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# The Incredible Power of Company-Wide Goal Alignment

If your company is like many other small and mid-sized businesses, your employees represent both your organization's biggest line item expense, and your most valuable asset. This means your company's productivity-and ultimately, its profitability-depend on making sure all of your workers perform up to their full potential.

The need to effectively leverage the skills of employees is even more critical for small and mid-sized firms since most simply cannot compete with large companies when it comes to technology, physical infrastructure, or financial resources. To survive in today's marketplace, small to mid-sized businesses like yours must find ways to be smarter, more productive, and more cohesive than their larger competitors.

How can this be accomplished? Studies show a dramatic increase in both worker and business performance when an organization effectively sets and closely ties individual employee goals to the company's overall strategy. Yet amazingly, a mere 7% of employees today fully understand their company's business strategies and what's expected of them in order to help achieve company goals.

## What You'll Learn in This eGuide

This eGuide will reveal how you can put the incredible power of [goal alignment](#) to work at your organization. You'll learn:

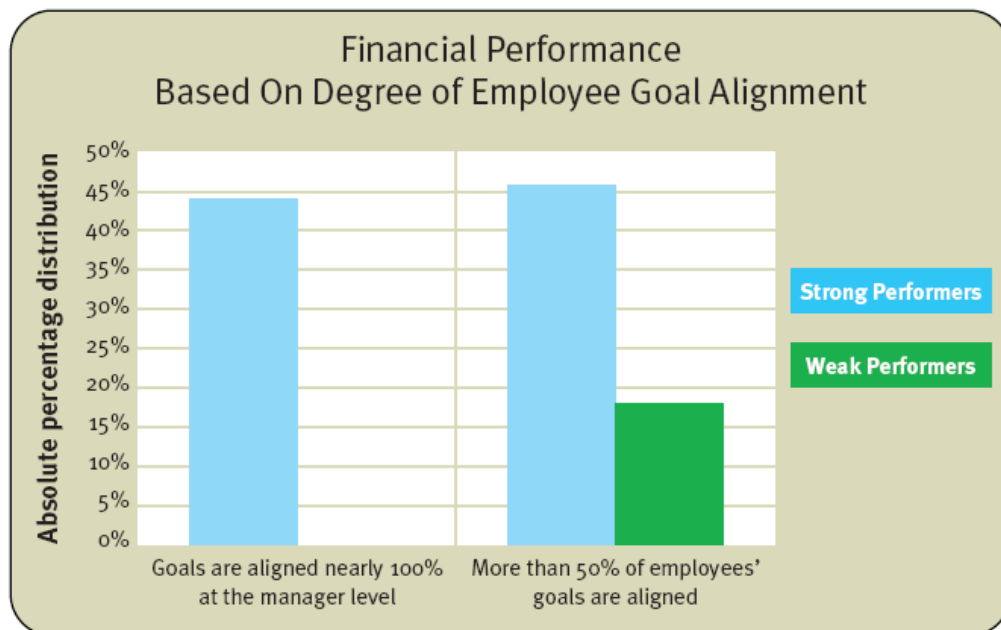
- The short- and long-term business benefits of company-wide goal alignment
- How to effectively set "SMART" goals
- How automated solutions can help get your employees working on the tasks that will accelerate your business toward even greater success

***"A mere 7% of employees today fully understand their company's business strategies and what's expected of them in order to help achieve company goals."***

Robert S. Kaplan and David P. Norton, "The Strategy-Focused Organization," Harvard Business School Press, 2001

## The Cold, Hard Facts: A Business Case for Goal Alignment

In a recent study<sup>1</sup>, researchers found a strong correlation between a company's financial performance and an [effective goal setting process](#). As the following chart illustrates, companies that more closely aligned goals across their organization enjoyed much higher levels of financial success. The study also found that employees in the weakest-performing companies did not clearly understand the connection between their individual efforts and the overall goals of their employers. These same people also reported feeling confused as to their roles at the company, which naturally resulted in unfocused-and therefore less productive-work activity.



*Among strong-performing companies, 44% had complete goal alignment at the managerial level. 0% of weak performers did.*

These findings underscore the critical importance of effectively setting and closely aligning employee and business goals to drive the success of your company. In addition to feeling fairly compensated for their efforts, your employees must clearly understand how their work connects to and serves both the short- and long-term goals of your business.

### The Top Three Business Benefits of Clearly Setting and Aligning Goals Across Your Company:

#### 1. Increased Operating Margins

Employees who clearly understand their individual goals-and how they relate to those of your company-naturally become more engaged with their work. Once employees see how they can make a direct contribution to your company's success, they begin to focus on finding ways to work smarter and more efficiently. This boost in employee productivity will naturally lead to increased operating margins and profitability for your company.

