

"MBO vs. Goal-Setting"

W. Edwards Deming's 11th Point for Management reads, "Eliminate management by objective. Eliminate management by numbers, numerical goals. Substitute leadership ([Out of the Crisis](#), MIT, Cambridge, MA: 1982, p. 24, 11b). Was Deming really repudiating one of [Peter Drucker's](#) most respected tools for leaders, [Management by Objectives](#)? Does this mean that goal-setting is an inappropriate leadership tool? If you don't set goals how will you measure performance?

I don't believe that Deming meant the elimination of goal-setting as a leadership tool. What he was opposed to was the misuse and abuse of goal-setting by leaders who had little or no knowledge of the processes under study. He opposed having leaders impose unrealistic goals upon employees which often caused them to behave in unethical and even illegal ways to meet those goals.

Well then, what is the servant-first leader to do? Can he/she use goal-setting as a tool for performance measurement? The answer is emphatically YES! But it must be done the RIGHT way. Leaders must first realize that their people generally have the most knowledge about the processes in which they work. Leaders, even process experts, quickly lose that expertise once they are elevated to a supervisory position.

So the first step is to acknowledge that the person being evaluated has more knowledge about his/her process than the leader. They also know what is possible and what additional tools they may need to improve efficiency or expand effectiveness (the difference between the two will be another discussion). Therefore the leader should first ask the employee to prepare a set of goals that promote specific objectives of his/her suborganization (division, branch, office) which are in turn linked to the objectives of the superorganization (company, plant, church). These are reviewed with the leader until an agreement is reached on a set of goals for the new year (or quarter, month, etc.) These goals must be SMART:

- Specific
- Measurable
- Achievable
- Results-oriented, and
- Time-determined

Specific goals are goals that can be measured. "Improve customer satisfaction" is not a measurable goal; however, "reduce the number of customer complaint calls by 15% over the next 90 days" is. Your people know what is achievable and what is not based on the tools (time, expertise, technology, funds, etc.) that you as the leader have provided for them. Goals should cause people to "stretch" yet not be unrealistic and therefore demotivating. Goals should point to specific results and have some time factor attached. How will you know whether or not you have achieved your goal if you have not determined when the goal is to be achieved?

Leaders who treat their employees with dignity and respect and jointly enter into goal-setting as a way to measure performance, enhance productivity and focus effort, will be surprised with the high standards that people will set for themselves.

The key to successful goal-setting is highly dependent upon the attitude with which the leader approaches the process. A servant-first leader will acknowledge the expertise,

dignity and maturity of his/her employees and treat them accordingly. Your people, in turn, will surprise you with goals that truly do lead to higher productivity.

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