PULSE SURVEY

Implementing Strategic Goals for Organizational Success

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Goals are the roadmap for everyone at your organization, from entry-level employees to top executives. Progress in business happens when all those individuals work on impactful efforts that align with a company's mission. And clearly defined goals provide that much-needed alignment as well as transparency and direction. Goals also show employees a clear view of how their accomplishments contribute to the business, driving a sense of defined purpose and a desire to do their best work.

There's never been a more important time for companies to put smart goal setting into practice. In moments of change and uncertainty, goals are the rudder that keeps your ship on course. Currently, many companies are grappling with a multitude of challenges that threaten to throw their business off track. Managements struggle to keep employees focused and engaged amid the distractions created by hybrid work. Meanwhile, uncertain market conditions have forced many companies to do more with less, making retention of top performers an urgent priority.

At Lattice, we've helped thousands of global customers launch effective goals programs and have seen firsthand how instrumental goals are in navigating turbulent times. That's why we're so excited to sponsor new research from Harvard Business Review Analytic Services on the importance of strategic goals.

In this report, you'll see that while most companies do view goals as "extremely critical" or "very critical" to their organization's overall success, many lack effective goals programs. All too often, companies set goals once a year and don't revisit them as conditions change—or fail to provide employees with the time and resources needed to achieve their goals. The sad truth is that even the best-written goals are wasted when there's no internal commitment to seeing them through.

The report also provides expert insights to help you launch and manage an effective goals program, including ideas for making goals an executive-level priority, integrating them into day-to-day efforts, and embedding them in your organization's cultural fabric.

I hope this report helps you build a case for using goals as a framework for success at your own company. Consider it your practical guide to avoiding common goal-setting pitfalls, preventing your goals from collecting dust, and achieving truly transformative business results.

Jack Altman
Cofounder and CEO
Lattice

Implementing Strategic Goals for Organizational Success

Ever since the 1960s, when Edwin Locke, an American psychologist, introduced the theory that goal setting can motivate employees and lead to better workplace performance, organizations have made working toward clear and measurable objectives a key component of corporate strategy.

"Organizations are looking to understand what success looks like," says Patricia Carl, CEO of Oakbrook, Ill.-based Highland Performance Solutions, which provides coaching and consulting services to organizations. "Goal frameworks make sure that the whole organization is marching toward success and that everyone knows where they're headed and is acting accordingly—and spending their time accordingly."

In fact, in a May 2022 Harvard Business Review Analytic Services survey of 372 executives, 82% of respondents consider the use of strategic goals "extremely critical" or "very critical" to their organization's overall success. FIGURE 1 Objectives and key results (OKRs); specific, measurable, achievable, relevant, and time-bound (SMART) goals; and KPIs are among the goal frameworks in use across industries and around the world. Although objectives, metrics, and processes vary among these frameworks, they are all used to simplify and manage goals to promote increased growth, alignment, and profitability.

But realizing the full value of goals is rarely cut and dried, given the speed of change and constantly evolving employee expectations. Failure to regularly check in on strategic goals can lead to collective amnesia regarding a goal's original intent. Without a clear roadmap and established best practices for fulfilling goals, employees can become frustrated and be at cross-purposes with coworkers. And in today's fast-paced business environment, even the

HIGHLIGHTS

82% of survey respondents consider the use of **strategic goals "extremely critical" or "very critical"** to their organization's overall success.

49% say **employees do not have enough time or resources** to work toward goals because **other work takes priority**.

43% report reevaluating their strategic goals **only once a year**.
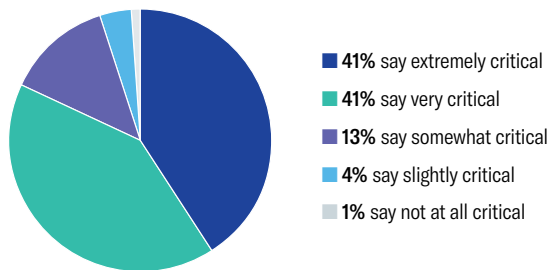
Due to rounding, some figures in this report may not add up to 100%.

FIGURE 1

Strategic Goals for the Win

Respondents view goal fulfillment as central to business success

How critical is the use of strategic goals to your organization's overall success, if at all?

- **41%** say extremely critical
- **41%** say very critical
- **13%** say somewhat critical
- **4%** say slightly critical
- **1%** say not at all critical

Source: Harvard Business Review Analytic Services survey, May 2022

most carefully crafted goals can fall by the wayside if they are not properly prioritized by leaders. Case in point: A mere 3% of respondents report that all their strategic goals have been met—a key indication that the pursuit of high-level goals is more challenging than most assume. And 53% of survey respondents say only "a little progress" or "some progress" has been made in delivering on strategic goals over the past 12 months.

