Goal Setting

Goal setting is probably the single most important step in developing a strong business plan and being able to manage a business successfully. Why do I make that statement? Because every decision evolves around the goals of the business. A business without goals is like "a ship without a rudder." They provide direction and motivation; without them where are you truly going and how will you know when you get there?

"... those who are successful in any field are the goal setters. They have a desire to achieve that is coupled with discipline. That combination is essential to being successful in anything, ..." (Larry Burkett, 1990)

In order to set goals one must first know what goals are. As defined by Webster's N.W. Dictionary, "an end that one strives to attain." They are different than objectives. Goals are a broader statement that will explain where you want to be in a given period of time. Objectives, on the other hand, are the steps that must be taken in order to reach the specified goals. Objectives are the building blocks leading to your goals.

Goals are unique to the individual that sets them. There are no right or wrong ones. They should be clear and concise, and most important, written down, not just committed to memory. They must be realistic, and attainable in the time allotted to reach them. They should be separated into business, family and personal goals. If the business is run by the family, all family members involved in business decisions should be involved in developing and setting the goals of the business. This will help make a more cohesive management team. Goals should be compatible. Competition among goals can create frustration if the goals do not work together to reach the same destination. This is especially so between family or personal and business goals.

A time frame with target dates for achieving your goals should be developed. This will allow you to measure progress, set priorities and determine objectives that will build toward the goal.

There are three basic types of goals: short-term, intermediate and long-term. Each is related to that all-important time frame that is assigned to a goal.

Short-Term: achievable in less than one year, usually resulting in immediate satisfaction. Ex. - finishing a group of calves, repairing a tractor, or attending an educational meeting.

Intermediate Term: achievable in one to ten years; used to build towards long-term goals. Ex. - building a new structure, adding a new or alternative enterprise, or buying more land.

Long-Term: usually require more than ten years to accomplish; they are the ultimate target and set the direction for the business or individual. Ex. - becoming a community leader, retire all debt, or pass on a financially healthy and strong business to the next generation.

Should goals be changed from time to time? Yes and no. I once heard a businessman state it this way, "Set your goals in concrete and your plans in sand." After stating that, goals can be somewhat flexible but...
to make a habit of always changing them makes them more like objectives than goals. If the goals are always changing to suit the "mood" then you haven't really decided on what you want. Plans, on the other hand, do and can change in order to achieve the goal. It is like taking a trip to Florida. If you make a wrong turn, you stop, get directions (assess the situation and make any necessary changes) and get back on the road to Florida. You don't change the destination and keep going - the goal is still to get to Florida. Goals may be adjusted if circumstances or your desires warrant those changes. This is more apparent with short-term and intermediate-term goals. These goals are more affected by changes in knowledge, family responsibilities and viewpoint. The bottom line is the goals are still your's, but making them too flexible will defeat the purpose of having them in the first place.

One question that needs to be answered in setting the income goal for your business is, "What amount of income do I (we) need to produce with my (our) business to support the lifestyle that I (we) choose to live?" The answer is unique to the individual(s) answering it and there is no right or wrong one. It will set the overall direction of the business and help answer a lot of other questions related to the business. These questions may include; what will be the overall size of the business, type and number of enterprises, investment strategies, location and marketing strategies. Deciding on the answer to the first question may seem very hard but try to determine the later decisions without the first one. It clearly shows how important goal setting is and how beneficial it can be in your business and personal life.

Remember, taking the time to set goals for your business is not just another exercise in paper work. It should be taken seriously. You are trying to determine what it is you want to do with your business, what the ultimate direction will be and how you want to build it.

Summary: Goal setting should be your first step in developing a successful business plan. Goals should be: - clear and concise; - realistic and achievable; - compatible with each other and with personal, family and business goals; - broken down into short-term, intermediate and long-term; - written down with target dates for achievement; - reviewed and updated as necessary, at least annually; - flexible to a point; and - yours.

Whether you are just getting started or have been in a business for 20 years, if you're serious about your business and you haven't already done so, do yourself a favor, take the time to think through and determine what your goals are. All it takes is a piece of paper, a pencil and a quiet place. Start out alone, write things out then discuss them with your spouse or trusted friend if single. If both are involved in the business, couples may want to get away from any distractions and build the list together. It will be well worth the time invested.

"One last thought: If you were given $86,400 today and were allowed to spend it any way you decided, with no strings attached, what would you do? If you were given $86,400 every day of the rest of your life, what would you do? Would you save it? Spend it? Take a vacation? Invest it? What would be your priorities?

Isn't it important to plan for today and the future? We are all given 86,400 seconds in each and every day. What we do with those 86,400 seconds will determine what we accomplish in our lifetime. Plan now. Setting goals will help us determine where we are, where we would like to be and how best to get there from here." (Farm and Ranch Business Management, 1987)