

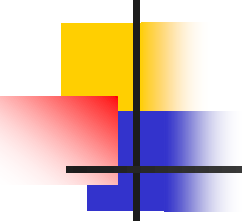


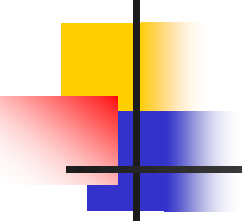
Business goals

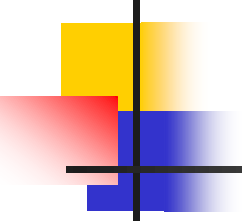


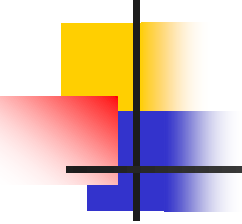
Importance of goals ⁽¹⁾

- A goal is a desired outcome (target) that an individual or business intends to achieve within a certain time frame.
- Success in achieving your goals is often determined by the amount of planning you undertake.

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- **Serving as targets.** With goals, managers at all levels would find it easier to make coordinated decisions because they understand what the business is trying to achieve.

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- **Measuring sticks** - Specific goals act as a **benchmark** against which the business can measure its performance — that is, the actual outcome is compared with the planned goal.

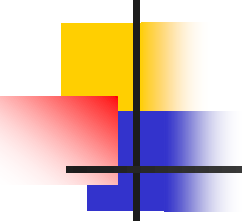
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- **Motivation** - Good quality goals represent a challenge — something to aim for. They act as a motivating force. Employees will gain satisfaction when they successfully achieve a challenging goal. Goals also provide managers with a basis for rewarding performance, which in turn acts as a motivator.

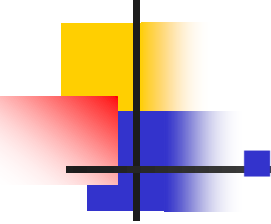
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- **Commitment** - Getting an employee to agree to achieve a goal — or better still, having the employee participate in the goal-setting process — gives that employee a personal stake in the success of the business

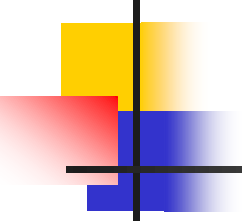


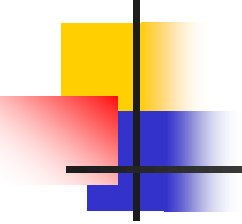
SMART technique ^(1,3)

- The best method of writing effective goals is by using the S.M.A.R.T. technique
- *Specific.* Goals should be straightforward and emphasise what the business wants to happen. (5W)

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- When drafting your goal, try to answer the five "W" questions:
 - **What** do I want to accomplish?
 - **Why** is this goal important?
 - **Who** is involved?
 - **Where** is it located?
 - **Which** resources or limits are involved?

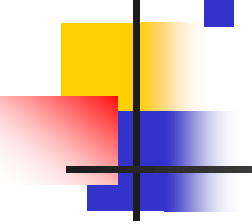
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- ***Measurable.*** Decide on goals whose progress can be measured so the business owner can see the change occur. This helps the business stay on track.
 - Measurable goal should address questions such as:
 - How much?
 - How many?
 - How will I know when it is accomplished?

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- ***Achievable.*** Goals need to be challenging but not be too far out of the business's reach, otherwise the business owner and employees will become unmotivated due to the lack of success.
 - An achievable goal will usually answer questions such as:
 - How can I accomplish this goal?
 - How realistic is the goal, based on other constraints, such as financial factors?

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- *Realistic, relevant* The goals must represent something that the business owner and employees are both willing and able to work towards.

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- A realistic or relevant goal can answer "yes" to these questions:
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- Does this seem worthwhile?
- Is this the right time?
- Does this match our other efforts/needs?
- Am I the right person to reach this goal?
- Is it applicable in the current socio-economic environment?

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- *Timebound.* The goals must have deadlines and sub-deadlines attached to them otherwise the commitment is too vague.
 - A time-bound goal will usually answer these questions:
 - When?
 - What can I do six months from now?
 - What can I do six weeks from now?
 - What can I do today?



Financial and non-financial goals ⁽¹⁾

- In operating business, the owner is generally striving to achieve 4 financial goals:
- Maximise profit
- Increase market share
- Maximise growth
- Improve share price



Non financial goals

- **Social goals:**
- **Community service** – sponsorship, supporting educational, cultural and sporting activities
- **Provision of employment** – family business (members)
- **Social justice** – fair trade

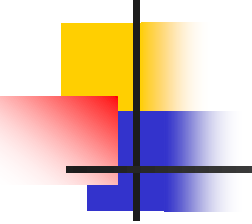
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- **Environmental goals:** awareness of environmental issues.
 - **Sustainable development** – balance between economic and environmental concerns




Goals of owner and manager

(4)

- Freeman stakeholders theory:
- Shareholder (Owner) vs stakeholder
- Risk aversion

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- In the traditional view of the firm, the shareholder view, the shareholders or stockholders are the owners of the company, and the firm has a binding fiduciary duty to put their needs first, to increase value for them. However, stakeholder theory argues that there are other parties involved, including governmental bodies, political groups, trade associations, trade unions, communities, financiers, suppliers, employees, and customers. Sometimes even competitors are counted as stakeholders - their status being derived from their capacity to affect the firm and its other morally legitimate stakeholders. (R. Edward Freeman in the 1980s.)



