GOAL-DIRECTED BEHAVIOUR AND TARGET-SETTING: A NEW WAY FORWARD

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Abstract

While leading advocates of goal-directed behaviour point to what they see as the demonstrable benefits of target-setting, leading critics of target-setting highlight equally demonstrable disbenefits. Indeed, academic literature on this topic is observably mired in controversy, with neither side seemingly capable of envisaging a better way forward. This paper outlines a more fruitful approach, based both on theory and practical experience.

Context

The advocates and critics of 'target-setting'[1] in the workplace seem unable to agree on any common ground. This is perhaps not surprising, as there are obvious contradictions between the arguments advanced by both sides.

On the one hand, there is seemingly incontrovertible evidence of the damaging effects of arbitrary numerical target-setting, while, on the other hand, there is a significant body of evidence supporting the benefits of 'goal-directed behaviour'[2].

So, the obvious question is, "Can such fundamental contradictions be resolved, and, if so, how?"

The logical place to start is by reviewing the two competing points of view.

In The Red Corner

In the red corner stand the advocates of goal-directed behaviour. They point to sundry benefits, such as:

- "Challenging goals lead to better performance than do easy or vague goals" (Latham & Locke, 1979). Indeed, Locke and Latham are insistent that "goal-setting theory is among the most scientifically valid and useful theories in organizational science" (Locke, Latham and Erez, 1988);
- Happier and more fulfilled people.
    - For instance, experiments conducted by the Department of Psychology at Oxford Brookes University, linked to the Oxford Happiness Project (Holden, 1996), showed that depressed individuals who identified their own goals and then planned and worked constructively towards achieving them became demonstrably happier through this exercise alone. Indeed, goal-directed planning has been shown to initiate activity in the frontal lobes of our brains, which control our sense of

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[1] We define 'target-setting' as the process of setting desired levels of performance, typically but not necessarily in measurable numerical terms, whether at individual or collective level.

[2] We define 'goal-directed behaviour' as actions, initiatives and behaviour based on a clear purpose. Such behaviour can either be purposeful at individual or collective level, so long as goals are voluntarily accepted and not imposed from above.

happiness. Hence there seems to be a direct connection between goal-directed behaviour and happiness (all other influencing factors being equal).

- Research by psychologists, such as Weger and Loughnan, has established that our thoughts and expectations can have a significant impact on our capabilities and health. As a recent article in Scientific American[TM] hypothesised (Atasoy, 2013), this is likely to be a manifestation of "an adaptation that helped us to survive throughout our evolutionary history by helping us prepare for the future."

Interestingly, Dr W Edwards Deming, who argues forcefully against numerical target-setting at Point Number 11 in his famous '14 Points for Management' (Deming, 1982a), actually puts "constancy of purpose" at Point Number 1. So, the challenge Dr Deming seems to be highlighting is how to capture the benefits of constancy of purpose, which we know can be helpful in terms of facilitating sustained, systemic, organisational development, improvement and teamwork, without allowing target-setting to strangle this potential.

In The Blue Corner

In the blue corner stand the critics of target-setting. They point to issues, such as:

- Setting targets can be fraught with problems, for example:
  - If set too high, targets create stress and de-motivation;
  - If set too low, targets encourage complacency;
  - If imposed, targets are unlikely to be owned by those who have to deliver them; and
  - If negotiated, there can be an incentive to press for lower targets that are easier to meet, thereby creating tension and suspicion between managers;
- Targets cannot be set appropriately without knowing current and future process capability;
- Targets do not explain how to improve performance;
- Targets provoke cheating, including either distortion of the data or distorting the way the work gets done;
- The cultural impact of target-setting is typically negative, destroying trust, warmth and personal responsibility;
- Targets usually only cover those aspects of performance that are simple to measure, rather than a genuinely systemic perspective. In other words, targets "attempt to find one measurable thing to represent the whole" (Blastland and Dilnot, 2008); and
- Often, hitting a numerical target leads to missing the real point. Arbitrary targets are typically one-dimensional and reductionist (often based on averages or percentages), fail to promote whole-system improvement and hence lead to sub-optimised performance (Seddon, 2008).

These are hardly trivial concerns.

As Simon Caulkin wrote in an article in The Observer (Caulkin, 2009), "Targets can kill." Drawing on examples from across the NHS in the UK, in situations where people had died as a consequence of the mindless pursuit of mandatory targets, Simon Caulkin argued cogently against putting in place an oppressive target-setting regime.

So, this is no idle contest.

The Protagonists

Within academia, these two adversarial viewpoints are currently hotly debated.

For instance, in Academy of Management Perspectives in 2009, there were two, contradictory papers published in the very same edition, entitled:

(1) "Goals Gone Wild: The Systemic Side Effects of Overprescribing Goal Setting" (Ordóñez et al., 2009); and
(2) "Has Goal Setting Gone Wild or Have Its Attackers Abandoned Good Scholarship?" (Locke and Latham, 2009).