To achieve these results, your company must put a performance management process in place that:

- Increases employee engagement with "SMART" goals
- Provides visibility up, down and across reporting levels
- Creates shared accountability between employees by "cascading" goals from one employee to another when relevant
- Communicates expectations clearly during every phase of goal completion

#### 2. Quicker Execution of Company Strategy

Tighter goal alignment and goal visibility allows for quicker execution of company strategy by enabling your management team to more effectively allocate labor resources across various projects. By exposing redundant business initiatives, it also increases overall efficiency by ensuring employees are not duplicating the efforts of others. Plus, goal alignment strengthens the leadership at your company by allowing managers to:

- Understand more clearly all responsibilities associated with specific goals
- Eliminate redundancies across job titles
- Focus their staffs on your company's most pertinent goals

#### 3. Reduced Employee Turnover

The business value of having employees engaged in their work cannot be overestimated. As proof, a recent Gallup poll showed that companies with large numbers of dissatisfied workers experience greater absenteeism and lower productivity-as well as a 51% higher employee turnover rate<sup>2</sup>. Fortunately, clear goal alignment can remedy this situation by helping to create greater employee ownership in your company's ultimate success. Goal alignment also lets you establish a true pay-for-performance culture at your company by providing the foundation for closely linking reward systems with both individual and team performance.

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## Setting Effective Goals for Your Employees and Your Company

To be effective, goals must serve both the needs of your company and those of your employees. For your company, goals must contribute directly to your short- and long-term business strategies. For your employees, goals must be clear, objective, and understandable or they will quickly become disengaged.

To achieve "goal alignment" at your organization, you must first clearly communicate strategic business objectives across your entire company. Interdepartmental goal visibility can also help speed the process of alignment. By allowing managers to access and see the goals of other departments, your company can greatly reduce goal redundancies and conflicts throughout your organization. Additionally, many employee objectives are not entirely under the control of one individual. Enabling and even mandating that individuals assign some goals to two or more people increases engagement and shared accountability throughout the organization. Goal sharing also helps departmental heads find ways to better support each other, as well as identify areas where they may be inadvertently working against each other.

Once company-wide goals have been established, managers can then set goals for their individual departments which clearly support your overall business strategies. Major job functions and responsibilities can serve as a general framework when writing employee goals. Managers must remember to communicate to staff members not only what is expected of them, but how each task is to be completed. For example, a customer service rep might be given the goal to boost customer retention (the "what") by improving customer service (the "how"). To be most effective, goals should also pass the S.M.A.R.T. test and be specific, measurable, attainable, relevant and timely. This provides clarity up front to employees who will ultimately be evaluated against these goals.

### S.M.A.R.T. Goals: Intelligent By Design

S.M.A.R.T. goals have been found to be a very effective method of motivating employees to perform at peak levels. To qualify as S.M.A.R.T., a goal must be:

**SPECIFIC.** Specific goals let people know exactly what's expected of them with no room for misinterpretation. Specific goals should be able to answer the following:

- Who is responsible?
- When must this be done?
- What is to be accomplished?
- Which requirements/constraints are involved?
- Where is this to be completed?
- Why is this important or beneficial?

**MEASURABLE.** When setting goals, you must also set specific criteria for measuring progress against those goals. This gives your employees a way to stay on track, aim for target dates, and reach milestones that will serve as ongoing motivation.

**ATTAINABLE.** Setting overly lofty goals that are truly unattainable serve to demotivate-rather than motivate-your employees. By setting ambitious, yet realistic, goals, you will inspire your employees to fully leverage their talents and all available opportunities in order to achieve them.

**RELEVANT.** Employees must be able to see how a specific goal is relevant to them and the work they perform every day. Plus by keeping goals relevant, you will help employees better understand their connection to your company's objectives and the strategic importance of their individual goals.

**TIMELY.** To be most effective, goals must be structured around a specific timeframe to provide a sense of urgency. This serves to motivate individuals to begin working on their goals as soon as possible.

## Leveraging Technology to Achieve Goal Alignment

As you've already learned, goal alignment is a powerful management tool that not only clarifies job roles for individual employees, but one that also demonstrates to workers their ongoing value to your organization. When you engage employees with their work through goal alignment, they become more committed to your company and achieve higher levels of job performance.

However, fully engaging employees in this manner only becomes possible when individual workers understand-and accept-your corporate vision and goals. To accomplish this sometimes difficult task, company managers need tools that can help