"It's like the old adage, 'Eat less and exercise more,'" cautions Christina Wodtke, a lecturer at Stanford University and author of *Radical Focus: Achieving Your Most Important Goals With Objectives and Key Results*. "It's very simple. But is it easy to do? No." Fortunately, there are ways for organizations to eliminate the distractions that prevent teams from putting strategic goals into practice, and to create consistent goals and priorities throughout the organization.

This report examines the importance of strategic goals in today's fast-paced business environment; the barriers organizations must overcome, from time-strapped teams to unclear and inconsistent marching orders, to fulfill their goals; and how selecting the right goal framework, better integrating goals into the day-to-day efforts of employees, more evenly distributing responsibility for goal setting and tracking, and cultivating a culture that supports goal setting can create a pathway to success.

Competing Interests and an Absence of Time

Despite a strong awareness of the importance of strategic goals, and modest gains in achieving them, barriers to successful

goal fulfillment persist. Chief among these challenges is a lack of time and resources to dedicate to meeting goals, a key challenge cited by nearly half of all survey respondents. **FIGURE 2**

It makes sense that in a world facing serious economic woes, coupled with a global shortage of skilled workers, goal setting might not receive the attention it deserves. For one, many organizations make the mistake of presenting goals as one more item to add to an employee's already lengthy to-do list.

"When people say they don't have time for goals, it's because they don't understand what goals are," says Felipe Castro, an OKR trainer and author of *The Beginner's Guide to OKR*. "They think that goals are extra work. But they shouldn't be extra work; they should be a new way of working."

FIGURE 2

Time, Clarity, and Conflicts Pose Challenges

Obstacles abound as organizations put strategic goals into action

Which of the following challenges does your organization face in putting its strategic goals into practice? [SELECT ALL THAT APPLY]

49%
Not enough time/resources to work toward goals (other work takes priority)

40
The roadmap of how to accomplish the strategic goals isn't very clear or organized

39
Differing/conflicting goals for different areas of the organization

36
Difficulty embedding goals deeply into company culture

36
Difficulty communicating/promoting goals effectively throughout the organization

36
Difficulty obtaining hard metrics that measure progress toward goals

31
Difficulty motivating employees to champion the strategic goals

27
Leadership puts little effort into checking in on/reassessing the strategic goals (i.e., "sets and forgets" the goals)

4
None

Source: Harvard Business Review Analytic Services survey, May 2022

"[People] think that goals are extra work. But they shouldn't be extra work; they should be a new way of working," says Felipe Castro, an OKR trainer and author.

At the same time, keeping the lights on during the pandemic competed for employees' time and energy, forcing previously set goals to take a backseat to urgent business responses. In fact, "the number one mistake companies make is setting too many goals," warns Stanford University's Wodtke. "People come up with 15 OKRs." The problem, she says, is that many employees simply don't have the time—or "working memory"—to juggle a long list of strategic priorities, which can lead to missed objectives and employee frustration.

Other key challenges to accomplishing strategic goals, as revealed in the survey, include an unclear and disorganized roadmap (40%) and different or conflicting goals for different areas of the organization (39%). Without a company-wide consensus on what goals to prioritize—and the steps to achieve them—departments risk working against one another.

Just ask Hope Gurion, a product leader and founder of Fearless Product, a coaching and training company. Gurion offers an example of the risks posed by unresolved conflicting goals among teams: "If a sales team is focused on win rate—the percentage of prospective deals closed—but the product team is working toward a different goal, the sales team may succeed at meeting its desired win rate—but it will come at the cost of other success metrics such as customer retention or NPS [Net Promoter Score]."

Another potential source of misalignment is if an employee's individual goals diverge from an organization's overall corporate goals—or worse, work against one another's. Ninety-two percent of respondents agree with the statement, "It's essential that individual employees' goals complement and support the goals of the organization." Yet notably fewer, 64%, say their organization has successfully integrated the company's strategic goals into the day-to-day efforts of employees.

The risk of poorly integrating strategic goals with a workforce's everyday tasks is what Castro, the OKR trainer, refers to as "the messy middle"—a purgatory plane that exists "between a company's top-level strategy and the backlog of an employee's to-do list." Tasked with achieving high-level goals

but unclear as to how they fit in with everyday workloads and responsibilities, employees can struggle "to actually connect the work" to more meaningful goals and an organization's overall vision, Castro says. The results: low workforce morale and unmet objectives.