It is hard to imagine how academics could be more polarised or argumentative in one single edition of a respected management journal.

Sadly, it seems safe to predict that these two academic communities will continue arguing with each other, as neither side seems capable of moving beyond what they currently believe to be true.

Indeed, Locke and Latham went on to say, in a subsequent paper published in Academy of Management Perspectives later in 2009 (Latham and Locke, 2009), "We conclude by recognizing that our disagreements with Ordóñez are not small and list several reasons why we are not sanguine about the possibility of a reconciliation."

Moreover, this ongoing debate between the advocates of goal-directed behaviour and the critics of target-setting is further complicated by the fact that annual budgets can create 'arbitrary numerical targets'. This risk is highlighted in a recent Harvard Business Review paper by Andrew Likierman (Likierman, 2009).

If ever new thinking were needed in the field of organisational performance management, then addressing this issue must be a prime candidate for attention.

Have We Seen Anything Like This Before?

Every now and then, scientific debate reaches extreme levels of polarisation.

For instance, around the turn of the nineteenth century, proponents of the 'wave theory of light' (sitting in the red corner, as current champions) and the proponents of the 'particle theory of light' (sitting in the blue corner, as upstart challengers, led by Albert Einstein) were similarly at loggerheads.

It took a 22-year old graduate, Geoffrey Ingram Taylor[3], to conduct the famous experiment that proved light could behave both as a wave and as a particle at the same time – hence opening up the whole new field of quantum physics.

Might there be a similar resolution to the current impasse between the proponents of goal-directed behaviour and the critics of target-setting?

The answer is "Yes" – there really is a more fruitful approach that can enable organisations to achieve the apparently impossible trick of reaping the benefits of goal-directed behaviour while concurrently avoiding the disadvantages typically associated with target-setting.

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[3] Sir Geoffrey Ingram Taylor OM (1886-1975) went on to become one of the most notable scientists of the 20th century.

The New, More Fruitful Approach

The seven elements of this new, more fruitful approach are as follows:

(1) Understanding the typology of targets;
(2) Clarifying the terminology used;
(3) Distinguishing between differing uses of measures;
(4) Adopting a systemic perspective, encompassing all the key factors influencing organisational performance;
(5) Acknowledging the unknown and unknowable;
(6) Identifying important and actionable insights from performance data; and
(7) Enabling effective performance management and differentiating managerial timespans of attention and added value (from front line to boardroom)

This paper describes each of these elements in turn, and discusses generic approaches to changing how people think about and use target-setting in practice.

Understanding the Typology of Targets

It is important to recognise that targets can come in differing guises, such as:

*   Close-as-you-can targets;
*   Far-as-you-can targets;
*   Benchmark or competitive targets;
*   Yes/no targets; and
*   Facts-of-life targets.

Close-as-you-can targets are typically based on idealised aspirations such as:

*   Zero defects;
*   100% customer delight;
*   Exact conformance to specifications;
*   Never cancelling a medical appointment;
*   No accidents; and
*   Every arrow hitting the bull's eye (in archery terms).

In practice, ideal performance will seldom be achieved.

However, the pursuit of perfection is neither meaningless nor necessarily demotivating.
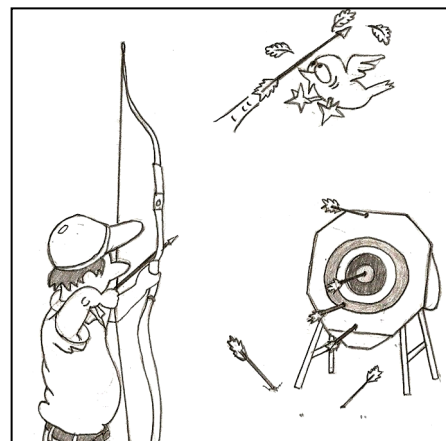
Getting closer to the bull's eye can often constitute meaningful improvement.

Targets of this kind can serve to focus attention on what is important. They can also replace notions such as 'acceptability' or 'meeting specifications' with the concept of continually striving for perfection.

Henry Royce[4], of Rolls-Royce Motors, was one of the first and most passionate advocates of this approach. As he frequently urged his workforce, "Strive for perfection in everything you do. Take the best that exists and make it better. When it does not exist, design it."

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[4] Sir Frederick Henry Royce (1863-1933), British engineer and car manufacturer.

Taiichi Ohno[5], the originator of the Toyota Production System, was equally insistent that the pursuit of perfection is essential for the identification and elimination of waste in manufacturing operations and other processes.

Following this logic is paramount in certain situations.

For instance, it can never make sense to aim for a few planes to crash, or a few new-born babies to be dropped in maternity wards, or a few parachutes not to open in service.

