Are Goals Dangerous?

"Goals are *dangerous*." That's what a current spate of management literature would have you believe, stating that goals cause narrow and short-term focus, inept performance, and harmful side effects such as unethical behavior.

Say it isn't so!

Okay, we will. Goals are *not* dangerous. Not if they have a bit of strategic thinking behind them.

However *un-strategic* thinking – when spelling out strategic goals – can be disastrous. But first, the beef against goals.

The Indictment of Goals

Why the paranoia? Those who claim goals are dangerous like to bring up anecdotes that, at first glance, seem to support their case. For example,

- **The Enron debacle.** Nefarious executives with stiff revenue goals and whopping rewards for meeting them. Hey, didn't goals push them to cook the books and drive the company into the ground?
- **The Ford Pinto tragedy.** CEO Lee Iacocca demanded from his engineers a car that would be "under 2,000 pounds and under $2,000," and they delivered a car that met those exact specs … and was incredibly unsafe. In that case, didn't a goal actually kill people?

Generally, the grudge against goals can be lumped into three categories:

1. Goals trigger **sins of commission**, such as imprudent risk-taking or side effects that harm bystanders now or in the future. This includes gaming the system.
2. Goals trigger **sins of omission**, such as neglected opportunities to achieve different and better outcomes, or the chance to help teammates and thereby create a bigger win.
3. Goals **hurt the goal-seeker**. First, they can **de-motivate** people who fall short of goal achievement. Second, they can **undermine learning,**

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> because goals can distract goal-seekers from actually learning how to achieve a goal and instead encourage people to over-focus on performance (actually worsening performance).

Following this logic, should the X Prize Foundation and the Defense Advanced Research Projects Agency stop offering prizes for technological breakthroughs? Should venture philanthropies such as the Bill and Melinda Gates Foundation stop helping charitable foundations set and achieve charitable goals? Maybe Thomas Edison should never have set a goal to create the electric light bulb? Obviously, there is a mountain of evidence that goals are powerful, effective, and a boon to humankind.

Instead of debating whether or not goals are dangerous, perhaps we need to ask, "*When* are goals dangerous?" Or, more helpfully, "How can we make goals *safe* and *good*?"

Content Precedes Form

Goal *content* matters. Loads of literature prescribes good goal *form* (e.g., "start with a verb"), but not nearly enough prescribes the **strategic thinking** that must occur before worrying about form. Just as a poem can have good rhythm and rhyme, but make no sense, a goal can be well constructed, but ill considered.

As Peter Drucker remarked on the goal-based system, "management by objectives," "[It] works if you first think through your objectives. Ninety percent of the time, you haven't." So, perhaps there is such a thing as a *DUMB* goal – no acronym intended.

Here are four principles of strategic thinking that drive good – and safe – goal content.

1. Good Goals are About Results, Not Efforts

Many efforts fail because there was no definition of an end state, outcome, or result. In fact, many declared "successes" are based wholly on how much time, effort, or money was spent, without even a mention of results.

IBM – a truly great company – once learned this lesson the hard way by setting goals and rewards based on how many lines of code its programmers wrote; the result was loads of code and not much functionality. Now, they

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specify what the code needs to accomplish, and they let the programmers exercise their ingenuity toward those ends.

All of us have thought, "I wish my boss would just tell me what to do, and then get out of my way." But most of us weren't pleading for a detailed to-do list. We were looking for a description of what needs to be *accomplished,* and then a little autonomy to work toward that end. Corrosion of self-esteem and creativity comes from telling knowledgeable people *how* to do something that they're better off figuring out on their own.

2. Good Goals Aim For The *Right* Results

If you don't pause to think deeply about what you are really trying to achieve, it is easy to reach for the obvious (usually short-term) outcome instead of one that considers the bigger picture. Insightful or clever results usually stem from that broader context.

