

Staying effective in a challenging world...

PLANNING & TARGETS, the second in a series of articles

Planning

Each year every business should have a plan to take the vision forward, look at what needs to be done, how to achieve it, and translate it into P & L, cashflow and targets. This is the roadmap, and like a car journey, you need to check progress at regular intervals and amend where necessary.

And before anyone says 'my business is different, it's impossible to plan' – no it's not!

Targets

Many of us have read in newspapers about the damaging effect of targets upon organisations. I fervently believe that most of what is written is twaddle. Targets are often misunderstood, and definitely misused! Never forget it's not just 'what' you do but 'how' you do it.

What is a target? Well whether you are an archer, businessman or NHS manager, simply something to aim at rather than an end in itself, a way of focusing attention upon a particular aspect or providing a benchmark against which to measure performance. Let's look at two examples.

The first example is a major PLC who manufactured both branded and 'own label' products. To build their 'own label' business the sales team were offered higher commission as an incentive. The result was good news for the sales team but bad news for the company; sales in the targeted area rose whilst sales of branded products fell, but with higher margin on branded sales, profitability fell.

My second example is NHS waiting times. All very laudable; sick people want treatment quickly. But make those targets too rigid, and forget the 'how', and some enterprising person will work out a way to fudge the target by ignoring the underlying objective, holding the patient in the ambulance outside A&E, or offering them an appointment on a day they will almost certainly reject (eg Christmas Eve) so that the clock is reset.

It is tempting to criticise the target in these examples, but I would argue that in the first example the target was flawed and in the second the rigidity lead to 'childish' practices rather than dealing with the underlying problem.

Remember, a target is part of the planning process and only a milestone or stepping stone along the path you have chosen to travel. **There is no hard and fast answer but carefully setting targets and ensuring that you include 'how' things are achieved are vital.**

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