goals with a two-thirds chance of failure?

Well, yes. Setting Aggressive goals will improve your personal performance or that of your organization.

But, setting Aggressive goals for a team needs to be done carefully.

First, examine your reward system. Expect lots of push back on Aggressive goals if you punish failure for not meeting goals. It's human nature: people will set easy goals to avoid punishment.

A great way to apply Aggressive goals is to reward for performance.

Here's a quick example:

In the nonprofit world, many organizations use a reward system for fundraising based simply on meeting goals. That motivates people to set an Attainable goal so they will be rewarded.

Changing your focus to reward outcomes – dollars raised, in this case – then actual performance is rewarded. This gives people

Which is better:

- **An Attainable goal of a five percent increase for a $100,000 annual fund which produces $105,000?**

Or

- **An Aggressive goal of a 15% increase that produces $112,000 but does not meet the goal?**

freedom to set Aggressive goals. In fact, if they understand that Aggressive goals will improve their performance, then they will be motivated to set them.

SMART v. 3.0 – Almost Impossible Stretch Goals

Using Almost Impossible as the "A" in SMART is required if you want innovation and breakthrough performance.

There are times, many times, that setting an Almost Impossible Stretch Goal – a goal that you think only has a 1% chance of being accomplished – is the SMART thing to do.

Attainable goals help focus effort. Aggressive goals produce improved performance. But in today's world, improved performance is often not enough.

Many nonprofits want and need to make huge improvements in the quality of life for those they serve. Whether it is closing the huge gaps in hunger, high school graduation rates, homelessness, literacy, and countless other issues – incremental progress is not good enough.

For innovation and breakthrough performance, set **Almost Impossible Stretch Goals**.

By definition, an Almost Impossible Stretch Goal is one that you think has only a 1% chance of being accomplished and – *you don't know how to do it.*

Why do I recommend Almost Impossible Stretch Goals? Because one of my favorite sayings is "Great Leaders Have a Healthy Disregard for the Impossible."[5] Think about that.

What things have we all been told were impossible, and yet they were achieved?

> **"What are your dreams? What inspires you? What goals, if you achieved them, would make a breakthrough difference?"**

People told Roger Bannister that it was impossible to run a mile faster than in four minutes. But he set the goal. And was the first to do it.

In 1961 John F. Kennedy set the goal for the USA to land a man on the moon and safely return him by the end of that decade. Many experts gave lots of scientific reasons for why it was impossible. But he set the goal anyway. And it happened in July 1969.

If, 25 years ago, you predicted that most of us would carry a small device that we could use to make phone calls, listen to more than 10,000 songs we had recorded on it, and access endless information from computers around the world, you would have been told it is impossible. But people set such goals. And our lives have changed forever.

George Bernard Shaw once said "Some men see things as they are and say 'why,' I dream of things that never were and say 'why not.'"

What are your dreams? What inspires you? What goals, if you achieved them, would make a breakthrough difference for you or for those your organization serves?

Almost Impossible Stretch Goals ignite our creativity. Since, by definition, we set the goal so big that our current methods of going about them will not work, our creativity automatically kicks in to start thinking of new ways of achieving the goal.

This is the concept of "creative tension" as described by Peter Senge in his book, *The Fifth Discipline* (1990). And it's a concept that works.

In 1994, when Jack Welch was CEO of General Electric, he commented on GE's use of the Almost Impossible Stretch:

"Stretch is a concept that would have produced smirks, if not laughter, in the GE of three or four years ago, because it essentially means using dreams to set business targets -- with no real idea of how to get there . . . if you do know how to get there then it is not a stretch target . . . In a company that now rewards progress toward stretch goals, rather than punishing shortfalls, the setting of these goals, and quantum leaps toward them, are daily events. {And these targets} are making seemingly impossible goals exciting, bringing out the best from our teams."[6]

So how does this Almost Impossible Stretch Goal setting work?

Only set Almost Impossible Stretch Goals that really inspire you. You won't put in the required effort if you are not truly inspired. With an Almost Impossible Stretch Goal in hand, you automatically think of new ways to make it happen – and you can get others to help you out.

The next time you and your team gather to set annual goals, do it the way you always have.

Then take another thirty minutes to brainstorm. Pose this scenario:

"Let's imagine we get into a time machine and travel ahead one year from now and find that, somehow, we produced FIVE TIMES better results than the goals we just set. So here's my question: What new, different, and amazing things must we have done during the past year that allowed us to produce those results?"

Then let the brainstorming commence.