A classic case of short-term thinking is to aim at symptoms rather than causes. "Helping" a son get A's on his homework, instead of helping him to understand the subject, for instance. Canadian management expert, Michael C. Anderson points out, "It takes hard work to drill down to root cause before developing correct action. But, as physicians know, prescription without adequate diagnosis is malpractice."

The bigger, broader context goal often gives employees' work more meaning, and is therefore a more powerful motivator. "We're here to help make sure people don't get hurt," builds a lot more fire in the belly than "we're here to do safety inspections." People want to be part of something greater than themselves, and often they are. The right goal can help them see that, but the wrong goal can trivialize the noblest of efforts.

Had those Enron execs had a *profitability* goal, instead of a revenue goal, they would have been closer to aiming at a "right result." (And, no, sales from one subsidiary to another, and back again, don't count toward profit.)

One example is a mental health clinic that went from a ho-hum bromide, something along the lines of "Our role is to help mentally-ill patients" to "Our role is to enable our clients to live in the community." Big shift, and it had a huge impact on how everyone in the hospital approached their work. More on them in a moment.

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Sometimes the "right result" is not better performance of some sort; it's *learning how* to achieve better performance. In our line of work, we are often asked to come in and do a project that will fix some kind of organizational issue. Every one of those projects is really at least two projects: (1) Figuring out what's causing the problem, and then (2) solving the problem based on what we've learned.

It is impossible to know the content of the second project until the first one is completed. This approach is common for outside consultants, and most of our clients know it. But people *inside* organizations are often simply given a goal to improve something without first having a goal to figure out what the heck is going on.

Academics call this sort of goal a "learning goal." And if you're ultimately looking for good performance on an unknown task, research shows that "learning goals" need to precede "performance goals."

3. The Results Are Indisputable

The targeted outcome needs to be empirically verifiable; in other words, everybody involved needs to be able to gauge whether a home run has occurred. The ambiguity (and associated risk of misinterpretation) of "I'll know it when I see it" breeds frustration and waste. Especially when others' time, money or even lives are being spent, responsible leaders must be precise about what they are aiming for. *How* they achieve it (i.e., strategies and tactics) might need to change as they go, but the desired outcome probably won't change if it's well considered at the start.

A couple of years ago, we were hired to help improve the alignment and focus of a senior leadership team. On the front end of the engagement, we surveyed each team member on his or her interpretation of the organization's top-level "goals." On a senior team of 9 people, there were between 3 and 7 radically different interpretations of *each* goal. In fact, in the case of one goal we discovered that three different departments had launched large initiatives "in support of" the goal – each going in different directions.

Of course, the advantage of such fuzzy goals is that they are politically attractive: like Rorschach inkblots, we all get to see in them whatever we want, so agreement comes easily. Unfortunately, the arguments and rancor that were so deftly dodged by vague language on the front end are the inevitable

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comeuppance on the tail end, after all the time and money is squandered, and hope and trust depleted.

On a happier note, the mental health hospital we mentioned earlier made their "right result" into one that was also indisputable. They established a crystal clear goal to "increase the number of days between patient discharge and re-admission by at least 50%," a target they hit.

So, the point is not only to target a "right result," but also to make it so clear that it passes the simple "bar bet" test we described in an earlier post: absolute clarity to all about what is meant, and what success or failure will look like.

Incidentally, there's quite a lot written these days about the role of failure in innovation: frequent, low-risk failure that nets learning and propels you forward. We've written elsewhere about success and failure factors in this approach. But one thing is clear: unless your targeted result is indisputable, then no failure (or success) can actually happen. If I kick a football into a field with no particularly clear target, then no particular instance is a success or a failure, and it will be hard to learn anything about what works or doesn't. This is not experimenting; it's only dabbling, and it begets little innovation. And that's fine, if it's your own time and money.

4. Good Goals Have Guardrails

Almost any time there's a clear goal and someone motivated to achieve it, you have the possibility of unintended negative consequences. Of course, some side effects can't be predicted. That's reality. But many, many of them are easy to list in advance – and with descriptions that are (again) *indisputable* – so that they can be prevented or at least controlled.

