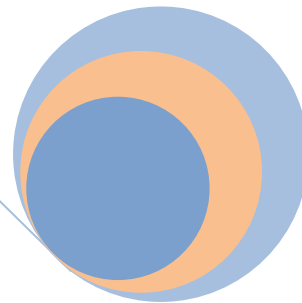
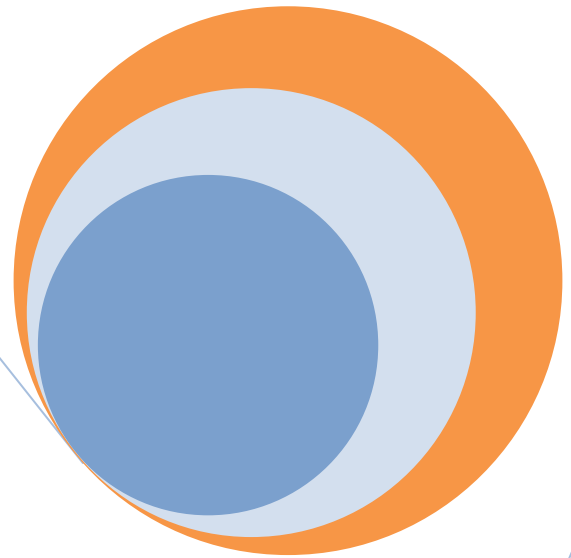
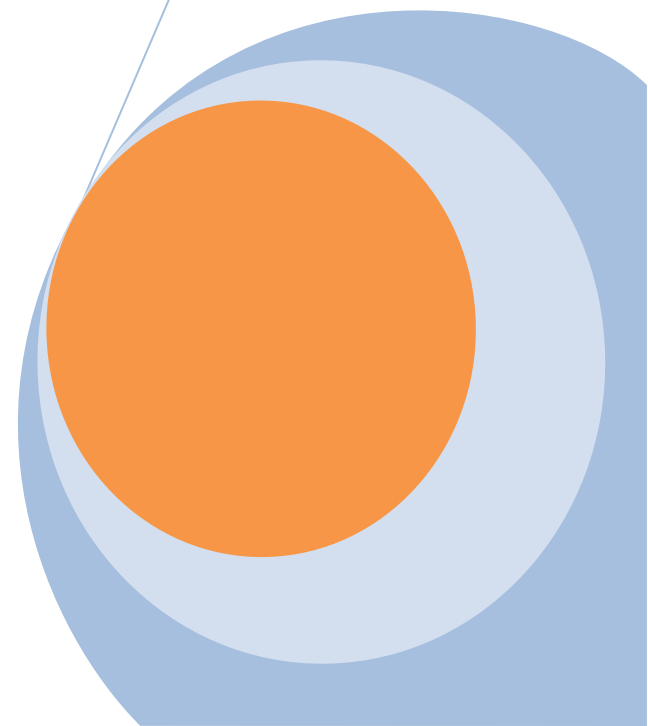


viaPeople Insight - Whitepaper



Six Ways to be SMART in Setting Performance Goals

Jackie A. Caruso, M.A.
Karen N. Caruso, Ph.D.



How SMART Are You?

Goal setting theory is generally accepted as among the most valid and useful motivation theories in industrial organizational psychology, human resource management, and organizational behavior. One of the most widely used theories was created by Ed Locke and Gary Latham. Their classic research on goal setting and motivation theory basically states that individuals are more likely to be motivated to perform by creating their own specific goals and working toward those goals while receiving feedback on their progress. This theory is summarized using the anagram, SMART, which means Specific, Measurable, Achievable, Relevant, and Time-bound. SMART goal setting continues to influence the way performance is managed today.

Unfortunately, performance management is still considered a yearly chore that needs to be accomplished in order to get pay raises and other administrative actions for many organizations. Setting yearly performance goals gets lost in the shuffle. If goal setting is conducted, often times it is something that is created as part of the performance evaluation process but not included in actual performance management throughout the year.

Organizations take a lot of risk by not including goal setting as part of their yearly performance management process. Ultimately, when goal setting is left out of the annual performance management process there is also a lack of emphasis on the development of employees (through “stretch” goals, etc.). For high performers, they may feel stagnant, like they are not growing or expanding their skills and decide to leave the organization. For low performers, they will continue to perform below expectations if they are not stretched to take their skills to the next level.



6 Ways to be SMART

The structured approach of SMART goal setting can help provide a framework from which to begin the goal setting process. By understanding the findings of this collection of research, we can help managers accelerate their goal setting and performance management efforts, as well as boost the motivation of employees. Here are six ways to be SMART in your goal setting efforts.

1. Create and Document Clear Goals.

Clearly written goals are easy to understand, and leave no room for misinterpretation. Goals that are clear and specific, with a defined timeframe for completion, clearly communicate what actions and results will be rewarded. Employees need to know what is expected of them and what will come to them if the goal is met. By understanding expected results, it provides



motivation for the employee. When using the SMART goal setting approach, you ensure clarity of the goal by making it Specific, Measureable, and Time-bound. Here is an example:

“Be less reactive to customer service issues, increase customer satisfaction.”

This first goal is ambiguous. The employee would not likely have an idea of what he/she is expected to change and how it will be measured. There also is no completion date to strive toward. This goal provides little motivation for the employee.

“Increase customer satisfaction score by 30% within the next 6 months.”

This revised goal describes specifically what needs to change, by how much, and within a specific time frame.

