

FATA EDUCATION

Course Title

Business Strategy, Goals and SMART Objectives

Instructor

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Credit

1 PDU

Questions

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Adaptation Statement

- *This course is adapted from chapter 2 titled “Strategy, Objectives, and Project Selection” adapted from the book titled “Project Management: Navigating the Complexity with a Systematic Approach”, which can be downloaded for free from the following links:
<https://open.umn.edu/opentextbooks/textbooks/project-management-navigating-the-complexity-with-a-systematic-approach>*
- *The book “Project Management: Navigating the Complexity with a Systematic Approach” by Abdullah Oguz, PHD is used under a Creative Commons Attribution-NonCommercial 4.0 International License, except where otherwise noted.*



- *Check additional references and sources in the original document.*
- *This adaptation has reformatted the original text, and have replaced some images and figures to make the resulting whole more shareable. This adaptation has not significantly altered or updated the original text.*
- *Few modifications have been made for the purpose of presenting this course on this website.*

2.1 Business Strategy and Goals

Organizations exist to fulfill a purpose. These purposes are analyzed through a process and ultimately expressed in an organization's vision and mission statements. Vision statements are often very broad and they describe what the organizational leaders want the organization to accomplish. Mission statements are more specific: they describe how the organization is going to fulfill its vision. Recently, on many organizations' websites, mission and vision statements have not been explained separately, but as one statement named "mission statement". Organizations may also elaborate on their principles, values, culture, and goals to explicate their missions. Some examples of vision and mission statements as well as other information such as principles, values, and culture are provided below:

LinkedIn:

Vision: Create economic opportunity for every member of the global workforce.

Mission: The mission of LinkedIn is simple: connect the world's professionals to make them more productive and successful.

Facebook:

Mission: Give people the power to build community and bring the world closer together.

Culture: At Facebook, we are constantly iterating, solving problems, and working together to connect people all over the world. That's why it's important that our workforce reflects the diversity of the people we serve. Hiring people with different backgrounds and points of view helps us make better decisions, build better products and create better experiences for everyone.

Ikea:

Vision: Our vision is to create a better everyday life for the many people – for customers, but also for our co-workers and the people who work at our suppliers.

Business idea: While our vision tells us why we exist, our business idea tells us what we want to achieve. And for everyone that has visited IKEA, our business idea is pretty obvious – “to offer a wide range of well-designed, functional home furnishing products at prices so low, that as many people as possible will be able to afford them.”

Microsoft:

Mission: Our mission is to empower every person and every organization on the planet to achieve more.

One way to consider the interrelated nature of Vision and Mission Statements, as well as other core components of an organization, is to think about them as part of what is called a Strategy Cycle. Figure 2.1 presents an orderly process for strategic management that helps us understand the process and the components of strategic analysis. The cycle ends with “vision and mission” statements which convey the executive summary of the whole process. We should also keep in mind that, most of the time, top managers deal with these steps simultaneously rather than following a stepwise approach.



Figure 2.1: The strategy cycle.
Attribution: Rice University, OpenStax

Organizations create specific strategies that should be pursued in the long term. Projects are often used to help carry out those strategies. These long-term objectives help organizations to gain a competitive advantage and a higher market share, and eventually to acquire a variety of tangible and intangible benefits in line with organizations’ field of operations (e.g., businesses, government agencies, nonprofits). These strategies are directly linked to the objectives being pursued and will vary widely depending on the industry and maturity of the organization. Whereas nonprofits or government agencies pursue to offer a public and social benefit, companies would target to acquire financial benefits. Examples of strategies an organization may implement include the launch of new products and services, the introduction of new technology, the streamlining of operational processes, and employee development initiatives. The strategies are embodied in objectives where they are described in detail.

The following section “SMART objectives” discusses how these objectives can be created in a way that makes sense to the organization and all the stakeholders

After the identification of strategic objectives, organizations choose strategies that will guide them for a period of time (i.e., one year, three, five, or ten years), and move into the strategy implementation stage. Depending on the complexity of the changes being introduced, the strategies may be implemented as individual stand-alone projects or programs consisting of multiple projects which are related to each other. Project and program managers apply their expertise to the implementation domain and play a vital role in helping organizations achieve their vision and mission. It is critically important that project and program managers understand an organization’s strategies and objectives. This knowledge allows them to ensure that the decisions being made in their projects and programs are aligned with the organization’s strategic direction.

