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“SMART” – A STRATEGY TO MEASURE ITS OWN GOALS

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Abstract: *The “SMART” method is often associated with goal-oriented leadership. When a company needs to implement certain changes, then it is necessary to first set the goals leading to the desired changes. Criteria for defining the goal are initially introduced and subsequently adhered to, so that the employees can go through self-monitoring and eventually, find out whether they are on track with the implementation of their target planning. One method of implementing the above strategy is “SMART”, it is an acronym describing the sub-topics that need to be discussed in the planning of a goal. The acronym is made up of the words “Specific Measurable Achievable Reasonable Time-bound”. “Specific” stands for the condition that a goal be clearly defined. “Measurable” refers to the requirement to present the goal as measurable by examining criteria for measurability. “Achievable” brings to mind the participants’ motivation by addressing the fact that a goal should be worth achieving for every employee in the company. “Reasonable” indicates feasibility and “time-bound” stands for setting a fixed date by which the goal should be achieved. The definition of the method and the extent to which it can help in the self-monitoring process are discussed in more detail below. The main focus here is on self-employed people who can improve their self-management with the help of SMART.*

Keywords: *SMART method, goal planning, self-control, measurability, self-management*

INTRODUCTION

According to the Gabler Business Dictionary, a goal is a “target value with which an actual state is compared, and which must be worked on until it corresponds to the target state”. (Berwanger 2024). The Duden dictionary adds to this definition ‘a deadline’ for the achievement of the goal in order to enable better planning (Duden 2024). Thus, a goal differs from an intention or a wish in terms of its measurability and the possibility of a structured planning. The meaning of an activity becomes clearer and more realistic when it is bound to a goal. Goals “direct people’s efforts, abilities and skills in the tasks they perform and align their ideas and knowledge with the desired end results” (Kleinbeck 2006). In business, companies use goals to achieve improvements and to direct the entrepreneurial endeavours of all employees in the same direction. However, in order for every employee to direct their skills towards the same target state, it is important to present the latter in as much detail as possible, so that the motivation of everyone involved is aroused and individual skills are used in a targeted manner. The more tangible, measurable and meaningful a goal is, the more motivated each employee of a company is to work towards it. The same applies to self-employed people. The more motivated they feel, the more disciplined they are in pursuing a certain goal. The more measurable a goal is, the easier it is to reach it and to exercise self-control in achieving it. A company or an entrepreneur can therefore achieve their goals more quickly if they are defined as precisely as possible.

To arrive at such a definition, goal-finding models are used. One of the models that has established itself on the market is the so-called “SMART” model.

The present paper is intended to present a solution proposal as to how companies can first define their goals in detail and then communicate them in a replicable manner to the lower levels of the company. The “SMART” model has advantages and disadvantages that need to be analyzed before applying the model. These will be outlined in the paper in order to provide a better insight. The methodology should then show possibilities for using the aforementioned model by explaining practical examples and briefly

discussing them.

The theoretical foundation presented in the following chapter provides a basic level of knowledge so that the methodological approach introduced subsequently can be understood.

Like any brief abstract, the present paper can only illuminate certain aspects, does not, however, provide any guarantees of success. For this reason, the final consideration in the last chapter provides not only a summary, but also a critique of the own elaboration.

RESEARCH METHODOLOGY

The basic information for understanding the SMART goal-setting model is explained in the second chapter. It is based on theoretical foundations from internet sources and coaching lectures. Sub-topics are consulted by current newspapers and magazines to ensure their up-to-day status. The example sentences that are intended to illustrate the definitions of the SMART sub-items are based on examples from the scientific reading by Isabelle Pfister (2016) but designed by the author herself.

DEFINITION OF THE “SMART” METHOD

The acronym S.M.A.R.T. stands for empirically well-supported results of the goal-setting theory (target-setting theory), which was developed by the industrial psychologists Locke and Latham (1990) (Storch 2009, 2). The acronym represents the measures by which a goal should be constructed in order to achieve the greatest possible success.

The respective letters stand for Specific, Measurable, Achievable, Reasonable and Time-bound.

