Beyond S.M.A.R.T. Goals

By Ike Bennion, Julia Hardy, and Kyle Harrison

Abstract

Flocks of birds, colonies of ants, and schools of fish magically seem to move together to achieve their shared goal: survival.

Humans, unfortunately, don't have this same magical, biological coordination. But we see when companies provide structure and support for goal setting and alignment, employees not only accomplish more but feel more attached to their employers.

What are the best ways we can help employees achieve their goals and align their efforts? What moves corporate objectives and strategic goals forward?

Companies don't have to sacrifice either happy employees or their bottom line. With some simple supports, they can achieve their objectives and increase retention of their strategic workforce.

The Gap Between Frontline & Bottom Line

Among 400 global CEOs asked about 80 critical business issues, executional excellence was identified as their number one challenge. Additional sources say that between two-thirds and three-quarters of large companies have difficulty carrying out their annual goals.[1]

While there are many inputs to strategy and external factors, a huge factor in execution is ensuring employees are aligned to company strategy. Awareness of company goals, unfortunately, is often dangerously low, even as low as 5 percent of all workers. But it's not just at the employee level; 2 in 3 managers are unable to name the annual company goals.[2]

Even if they are aware of corporate goals, 16 percent of employees struggle to understand how their specific roles contribute to broader strategy.[3] This begs the question: Are people incentivized to help push key projects forward? The answer is that less than 25 percent of a manager's rewards are aligned with strategic initiatives. Additionally, when it comes to giving appropriate support to teams, fewer than 40 percent of organizations have budgets linked to strategy. The bottom line: A more united and aligned workforce will contribute more to the strategic movement of your company.

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While vertical alignment is critical, goals have even greater potential to help resolve lateral conflicts. While 84 percent of managers can rely on their bosses and direct reports, only 9 percent say they can rely on other managers or teams to help execute. Managers cited failure to coordinate between teams as the second greatest factor in failing to execute on strategy, only behind vertical alignment.[4]

Linking the efforts of a company to overall strategy is not only key to executing that strategy, it's also critical for developing workforces and maximizing productivity. Key research into goal setting theory points to greater focus, energy, persistence, and development in goal-aligned workforces.[5]

[1] https://www.london.edu/news-and-events/news/two-thirds-of-senior-managers-cant-name-their-firms-top-priorities#.WaRuzNOGORt
[2] https://www.london.edu/news-and-events/news/two-thirds-of-senior-managers-cant-name-their-firms-top-priorities#.WaRuzNOGORt
[3] https://hbr.org/2015/03/why-strategy-execution-unravelsand-what-to-do-about-it
[4] https://hbr.org/2015/03/why-strategy-execution-unravelsand-what-to-do-about-it
[5] https://www.fastcompany.com/795028/why-are-goals-and-objectives-important

Methodology

Bridge by Instructure, with the help of Qualtrics, conducted this research in the summer of 2017. We surveyed more than one thousand (1,050) employees and managers all over the United States.

Though most employees express dissatisfaction with their company's evaluation process, significant differences surfaced when it came to the frequency of evaluation and the tools used to facilitate them. The research further explored different evaluation processes and asked about:

- Employee performance

- Manager performance

- Opportunities for advancement

- Employee retention

Goal Support & Engagement

Managers can play a key role in every aspect of an employee's job and goal setting is no exception. But this role isn't always straightforward. Goal setting processes, timing, specificity, follow up, and other factors are dramatically different across teams, but there are findings relevant to the wide swath of industries surveyed.

