

Goals & Objectives

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The vision for the business is the way the farm business manager expresses the long-term target for the business. It provides a fixed point on the horizon just like farmers used to use when plowing or planting a field. If the tractor driver did not have a fixed point on the horizon, rows would meander all over the field. The same is true in running a business. If it doesn't have the end in mind, the business vision, it is likely to wander off course. However, it is often helpful to break the process of achieving our vision into smaller parts in order to mark progress towards this long-term vision. These shorter-term milestones or targets can be used to monitor progress. Two common tools used for this purpose are long-term goals and short-term objectives.

This is probably not the first time you have been told the value of setting goals. Most people have heard this suggestion for success. And yet only 5% of the population set goals. Why? One reason is that it is hard work. It requires time and soul-searching that most people are not willing to commit to. Another is the fear of failure. If goals aren't set, then the managers and employees can't fail. While this might be true, it also means that they cannot succeed either.

In setting business goals, it is important to base them on values. The business goals can take on a sense of mission when they are consistent with deeply held beliefs. In a time of rapid change, goals based on enduring values can provide important stability to an organization.

In the following material, setting long-term goals and short-term objectives are discussed. Exercises for setting goals and objectives are also provided.

Long-Term Goals

Goals will have some degree of measurability, but are less specific than objectives associated with an annual operational plan. Long-term goals help set a direction and help visualize the level of expected performance. As such, they provide targets for assessing our progress in achieving the business vision. Long-term goals are: 1) Directional (moves the farm business toward the general objectives of the vision statement), 2) Reasonable (are practical and obtainable not extreme) 3) Inspiring (provide management challenges and positive motivation), 4) Visible (the goal is easy to visualize), and 5) Eventual (will be fulfilled at a future date).

Long-term goals can be developed in any area, but farm business managers should consider developing a long-term goal for each of the strategic areas defined in the Areas of Strategic Choice lecture in the Identifying Strategies section. As an example, in the “business

focus” a long-term goal might be to increase the revenue derived from identity-preserved crop production. In the area of “strategic direction,” a goal to increase average annual growth rate might be a long-term objective for a young farmer. “Marketing” might have a long-term goal of increasing the use of options as part of the marketing program. In the area of “financial structure,” there is often a goal to reduce the level of debt. Under "organization structure," the management team might decide that they need a goal of developing a formal performance review process. Under “social responsibility” a farm business manager may have a goal to reduce the quantity of pesticides used in crop production. Under "managerial style/lifestyle" a farm business manager may have a goal of increasing the amount of time that is available to provide leadership to a community organization.

Exercise

The goals exercise asks you to specify the long-term goals for the business. Remember, your long-term goals DRIVE (**D**irectional, **R**easonable, **I**nspiring, **V**isible, and **E**ventual) you toward the vision. After the manager and other members of the management team have developed the long-term goals, compare the lists. Are there areas of agreement? Are there conflicts between goals? If there are areas that conflict, be sure to note these areas. Further discussion will be needed in those areas of conflict.

Short-Term Objectives

Short-term objectives lend even more precision to the plan. Objectives are more specific in terms of what is to be done and the timeframe in which it is to be accomplished. Setting short-term objectives can be difficult and challenging. For example, above we identify a long-term goal of increasing revenue from the sale of identity-preserved crops. When setting the short-term objective, issues related to how, how much, and when need to be resolved. Will this be done by shifting acreage from commodity crops, increasing the total acres of crops produced, or achieving higher prices – or some combination of these options? If a goal is to increase the total acres for crops produced, then by how much will production be increased and what crop or crops will be produced? When will this level of production be achieved?

Short-term objectives are: 1) Specific (they indicate exactly what will be accomplished), 2) Measurable (they can be quantified with a specific target that is set so we will know when the objective has been achieved), 3) Attainable (they are not beyond reach even though the may be challenging), 4) Rewarding (provide motivation for the accomplishing a task), and Timed (specify a specific date by which the objective will be achieved).

To set short-term objectives, good information about the more feasible and effective options will be needed. Remember, short-term objectives evolve from long-term goals and business vision statement. Be sure to set short-term objectives that will have greatest impact on meeting long-term goals. The short-term objectives are the foundation for taking action

Exercise

The exercise asks the farm business manager to specify short-term business objectives. Short-term objectives are SMART (**S**pecific, **M**easurable, **A**ttainable, **R**ewarding, and **T**imed) in getting the long-term goals accomplished. After the manager and other members of the management team have developed your short-term objectives, compare the lists. Are there

areas of agreement? Are there conflicts between objectives? Since the objectives are more specific, more conflicts among short-term objectives might be found. Note those areas of conflict as topics that will need further discussion.

Conflicting goals

Compare and discuss with the other members of the business the long-term goals and short-term objectives that have developed. They might be different, or you may be surprised how close they compare! Conflicts among the goals may also be found. Write these conflicting goals down.

Think about how all the goals developed between the farm business manager and the other business associates, including employees, can help reach the vision. The manager may want to change some of his goals; the employees may want to change some of theirs. Some goals may be higher priority than others. Just taking time to discuss them can result in a better understanding of the business and the strategies that you have selected to guide it.

Conflicting goals are common in business, individual and family settings. Although long-term goals may not appear to conflict at first glance, analyzing the short-term objectives associated with the long-term goal may tell a different story. For example, one business goal might be increasing the level of farm profits. Another goal might be to have a more stable income. But if the short-term objective associated with higher income means taking on a new risky enterprise such as contract tomato production, this conflicts with the goal of a more stable income.

Conflicts may also arise in the individual goals of business partners. This is especially true of situations where a new generation of management is joining the business. The new member often wants to expand rapidly, taking on extra debt. The more established and senior members of the farm business may want to reduce the amount of debt and of risk exposure.

There may also be conflicts among family goals and business goals. One conflict is the allocation of time. Is it more important to invest more time into the business than it is to spend time with the family? Should the money set aside for family needs be used to re-invest into the business?

Conflict resolution can be challenging. First, recognize there are conflicts among certain goals. It is better to get all goals defined and note the apparent conflicts than to pass over goals because they might conflict with previous goals. After goals and objectives are defined begin resolving any conflicts by understanding the trade-offs among the goals and objectives. Where trade-offs are difficult to identify, ranking the goals according to importance is an option. Understanding the trade-offs among goals and ranking goals can require some very frank and honest discussions. In some cases outside assistance may help address conflicts.