<https://about.linkedin.com/>

<https://about.facebook.com/company-info/>

<https://www.ikea.com/us/en/this-is-ikea/about-us/vision-and-business-idea-pub7767c393>

<https://www.microsoft.com/en-us/about>

2.2 SMART Objectives

All the business cases, projects, project deliverables, activities, and milestones are characterized with objectives that describe what is expected to be achieved at the end. The information provided in this subsection can be used not only for business cases but also for projects and their components. Successful organizations are intentional about the actions they take to fulfill their vision and mission. These organizations analyze their external and internal environments to understand the opportunities and threats present in the environments in which they operate (see Chapter 3 - Project Initiation). An organization also must analyze and work within its own strengths and weaknesses. This analysis directly refers to a SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis. These analyses can be used to inform the decision-making that follows.

The primary goal of a business case and a project and their objectives must be clearly defined, must contain a measure of how to assess whether they have been achieved, and should be realistic. A commonly utilized guideline to create this kind of objective is to follow the SMART protocol. SMART is an acronym that represents the criteria of *being specific, measurable, achievable, relevant, and time-based*. SMART objectives also serve as performance metrics to monitor the progress of a project and decide whether the outcomes are successful and can be accepted by the client or customer. Thus, the project manager can monitor and control these performance metrics.

Let's use a scenario to explicate each SMART criterion. Consider that our organization which is a regional office of a government agency (Department of Environment), named as Smalltown Office, has experienced some problems in providing quality service to the citizens in that region. We, as a team, were assigned to examine the problem and offer some solutions to overcome this quality problem.

Specific

We should develop unambiguous objectives that all our stakeholders can understand what we want to achieve. Thus, these objectives should be well-defined, specific, and written in clear, concise, and understandable terms. While creating an objective, we should ask "What do we want to accomplish?", "What do we intend to impact?", "Why is this goal important?", "Who is responsible for carrying out the action?", and "Who is our target audience/population?". Such questions would help us create specific objectives.

Based on our regional office's quality service problem, the business analyst created one of the business requirements as follows:

"The Smalltown Office affiliated with the Department of Environment in the State X will provide quality improvement training to the staff."

This objective can be considered specific as it addresses the primary objective by referring to the target population and responsible organization, and we want to achieve. However, it still lacks other elements of SMART.

Measurable

The success of a project relies on measurable quantitative criteria that must be met to achieve the objectives. If we don't use any metrics to measure the progress and performance, we can never be sure if we are on the track and can accomplish the targets when we finish the tasks or a project. These quantitative measures can indicate a number, percentage, or any standard unit. By means of measures, we can know that change has occurred how much, and in what direction. Besides, we should consider the source of verification and the data to prove the target is met. In our example, we can quantify the objective by adding the percentage of employees who are expected to receive this training.

"The Smalltown Office affiliated with the Department of Environment in the State X will provide quality improvement training to at least seventy-five percent of the staff members who communicate and interact directly with the citizens."

Sometimes, it is not possible to directly measure the performance or achievement. Quality improvement training could be an effective method to increase the quality of the services provided to the citizens. However, it is of high importance to ask directly the citizens using interviews or surveys about their satisfaction level with the services they receive. Therefore, we can support this objective with another objective as below:

"The satisfaction level of the citizens who receive service from Smalltown Office will increase by 25% according to a survey replied by at least 500 citizens."

In order to measure the improvement of 25%, the average satisfaction level of the citizens before the training is delivered should be measured, which would constitute the baseline. We also make this objective specific by adding the target audience who are at least 500 citizens.

Time-based

The last letter of the SMART acronym refers to "time-based" objectives. The SMART protocol doesn't necessarily impose an order of letters to follow while creating SMART objectives. However, discussing the time-based criterion can be more practical taking into consideration the nature of time as a measure itself. While assessing this criterion, we can address the issues such as how long to expect a project to take, and how much time for different success metrics to be met.

"The Smalltown Office affiliated with the Department of Environment in the State X will provide quality improvement training to at least seventy-five percent of the staff members who communicate and interact directly with the citizens by the end of July 2022."