EMPLOYEE ALIGNMENT, LEADER ENGAGEMENT, & EMPLOYEE ENGAGEMENT AS IMPACTED BY SUPPORT
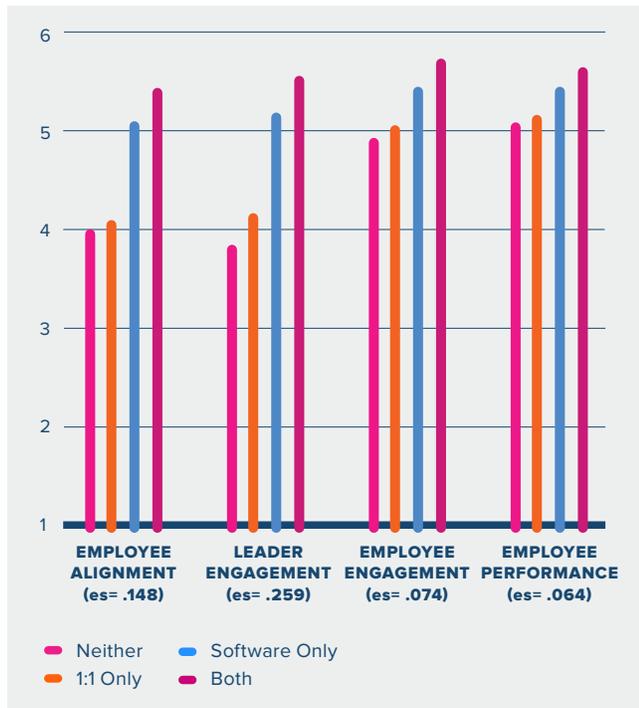
In evaluating how companies provide goal support for employees, we compared four different frameworks, including companies that had:

- Neither manager check-ins nor software

- Only regular check-ins with managers

- Only software support

- Manager check-ins combined with a goal software

When we evaluated this data with other desirable factors in a workforce, we found employees who felt well supported by both software and managers resulted in better employee alignment with company objectives, engagement with leaders, employee engagement, and their own performance.

What does this actually mean in the context of workforce outcomes? In addition to productivity increases and benefits from engagement like better customer experiences, customer return rates, and more stable cash flow,[6] we also see some benefits from retention.

Goal Support & Retention

One measure of retention in a workforce is the pay raise required to get an employee to move to another company. The usual question to measure this asks if an employee would accept a 10 percent pay raise to move. We asked employees how much would be required to move companies with a sliding scale from 0–100 percent, which had some interesting results. The first was that the mean percentage required to change was 33 percent—far above the 10 percent mark. The second was that employees who were supported by both manager check-ins and software required a 42 percent pay raise to move companies.

USE OF GOAL TRACKING SOFTWARE & 1:1S

% PAY INCREASE TO GET PEOPLE TO CHANGE TO A DIFFERENT COMPANY
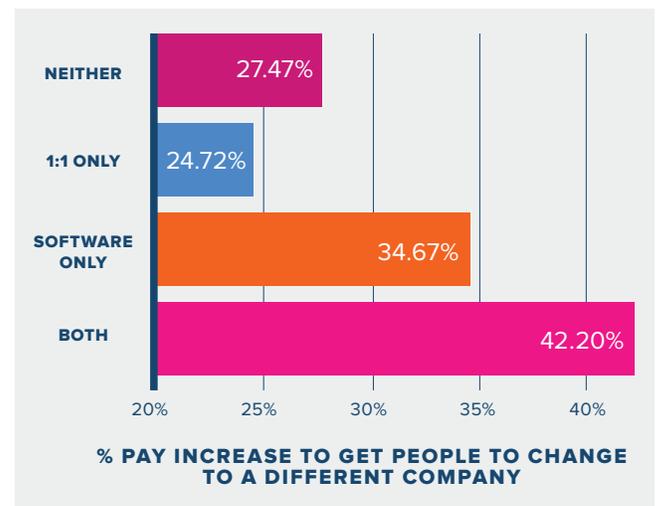
[6] Harter , J.K. et al (2006), Gallup Q12 Meta-Analysis.
    Welch, J., & Welch, S. (2006, May 8). How healthy is your company? Business Week, p. 126.
[7] https://www.shrm.org/resourcesandtools/hr-topics/talent-acquisition/pages/u.s.-hiring-time-increased.aspx
[8] https://www.reuters.com/article/us-usa-economy-jobs-idUSKBN1AO1OP
    https://www.bls.gov/news.release/jolts.nr0.htm
[9] https://www.reuters.com/article/us-usa-economy-jobs-idUSKBN1AO1OP
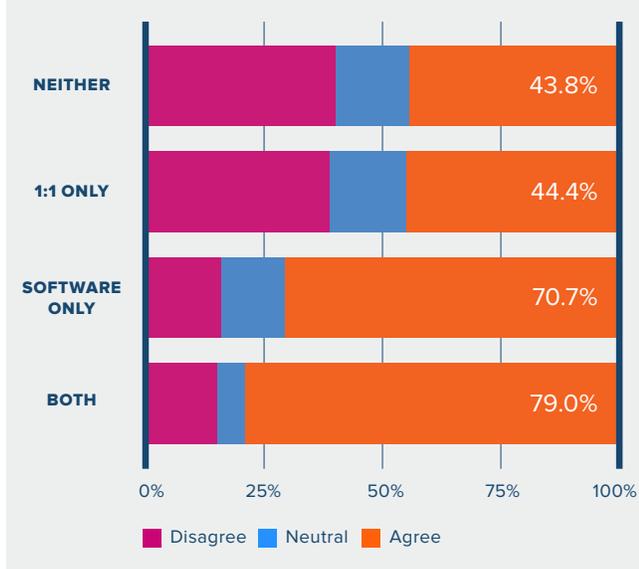
This is further supported by the question of whether an employee would spend the rest of their career at their current company. Again, we saw long-term employees with support from both managers and goal software.

