Conducting a Successful Goal-Setting Discussion: A Manager's Checklist

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You've shared with your employees the information they need to draft their goals. Now it's time to meet with them one-on-one, take a look at what they've drafted, and help them finalize their goals. But don't expect a productive meeting if you waltz into the session planning to just "walk through" the draft goals and see what issues come up. Important discussions always benefit from structure. And there are, predictably, certain things to look for. We have compiled a ten-point checklist you can use to keep this meeting on track and help your employees assure their goals are properly aligned, coordinated, calibrated, focused, and supported.

You've done the preparatory work - set your own goals, assuring their alignment to your manager's goals and to your company's higher-level goals, and shared information with your direct reports so that they can draft their goals for the upcoming performance period. The task now is to work with your employees to ensure they have meaningful goals - that is, goals that will do a good job of guiding their work efforts to everyone's mutual benefit (the company's, most certainly, included).

These sessions with your employees are important. Performance management (PM) is a structured process, designed to deliver organizationally relevant results, and it is a process that can be facilitated by technology. But, no matter how good the technology is, the essence of PM is in the interaction between manager and employee. And one of these interactions is the goal-setting discussion in which you and your employee arrive at mutually agreed upon goals, which the employee will be held accountable for achieving.

In a group of employees, each probably has a slightly different (or, sometimes, dramatically different) way of setting goals. But it's important to have some standardization, a common structure and method, and comparable ways of measuring performance and gauging achievement of goals. This helps make things fair and equitable. You want to avoid having employees set goals that are either too difficult or too easy. And you want to minimize gaming of the system.

A Checklist

As you review your employee's draft goals with him or her, are there some criteria against which you can compare the drafts? Are there specific questions to ask to facilitate constructive discussion of the goals? The following questions may be helpful. Try it out as a checklist. Use it to guide your discussion.

1. Are the goals relevant?

This question is intended to cut to the heart of the matter. If your employee were to achieve this goal, would it make any difference to you (the manager) and to the organization? Since your employees' goals will demand their attention, consume their energy, and tap their talent for the next three to twelve months, they ought to be goals whose achievement will make a difference.
The best way to determine relevance is to "look up." Look up to see if the goal in question supports any of your own goals. Look up to see if it aligns, ultimately, to any of the higher-level goals of the company and to

the company's strategy. Is it consistent with the company's vision and values? This is the discipline of alignment. Your employees, of course, should have drafted their goals in full knowledge of your goals, so that alignment would be assured. If a goal isn't relevant, eliminate it or rethink it.

2. Is the scope of the goals neither too grand nor too small?

Goals are useful when they provide practical guidance. If your employee has a goal with a 5-year timeframe and a scope broader than his or her (or even your) job, it loses its ability to guide the person's performance in the short run. For example, "Achieve division profitability in 5 years" would be a good higher-level goal or strategic objective, but too grand in scope for an individual working on a 12-month timeframe. Such goals need to be trimmed down to size.

Goals do take on a different complexion as they move from the executive suite to the rank and file. At the top, goals - by definition - will be more strategic. At middle levels of the organization, goals are more tactical and are purposefully set to support the more strategic goals. At lower levels, goals are operational and consist of carrying out the actions and producing the results necessary to support the tactical goals. So it is natural for an executive's goals to be considerably broader in scope than the goals of an employee further down the hierarchy.

More common than overly grand goals is the tendency to set goals that look like items on a to-do list, such as "Submit expense reports on time," "Complete report by next Tuesday," or "Fill vacancy in production department by next Friday." These are not really goals but tasks. Setting goals that are at the task level and are short in duration invites micromanagement. If your employees set goals of this limited scope, you will soon be so preoccupied with the bark of the trees that you'll forget there is a forest.

These "goalettes" need to be kicked up a notch. Filling a specific vacancy may be part of a larger goal concerning managing and maintaining a quality staff, and filling vacancies might be a legitimate measure of that goal. If you think a goal is too task-like, you can begin to figure out how to kick it up a notch by asking your employee: Why are we doing this? What value is being added?