If you come up with some new ideas that have promise, then try them out and see if they help you produce some breakthroughs. This is a way to softly introduce the idea of Almost Impossible Stretch Goal setting, and you can build on the approach from there.

When I was a doctoral student at Ohio State I had an assistantship in the campus fund-raising office and was put in charge of a project with a poor fundraising record. My boss set an aggressive goal of $50,000 and we beat it by raising $62,000.

Then I started learning about Almost Impossible Stretch Goals.

For the next year, I set a goal of raising $150,000 – and I told no one.

I thought about how we could raise money completely differently than we had been. And I met with people I worked with and asked, "Wouldn't it be cool if we did WAY better than last year? What would we have to do differently to produce a real breakthrough in our results?"

I never told anyone my actual goal. But, they did come up with new ideas. After a few weeks I had a totally new design for the project – a new methodology about how to raise the money.

My boss approved the new plan, which she thought should have a goal of $75,000. But I kept private my goal of $150,000.

We raised $143,000 that year – short of my goal, but more than double the previous year.

And how did I feel about "failing" at my $150,000 goal? I thought it was a "noble failure" and I was delighted with the results, as were my bosses.

That's an example of the power of Almost Impossible Stretch Goals.

> “There’s no substitute for getting smarter faster. And the way you get smarter is to screw around vigorously. Try stuff. See what works. See what fails miserably. Learn. Rinse. Repeat.”
>
> **Tom Peters**
> *Management Consultant*

Celebrate Noble Failure

To successfully implement Almost Impossible Stretch Goals is to allow yourself and others to play with new ideas and be creative. To have that freedom, you can’t be worried about failure.

In fact, if you cannot live with the worst probable outcome from the failure of an Almost Impossible Stretch Goal, then you should set the goal lower.

Otherwise, go for it. And accept that not every idea ends in success.

I know a corporate executive who said one of her favorite sayings is **“We celebrate noble failure.”**

Going all out – not irresponsibly, but enthusiastically – and not fully achieving the goal is noble failure.

But most people, and most organizations, usually don’t “go for it” because they are afraid to fail.

Yet, IBM’s Thomas Watson, Sr., once said “The fastest way to succeed is to double your failure rate.”[7]

The singular fear of failure keeps organizations from making more of a difference and people from increasing performance. But when focus is on the delight of increased performance and not on the distaste of failure, the relationship with failure is transformed.

It’s no surprise that research shows that organizations are only effective using stretch goals if they have a *safe-fail* work environment.[8] If you don’t have that kind of environment where you work, then my advice is to keep setting small Attainable Goals – publicly, with your bosses, etc. – and then set Aggressive or Almost Impossible Stretch Goals that you keep to yourself. You can be publicly successful and produce higher levels of performance.

Management guru Tom Peters said, “There’s no substitute for getting smarter faster. And the way you get smarter is to screw around vigorously. Try stuff. See what works. See what fails miserably. Learn. Rinse. Repeat.”

I put this philosophy into action when I served as CEO of LeaderShape, Inc., a nonprofit which provides ethics-based leadership programs for college students all across the country (and today, across

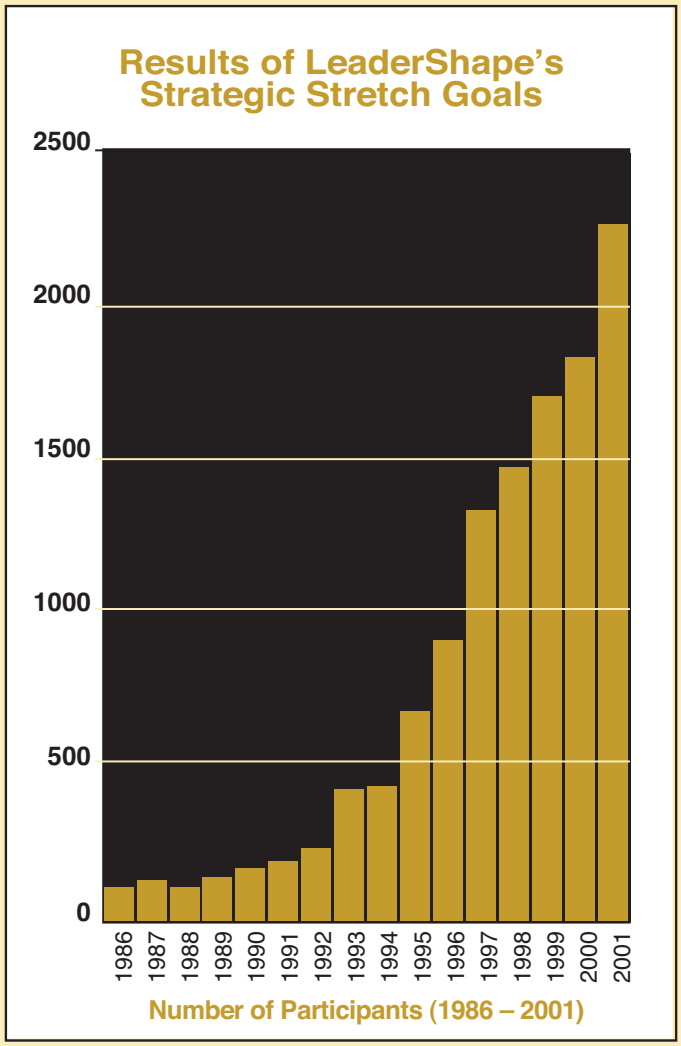
the world). My mandate from the Board of Trustees was to grow the attendance at our six-day flagship program, The LeaderShape Institute. I taught the Almost Impossible Stretch Goals approach to our staff and promised a "safe-fail" environment.

