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Using Targets to Set Your Business Success Trajectory

By Stacey Barr **

Should business targets be achievable, or a stretch? And how do we decide? Well, using a target trajectory, we don't have to.

Targets are a tricky thing to set. That's because there are different beliefs about whether they should be achievable, or whether they should 'stretch' beyond what might currently seem possible. There aren't really any guidelines for how to go about setting the right target for any specific KPI or situation. But that doesn't mean we should avoid them. We just need a <u>different mindset about targets,</u> acknowledgment that <u>feelings about targets matter,</u> and fresh way of setting them.

Pretend, for example, your team are measuring *On Time Delivery*, the percentage of times you delivered your product or service to your customers on or before the agreed time, each month. And let's say that currently your *On Time Delivery* averages around 45%. What size of target should your team set for this KPI?

Achievable Targets Feel Safe but Bring Only Tiny Improvements

An achievable target for *On Time Delivery* might be 47% or maybe 50%. And your team might prefer that if they're worried that they don't have enough understanding of how to improve it, or even influence to make it improve.

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Reaching an achievable target is still improving, but is it enough improvement in every case? No, and that's why stretch targets are a thing.

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Stretch Targets Can Be Scary but Bring Massive Improvements

Your team could, instead, set a stretch target for *On Time Delivery*, which might be 90% or 95%. Usually stretch targets scare the living daylights out of people. Your team might immediately worry about failing to meet such a stretch target.

It's true that stretch targets can be motivating and inspiring sometimes, but rarely without careful leadership, a strong improvement culture, and an urgent reason! Few teams are in a situation that has all three.

So which type of target should you decide on? Well, why not have both?

A Target Trajectory Is the Best of Both Worlds

Clearly, the size of your target depends on the size of your team's belief in their ability to improve things, to make change happen, to decide on what to fix and execute that decision. But despite that, you don't have to settle on just one target.

For any performance measure or KPI, you can lay out a path into the future using a series of targets paving the way to the level of success you want. That's what a target trajectory is: a series of increasing targets that build improvement over time. It can be as simple as setting just three specific targets:

Target 1: Achievable

The achievable target is a small-step improvement that the team already knows how to achieve. Its value is in building the initial momentum to learn and practice improving a process to lift performance. Achievable targets can be set with short-term achievement dates, because often the improvement action will be simple and fast to implement, like standardising a step, or eliminating unnecessary steps in a process.

Target 2: Intermediate

The intermediate target is a bigger improvement that the team may have some ideas about how to achieve, but it needs more investigation. This is when the team dives more deeply into understanding the design of their work process and finding where some bigger limitations on performance exist. This type of target needs a medium-term achievement date, to allow some time for this extra investigation.

Target 3: Stretch

This is a truly challenging target that is outside the team's current understanding and knowledge about how to achieve it, but it feels motivating and inspiring. It doesn't matter if they don't hit the stretch target, because reaching for it will still bring about bigger improvements than they might have thought possible. But it will need even deeper investigation into the root causes of performance limitations, and potentially a redesign or overhaul of their work process. So, stretch targets often need a long-term achievement date.

For our *On Time Delivery* example, assuming a current performance at 45%, a three-step target trajectory might look like this:

- 6-month target: 50%
- 12-month target: 65%
- 24-month target: 95%

How Many Targets in a Target Trajectory?

The target series follows the trajectory from now to the ultimate place you want performance to be, by starting out small and building momentum that will make each successive target easier to achieve. And that's why you can really set as many targets as you feel you need to build and maintain this momentum. And it will depend on the specific KPI and its current performance, too.

Every target trajectory should probably start with an achievable target, and end with a stretch target. But it can have as many intermediate targets as the team wants.

Target trajectories also create a kind of improvement trajectory for the team, as well. Just like Sir Isaac Newton said, *"If I have seen farther than others it is because I have stood on the shoulders of giants."* The idea with target trajectories is the same. You will see the way to the next target from the vantage point you achieve through reaching the previous target.

Using target trajectories helps a team feel so much more resourceful than they can with the fear and disillusionment, that too often comes from judging the success or failure of hitting a single, arbitrary target.

*** This article was first published at http://measureupblog.com by Queensland based Australian, Stacey Barr. Stacey is a specialist in organisational performance measurement and creator of PuMP, one of the world's only deliberate performance measurement methodologies. PuMP is known for being practical, logical, and engaging, because it was designed to overcome people's biggest struggles with KPIs and measures. If you like, learn about the bad habits that cause these struggles, and how to stop them, by taking Stacey's free online course "The 10 Secrets to KPI Success" at www.staceybarr.com/the10secretstokpisuccess.*

*Stacey Barr has also written two business books - **"Practical Performance Measurement"** and **"How to Create a High-Performance Culture and Measurable Success."***

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