If we look at the individual letters of the “SMART” method, the following definitions of the individual elements emerge:

Specific: The objective is described concretely and unambiguously. It leaves no room for negotiation and gives everyone, expected to pursue the goal, the same notion of how to accomplish it. Multi-word expressions, containing words such as “more”, “less”, or “often” can leave a person wondering what tasks exactly they should perform or what the extent of the desired increase is. The statement “increase customer satisfaction” may leave the employee too much room for interpretation, so that the desired increase may not be pursued to the extent expected. To represent the goal specifically, achievable success parameters should be specified (Pfister 2016, 46). If we refer to the first definition of the SMART method, even the correction of the term “customers” to “new customers” would be more specific. However, since there are still too many open questions related to this statement, the next element will now be examined in more detail: *Measurable:* The incorporation of a measurable number enables a regular comparison to be made on the way to the goal. The more precisely the target is measured, the easier it will be to compare the target with the current prevailing actual state. The simplest way to do this is by naming numbers (Pfister 2016, 46). If we include a measure in the target agreement, the above example sentence would then be as follows: “We are increasing the new customer rate, compared to the current 20% to a total of 30%.” Thus, it is understandable to the employee who is conducting the change that there are still ten percent missing from the target. If an agreement is made between an employer and an employee by way of conversation, the employee is now aware of the goal s/he should pursue. Yet, prior to the two SMART sub-points discussed above, the employee lacks the motivation to achieve the goal. Intrinsic and extrinsic motivation factors have different effect on the speed at which the goal is achieved. Likewise, a motivated employee can perform better, which has a positive effect on planning. Regardless of the manager’s leadership style, motivators can improve the employee morale. With regard to this, Frederick Herzberg developed in the 1960s a theory including additional factors and it is still valid and accepted today (Becker 2019, 57). Hence, the next sub-point incorporated into SMART goal planning is:

Achievable: Increasing motivation is an important element of goal setting and it helps ensure that a goal is not only manageable but also achievable. If every employee knows why the target state is beneficial for the entire company, it is easier for the individual employees to work towards it (Pfister 2016, 46). The word “must” in the example sentence can thus be replaced with the word “should” and the reason for the desired target state can be explained: “In order to ensure long-term stability of the company and to be able to promise further financial benefits in the future, it is important to increase the

new customer rate to 30% compared to the previous year.” In the case where the employees’ motivation is consistent and the goal has been clearly defined, two further sub-points still need to be clarified:

Reasonable: To ascertain that a certain goal can be reached, its feasibility must be checked first using the available means (Pfister 2016, 46). For example, communication between two states can only be guaranteed if both can communicate with each other. If the goal were an exchange between the two nations, this would only be realistic if communication was guaranteed through language. Otherwise, the goal would not be tangible. The last sub-point after confirmation of feasibility is *time-bound*: A desired goal needs a time reference that should be defined as precisely as possible. If a specific end date is set, it can easily be estimated whether the results have been achieved or not. Operational goals are usually measured over a period of one calendar year, while tactical goals have a longer period of three to five years. Strategic goals are in a period beyond the five-year mark (Burth/ Gnädinger 2024). In the example sentence, we would therefore change the objective from “We need to increase customer satisfaction” to “In order to receive more orders through referral marketing and to relieve the burden on the marketing and support departments, we will increase new customers’ satisfaction rate from 80% to 90% by January 1, 2020” (Pfister 2016, 47). (Fig. 1; Summary of the SMART Method 2024).

S	Specific	How to: Describe your goal in detail, e.g. “I want more profit than last year”, instead of “I want more profit”
M	Measurable	How to: Explaining the goal by defining its numbers, e.g. “I want 10% more profit than last year”
A	Achievable	How to: The goal has to motivate, e.g. “If we reach 10% more profit than last year, everyone will get a raise”
R	Reasonable	The goal has to be reached by relying on the company’s own resources, e.g. “Everyone will make one more phone call a day for selling the products to raise the profit.”
T	Time-Out	The goal should have a deadline, e.g. “We will raise profit up to 10% by 31 Dec., 2023.”

Fig. 1. Summary of the SMART-Method, own creation

PROS AND CONS OF THE “SMART” METHOD

The clear definition of the goal leaves no room for interpretation, so that every employee can understand what target state the company’s aiming at. Measurability means that success can be documented and any challenges that arise during the set time interval are easier to perceive and then eliminate since weak points have been documented in numbers. However, the disadvantages of the model should not be overlooked either, because these can be analyzed and then corrected.

