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“ I am a creativity catalyst who inspires creative entrepreneurs to financial freedom while following their passions ”

Bill Baren, Creativity Catalyst



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## How to Set Business Goals

Your company's goals will only be effective if you have a clear vision of what you want to achieve—and how.

By [Peter Vanden Bos](#) | Jun 29, 2010

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**A smart CEO understands** the inherent value of goal setting in steering a growing business in the right direction. Unfortunately, figuring out exactly what the right direction is—and the road map to get there—isn't as much of a no-brainer.

More than 80 percent of the 300 small business owners surveyed in the recent 4th Annual Staples National Small Business Survey said that they don't keep track of their business goals, and 77 percent have yet to achieve their vision for their company.

Though the statistics are grim, they should make sense: establishing business goals involves a fair amount of introspection into what makes your business tick, and what you want its future to be. Devoting the proper amount of time to do that can be difficult in a struggling economy, but your goals will be more achievable and effective if you do.

"You have to know what you're going for, and do it with your eyes wide open," says Francisco Dao, founder and president of The Killer Pitch, a firm based in Tarzana,

California, that helps companies and entrepreneurs refine their message, and former business coach and columnist for Inc. "Look at yourself in the mirror and ask yourself what it's going to take to achieve your goals."

Here's *Inc.*'s road map to setting (and achieving) business goals.

## Setting Business Goals: Determine Your Long-Term Aims

Start by distinguishing your long-term goals from your short-term ones. Your long-term goals should have a timeline of about three to five years, says Maria Marshall, an associate professor at Purdue University in West Lafayette, Indiana, who has conducted research on small and family-owned businesses.

They should articulate your company's mission statement, reflecting the reason your company was founded. "When you think about why the company is there in the first place, goals take on a whole different meaning," says Bill Baren, a business coach and founder and president of Bill Baren Coaching, based in San Francisco. "There's more energy behind them. They don't feel forced."

Marshall says that these types of visionary goals usually fall within four general areas: service, social, profit, or growth:

- *Service* - Goals related to improving customer service satisfaction or customer retention.
- *Social* - Goals that focus on giving back to the community, through philanthropy or volunteer organizations, for example.
- *Profit* - Goals set to increase profits by a certain percentage.
- *Growth* - Goals related to the expansion of the company, through new employees, for instance.

Marshall likens each type of goal to a vacation destination, and the related short-term goals and objectives you establish afterward as the road map for getting there.

To emphasize the distinction between long- and short-term goals, Baren suggests using different language. "Look at a long-term goal as an initiative," he says. "If you're constantly calling them goals, people will say they've heard it before. [To them,] it will feel like a marathon. Sometimes, a goal needs to be positioned as something bigger."

If you're truly thinking big, you might want to consider creating a B.H.A.G., a "big, hairy, audacious, goal." The term—coined by James Collins and Jerry Porras in their 1996 [article](#) "Building Your Company's Vision"—refers to the 30-year game changing goals, like Sony trying to change the worldwide perception of Japanese products being of poor quality.

Dao also points to the example of Boeing building the 747. "They were going all in," he says. "If it didn't work, Boeing was going to go bankrupt. B.H.A.G.'s aren't impossible, but the company better be willing to bet the farm."

Regardless of just how long you want your long-term goals to be, be cognizant of how quickly they can change. Lori Becker, founder and CEO of Boston-based education publishing firm Publishing Solutions Group, says she is a fan of the five-year goal, but the current economy and some major changes in her industry have forced her to reevaluate. "Instead of a few years out, I'm now looking quarter to quarter," she says. "My goal is just to make more money than I did last year."

**Dig Deeper: [Francisco Dao on making goals inspirational, not delusional](#)**

## Setting Business Goals: Create Short-Term Objectives

Now that you've figured out what you want in the long term, you need to figure out how to get there. Marshall recommends an easy way to think about your short-term objectives for accomplishing your long-term goals. Make them S.M.A.R.T.:

- *Specific*. In order to work, objectives need to be concrete (not as abstract as your long-term aims) and highly detailed.
- *Measurable*. Put a figure or value, such as a dollar amount or percentage, to the objective.
- *Action-oriented*. Lay out which actions need to be taken by which people, and when.
- *Realistic*. Make goals challenging, but consider your resources so that you can actually achieve them reasonably.
- *Time specific*. Set a deadline to keep things on track.

