In this issue:

- Goals - Make Them Meaningful
- Lisa's tips - July's topic - Software selection
- Recommended Reading

Goals - Make Them Meaningful

As the headlines on the Wall Street Journal and business magazines continue to lament the economy, businesses are re-thinking their business plans and searching for opportunities to increase profitability and cash flow. In my experience, the ones who will be successful in proactively managing through these uncertain economic times are the ones that put together plans, translate those plans into business, department and individual goals and executes effectively. One of the key ingredients mentioned in this recipe for success is the goal-setting process.

There are several keys to effective goal setting. First, tie the goals to the business strategy and plan. This sounds obvious; however, in my experience, the two do not necessarily seem to relate, or it is unclear how they relate. Each team, department, and individual needs to understand how their goals fit in with the big picture - and their value to the business and their team. There are very few employees who do not care to contribute to the success of the organization. Most would love to understand how their piece of the pie contributes to bottom line results, and it can provide an incredible source of motivation - vastly better than the approach of "do it or be fired" type messages. For example, when I worked with a company who had to dramatically reduce costs in order to compensate for the increases in oil and gas prices in order to meet their investment bankers' objectives (and therefore provide value to their customers - the real motivation of the employees, since many of their customers were people similar to their grandparents or the 'little old lady next door'), the key to the successful approach was understandable goals. When the leaders explained the key points to the business plan and goals, the roadblocks caused by uncontrollable circumstances (and how that happened), options for addressing the situation (including several liked by the investment bankers that were not attractive from an employee perspective), the impacts/ benefits of the options, and how that translated into the goals, everyone rallied around achieving the goals.

Second, the goal must be a stretch (not easy to accomplish) yet achievable. In my experience, I've seen many examples of obviously unachievable goals communicated. Unfortunately, as soon as the team, department or employee receives an unachievable goal, motivation is lost - and, many times, replaced by fear, which can be quite distracting to making progress towards the goal. The focus can easily transition towards negativity and how to avoid negative consequences that might occur in the future. Although preferred to a completely unrealistic goal, a relatively easy goal also falls far short of providing an effective tool in driving business results. This can also become common in organizations that have a fear-based culture because the fear of not achieving the goal is overwhelming. Unfortunately, an easy goal does not provoke brainstorming or teamwork. On the other hand, when an achievable yet challenging goal is communicated, it can become what brings the team together with a common objective and, many times, it results in increased teamwork and motivation. In the example above, the team knew that it could figure out a way to achieve the goal if they worked together, had access to tools/ resources and had the support of leadership.

Third, the goal must be measurable. At the risk of stating the obvious, if the goal is not measurable, how do you know you achieved it? Many times, people struggle and struggle to try to make every goal measurable with numbers. Don't sweat it - measurable doesn't have to correlate to numbers. Although numbers are certainly one easy way to measure progress (such as reducing costs by $2 million dollars), not all goals lend themselves to pure numbers, yet are critical. For example, maintaining quality standards while reducing costs is a critical goal. In some respects, it can be measured with numbers

(parts per million); however, customer feedback is just fine. It is important to think about what makes sense for your business.

Setting goals doesn't cost money - just time, and it can result in a significant return on investment for your business, team or employee.

Lisa's Tips: Software selection

As complicated as most companies seem to make it, the critical factors in software selection boil down to a select few:

1. Understand your business - what are the critical functional requirements? Don't worry about everything required in every module to run your business. Instead, take a step back and focus on what is key to your business success and what is unique to your business.

2. Understand your technology - what are the critical technical requirements? Given the current IT infrastructure, technical budget constraints and industry norms, and service levels requirements, define your technical requirements.

3. Understand your culture / employee base - what is expected in terms of change? Is an entrepreneurial spirit the norm? Or is absolute clarity a must? What does that mean in terms of education?

4. Understand your training requirements - how in-depth do you want each person to understand their job function and tools to accomplish it? There can be a significant upfront cost to training - what type of investment and return on investment is expected?

5. Understand resource requirements - money & time. There are endless options with varying degrees of benefit and cost. Be realistic (even though most companies agonize over the software cost, it isn't the key; implementation is always a multiple of the software cost).

Recommended Reading

"*Hot Commodities*" by Jim Rogers - this is a fascinating book about commodities. This is much more than a look at commodities from an investment perspective - it provides many insights from a business perspective. Commodities are fundamental to business results - impacting profitability, lead times, delivery performance, global sourcing strategies, etc. I still remember when I first understood the vast importance of this subject from my Procurement Mentor who seemed to keep track of and understand endless amounts of information (potential global wars, price of oil and natural gas, new technologies, etc) that affected what seemed to be a simple equation - the price of a plastic bag.

LMA Consulting Group
2058 N. Mills Ave, PMB 532
Claremont, CA 91711
Main: 909-630-3943
Fax: 909-625-5603
www.lma-consultinggroup.com
landerson@lma-consultinggroup.com