On the one hand, the elements of attractiveness and reality can promote poor results. To explain this disadvantage, we will first use the example of communication between an employer and an employee: If the employer regards an employee’s satisfaction as top priority, the latter will never leave his comfort zone. In such a case, the employee would most likely be presented with only small goals that make him feel comfortable, but do not challenge him. Therefore it is important to set larger goals to find out whether more can be achieved than initially assumed. This assumption also applies to the self-employed: If a self-employed person sets his own goals in the knowledge that he can achieve them, he will opt

for fewer challenges, since he can only determine the feasibility of a goal based on his own perception and here the only factor that plays a role is one’s motivation. Because the self-employed can only base his decision on his own experience, it is more difficult to assess whether a goal can be achieved or not. Consequently, for lack of previous experience in a given area, the goals set may be too small. At the same time, studies by Koestner et al. (2002) proved that “easy” goals can inhibit motivation, whereas solving major challenges can boost self-esteem. However, overcoming the inhibition to tackle ambitious goals, especially as a self-employed entrepreneur, can itself become a challenge. Ambitious targets concerning new products and innovations would not be well received using the “SMART” model, as innovations can never guarantee feasibility. If goals were set only within the framework of this model, there would be no more innovations. Furthermore, one should bear in mind that, despite the clear goal set at the beginning, the model does not offer an actual action plan. So once the goal has been set, you are first “left alone” (Rittershaus 2021).

HOW TO POSSIBLY OVERCOME THE CONS OF THE “SMART” METHOD

Not just one department is responsible for developing goals for a company, so overlaps are often possible. This means that projects are examined from different angles. While the end customer has the finished product in mind and aligns it with his demands, product development must start from the beginning, relying only on background knowledge. The customer cannot understand the feasibility factor since he is not familiar with the processes and components leading to a product and so some unrealistic demands on his part may not be met. Meanwhile, a department can also encounter limitations in its creativity imposed by its own position. To solve such a dilemma, a customer survey, in which customers write down their demands based on measurable goals, could be useful for a company. If the elements of the “SMART” model are presented in the form of a questionnaire and then examined together with the test subjects, a demand can become a goal for the company and later can be checked for feasibility. In this way, suggestions for innovations can come from the end customer and the product development department can eventually turn them into a goal. In this way, poor results could also be avoided.

RESULTS

All in all, the “SMART” model can be useful in goal finding and goal setting. However, it is important that a goal should not be simply assigned by the upper structures of a company, but is defined and worked out as a joint endeavour. Thus, the attractiveness of a target can be increased. In order to transform the goal into a future actual state, however, the employee must not be left alone after the goal has been set. Joint development of strategy and interim targets could support its achievement and maintain motivation.

CONCLUSION

This paper provides only a brief summary of an extensive topic and does not allow comparisons between individual models. It is therefore important to consult other models in order to find the right goal-setting model for your own company. In addition, theories are no guarantee of success, so empirical studies within a company help to increase chances of success.

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„SMART“ – СТРАТЕГИЯ ЗА ИЗМЕРВАНЕ НА ЦЕЛИ

Резюме: Когато се говори за управление, ориентирано към целите, с него често се свързва „методът SMART“. За да се реализират процесите на промяна, в компанията се обсъждат целите, които трябва да бъдат постигнати. Обсъждат се критериите за определяне на целта, така че след това служителите да могат да проверят дали са на прав път с изпълнението на планираните цели. Един от методите е „SMART“ – акроним, който описва подтемите, които трябва да се вземат предвид при планирането на намерението. Съкращението е съставено от думите „Specific Measurable Achievable Reasonable Time-Out“ („Специфичен, измерим, постижим, разумен, срок“). „Специфичен“ означава условието, че целта трябва да бъде ясно дефинирана. „Измеримо“ се отнася до задължението да се демонстрира измеримостта на целта чрез обсъждане на критериите за измеримост. „Постижимо“ има за цел да ни напомни за мотивацията на участващите лица, тъй като тази подточка се отнася до факта, че целта трябва да е желана за всички. „Разумен“ се отнася до реалистичността, а „Срок“ означава определяне на фиксирана дата, до която целта трябва да бъде постигната. Определението на метода и степента, в която той може да помогне за самонаблюдението, са разгледани по-подробно по-долу. Фокусът тук е върху самостоятелно заетите лица, които могат да използват SMART за подпомагане на самоуправлението.

Ключови думи: метод SMART, планиране на цели, самоконтрол, измеримост, самоуправление

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