System of goals in an organization, management tools and principles

- Typology of goals in an organization
- Relationships between goals,
breakdown of goals
- Conflicts between goals
- Management tools
- Managerial techniques



Typology of goals in an organization ⁽⁵⁾

- Goals of an organization are the desired states that an organization strive towards.
- The ultimate goal of an enterprise in a market economy is to maximize profits in the long run.
- Goals in public administration organizations are generally different (eg providing a specific service to the population)



The most commonly pursued goals in an enterprise are(5):

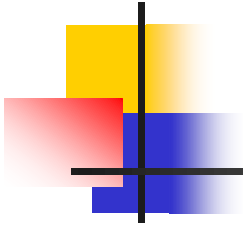
- ensuring profit or profitability
- reaching the highest turnover possible
- dominating the market, market position
- long-term enterprise security – saving of property, source of earnings
- creating jobs – social responsibility
- focus on the independence of an enterprise
- enviromental protection



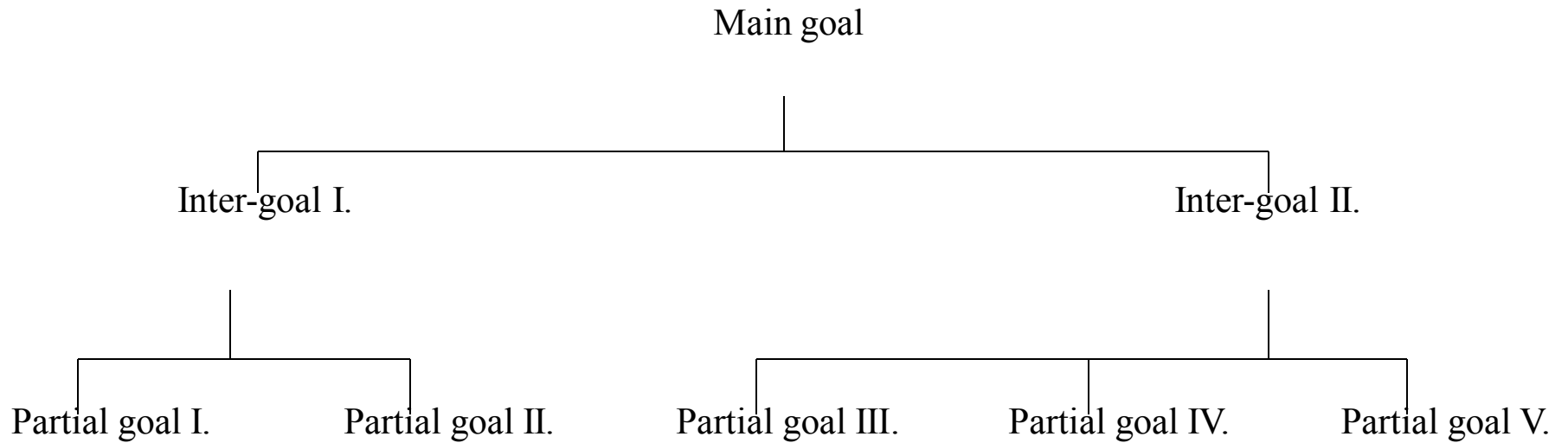
Multiple goals = volume of goals = goal system = goal function

Basic breakdown of goals:

- monetary
- non-monetary – economic
 - non-economic



Schematic representation of the goal system



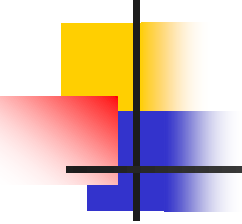


Relationships between goals, breakdown of goals (5)

There are four basic types of relationships:

- complementarity
- competition
- contradictory
- indifference

When there is a competitive relationship between goals, it is necessary to determine the order, respectively. the severity of the goals.

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- The main goals are derived from an ideal picture.
 - Secondary objectives usually have the form of ancillary conditions.
 - Breakdown of tracked goals from time perspective:
 - short, medium and long-term goals
 - static and dynamic goals



Conflicts between goals (5)

Enterprise goals represent a compromise between the visions of leading and satellite groups contributing to the setting of goals.