In such circumstances, the aim must be to get as close as possible to perfection.

A classic example of an *as close as you can target* is Sweden's ground-breaking approach to improving road safety, known as Vision Zero.

Introduced into law in 1997, Vision Zero requires everyone in Sweden to work towards achieving zero deaths and serious injuries on Sweden's roads (Tingvall, 2010).

Far-as-you-can targets are typically relevant where more is better and there is no limit to improvement, for instance:

- Maximising fuel efficiency;
- Maximising return on investment;
- Increasing the number of website visitors;
- Treating patients as soon as possible; and
- Maximising the distance achieved in sporting events, such as the long jump, shot put or javelin.

Estimating how far you can get in such circumstances can never be more than an educated guess, based on what seems achievable. However, it can be motivating.
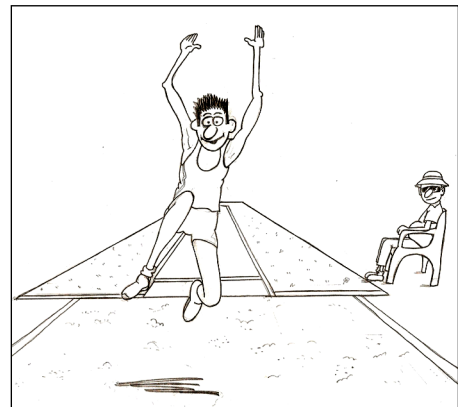
Targets of this kind, though, may become dysfunctional if their achievement is treated as an ultimate aim, rather than as simply one milestone on a worthwhile, purposeful journey.

Benchmark or competitive targets relate to aims that can only be measured relative to others, for example:

- Market share;
- Election results;
- Prizes (for example, awards for 'the best contact centre', etc); and
- Individual or team sports, such as races or football matches.

Targets of this kind can be sub-divided into two sub-categories: (a) *benchmark targets* (for example, share of market or position in a race or league); and (b) *win/lose competitive targets* (for example, the outcome of football matches).

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[5] Taiichi Ohno (1912-1990), Japanese engineer and car manufacturer.

If such targets are voluntarily adopted and used as a basis for understanding how best to improve performance, they are effectively *close-as-you-can targets*, and can be really helpful.

However, if they are used as a basis for 'beating people up' about their performance, then they can be hugely damaging, to morale and performance.

Yes/no targets relate to situations where the target is either met or not met, with no leeway either one way or the other.

In other words, *yes/no targets* make performance binary.

On one side of the line sits success; on the other sits failure.

They include numerical targets such as:

- 98% of hospital accident and emergency patients to be seen, treated, discharged or admitted within four hours from arrival;
- 98% of incoming telephone calls to be answered within 30 seconds;
- 50% of young people to go to university;
- A 5% increase in sales compared with the same quarter last year;
- A defect level of less than 1%; and
- A 10% reduction in non-pay costs.
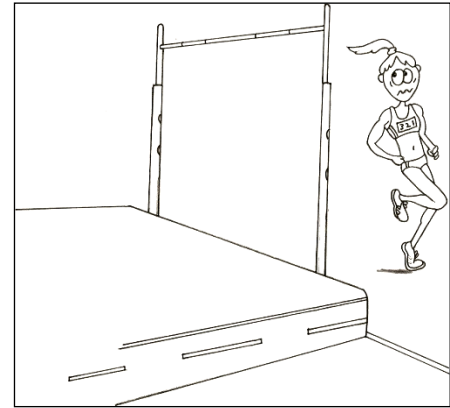
Such targets can be seriously counter-productive. They also have the greatest potential to cause the sorts of problems noted by the critics of target-setting.

A *yes/no target* is best viewed as one step towards an as *far-as-you-can target*, where the bar is progressively raised. While the overall aim may possibly be to achieve a world record (i.e. a *benchmark target*), this aspiration can only be achieved by progressively clearing lower heights and then having the bar raised towards a world record height.

In the work context, the equivalent is delivering basic standards reliably and then progressively raising aspirations. By adopting this approach, the focus soon shifts from 'have we met this or that numerical target' to 'what standards are we seeking to achieve' and 'how can we do even better'.

Facts-of-life targets are sometimes treated as the same as *yes/no targets*. However, they are fundamentally different.

Facts-of-life targets are not imposed on individuals or organisations. They simply exist on the basis of observable reality.

For instance, "We will go out of business in three months time if we cannot resolve persistent quality and delivery problems by then, including eliminating all current backlogs[6]."

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[6] This example is based on a real instance in the 1990s, where a manufacuting company in Scotland was facing exactly this fact-of-life target. The outcome was that the whole factory became galvanised around radical improvment, including compleletely re-arranging the factory layout to faciliate 'flow', creating a genuine 'visual factory' (Grief, 1989), and designing and implementing a 'performance architecture', specifiying who needed to come together to look at what performance information, why, when and how, across all functions and levels of management, not only within the factory itself but also across key interfaces with customers and suppliers.