3. Are there neither too few nor too many goals?

There is no magic "right" number of goals, but we often hear something in the range of three to seven goals as an ideal capacity. Too many goals and it is unlikely a person could address all of them with any attention to quality. If your employee has proposed too many goals to be humanly tackled, rank them in order of priority and eliminate the less important ones. If they all seem important, determine which goals could be assigned to someone else.

Too few goals? Has your employee included the key responsibilities of his or her position? If not, it's vitally important to do so. Key responsibilities should be the starting point for setting goals. Sometimes, however, having only a couple goals makes sense, given the nature of the job. We have known software engineers who had two goals: "Write code" and "Fix bugs." And those two were all they needed.

Having too many or too few goals might also be due to goals being either too fine-grained or too coarse-grained in scope. For example, if goals are set on microscopic aspects of the work (e.g., tasks), there will likely be a bunch of them. (See the item above on "scope" for more on this.)

4. Are your goals coordinated with other people's goals?

It can be wasteful of resources, talent, and energy to have people working on goals that conflict with one another, or to have them working on similar or overlapping goals. As you look over your employee's draft goals, are there potential conflicts with other employees' goals? Could any of these goals overlap with others' goals? If you suspect conflict or duplication, check it out. You might want to bring the other employees with similar goals, or their managers, together to discuss and resolve the issues. Work out who is going to be accountable for what results so that resources are best used and collaboration is emphasized.

Coordination is especially needed when work on one goal is dependent upon other employees' efforts on their goals. In fact, in most organizations there are probably more dependencies to be worked out than conflicts or overlaps to be resolved. When dependencies exist, you may need to build in coordination as one of the goal's measures of successful performance.

5. Are the goals results-based and verifiable?

Do the goals measure value-added results or output, not just activities? Goals should not be activities to be completed. They should embody desirable outcomes or results. There is a tendency, especially among first-time goal setters, to write goals that look like activities, such as "Write reports" or "Conduct training programs." To counter this natural inclination, we like to make sure everyone has at least one or two measures for each goal. Defining measures forces people to think explicitly about what results are expected. A measure for "Conduct training programs," for example, might be "80% of participants pass proficiency test with score of 90 or above." This puts the emphasis on the result desired (employees whose knowledge of an important topic has been increased) rather than on the activity (running a bunch of employees through a training program).

In addition to specifying results, do the goals and their measures make it possible to verify that the goals have been achieved? Check the measures to make sure some kind of qualitative or quantitative results are specified. How will you know if the goal has been achieved? How will you know if it has been exceeded? You don't want to arrive at the end of the performance period and not be able to agree with your employee on whether or not a goal has been achieved.

6. Are the measures set at the right level?

Some employees will be overly ambitious and set unrealistically difficult goals for themselves. It is good to have challenging goals for their motivational value, but if a goal is impossible to achieve, it will only lead to frustration.

Sometimes employees will set their measures too low, either inadvertently (through naivete) or purposely (through calculation). "Sandbagging" is the term typically used to describe the intentional setting of easy goals, with the goal setter often claiming that the goal's achievement will be fraught with hazards and hardships. This is probably the most contentious item on the checklist. Negotiation may be required to get the measures set at the appropriate level.

From your perspective as a manager, having seen other people's goals and the measures they set for themselves, you will be in a better position than your employee to know whether "100% customer satisfaction," "12-hour response time," or "$5M in booked sales" are too easy, unrealistically difficult, or just right.

You will want to make sure that your employee's measures are consistent with those set by other employees with comparable goals. In some cases, measures will be dictated by the higher-level goals that they support. For example, if your goal for a project has a budget constraint of $25,000, any of your employees' supporting goals would need to have measures set within that constraint.

Want to set a stretch goal? It's probably a good idea. The way to do this is to first define the results that constitute the "meets expectations" level of performance and then define what "exceeds expectations" looks like. The "exceeds" level represents the "stretch."