Satellite groups:

- employees
- providers of foreign capital
- suppliers
- customers
- unions
- government institutions

Conflicts between goals in the organization may arise in the case of competing goals. They can be broken down into:

- individual conflicts between goals
- hierarchical conflicts between goals
- conflicts between goals within the organization

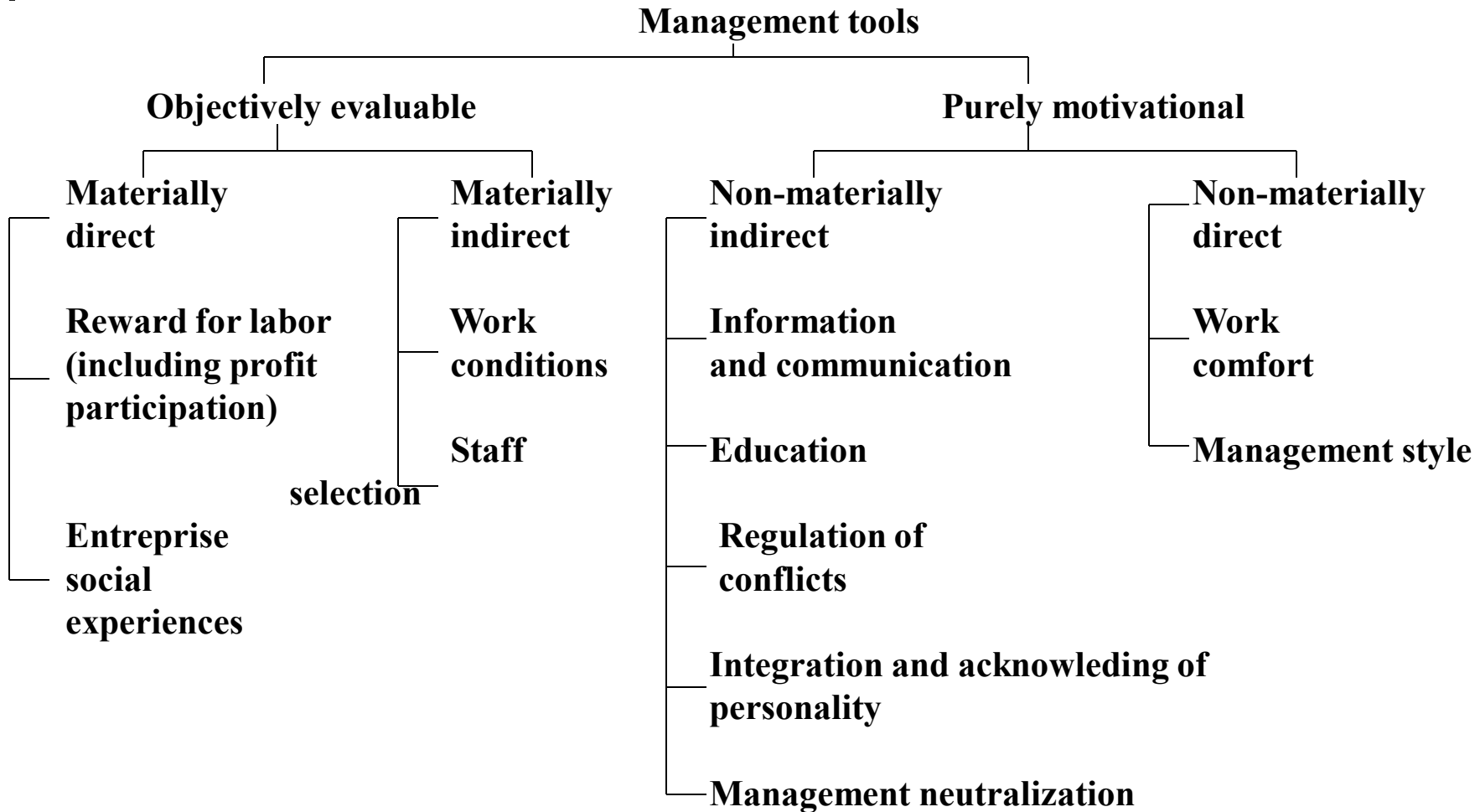


Management tools (5)

Management tools are used by management to influence work behavior of employees.

Optimal use of management tools by corporate governance takes place when there is an agreement between the organization's goals and the personal goals of the workers.

Management tools (5)





Managerial techniques (5)

Management principles should:

- release managers for key management tasks and get rid of routine tasks
- bring subordinate workers more autonomy in executive activities to enable the use of their creative powers
- optimize business performance and adaptability to changing environmental conditions while meeting long-term business goals

The management techniques include:

- management by objectives
- management by exception
- management by delegation
- Others:
- management by....(process, system etc.)



Management by objectives

(Drucker, P. 2007)

- Management by objectives at its core is the process of employers/supervisors attempting to manage their subordinates by introducing a set of specific goals that both the employee and the company strive to achieve in the near future, and working to meet those goals accordingly.
- Five steps:
 - Review organizational goal
 - Set worker objective
 - Monitor progress
 - Evaluation
 - Give reward
- +/-



Mng by exceptions ⁽⁶⁾

- focuses on identifying and handling cases that deviate from the norm
- MBE use variance analysis
- +/-



Mng by delegation (6)

- involves giving the people who work for you responsibility for particular jobs, projects, etc. so that you do not have to do them:
- Management by delegation recognizes that all the members of a team can and should be self-starters.
- +/-



Mng bysystem, process

- Other types of management
- a process of setting goals, planning and/or controlling the organizing and leading the execution of any type of activity, use the tools Balanced scorecard etc.



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