This is not some arbitrary numerical target[7] dreamt up in an executive boardroom: it is an observable fact-of-life.

Dr W Edwards Deming, when he talked about facts-of-life (Deming, 1993) said, "There are facts of life that are not goals nor even aims." He went on to say that, "a fact of life might be translated into a goal or aim, provided a method for this accomplishment can be planned and carried out."

In short, we should reject targets unless there is at least some idea around how to achieve them.

Understanding the typology of targets helps not least by enabling people to differentiate between arbitrary *yes/no targets*, which are always destructive, and other types of targets that may sometimes be helpful.

Clarifying the Terminology Used

In addition to differentiating between different sorts of targets, there are other aspects of language that merit clarification.

For instance, there is a significant difference between 'standards' and 'targets'. Consider just one example:

- It is surely not unreasonable, as a patient, to expect to be seen and treated in a hospital accident and emergency (A&E) department within four hours of arrival (and, ideally, much sooner). This is a *standard* to which all such departments should aspire.
- However, if this *standard* is treated as a *yes/no target*, evidence shows that all sorts of adverse effects are likely to emerge, especially if the current system (the composite result of current work processes, staffing levels, staff competence, management process, delegated decision rights and sundry other factors) is incapable of reliably delivering against this *standard*.
- The answer is not to monitor and react to serial breaches of the four-hour *standard* but, instead, to plot individual treatment times (ideally on an XmR statistical process control chart[8] to highlight daily variation, weekly cyclicality, annual seasonality and statistically significant trends) and work systemically and systematically to deliver not only lower average times from arrival to treatment but also statistically significant reductions in variation for patients with similar needs. The difference in approach is profound.

In this context it is worth mentioning the well-documented 'student syndrome' phenomenon, where students at school and university leave it until the very last moment to submit their work. There is evidence that this phenomenon also applies, for instance, to police officers who are given a target of 28 days to submit their written reports. Seemingly under this target-setting regime, they leave things – like students – to the very last moment, whereas, if they are trusted to submit their reports in the order they feel is most appropriate, all their reports are submitted far in advance of the arbitrary 28-day deadline (West Lothian Criminal Justice Project final report, 2007).

Hence it is vital to differentiate between *standards* and *targets*.

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[7] By 'arbitrary target', we mean a target that is plucked out of the air with no reference either to facts-of-life or credible ideas for improvement.

[8] An XmR chart is a type of Statistical Process Control chart that tracks individual values on the X axis and predicts guidelines separating 'common cause' and 'special cause' variation based on a moving range (mR) between individual values. For an accessible introduction to understanding variation and SPC charting, see Wheeler (1999).

Similarly, it is important, in terms of clarifying language, to differentiate between 'targets' and 'beneficial objectives'. Consider the same example again:

- The former target[9] across the whole of the National Health Service in the UK was for 98% of patients to be seen, treated, admitted or discharged within four hours of arrival in a hospital accident and emergency (A&E) department. This is simply a desired *standard*. It is not a *beneficial objective*.
- A *beneficial objective* might be to demonstrate continual improvement in the average time taken to see and treat incoming patients with no increase in resources. A *beneficial objective* of this ilk is likely to require radical re-thinking, both in terms of the way the work gets done and the way the department is managed, such as re-designing the triage process, granting nursing staff (not just doctors) decision rights to authorise X-rays when obviously necessary, improving demand forecasting and staff rostering, etc.

Beneficial objectives need to be grounded in what matters to customers, as well as other interested stakeholders.

Such objectives need to be backed by the dictum that 'you can't have a beneficial objective without at least some idea of how to achieve it', coupled with clarity around 'how will we know it when we see it?'

Finally, in terms of clarifying language, it is essential to move beyond the current, simplistic adage of 'what gets measured gets done' towards the concept of 'what gets evaluated gets improved'. This is a key enabler for learning from the past to improve the future.

Distinguishing Between Differing Uses of Measures

There is an important difference to be made between the use of measures for the purposes of planning and budgeting and for the purposes of fundamental improvement and development.