**I WOULD BE HAPPY TO SPEND THE REST OF MY CAREER AT THIS COMPANY**

With days to fill positions on the rise[7] and the number of job openings outpacing hiring for the first time in over a decade,[8] recruitment and retention strategies will be critical to minimizing workforce costs. However, this points to the larger trend of a potential skills mismatch,[9] making these positions harder to fill and rendering an effective skills development strategy with good goal support even more critical to meeting a company's workforce needs.

Goal Support & Company Outcomes

Regardless of how much weight you put on sites like Glassdoor, there is some indication reviews are having sway with candidates in the hiring process.[10] The good news is providing strong enablement for goal formulation, progress tracking, and recognition can also have a positive impact on employees.

We went to our own respondents and asked them to rate their current company on a scale from one to five, five being an excellent company. We found similar results to our retention findings. Employees who were well supported with a combination of manager check-ins and software had the highest number of four- (35 percent) and five-star (46 percent) ratings.

COMPARISON OF 1–5 STAR COMPANIES ON GOAL TRACKING METHODS
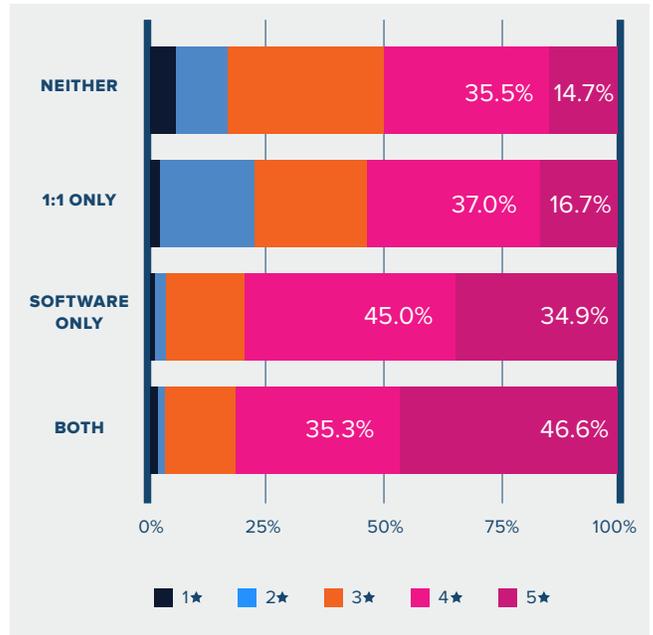
This outcome isn't limited to the company alone. If we look at the attitude of employees toward HR specifically, there was also a favorable outcome if employees were supported by the hybrid of managers and software.

GOAL TRACKING SOFTWARE AND 1:1S BODE WELL FOR HR
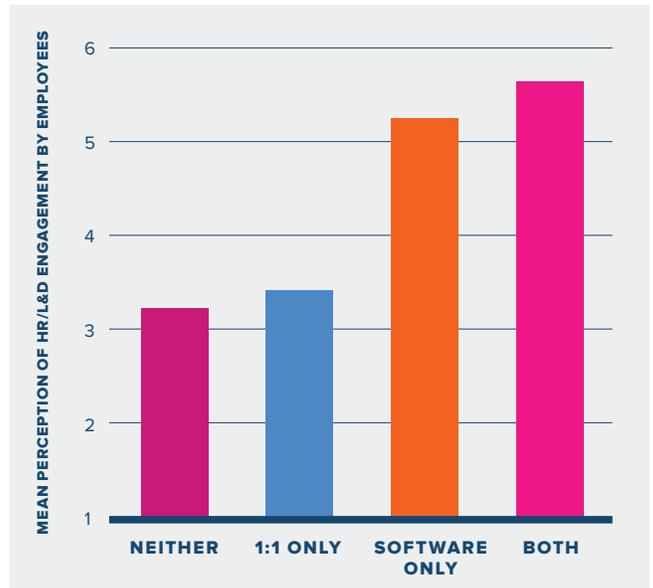
For companies seeking to boost employee morale, planning for goal support can be an unexpected but effective way to do so.