“The satisfaction level of the citizens who receive service from Smalltown Office will increase by 25% according to a survey replied by at least 500 citizens by the end of December 2022.”

While we create these objectives, we should also consider if the performance measures and deadlines are realistic (achievable).

Achievable

We should also consider the factors that may affect the achievability of objectives. These factors include the evaluation of resources, knowledge, and time that are available to carry out the tasks to achieve the objectives. Therefore, in order to clarify achievability, it may be helpful for our team to explain who will deliver this quality improvement training to Smalltown Office employees, the availability of funds that can be allocated to the trainers, and the availability of an adequate number of employees that can serve the citizens in a timely manner while others receive the training. We should also clarify if the time to achieve these objectives is realistic. Can Smalltown Office provide this training to at least 75% of the staff by July 2022? Or do we need to reassess the percentage and the deadline? Constraints that may affect the achievement of these objectives should also be taken into account.

As can be seen here, SMART is an iterative process through which each criterion should be evaluated constantly considering the impact of each of them on other criteria.

Relevant

The last criterion that needs to be considered is the relevance of these objectives with higher-level organizational goals such as strategic objectives, mission and vision statements, and the goals of programs or portfolios that the business need or project is affiliated with. This alignment can ensure that the business case or project would have a higher chance of approval from the organizational leadership and greater buy-in from the stakeholders.

In our example for Smalltown Office, we should check the strategic plan of the Department of Environment. We need to see if there is an objective for the quality management and improvement that is planned for the organization as a whole, or the departments and regional offices. The review should not be limited to the strategic plan, but also other projects, programs, and portfolios since there may be a planned or ongoing project regarding quality management. Therefore, we can also avoid duplications and redundancy, and save time and budget.

Case Study 2.1: SMART Objectives for Grocery LLC’s Mobile-Commerce Scenario

We started working on a case study in Chapter 1 as regards a grocery chain, Grocery LLC, with fifty branches across five states. There were two business needs for this scenario:

1. Long lines form in front of the current check-out stations where the cashiers work.
2. Declining sales in markets since the onset of the COVID-19 pandemic.

Let's work on the second business need to develop SMART objectives. The primary objective is to create solutions for customers who purchase goods and services from our grocery stores through their smartphones. Based on the business case, it was decided to produce two solutions which are the optimization of the mobile website for Android and IOS, and a smartphone application. Objectives in line with these two solutions have been determined as:

1. To redesign the website in 2 months so it's responsive and easier for the customers to place orders on their smartphones.
2. To create a new mobile application in 2 months that can work in both operating systems (Android and IOS).

These two objectives can be considered specific as both describe what is intended to achieve for which audience. Besides, both are time-based. So, we know when we can have both solutions operational for the online customers. But we need more to evaluate other criteria (measurable, achievable, and relevant). Let's create another objective that supports these two objectives:

- In three months after the mobile website and the new mobile application go live, online sales will increase at least 25%, customer satisfaction will increase at least 20%, and we can retain our loyal customers.

This objective provides us with the quantitative measures to evaluate the effectiveness of the two solutions. Both help us understand if the customers do online shopping and if they are happy with their online shopping experience. Besides, we can ask our loyal customers if they also buy online, and thus they don't often prefer other stores and e-commerce websites to substitute for the physical shopping they used to do in our grocery markets. To verify these measures, we should have reliable sources as detailed below:

- Online sales figures before the mobile solutions are introduced and three months after they go live will be compared.
- Two surveys (before the mobile solutions are introduced and three months after they go live) will be conducted by a market research company to measure the satisfaction level of customers.
- The customers who have bought items from our company for the last three years will be interviewed to understand if they still do their shopping at our grocery markets and on new mobile solutions.

We also should answer these questions to assess if these objectives are achievable and relevant?

- Does the grocery chain have the time, budget, and resources to conduct and finish the whole project?
- Are these objectives in line with the grocery chain's mission statement, and strategic

objectives?

- Are there any conflicts with other ongoing or future projects? Is there a need to cooperate with other projects to share and assign resources or to synchronize some activities and deliverables?

<https://www.health.state.mn.us/communities/practice/resources/phqitoolbox/objectives.html>