

Why SMART Goals May Not Be that smart

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The theory behind the SMART goal process is to define goals using the concepts of Specific, Measurable, Attainable, Relevant, and Time-bound. The concept of SMART goals as a standard methodology for goal setting has been around a long time, so much so that it has become a standard part of HR jargon. Interestingly enough, however, I've never seen a study showing that using the SMART method actually improves goal-setting effectiveness. Hence, many of my colleagues and SuccessFactors customers are starting to question whether SMART really is the smartest way to set goals.

Yes, goals should meet the SMART criteria, but what I've discovered is that this is not how people actually go about setting up goals. Managers don't sit down with their team and ask, "How can we make our goals SMART?"

I first realized this after I had many, many conversations with managers about how they set goals. I found that people were getting confused by the SMART criteria and that it wasn't natural for them. I also noticed that outside of the annual goal process, almost no one ever used the SMART method when talking about goals. Instead, they actually ask questions such as, "What do we need to get done? Who can help us do it? What will people commit to doing to help us achieve this objective?" Another important question is "How will we know we're successful?"

These discussions and observations led to the development of a goal setting approach that more naturally aligns with how managers actually talk about goals. It includes three elements: commitments, outcomes, and deliverables. This method answers these key questions for employees: "**What** do you want me to do? **Why** do you want me to do it? And **how** will you know if I got it done?" The 'what' is the commitment, the 'why' is the outcome this will create, and the 'how' is the deliverable – the results or the things you see an employee accomplish.

A different perspective on outcomes and deliverables

Another advantage of this approach is that it helps distinguish the difference between outcomes and deliverables – or what an employee does and whether or not it actually creates the outcome. This is important, because people have much more control over deliverables than outcomes. For instance, the goal might be to increase revenue with a new web campaign. The web campaign may or may not increase revenue, as there are many things beyond the control of the employee that affects the outcome. Businesses are rewarded for outcomes, such as revenue and sales, but employees don't create the revenue. People can only do things that lead to the outcome of increased revenue, such as build products and launch marketing campaigns, but the people themselves do not create the sales or revenue.

Distinguishing between outcomes and deliverables increases an employee's sense of ownership over a goal because it acknowledges the difference between what they can personally control and the results they hope this will create. It's the difference between executing a strategy, which is something employees can control, and learning whether the strategy actually worked as intended, which is something that depends on many factors outside of employee control.

Putting this method into action

So what does goal setting look like when you use the commitments, outcomes, and deliverables approach? With this framework, a goal plan defines what an employee is responsible for doing within the organization to support the company's business needs. Therefore, a goal plan using this framework should consist of 5 to 10 specific commitments that support the strategic needs of the organization, with each commitment linked to a variety of specific outcomes and deliverables.

You can see how this approach aligns an employee's goals with the overall goals of the organization, which is not necessarily true with SMART goals. For this reason alone, it's good to use this method.

Here's how to put this framework into action:

- **Commitments (5 to 10): What I'm doing**
 - Describe what an employee is doing and why it is relevant to the business in a short verb phrase
 - Customize each commitment to the employee's particular role and define what the person specifically does in the company
 - Associate each commitment with one or more outcome and deliverable (see below)
 - Link each commitment to someone else's goal plans (for instance, a manager) so it will eventually roll up to the CEO's goal plan (directly or indirectly)

- **Outcomes: Why I'm doing it**
 - List what evidence will be demonstrated when an employee is successful and what results will be created when a commitment is achieved
 - Note that one outcome might be adequate for some commitments and that a commitment should no more than four outcomes
 - Multiple goals across the organization may be tied to the same general outcome (for instance, increase customer satisfaction score by x%), although the actual targets may change

- **Deliverables: How I will do it**
 - Describe what actions an employee will take to meet the commitment and what tactical strategy the employee taking is to drive the outcomes
 - There should be no more than five deliverables per commitment

- Deliverables at one level of the company often become commitments for people at the next level; managers may cascade certain deliverables as “commitments” for direct reports

Moving beyond SMART to corporate-wide alignment

The commitments, outcomes, and deliverables framework can help companies move beyond SMART goals, which are sometimes thought of as goals for HR administration, and instead, align goals with the higher-level strategy of the organization. The results will be much more rewarding for both the employee and your organization.

If you would like to read more about this framework, download the report entitled, “[***Doing the Right Things: Using Goal Management to Drive Business Execution.***](#)” (Note: to download this report, go to white papers, page 5, select this report, and register). You can also look for my book, “***Common Sense Talent Management,***” which is coming out in February 2014 , for a more in-depth discussion of this topic.