Finding the Scaffolding for Success

Fortunately, organizations are discovering new and innovative ways to achieve goal-setting success, which begins with selecting the right foundation for change. Eighty-four percent of respondents agree that the method an organization chooses for how it sets strategic goals has a direct impact on its ability to achieve them.
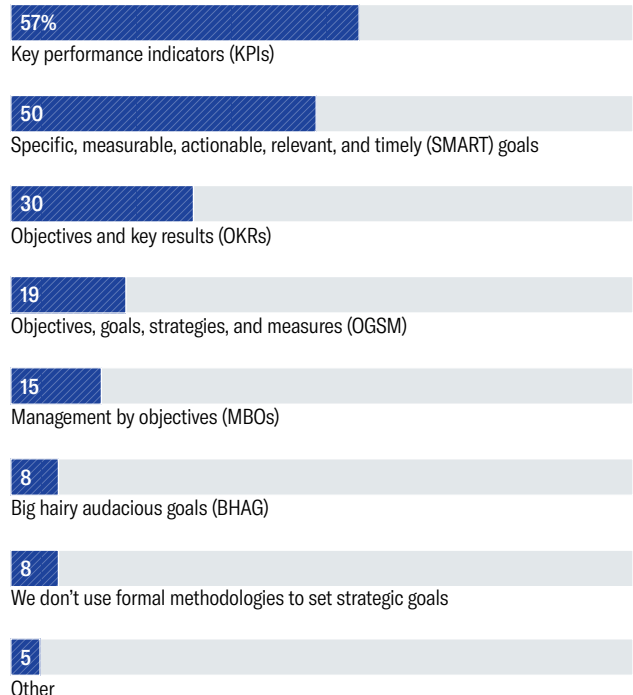
Topping the list of methodologies respondents' organizations rely on are KPIs (57%), SMART goals (50%), and OKRs (30%). And more than half (53%) of respondents say their organization uses two or more methodologies for setting goals. **FIGURE 3**

FIGURE 3

The Most Widely Used Goal Frameworks

Many organizations combine two or more methodologies for improved results

Which of the following methodologies does your organization currently use for setting strategic goals, if any? [SELECT ALL THAT APPLY]

57%
Key performance indicators (KPIs)

50
Specific, measurable, actionable, relevant, and timely (SMART) goals

30
Objectives and key results (OKRs)

19
Objectives, goals, strategies, and measures (OGSM)

15
Management by objectives (MBOs)

8
Big hairy audacious goals (BHAG)

8
We don't use formal methodologies to set strategic goals

5
Other

Source: Harvard Business Review Analytic Services survey, May 2022

"The number one mistake companies make is setting too many goals." The problem is that many employees simply don't have the time—or "working memory"—to juggle a long list of strategic priorities, which can lead to missed objectives and employee frustration.

Christina Wodtke, lecturer, Stanford University

But with so many goal-setting frameworks to choose from, Castro says, it's critical that companies ask "what they're looking to accomplish" before committing to a particular methodology so that they make a selection that suits their corporate agenda and culture. "Many companies choose whatever is trendy," he says. "They often don't ask, 'What are we trying to achieve? Why are we adopting this framework?'" However, by carefully taking an inventory of goals, organizations can ensure they get a solid head start.

Once a proper framework is selected, the next step is to create focus by narrowing the scope of the company's ambition to a few select goals. "Leadership often fails to prioritize goals," says Fearless Product's Gurion. For example, she says, some organizations set goals such as revenue growth and a reduction in the cost of goods sold without carefully considering which of these goals will contribute most to their success.

However, by carefully weighing "the necessary trade-offs" that come with pursuing one set of goals over another, organizations can allocate the maximum amount of resources to efforts that are likely to yield the greatest results, Gurion says.

Another upside of a focused approach to goal setting is the ability to understand how employees are contributing to business outcomes, such as improved customer retention or increased subscription enrollment rates. All too often, Castro says, companies take a "Tinkerbell approach" to goal setting in which they simply "sprinkle some OKRs on top of traditional management and organizational structures,"

paralleling how the fictional character from the classic play *Peter Pan* sprinkles fairy dust on children to help them fly.

Rather than magic, the more likely result of this approach, says Castro, is an "attribution problem" that makes it impossible for companies to determine which employee activities and behaviors contributed most to successful goal fulfillment. To avoid prioritizing too many OKRs, he says, companies "have to learn to focus and say no to some company priorities." After all, he adds, "If everything is a priority, then nothing is."