A classic example would be how the commonplace measure of 'average call duration' is treated in call centres:

- On the one hand, there is no way sensibly to plan for future recruitment and rostering in contact centres without understanding not only current average call duration but also predictable changes over time (and why).
- On the other hand, if a target for average call duration is set for advisers as a *yes/no target*, then the outcome can be very damaging for both customers and the organisation itself. If necessary, advisers will either pull the plug on callers or do anything else within their power to get callers off the phone, regardless of the consequences for individual callers or the organisation overall, just so they can meet their individual average call duration targets – and hence keep their jobs.
- Instead, fundamental improvement is facilitated by looking at systemic measures. such as unwanted demand, first time resolution, end-to-end customer conversation rates, end-to-end response times (as seen by customers), etc

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[9] The original target for A&E treatment set by the Labour Government in the UK (1997-2010) was for 100% of patients attending an A&E department to be seen, treated and either be admitted or discharged in under four hours. This 100% target was subsequently reduced to 98% and then declared to be 'abolished' by the incoming Coalition Government in 2010. It has since been replaced by a plethora of measures (see Department of Health website at http://bit.ly/fon5Xg), which, to date, appear not to have been widely implemented across the NHS, nor have A&E departments been advised to track performance against these new measures in time-series format (with or without SPC guidelines).

The solution is to ensure that measures used for planning and budgeting purposes or for information are not confused with measures used for improvement and development.

This is not as difficult as it may seem. Indeed, it only requires a small change in managerial mindset, rather than any operational changes or investments.

Adopting a Systemic Perspective

When it comes to measuring performance in organisations, rarely is a genuinely systemic perspective taken. Typically, organisations measure what is easy to measure or "a few, strategic KPIs", rather than what is necessary and sufficient to present a systemic picture of strategic and operational performance.

For instance, management consultants often measure sales revenue attributable to individual partners (which is easy to measure) and yet make no attempt to assess the quality of the work ultimately delivered to clients (which is difficult to measure but actually fuels future work through references and referrals).

This is a significant point.

The cartoon at Figure 1 was developed to help a well-known, international supermarket chain envisage the relationship between key factors influencing store performance. For instance, it would have been easy for their stores to achieve 'zero waste' (i.e. no items becoming out of date and therefore no longer saleable) if neither 'product availability' nor 'store profitability' mattered commercially.

Derived from a graphic produced by Gemini Consulting
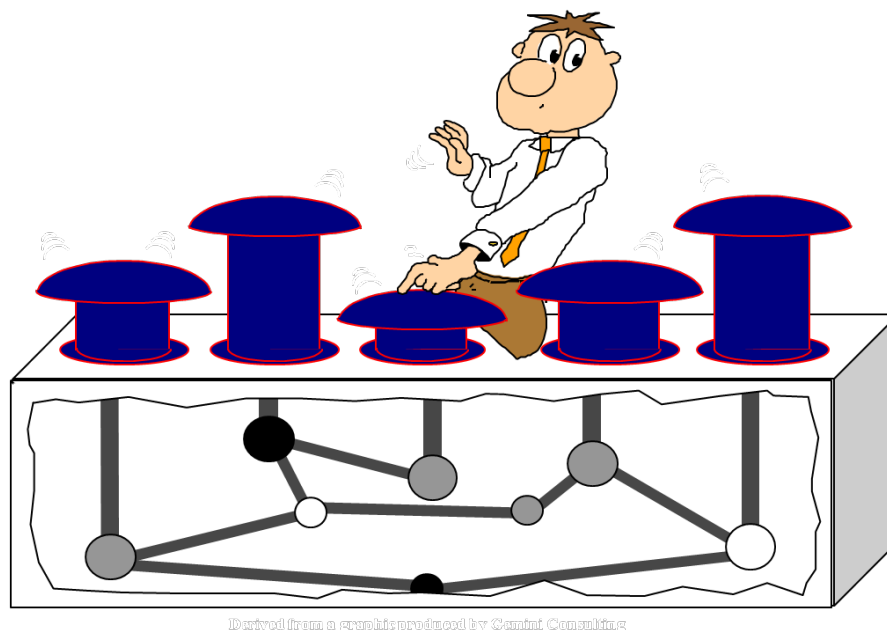
Figure 1. The Levers of Performance Are Inter-Connected

Also what is missing in many organisations is an understanding of the truly important aspects of performance, such as: how customers assess **value** (as seen from their perspective); the **nature of demand** (including identifying unwanted and potentially avoidable demand); and the **views of stakeholders** (including suppliers and partners) on how things could be improved.

The answer is to put in place a systemic set of performance indicators, avoiding the temptation to select only "a few key performance indicators", as some experts suggest. What is needed is a necessary and sufficient set of indicators to provide a truly systemic perspective on performance.

Another important trap to avoid is inappropriately attributing organisational performance (whether good or bad) to individuals. In most situations, collective performance is likely to be strongly influenced by the system in which people work (Deming, 1993).

In short, there is little point in setting targets for performance improvement without taking a customer-focused, end-to-end, systemic perspective.

Acknowledging the Unknown and Unknowable

It is important to acknowledge that some aspects of organisational performance are likely to be either unknown or unknowable (Deming, 1982b).

For example, how would you know what your customers *really* think about your products or services or how your staff *really* think about their managers or your organisation? Yes, you can administer surveys, but to what extent will these surveys tell you what your customers and staff are *really* thinking and feeling?