2. Motivate through Challenge.

The level of challenge is another key to making goals motivating. It is logical to assume that if a goal is challenging there will be greater rewards for accomplishing it, this will in turn motivate an individual to take action. Using SMART goal setting, goals need to be both Relevant and Achievable. The relevancy of a goal refers to whether it is directly linked to important organizational goals and outcomes. However, goals that are too difficult will cause individuals to be less motivated as they do not believe that they can accomplish them. Here is an example:

“Increase sales by 50% over the next 3 months.”

This goal is likely impossible to attain in the given time frame. It also doesn't include specific actions to be taken.

“Increase territory sales by 50% within the next 12 months using the Cost Comparison Approach.”

This revised goal is more achievable and specific; the goal is more likely to offer an appropriate level of challenge to motivate action.

3. Facilitate Commitment.

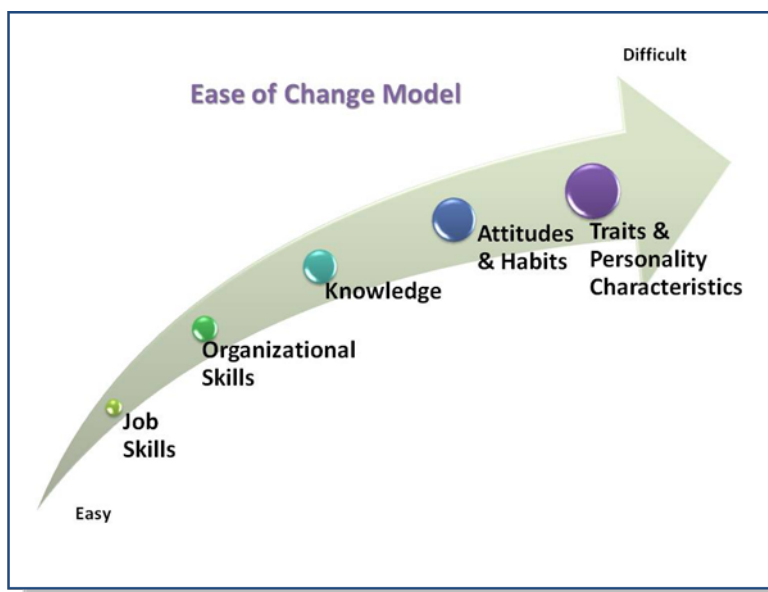
Goals must be understood and agreed upon if they are to be effective at directing energy toward performance. As such, employees are more likely to "buy into" or commit to a goal if they feel they were part of creating that goal. Involvement does not require that employee and manager negotiate goals but it does require that employees believe that goals are aligned with the goals of the organization and can help them achieve desired rewards, whether the rewards be financial or career related.

When using SMART goal setting, managers should take steps to include employees in the goal setting process. It is a good idea to ask employees to create a draft set of goals and managers then review and help them to refine the goals to ensure that they are aligned with organizational goals. The more challenging a goal, the more likely an individual will be to commit to it if they believe the goal is important.

4. Vary Goal Complexity.

Goal Setting is all about facilitating and guiding successful performance. Therefore, it is important to make sure that the conditions surrounding goals don't frustrate or inhibit people from accomplishing their objectives. Setting goals of varying difficulty can help encourage success. Motivation to perform can be stalled when individuals are overwhelmed with too many challenging goals, especially when results reveal themselves at a slow pace.

Oftentimes performance goals require individuals to also set a related developmental goal as the performance goal requires a new skill or behavior, or requires the individual to do something differently in order to achieve success. The ***Ease of Change Model*** illustrates how change becomes increasingly difficult as the goal/task becomes more personal.



Balance is the key to success in creating a set of goals for the performance period. Make sure that the level of difficulty for the entire set of performance and development goals provides challenge but is achievable.

5. Monitor Performance and Provide Feedback.

Managers and employees should not only come to agreement on performance and development goals, but they should also jointly determine how and how often performance will be monitored. Employees should take responsibility for keeping their managers up-to-date on activities, progress, and challenges. Managers should regularly check in on progress and provide specific and timely performance feedback. While this process seems obvious, making the time to engage in these discussions on a consistent basis can prove challenging.



Regular progress discussions should involve the following:

- Joint discussion of progress on goals,
- Recognition of progress and the achievement of results,
- Problem-solving to overcome potential challenges,
- Adjustment of goals based upon organizational or departmental changes,

These check-in meetings are particularly important for goals with

long-term targets. In these cases, feedback is critical to on-going motivation and course correction if progress is not being made.

6. Use Technology.

Employee Performance Management technology makes the process of setting and managing goals easy and efficient. Some of the many features that these solutions offer include:

- Collaboration on goal setting,
- Visibility to goals across the organization,
- Tools for documenting performance feedback, modifying action plans, and conducting interim evaluation,
- Linkage to development goals and plans, and
- Seamless performance evaluation at the end of the year.

Human resource leaders should seek out a technology partner that will provide a solution that can be configured to support the organization's specific goal setting process and is easy for employees at all levels to use.

Learn more about the factors to consider in selecting the right performance management solution for your company by downloading viaPeople's Whitepaper: [7 Keys to Choosing the Best Performance Management System](#).

In Summary

Individuals can be successful by setting goals the SMART way. By setting goals that are Specific, Measureable, Achievable, Relevant, and Time-bound, increases employee motivation. Goal setting doesn't stop with a well written goal. Goals that are linked to organizational objectives, agreed upon by both employee and manager, and monitored throughout the year will provide



employees with a structure from which to start. Organizations can use technology to support these efforts.

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