

## How SuccessFactors Sets Goals Internally: It's a lot more than just being SMART

Steven T. Hunt, Ph.D.

Click to follow my posts: [www.linkedin.com/in/steventhunt](http://www.linkedin.com/in/steventhunt)

SuccessFactors is the leading provider of cloud based business execution technology. We have over than 3500 customers and ten million end users spread across more than 40 countries. This probably makes us the most experienced organization on the planet when it comes to implementing methods that align workforce capabilities with strategic business needs. In celebration of our ten year anniversary, SuccessFactors is sharing knowledge gained from helping thousands of organization around the world drive meaningful business results through use of technology enabled, integrated talent management processes. This particular paper discusses how SuccessFactors leveraged lessons gained from our clients to improve our own internal goal setting process.

### ***Effective goal management lies at the heart of business execution.***

Goal management is one of the most powerful methods companies have to execute business strategies. Thousands of studies have examined the impact of goal management on workforce productivity. The common finding from this research is:

Employees assigned specific, difficult yet achievable goals consistently outperform employees who are given no goals or non-specific goals encouraging them to do “do their best”.

Empirical studies indicate that effective use of goals will increase employee productivity by as much as 25% or more<sup>1</sup>. The financial benefits of such productivity increases are staggering when one considers the relatively low cost associated with implementing goal management methods.

The basic concept of goal setting is straightforward: people are more likely to do what you want them to do if they:

- a. have a clear understanding of what it is you want them to do,
- b. believe they can do it, and
- c. want to do it.

The actual implementation of goal management is more complex. Effective use of goals increases employee productivity, engagement, and motivation. But ineffective use of goals can create confusion, decreased commitment, stress, and ultimately decreased productivity.

### ***Lessons learned from implementing goal management processes.***

In early 2011, SuccessFactors conducted a Kaizen event<sup>2</sup> to critically review and improve how we use our own Goal Management module to communicate and execute business strategies. The process began with a candid and at times somewhat embarrassing examination of how the use of our own technology was or was not increasing the productivity of our employees. This included a best practice comparison between how SuccessFactors used our technology and how some of our most successful customers use the same tools. The following key lessons learned emerged from this review:

---

<sup>1</sup> Latham, G.P. (2004). The motivational benefits of goal-setting. **Academy of Management Executive**, 18, 126-129.

<sup>2</sup> Kaizen is a philosophy of continuous improvement that forms one of SuccessFactors' core values.

- ✓ **Focus on conversations, not frameworks.** The Kaizen event did not start with a review of our Goal Management technology. Instead, we engaged line of business leaders in a conversation about how they naturally go about communicating and managing business strategies, regardless of the tools they have available. What quickly became apparent is that end users do not think of business execution in terms of setting SMART goals on an annual basis. Instead, leaders talked about ongoing meetings with direct reports where they share the company’s evolving strategic direction and discuss the commitments, outcomes, and deliverables people will agree to take on to support the business’ strategic needs. This insight led to a fundamental re-engineering of our entire goal setting process to emphasize creating more effective goal setting conversations. This will be discussed in more detail later in this paper.
- ✓ **Don’t turn it on unless you know that it will be used.** SuccessFactors goal management technology has been developed over many years to support the needs of hundreds of different clients across virtually every industry. As a result, the system supports an amazing array of features, functionalities and tools. While each feature may be critical in some situations, not every feature is critical all the time. One of the lessons we learned from our internal review was we had “turned on” too many features in our own technology. As a result, our goal setting process contained several features that were simply not that relevant to many of our end users.
- ✓ **Perfect is the enemy of good enough.** Business leaders expressed anxiety around whether people’s goal plans accurately captured what the company needed to accomplish. There was concern that goals might not be fully defined or appropriately measurable, or that key objectives might be missing from the goal plan altogether. This led to discussion around what training and review process was required to ensure that people had appropriate goals, and how we could manage this given people’s existing workloads. Then suddenly a line leader said, “does anyone really think that the goals we are being asked to work on in Q1 are going to be the exact same things we are going to be asked to work on in Q4? We know they are going to change, so we don’t need or even want to try and get them perfect at the beginning. Just set something that is reasonably well-defined and improve it over the course of the year.” This more realistic and pragmatic viewpoint of goals as something that can and will be refined over time led to a fundamental shift in how people approached the entire exercise of setting goals.
- ✓ **Simple guidelines and relevant examples are extremely valuable.** Part of the session included a review of best practice guidelines that SuccessFactors had gathered from different customers. These were identified by examining organizations who achieved considerable business value from using SuccessFactors Goal Management module. The guidelines are listed in table 1. The positive reaction from end users to these simple “rules of thumb” was overwhelming. People had originally expressed sensitivity that their goal plans might not look good or might be “incorrect”. Having these guidelines made it much easier for them to confidently self-diagnose and improve their goal plans without having to rely on extensive input from others.