When a waiter comes up to you in a restaurant and asks, "Is everything all right for you?", do you actually say what you really think about the food, service and value-for-money, or something bland, like, "Everything's fine, thanks"?

In the context of the unknown and unknowable, it is important to avoid incentivising the simplistic. For instance, with reference to the management consultancy example quoted earlier, it is unhelpful to pay partners for sales secured (easy to measure) with no reference to the quality of work ultimately delivered (subject to time lags and extremely difficult to measure).

Also, almost by definition, the future is inherently unknowable, especially the further ahead the planning horizon. In this context, it is important to differentiate between reasonably predictable trends and unpredictable uncertainties[10].

Identifying Important and Actionable Insights from Performance Data

What most organisations cannot immediately identify from their performance reports is daily variation, weekly cyclicality, annual seasonality or significantly significant trends.

Instead, data is typically presented as aggregated figures in tabular format.

Experience shows that most operational performance indicators deliver little if any value in terms of actionable insights unless they are charted and viewed in time-series format. Fortunately, software for presenting operational data not only in time-series format but also with added guidelines around statistically predicable variation is now inexpensive and readily available[11].

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[10] Professor Ralph Stacey (Stacey, 1992) helpfully differentiates between 'knowing', 'prediction and probability' and 'intuition and insight'.

[11] For instance, three UK firms currently offer leading edge software (in increasing order of cost and capability), namely: (a) Baseline (valuesystemdesign.com/Baseline/Baseline_01.htm); (b) WinChart (prismeurope.co.uk/software/index.php); and (c) sfn (lightfootsolutions.com/signalsfromnoise_sfn.html).

For instance, Figure 2 shows over two years' worth of healthcare demand data presented in SPC format, with seasonally adjusted guidelines showing the limits of statistically predictable variation. Not only does this chart illustrate massive seasonal variation (alongside a progress increase in demand) but also the high degree of predictability month-by-month. This sort of picture is almost impossible to represent in tables of data comparing latest period performance against any or all point-wise comparisons, such as versus budget, forecast, previous month, same month last year, etc.
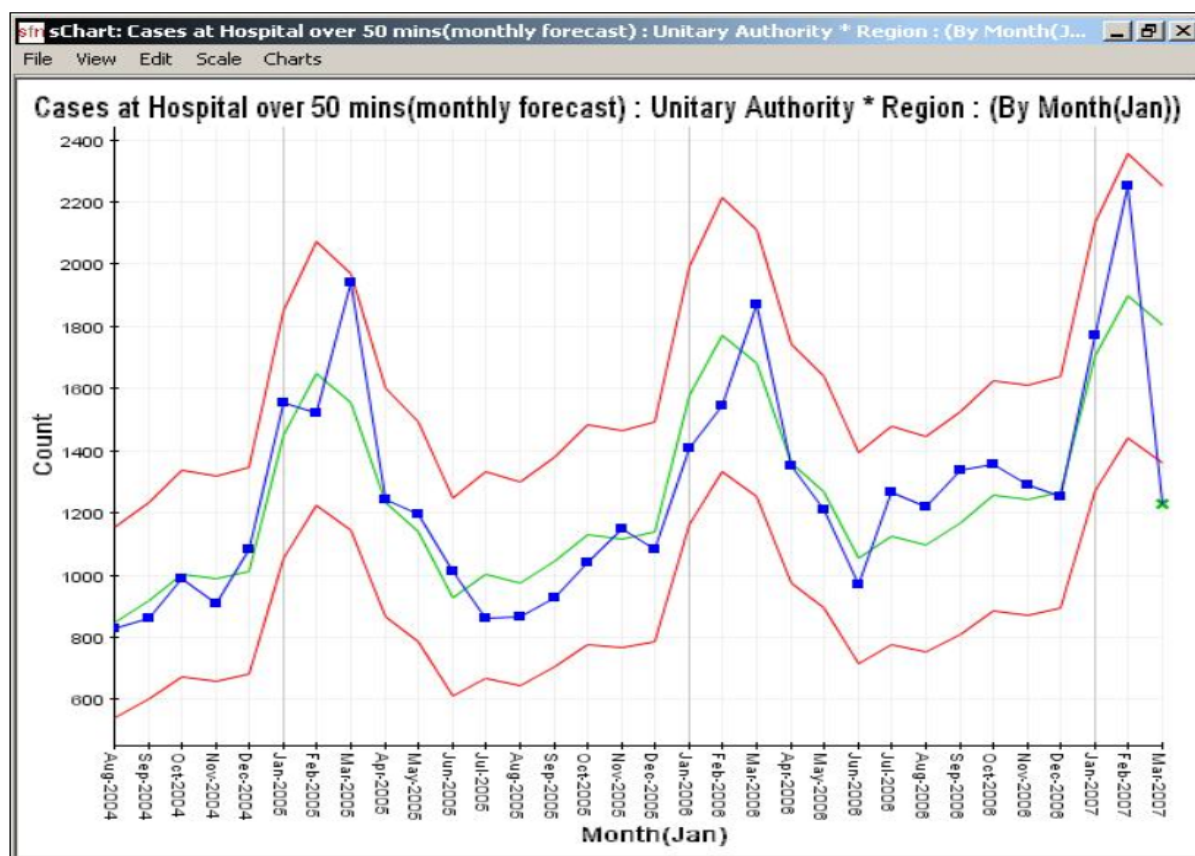
Figure 2. Massive Seasonal Variation Presented in SPC Format