7. Are the measures practical?

Measures are intended to make it possible to track progress as a goal is being worked on and to determine how well it's been achieved when you are completing the employee's performance evaluation. But they should be practical. It shouldn't require as much effort to measure progress on the goal as it does to actually work on the goal itself - nor should it be unduly expensive, intrusive, or resource consuming.

For example, it would be difficult to track progress on a customer service representative's goal if its measure was: "Every customer inquiry handled in exemplary fashion." That would require somehow monitoring every call. A more practical measure would be based on exception reporting: "No complaints regarding how customer inquiries were handled."

8. Is achievement of the goals under your employee's control?

This principle may seem obvious but we've seen it violated so many times it is well worth including it on the checklist. The principle is: If a result is beyond the employee's power to control, he or she shouldn't be held accountable for achieving it.

A classic example is holding HR accountable for employee turnover. Turnover has many causes and HR can, at best, only indirectly influence most of them. One could argue persuasively that managers should be held accountable for the turnover of their staffs. Managers have a more direct influence on employees' decisions to leave the company. But consider all the other factors involved: people are more inclined to leave when the economy is strong, unemployment is low, and they are highly marketable. You wouldn't want to punish managers or HR because the economy is doing well and they are hiring and developing talented people, but that would be an outcome of holding them accountable for turnover.

On the other hand, no one ever has complete control over the results they are attempting to produce. But people still need to be held accountable. To minimize the control issue, it would be a good idea to identify the obstacles and problems you and the employee expect to arise as he or she works on a goal. What are the additional resources needed to ensure success? What preventive actions can be taken to forestall anticipated problems? What contingency plan should be put in place just in case? In short, if you are going to hold an employee accountable for this goal, how can you provide the resources or authority needed to make it a fair game?

9. Does the employee have the skills needed to achieve the goals?

Another way to look at the idea of a "stretch goal" is that it is a goal whose achievement requires a bit more skill than the employee currently possesses. Now it's not possible to precisely measure this - it is an estimate. But in many cases you know, and the employee knows, that fully achieving the goal will require him or her to stretch beyond his or her present capabilities. When you know this is the case, there are a couple routes you can take. One is to back off on the goal - trim it down and scale it back so that the employee can handle it - or, alternatively, to reassign the goal to an employee who is fully capable of achieving it.

Taking this route, however, would pass up one of the reasons many people go to work every day - the opportunity to learn and to grow in their positions. So, the other - and recommended - route is to assist the employee in identifying the competencies and skills needed to successfully pursue the stretch goal and to craft a development plan to run in parallel with and support their work on the goal. Working on challenging assignments is a primary stimulus of employee development.

10. Is each goal truly a goal rather than a competency masquerading as a goal?

In the end, you'll evaluate your employee on results (how well they achieve their goals) and behaviors (how well they apply the competencies associated with their position). We have often seen competencies get reflected as goals, such as, "Improve teamwork" or "Communicate more effectively." If the competencies on which you will evaluate your employees include "Teamwork" and "Communication," there is no need to establish "Teamwork" and "Communication" goals. Doing so would set up a kind of double jeopardy for the employee - you'd end up evaluating the employee twice on the same thing. It is an unnecessary duplication. Now, it's perfectly OK to create development plans focusing on improving teamwork and communicating effectively. The logic of performance management, after all, is that people apply their competencies in order

to achieve their goals, and if they are lacking in a particular competency, they devise a development plan to bolster that competency.

You can use this checklist in your meetings with your employees. Use it to stimulate critical discussion of the employees' goals and to help your employees refine their goals. We know that goal setting is a powerful management tool and is capable of driving high levels of performance. The criteria included in this checklist can help fulfill this promise. But equally important is conducting these sessions with your employees so that they are open, two-way discussions. Your employees need to be committed to the achievement of their goals - to "own" them - and the best way to gain this commitment is to ensure your employees have a significant hand in fashioning these goals.