

A person in a purple shirt is looking at a target with concentric red and yellow rings. An arrow is held vertically in the foreground, pointing towards the center of the target. The person's hand is visible at the bottom right, holding the arrow.

Business Growth Needs Powerful Objectives

By Nick Hughes

Yogi Berra is quoted as saying “If you don’t know where you are going, you will end up somewhere else”. Business objectives specify where you are going; they are your destination. They give you direction to drive your company’s growth. They provide your team with a common purpose. They focus your activities towards a future goal.

All business owners set objectives. The key, however, is to ensure the objectives are powerful and will result in successful growth. All too often objectives are vague. They can be so unrealistic that they lack credibility, or they are missing measurable and specific results.

Powerful objectives are SMART. That is, they are Specific, Measurable, Action-Oriented, Realistic, and Timed. Here are some SMART objectives:

- To sell two million electronic widgets in 2009 (5 year objective)
- To have 300 Home Inspectors in Ontario and Quebec by 2007 (3 year objective)
- To increase the number of retail shops to 35 by December 2007
- To achieve gross revenues of \$750,000 by December 2007

Each one is specific (e.g. electronic widgets), each one is measurable (e.g. two million), each one is Action Oriented (e.g. to sell) and each one is timed (e.g. 2009).

Business objectives are powerful when they are consistent with the business owner's personal objectives. For example, if you do not like managing people you do not want to grow a business that will be people-reliant. If having weekends with your family is very important, you do not want to develop objectives that will require you to be on call 24/7.

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Objectives are powerful when we restrict the number of objectives to no more than five. This means that there are not too many objectives to handle and they are focused on the critical success factors such as revenue, profit, people, marketing, technology, etc.

Powerful objectives are not short-term; they are set in the future, but not so far away that they lack tangibility. The timeline for an objective should be not less than three years and not more than five years. We recommend that in a relatively new company three-year objectives are appropriate because they have very little history.

To be powerful, objectives must be monitored. You cannot wait until 2007 to see if you are meeting your objectives. You must be able to link your 3- to 5-year growth objectives to 1-year strategies and actions. You can then track your progress towards the objective on a day-by-day, week-by-week, and month-by-month basis. This means you can take corrective action before the crisis explodes.

Powerful objectives are written down. They have no value float-

ing around in the entrepreneur's head. By writing them down, they are more clearly articulated and it is easier to evaluate them against the SMART criteria. We laminate our clients' objectives so that they can keep them front and centre.

Powerful objectives are memorable. They are not filed in the bottom draw and forgotten. They are used as the management tool to keep you and your company on track and to help evaluate unforeseen opportunities as they arise.

Powerful business objectives are very clear about the destination. In one of the above examples, the destination is to have 35 retail outlets in place by December 2007. That is the destination towards which we can concentrate our resources. We can plan to have 25 outlets by the end of 2005 and 30 by the end of the 2006. We are phasing the growth over three years and so growth success is much more probable.

Successful business growth needs many factors to come together at the right time. The business owner must have the time to plan and manage the growth; the sales and marketing strategies must bring in new customers; the old tired processes must be revamped or updated; new people must be brought on board. However, all of this comes to naught if there are no powerful objectives to lead the activities towards a common destination.

Larrie Rouillard asks in his book *Goals and Goal Setting*, "Would you get on an airplane if you didn't know where it was going to land?" This analogy holds true with the growth of your business. ■