The Need to Revisit and Reassess

Selecting the right goal framework and prioritizing goals are critical to building a strong foundation for success. But today's business environment is in constant flux, driven in large part by a steady flow of technological, economic, and geopolitical disruptions. Despite that, the largest number of survey respondents report reevaluating their strategic goals only once a year (43%), followed by quarterly (33%), or on an as-needed basis (11%). **FIGURE 4**

"The set-it-and-forget-it approach to goals is very common," says Castro, adding that many organizations establish goals "once a year and then forget about them."
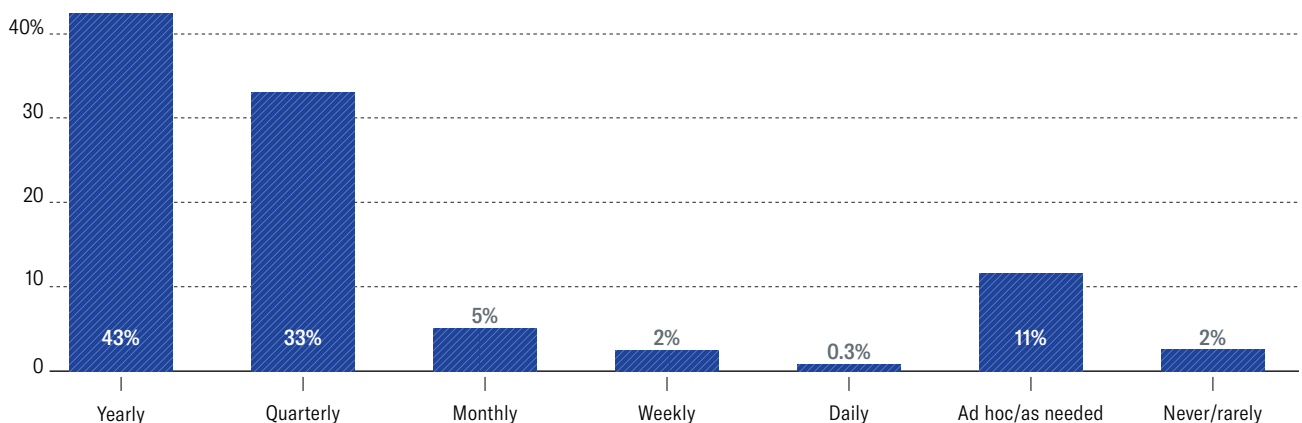
Carl of Highland Performance Solutions agrees. Carl says the problem with static goal setting in a dynamic business environment is that "most employees don't even know where they're going to be in a year or what's going to happen.

FIGURE 4

Reevaluations Are Mostly Annual

The highest share of respondents reassess their strategic goals only once a year

How frequently does your organization reevaluate its strategic goals to determine if they need updating?

Source: Harvard Business Review Analytic Services survey, May 2022

The problem with static goal setting in a dynamic business environment is that "most employees don't even know where they're going to be in a year or what's going to happen."

Patricia Carl, CEO of Highland Performance Solutions

> In addition to reevaluating goals on a quarterly basis, employees should meet at least once a week to discuss "what's working, what's not working, and where we need to make a tweak. Some leaders check in quarterly or midyear to see if you hit your mark, but that's a pointless exercise when you have 52 opportunities to course correct," says Carl.

It presupposes that nothing changes in a year, but we know that the speed of business is 52 sprints a year—not once a year."

For this reason, Carl recommends that organizations revisit their goals at least quarterly, reevaluate how they plan to achieve them, and modify them if they no longer resonate with the organization's evolving corporate agenda.

In addition to reevaluating goals on a quarterly basis, Carl adds, employees should meet at least once a week to discuss "what's working, what's not working, and where we need to make a tweak. Some leaders check in quarterly or midyear to see if you hit your mark, but that's a pointless exercise when you have 52 opportunities to course correct."

From Strong Measures to Savvy Leaders

The right metrics can also ensure goals remain relevant to an organization's overall vision. Oftentimes, Gurion says, companies use lagging indicators, such as increased revenue, to measure progress. However, she adds, lagging indicators are retrospective—they can only look back at whether the intended result was achieved, and often "it's too late."

Rather, Gurion says, companies need metrics that act as "quick feedback loops on whether they're making progress toward a goal." Examples of leading indicators include the percentage of meetings booked versus attempted by an account management team.

For all the advantages of quarterly check-ins and qualitative metrics, though, there's no discounting the role strong leadership can play in achieving strategic goals. No wonder more than half (54%) of respondents say the CEO or equivalent is primarily responsible for the method used for setting and tracking goals. Only 18% of respondents cite heads of individual product teams as responsible for framework selection, while slightly fewer (17%) say a cross-functional team is dedicated to determining strategic goal setting.