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[10] http://greenjobinterview.com/2014/03/glassdoor-saying-matter/
http://www.softwareadvice.com/resources/job-seekers-use-glassdoor-reviews/
http://www.glassdoor.com/employers/why-glassdoor

Recommendations

Here are several ways to help make goal setting a priority in the top and frontline ranks of your company:

Challenging goal setting: "Meaningful" in the S.M.A.R.T. framework means more than something of value; it's something difficult yet attainable. Goal-setters are more likely to achieve these outcomes than easy goals, but they'll need safety nets to climb higher, meaning significant manager support and room to fail (in a true pursuit of their goals).[11]

Goal alignment and accountability: "Priming" your company goals, which can mean evangelizing values surrounding the goals themselves, can often mean better goal alignment and even long-term mindfulness of linked individual goals. But, as our research shows, additional records and accountability are also desired and helpful to achieve outcomes.

Team goal setting: Research has shown teams that set difficult goals together often accomplish their goals with a greater synergy than similar goals set by individuals. Teams share knowledge, strategies, and lessons learned more quickly when in pursuit of a common goal.[12]

Localizing goals: Goals misunderstood are goals that have failed. Employees need help to know where their efforts contribute to the overall strategy. In addition to team and department goals, support from department heads or managers may be required to help draw the line from individuals or teams to the overall company.[14]

Multiple types of goals: Performance and learning goals set together often have better outcomes than performance goals alone. If employees are truly setting goals to stretch themselves, there's often a learning component required to accomplish these outcomes.[13]

Goal hierarchies: Where possible for low challenge or complexity goals, consider aligning these goals in a progression toward a more complex, challenging, or visible goal. Employees will often experience the rewards of the higher achievement goal in executing the low difficulty tasks.[15]

Conclusion

Why do we see these outcomes? In future research we can dig deeper to learn why managers and software together are the secret sauce. In the meantime, we know that both have obvious advantages independently and together.

Managers can provide coaching, resources, and recommendations to help employees accomplish their goals. Software, on the other hand, provides accountability, structure, visibility, and alignment to the broader organization. Together, they provide greater support for setting long-term goals and executing initiatives.

The good news is that with improvements in technology, companies can increase the visibility of their goals, which helps increase employee alignment. Combined with training and added processes, workforces have the potential to drive employee retention, engagement, and sentiment—which helps drive a company's strategic initiatives.

For more information about how Bridge can help improve your company's goal programs, take a **demo** or reach out to us at +1 877 576-5364.

Additional Information

For more information about this paper, reach out to Ike Bennion at bridgeresearch@instructure.com. Special thanks to Alison Irvine whose research and statistical wizardry was critical to this paper.

[11] Fried,Yitzhak; Haynes, Linda Slowik. Enriching Goal-setting Theory With Time: An Integrated Approach. Academy of Management Review, Vol. 29, No. 3, Acade my of Management, July 2004: 405-422.

[12] Locke, Edwin A.; Latham, Gary P. New Directions in Goal-Setting Theory. Current Directions In Psychological Science, Vol. 15, No. 5, Association for Psychological Science, 2006: 265-268.

[13] Locke, Edwin A.; Latham, Gary P. New Directions in Goal-Setting Theory. Current Directions In Psychological Science, Vol. 15, No. 5, Association for Psychological Science, 2006: 265-268.

[14] Kaplan, Robert S.; Norton, David P. Using the Balanced Scorecard as a Strategic Management System. Best of Harvard Business Review, Harvard Business School, July-August 2007: 150-161.

[15] Locke, Edwin A.; Latham, Gary P. New Directions in Goal-Setting Theory. Current Directions In Psychological Science, Vol. 15, No. 5, Association for Psychological Science, 2006: 265-268.