**Table 1. Some simple goal setting guidelines**

<p><b>Have at least 5 goals &amp; no more than 10</b></p> <ul style="list-style-type: none"> <li>✓ Do not oversimplify what you actually do; get credit for your contributions!</li> <li>✓ Focus on what matters the most; don’t try to catalog everything you do</li> <li>✓ You should be able to quickly list all the goals on your goal plan from memory</li> </ul> <p><b>Goals define the things you are here to do; they explain why your job exists and why it is important</b></p>
---

- ✓ Even if someone never actually saw you work, they should be able to use your goals as evidence of the contributions you make to the company

#### **Define goals to be independent of each other**

- ✓ It should be possible to achieve one goal without achieving another

#### **Do not list personal development objectives in your goal plan**

- ✓ Goals can (and should) drive personal development, but they must reflect business needs
- ✓ Example: instead of listing a commitment like “Learn C++”, write the business needs driving this development objective, such as “support project X “ which will require “learning C++”

#### **Personalize goals to your job**

- ✓ Change names of cascaded goals; make them relevant to your role
- ✓ The tasks or deliverables associated with the goals cascaded to you by your supervisor will often become your actual goals
- ✓ You may create several different goals on your goal plan to support a single goal cascaded to you by your supervisor

- ✓ **You get what you role model.** SuccessFactors, like other business execution focused companies, believes strongly in driving strategic alignment through goal cascading. Goal cascading is a process where leaders set their goals based on the company strategy. Leaders then share their goal plans with their direct reports, who in turn set goals that align and support those of their supervisor. By doing this, companies ensure that employees at all levels are working on goals that can be linked back to the organization’s overall strategic initiatives. When reviewing SuccessFactors existing goal plans, it became apparent that the quality of employee’s goal plans reflected the quality of their supervisors’ goal plans. Leaders that leverage goal management technology to create and cascade goals provide visible role models of how to effectively use goals to drive business execution. But the opposite is true as well. If leaders do not invest energy into setting and communicating well-defined goals, it is folly to expect that their direct reports will invest the time necessary to create effective goal plans.

#### ***Commitments, Outcomes, Deliverables: a smarter way to set goals***

The most significant shift in SuccessFactors’ approach to goal setting occurred when we asked leaders how they engage their direct reports to create alignment between the activities people are working on and the company’s overall business direction. What became apparent is that the concept of “SMART” goals, while widely recognized, simply did not reflect how people actually think about goals in a business operations setting. Instead, leaders talk with employees about what *commitments* they can make to support key business initiatives, the *deliverables* they will meet to fulfill this commitment, and the business *outcomes* this will create. Rather than trying to force fit managers and employees into using the SMART framework, we decided to reconfigure the goal process to reflect the language managers and employees naturally use in their own conversations.

Table 2 provides detail around the concept of Commitments, Outcomes, and Deliverables. It is worth noting that all the concepts associated with the SMART framework (Specific, Measurable, Aligned, Realistic, and Time Bound) are incorporated into the Commitment, Outcome, Deliverable model. But they are presented in a way that reflects how employees and managers actually talk about goals. As

one leader put it, “commitments’ is a much better term than goals because it implies what you are willing to do to support the company. In contrast, ‘goals’ sound like something aspirational that you might like to achieve but are not fully bought into actually doing.”

**Table 2. Commitment, Outcome, Deliverable Goal Methodology**

***Your goal plan defines what you are responsible for doing within the organization to support the company’s business needs. Your goal plan should consist of 5 to 10 specific Commitments you have made to support the strategic needs of the organization. Each commitment will be associated with a variety of specific outcomes and deliverables. The following guidelines will help in building out your goal plans.***

**Commitment: What I’m doing**

- ✓ Short phrase that describes what you are doing and why it is relevant to the business – it should have a verb in it!
- ✓ Commitments should be customized to your particular role; they should define what you specifically do in the company
- ✓ You should have a total of 5 to 10 different commitments. Each commitment will be associated with one or more outcomes and deliverables (see below).
- ✓ All commitments need to be linked to commitments on your manager’s or other people’s goal plans so they directly or indirectly roll up to the CEO’s goal plan

**Outcomes: Why I’m doing it**

- ✓ The results you will create by achieving this commitment; the “evidence” that will demonstrate that you were successful
- ✓ Try to have no more than 4 outcomes per commitment. A single outcome may be adequate for some commitments.
- ✓ Multiple goals across the organization may be tied to the same general outcomes, although the actual targets may change (e.g., increase customer satisfaction score by x%)

**Deliverables: How I will do it**

- ✓ The actions you will complete to meet the commitment; the tactical strategy you are taking to drive the outcomes
- ✓ Try to have no more than 5 deliverables per commitment
- ✓ Deliverables at one level of the company often become commitments for people at the next level; you may cascade certain deliverables as “commitments” for your direct reports

An additional advantage of the Commitment, Outcome, Deliverable framework is how well it supports the concept of goal cascading. People are instructed that a Deliverable at one level in the organization may be reframed as a Commitment at the next level down (see figure 1). This has proven to be useful in helping people better understand how to leverage SuccessFactors’ goal cascading technology to rapidly communicate and align employees around new business initiatives.

***From setting to managing: making goals impactful.***

This paper shares several significant changes made to the process SuccessFactors uses internally to leverage our own goal management technology to drive business execution. But we know that we have much more to do to fully align our workforce with our business strategies. We are currently building methods to better leverage our Business Execution Insights tool to track business performance over

time. By integrating goal management techniques and technology with business operations processes, we are able to get real time information on the performance of our business strategies. This allows us to proactively adjust our strategic direction without having to wait until “next quarter’s results” to see if we are on target to hit this quarter’s financial goals. Look for another paper on this topic shortly!

## Example: Translating a Cascaded commitment

1. Jeff cascades this commitment to Eve

2. Eve translates this into two commitments based on how she will support it in her role