"The CEO's most important role is to recognize that the company can't succeed without having clarity around strategy and objective measures of success so that teams can measure their progress," says Gurion.

Although the C-suite sits at the helm of goal setting within most companies, responsibility must be organized cross-functionally across the organization to bring about lasting change and impactful progress.

"It's unrealistic to expect that the CEO will conduct all that strategic planning and goal setting on their own," asserts Gurion. "That's why they have a team of functional experts leading their different departments in the organization. For any of those goals to have a chance of being achieved, these experts must be brought in and [efforts must be made to] coordinate their actions."

The Value of Clear Communication

Yet C-suite directives alone cannot secure company-wide alignment on goals and drive accountability. As it stands, many of today's workers are strapped for time and have limited resources to actively educate themselves on a company's goals and shifting strategic directions. In response, 51% of respondents plan to improve the communication and promotion of strategic goals throughout the organization to more effectively deliver on goal fulfillment.

"You need to talk about your goals every week," says Castro. "Goals should be a management tool for employees to learn and work together—not a yearly report. Employees have to unlearn the idea that goals are bad, that they belong to HR, and that they are annual. Rather, goals have to be a part of how you work, and they need to be thought about on a day-to-day basis."

In fact, when asked, "What internal benefits has your organization realized from communicating its high-level strategic goals to the entire organization?" 65% of respondents answered, "Greater transparency about an organization's priorities and purpose."

A Supportive Culture Enabling Teamwork

While megatrends such as cloud computing and mobile applications have empowered employees to work independently, they also have contributed to a siloed and disconnected workplace. Achieving strategic goals demands that employees be able to work collectively and that they see their individual efforts as critical and necessary contributions to a larger and more impactful purpose.

Fortunately, some organizations are taking note; 39% of survey respondents say their organization will better align employees' individual goals with the organization's strategic goals, and 38% say their organization will create a better roadmap of how to accomplish strategic goals over the next 12 months.

"If goals are meaningful and linked to corporate strategy, employees can see the connection between the work that they're doing each day, why that's important to the customers they serve, and how serving those customer needs will create impact for the company," says Gurion. "They can see meaning and purpose in their work, who they need to partner with, and the shared ownership of those goals."

Culture also plays a critical role in helping employees better appreciate and work toward an organization's strategic goals. To this end, leaders must actively engage employees in discussions about goals and be open to listening to the challenges employees face. By communicating high-level strategic goals to the entire organization, 38% of respondents say, they have a more unified company culture, and 37% report a more collaborative company culture.

"Culture plays a big role, not just in goal setting but also in enabling employees to achieve strategic goals," says Gurion, adding that a culture built on clear communication about goal setting and tracking lets "employees see that they're in a supportive environment, where they really have the resources they need to succeed."

The Organization-Wide Wins of Goal Setting

Regardless of industry, region, or company size, strategic goals are critical to the success of an organization. But as the findings from the Harvard Business Review Analytic Services survey reveal, organizations that aim to realize real value from implementing a goals framework must overcome considerable obstacles, including time-strapped teams, an unclear roadmap for accomplishing strategic goals, and potentially conflicting goals among different teams and different ranks within the organization.

However, if a company wishes to survive in today's fast-moving business environment, concentrated efforts must be made to better integrate strategic goals into the day-to-day efforts of employees and to embed those goals in the organization's cultural fabric. Strategies include more evenly distributing responsibility for goal setting and tracking, ensuring consistency of goals at every level of an organization, and clearly communicating a roadmap for success.

There is more at stake for businesses than simply increasing market share and expanding their customer base. Rather, successful goal fulfilment—when achieved collectively and through clear communication—can bind employees to an organization in ways that deliver meaningful returns.

"Very rarely can one person or one team perform all the actions required to accomplish a big, meaningful, strategic goal," says Gurion.

A total of 372 respondents drawn from the HBR audience of readers (magazine/ enewsletter readers, customers, HBR.org users) completed the survey.

Size of Organization

24%
10,000 or more employees

28%
1,000 – 9,999 employees

9%
500 – 999 employees

39%
50 – 499 employees

Seniority

33%
Executive management/ board members

38%
Senior management

20%
Middle management

9%
Other grades

Key Industry Sectors

12%
Manufacturing

12%
Government/ not-for-profit

11%
Financial services

10%
Technology

9%
Health care

9%
Business/ professional services

All other sectors 7% or less each.

Job Function

24%
General/executive management

10%
HR/training

All other functions 7% or less each.

Regions

48%
North America

20%
Asia Pacific

18%
Europe

7%
Middle East/Africa

6%
Latin America

1%
Other

Figures may not add up to 100% due to rounding.

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