"You have to understand what the long-term goal means on a daily basis," Dao says. "How do you establish the goal at its most fundamental level? If I want to increase sales annually by 24 percent, how many new customers or orders a day is that?"

The short-term objectives should ideally have a much narrower timeline. "Increasing sales 24 percent a year is a pretty big number," Dao says. "But increasing sales two percent each month seems totally doable."

Break down specific actions to be taken by specific people, assigning someone in each department involved to be accountable—and to help motivate employees.

Perhaps the most important component of these short-term goals is tying them into the long-term ones. Because you've already identified those long-term goals, it's easier to see how focusing on seemingly small details can be a step toward achieving a broader

long-term aim.

For example, one of Becker's long-term goals is to keep costs and overhead under control. When she saw that she was paying over \$1,000 a month for pay per click color prints on her publishing firm's copier, she invested the time to figure out why the fees were so costly. It turned out that employees were needlessly printing out e-mails with blue hyperlinks in color, so Becker made it a priority to reconfigure each computer to print in black and white by default.

Baren suggests that inspiration and accountability are also two essential components for turning goals from abstract into reality. "Accountability without inspiration is like a prison sentence," he says.

"Goals are not separate from the culture of the organization," he continues. "It's not an accident that Zappos.com has done over \$2 billion in business. They've created a culture of caring—when they ask their employees to do something, they go and do it."

**Dig Deeper: [The Zappos Way of Managing](#)**

## **Setting Business Goals: Solicit Employee Input**

You may have a clear vision of where you want your company to go, but it's also crucial to motivate employees so they're looking in the same direction you are. So, instead of issuing a top-down initiative, try co-creating goals with employees.

"It's really important that there is enthusiastic buy-in from your employees," Baren says. "Everyone feels like they have some ownership in the goal, as opposed to [the CEO acting as] a dictator mandating something."

Once you've asked employees to help you create your goals, get everyone on the same page. "We're very communicative, and very hands on," Becker says. "Know what your neighbor is doing so, you can help each other out." She organizes Monday morning meetings and Wednesday midweek check-ins to keep each one of her employees on track.

"Even a really good boss can't see it all," Dao says. "Get the feedback of people who are executing it on the front line."

**Dig Deeper: [Meeting business goals takes constant communication to employees](#)**

## **Setting Business Goals: Stay Organized and Focused**

The reality is, a growing business will have more than just a few goals. That's when a vigilant focus and a commitment to organization comes into play.

For example, Becker keeps checklists of her short-term goals, and also uses to programs like Microsoft Excel to keep track of them. Each Monday morning, she checks in on the status of her goals. "I don't want to forget about long-term goals because so many tiny things can come up during the week to distract me," she says.

It might make sense to tackle one goal at a time. "If you become unfocused, it's like getting off on every exit of the highway," Marshall says. "You have to pick the exits you want to take very carefully, so you can maximize your strengths and minimize your weaknesses as a company."

**Dig Deeper: [How important is small business goal-setting?](#)**

### **Setting Business Goals: Be Consistent**

Another problem that can arise with having many distinct goals for your business is the possibility they will conflict with each other.

"Companies will say that they want 100 percent customer satisfaction," Dao says, "but they'll also want the highest margins. Customer service is expensive, so that's not going to happen. You have to pick. Look at the big picture."

Also look out for a situation where you're unwittingly preventing employees from accomplishing a goal.

Dao points to the hypothetical example of a company that wants to improve customer service ratings, but which has an extensive automated phone tree before customers can talk to an actual person. "By the time they're on the fourteenth level, customers are already pissed off," Dao says. "How is that guy they finally speak to going to be able to get customer satisfaction back up to a 10 when there is nothing he can do about the system?"

**Dig Deeper: [How Sales Goals are Set](#)**

### **Setting Business Goals: Build a Culture of Appreciation**

One important (and often overlooked) part of the business goal setting process is rewarding the employees who are actually working to achieve those goals. This isn't always a financial incentive.

"You've achieved a set of goals, and the next day you hand out a new pile of goals to work on," Baren says. "What happened to a simple thank you, and celebrating what's gone right? If you work in a company long enough where that's not practiced, the motivation starts to disappear."

**Dig Deeper: [Building a Culture of Appreciation](#)**