Iacocca's goal for the Pinto (2,000 pounds and $2,000) has rhetorical oomph, but he could have achieved a historic success instead of an infamous failure with the simple addition of: "AND at least as good a record of safety and reliability as our existing line."

And the mental health hospital? What were their guardrails? Easy: "Increase the number of days between patient discharge and re-admission by at least 50%, *with this restriction:* no change in admission or discharge standards." You see, an overzealous psychologist could have gamed the system by slowing or stopping the process of patient admission, or by discharging only the very few,

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least risky patients. So, omitting that obvious and pivotal restriction would have been, well, crazy.

A Holistic Approach: *Whole Goals*

Over the years of helping clients aim and align their organizations, we've developed a process for moving from strategic thinking to daily execution. We call this the Whole Goal Process® and, as you might imagine, the four strategic thinking steps we've just described are important elements.

We use a Whole Goal template (yes, a "format") that helps channel the strategic thinking into a clear and cogent statement. Unfortunately, as with any template, it's possible to fill in the blanks "correctly," but without the necessary strategic thinking. But done correctly, it gives you *strategic thinking in a box*, and indeed drives what some of our clients call "organizational wholeness."

So, with that caveat, here's a potential way to corral your good thinking into a clear goal. A few examples.

Whole Goal of an Operations Manager:

Indisputable Result
• Reduce order acquisition costs by at least 20%
Restrictions
• No loss of customers due to efforts to reduce acquisition costs. • No reduction in order size due to efforts to reduce acquisition costs.

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Whole Goal of a Military Base Commander Operating Off-Shore:

Indisputable Result
• No attack resulting in damage to assets, people, or resources under our force protection umbrella.
Restrictions • Preserve host nation relations.* • Minimize impact on operational effectiveness.* • Must stay within directed manning limits. *These actually are quantifiable, but we can't spell it out here.

Here's your crib sheet. Note that each of the four italicized words below represents one of the four strategic thinking steps we described above.

Indisputable Result
• [ONE *meaningful result*, not an activity, described with excruciating *clarity*. Remember the bar bet!]
Restrictions [These are your "*guardrails*."] • [List side effects you want to prevent or control: side effects that might arise from efforts to produce the indisputable result, or from that result itself.] • [Restrictions are usually few in number; 1 to 3 is most common (sometimes zero, sometimes more than 3, but not often).] • [A good test for whether a restriction belongs on this list is to ask whether *taking it off the list* would make it easier to achieve the indisputable result. If so, then it probably belongs on the list.]

Time, Money, and a Free Template

Of course, schedule and budget must also be clear, and we haven't discussed those critical factors. *But time and money are the things consumed, not the thing produced.* They usually require less deep thought than what you actually want to achieve (and prevent). There is room for all those things, and a few other critical elements on the slightly more detailed template we use with clients. If you'd like a copy, click here.

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Parting Shot

So, are goals dangerous? Sure, kind of like fire, electricity, mighty rivers, teenage daughters, and many other forces of nature. But there are known rules for harnessing these forces (except maybe teenage daughters). The trick is to think strategically about the *content* of the goal – and who you're giving it to – before being satisfied that "our goal is in place."

Have you got an example of what we're talking about? Or, have we missed something? Please let us know in the "comments" section.

Additional Resources

Incidentally, if you want to read some of the criticisms of goals, take a look at this summary of one severe academic critique. For a rejoinder, see this response, which we find more compelling in its logic. Or, for a better use of your time, here is smart, sober summary of the scientific research by two giants in the field, Edwin A. Locke & Gary P. Latham.

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Also, fantastic innovations are being launched (pun intended, if you know about the X-Prize) with clear goals and cash awards. See this excellent piece from McKinsey & Company on Capturing the Promise of Philanthropic prizes.

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