Nor do organisations typically have visibility of significant trends and correlations, not least because trends are best highlighted in time-series charts of performance, rather than tabular listings of performance data (see Figure 3 below)[12].

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[12] Note the novel presentation of traditional SPC upper and lower guidelines in seasonally adjusted format. Weekly and daily data can similarly be presented to highlight weekly cyclicality and hour-by-hour variation (where, for instance, demand on Monday mornings may be inherently different from demand on other days of the week, such as Sunday nights. This approach was originally developed by Brian Wood of Optimisation Ltd and Roger Sym of Lightfoot Solutions.
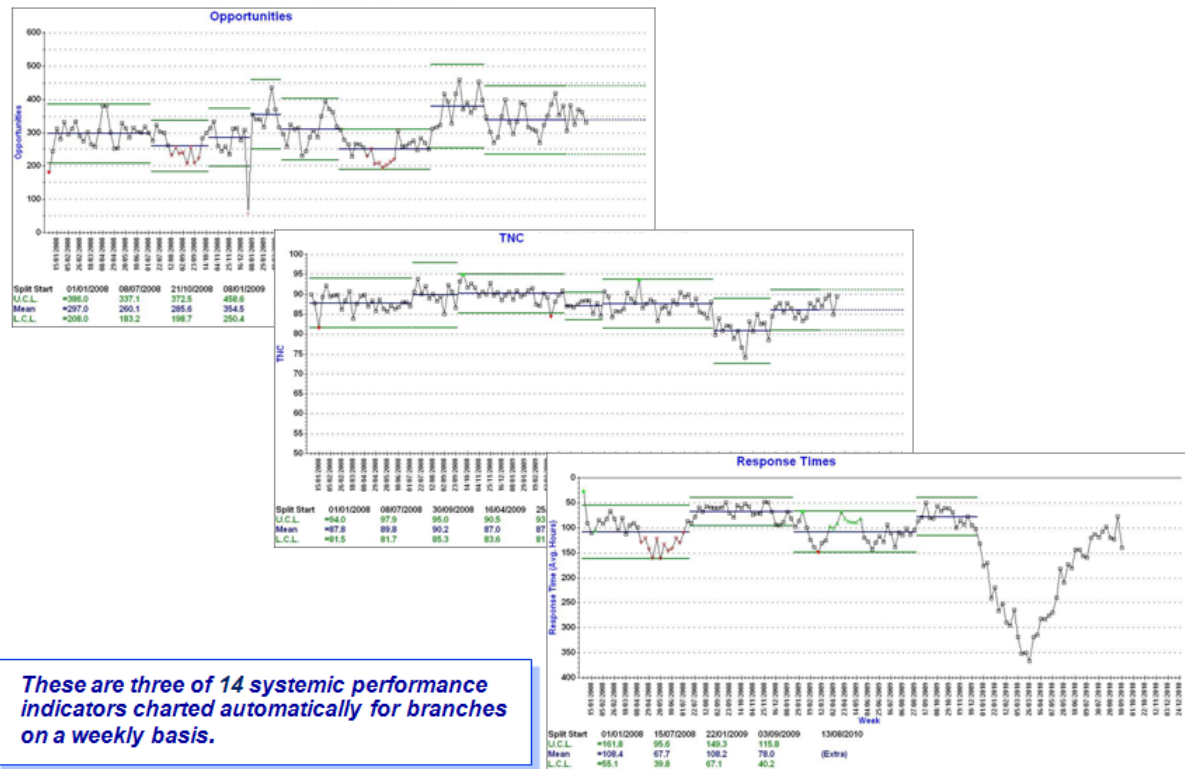
Figure 3. Visibility of Trends in SPC Format

The photograph at Figure 4 illustrates an initial exploration of insights from the SPC charting of a systemic set of performance across nine pilot sites for a major supermarket.

Figure 4. Surfacing Actionable Insights from Correlations and Comparisons

Taking a global perspective, any nation seeking to improve the performance of its public services would be well-advised to insist that all key operational performance indicators are tracked and presented in SPC, time-series format.

The same advice applies to commercial firms and the not-for-profit sector too.