The LeaderShape team was inspired to use the Almost Impossible Stretch Goal setting approach because we knew what a wonderful, positive experience attending The LeaderShape Institute was for young adults.

For nine years, we set Almost Impossible Stretch Goals for the number of participants attending The LeaderShape Institute. And every year we failed. Did this demoralize the staff? No. Because we focused on actual results, not on the goal, no one was demoralized. From 1992 to 2001 we increased the number of annual participants in the program from 229 to 2,230.

By the way, we also taught Almost Impossible Stretch Goal setting in the LeaderShape program. And one of those LeaderShape graduates from the 1990s is Larry Page, who went on to co-found Google. To this day, he recites one of his favorite quotes as "Great Leaders Have a Healthy Disregard for the Impossible." This is the philosophy of innovators.

Transform your relationship with failure. Learn to celebrate "noble failure" and get smarter faster.



In Summary

1. Set Goals

The mere act of setting even general goals helps direct attention to relevant activities. Keep your life and work more relevant by setting goals.

2. Set Goals as Outcomes

Focus on what you really want, the results – not the activities.

3. SMRT

Make sure that ALL your goals are Specific, Measurable, Relevant, Time-Bound. The more specific the goals, the more explicitly performance is regulated.

4. SMART v. 1.0:

Attainable Goals, which you have an 80+% chance of accomplishing, are good if failing will have many negative consequences. Attainable goals are good to build some momentum with easy wins, or to learn more about new environments, or if you are concerned about getting discouraged.

5. SMART v. 2.0:

Aggressive Goals, which you have a 35% chance of accomplishing, will improve your performance. Research shows that the more difficult the goal, the higher the level of performance. If you feel like you have a good system and you want to maximize performance of it, then this method will help you do it.

6. SMART v. 3.0:

Almost Impossible Stretch Goals, which you have a 1% chance of accomplishing, will require you to design innovative ways of going about accomplishing your goal. "Working harder" on the same process won't do it. You have an opportunity for Breakthrough Performance with Almost Impossible Stretch Goals.

> "The fastest way to succeed is to double your failure rate."
>
> **Thomas Watson, Sr.**
> *Chairman Emeritus, IBM*

7. Celebrate Noble Failure

If you are inspired to pursue a goal and you go for it, but you don't make it all the way, then appreciate the progress you have made and appreciate that you worked hard at something you really cared about. This approach will bring you more long-term success than letting the fear of failure keep you from doing what truly inspires you.

If you use these principles and apply them to your personal and work life then I promise you much higher levels of performance, fulfillment, and satisfaction. And that will make a significant impact on your quality of life and the quality of life of those you serve.

Good luck with all of your goals!

[1] *Locke, E.A. & Latham, G.P. A Theory of Goal Setting & Task Performance. Englewood Cliffs, NJ: Prentice Hall, 1990.*

[2] *Ibid.*

[3] *Ibid.*

[4] *Smith, D. Make Success Measurable, New York: John Wiley & Sons, 1999.*

[5] *Thanks to Gene Hoffman for this gem.*

[6] *Hyatt, J. GE Chairman's Annual Letter Notes Strides by 'Stretch' of the Imagination, The Wall Street Journal, March 8, 1994, p. 1.*

[7] *Farson, R. & Keys, R. The Failure Tolerant Leader, Harvard Business Review, August 2002, pp. 64-71.*

[8] *Thompson, K., Hochwarter, W. & Mathys, N. 1997. Stretch targets: What makes them effective? Academy of Management Executive, (11)3, pp. 48-60.*

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