Indeed, once operational performance is tracked in time-series, SPC format, there becomes no need for arbitrary or budget-driven target-setting, because everyone can see how performance is going and whether or not statistically significant improvement is happening.

The real opportunity is to use insights from strategic and operational data to:

• Inform future development;
• Optimise current performance; and
• Promote and pull-through best practice transfer

Enabling Effective Performance Management and Differentiating Managerial Timespans of Attention and Added Value

In most organisations, each and every level of management tends to be focused on last week's performance and this year's budget.

There is seldom any stratification between how each level of management adds value distinctively differently, nor is there any overt linkage between managerial levels up, down or across the organisation (or across interfaces with key suppliers or partners).

Although this situation is profoundly unhelpful, it is relatively simple to avoid.

Figure 5 illustrates how a contact centre, for instance, might think about structuring the attention of differing managerial levels within and across the organisation.

Figure 5. Differing Added Value at Differing Managerial Levels

The importance of differentiating how each managerial level adds value is vitally important in the context of goal-directed behaviour, as there is little point in setting goals of any sort unless it is explicitly clear – across the organisation – **who** needs to come together to explore

and take action on **what** particular aspects of performance, **why**, **when** and **how** (Meekings, 2004).

Changing How People Think About and Use Goal-Directed Behaviour and Target-Setting

Essentially, there are three generic approaches to changing how people think about and use target-setting.

In decreasing order of degree of difficulty and potential benefits, these are:

(1) Mandating a new way forward from the outset, rather than waiting for this to emerge in the fullness of time;
(2) Adopting the adage that 'you can't have a target without at least some idea of how it can be achieved'; and
(3) Putting a metaphoric bubble around one part of the organisation, and then managing differently within this bubble, hence insulating people within this bubble from the toxic effects of target-setting by higher managerial levels.

The problem with the first, most powerful approach is that people in organisations today are unlikely to have had any experience of thinking and working in this way beforehand.

Hence, this approach is best implemented top-down, with the active support of someone with significant organisational clout, such as an incoming CEO, or a well-regarded COO or Operations Director.

Sadly, although there is lots of evidence that managerial improvement can trickle downwards, there is little evidence that it ever trickles upwards.

The second approach has several benefits. Notably it encourages people, in a benign way, to start thinking systemically. Experience shows that, once people start thinking systemically, they soon see the benefits of working with beneficial objectives and using a systemic set of performance indicators.

The third approach can be helpful, especially in circumstances where *yes/no targets* are the norm and the prevailing managerial mindset is so firmly entrenched that no new thinking is possible. Sadly, this is the reality for far too many organisations across the world today.

However, what this approach assumes is the existence of a manager willing to accept accountability for the performance of their part of the organisation, building constructive relationships with other organisational functions and providing 'air cover' for people working in their particular bubble.

In this context, the good news is that: (a) most *yes/no targets* are likely to be set at such pedestrian levels that they can easily be exceeded by adopting the more fruitful approach we advocate; and (b) charting data in SPC format opens the way to a whole new world of performance exploration and improvement.

Conclusions

The current academic argument between the advocates of goal-directed behaviour and the critics of target-setting is mired in controversy and appears to be going nowhere.

Meanwhile, we have identified a more fruitful approach that captures the benefits of goal-directed behaviour while concurrently avoiding all the problems typically associated with target-setting.

Our key recommendations are summarised in Table 1 below:

RECOMMENDED (DO)	**NOT RECOMMENDED (DON'T DO)**

• Encourage the pursuit of perfection
  – As advocated by Henry Royce and Taiichi Ohno
 	
• Understand: (a) how customers assess value; (b) the nature of demand; and (c) the views of suppliers/partners
 	
• Put in place a systemic set of performance indicators and accountabilities at every level of performance planning
 	
• Chart performance data, rather than presenting it in tabular format
 	
  – Where there is significant daily variation, weekly cyclicality or annual seasonality, use appropriate SPC software to highlight actionable insights
 	
• Be clear who needs to look at what performance information, why, when and how, and how levels of management and internal functions interrelate
	• Set *yes/no targets*
	
	• Believe one measurable factor can represent the performance of a complex system
	
	• Think everything that really matters is likely to be easily measurable
	
	• Confuse 'targets' with 'standards' or 'beneficial objectives'
	
	• Inappropriately use measures that may be helpful for planning and budgeting purposes in order to inform and track performance improvement
	
	• Allow anyone to set numerical targets for performance improvement unless they have at least some idea how they can be achieved

HUMANIZE[13]	**DEHUMANIZE**

Table 1. Summary of Key Recommendations

References

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[13] The terms 'Humanize' and 'Dehumanize' were suggested by Frank Buytendijk at the Performance Measurement Association (PMA) Symposium in Scotland on 28 Sep 10.

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