UK HR's Complete Guide to Goal-Setting

Using OKRs, SMART goals, and other models to build more productive and engaged teams

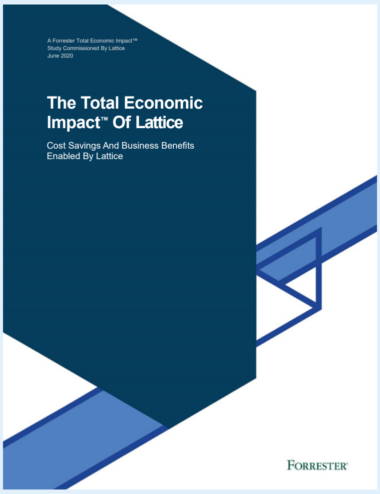
Lattice

Introduction:
Why Goal-Setting is Important

Organisations that are looking to achieve great results, increase output, and maintain alignment must invest time to focus on goals. All of these things are interrelated and not only that, prioritising goal-setting helps employees to feel more connected and engaged because they have a clearer sense of purpose. The formula is clear but the process to achieve it takes some effort.

Although we could all agree on there being a link between setting goals and getting better results, there is actual research to back this up. For example, in an article from Psychology Today, a 2015 university study by Gail Matthews showed that people who wrote down their goals were 33% more successful at achieving them. Further research points to the fact that goals can actually motivate us to develop strategies which will allow us to perform at the level required to reach the goal. The world's most dynamic companies, from Google to Slack, credit their success to goal-setting.

Improving employee performance alone, however, shouldn't be the reason for setting or tracking goals. They also help departments and individuals feel that they have a tangible stake in the business. Through the setting of clear and visible goals, they are able to understand how their work impacts the organisation at large. It can also create a sense of empowerment wherein they can better prioritise their workload to ensure it aligns with the company's objectives.



The Value of Bringing Goals and Technology Together

Do you have to convince key decision makers that goals matter? The use of technology to set, track, and report on goals yields **just over £2.5 million** in benefits and a **195% return-on-investment (ROI)**. See how goal-setting technology can be highly beneficial in this Forrester Total Economic Impact study.

Want to demonstrate what success actually looks like? Creating goals with specific and measurable targets helps you to achieve just this. They provide the structure for and help give employees clarity in other ways such as enabling the facilitation of better (and less biased) feedback and appraisals. Pre-established and agreed upon goals also mean that decisions about merit and compensation or promotions and raises become more equitable. Research has indeed shown that organisations that do not have formal goals or utilise performance management processes to provide them with structure and a sense checker have a higher likelihood to demonstrate bias against women and Black or minority ethnic people.

There is a correlation between having coherent and achievable goals and higher levels of employee job satisfaction and engagement. So, not only do teams who take goal-setting seriously perform more effectively, they are also more engaged. This is especially the case when team members feel empowered to participate in determining what their targets are. In Gallup's Reengineering Performance Management study employees whose managers involved them in goal-setting were almost **four times** more likely to be engaged in comparison to others. The benefits of having an engaged team such as higher retention rates, greater client satisfaction, and improved business outcomes in general all therefore point to the fact that goal-setting is a critical business process and one of the most impactful that HR can implement.

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Identifying Your Needs

There are many ways to approach goal-setting. Leading business figures over the years, such as Locke and Lathan (New Directions in Goal-Setting Theory, 2006) or Kleingfeld et al (The effect of goal-setting on group performance: a meta-analysis, 2011) came up with all sorts of theories and models as they strived to convey the combination of motivational impact, practical application, and demonstrable results.

The most important thing to appreciate is that there isn't a singular approach to goal-setting. Prior to choosing any of the models discussed you will need to consider the needs of your business and the kind of goal-setting framework that will be the best fit.

First, ask yourself questions such as:

- What's the current size of your company?
- Is the organisation growing? How quickly?
- How are employees distributed? Are they dispersed or is everyone in the same location?
- Is your industry or business predictable?
- Is your organisation flat or hierarchical?
- Have you implemented goals before? How did it go?

The answers to these questions will help you to determine the right model to choose and add insights for any logistical arrangements. For example, if your organisation is growing at speed, it might be challenging to predict business targets for the following year, even more so for the next six months! Adopting a quarterly goal-setting structure might be more practical. Flat structured businesses would have little need for cascading goals as they simply wouldn't be suitable or aren't suited for non-hierarchical companies.

Try to think of the long term application as we go through the various goal-setting models. What works for your organisation today may not be suitable in a year or two, and as the implementation of any performance management process takes time, we want to help you make sure it is time well invested with outcomes that will continue to serve your organisation in the future.

Framework 1: SMART Goals

Goal-setting increases your odds of success. However, without specifics and structure, employees may not understand the goals or what's needed to achieve them. To remove any element of confusion, uncertainty and ensure focus you need "SMART" goals.

Though the criteria are attributed to Peter Drucker's management by objectives concept, the first use of the acronym is attributed to George T. Doran in the November 1981 issue of *Management Review*. By adopting the use of SMART goals employees are encouraged to get into the practice of detailing how their goals will be accomplished. In the setting of SMART goals, clear explanations must be provided for the criteria as shown below:

- **Specific:** What precisely does the goal pertain to? Does it have a means and ends?
- **Measurable:** Can the goal be measured? How?
- **Actionable/Achievable:** What are the actions to achieve this goal and are they within their capability? What must be done to accomplish it?
- **Relevant/Realistic:** Is this goal relevant to your job duties, team, and company? Is it based on factors that are under your control? Are the resources required to achieve it within reach?
- **Time-bound:** What is the time period? Does it depend on a deadline or target date, or is it on a regular schedule?

The importance of applying SMART goals cannot be overstated. Projects run the very real risk of failure. Hazy or vague goals result in a lack of focus, and more regrettably staff turnover. Meanwhile, on the other side of the coin, the benefits of implementing SMART goals are felt by everyone from executives to managers to individual contributors, because everyone understands what work needs to be done in order for the target to be reached. The plus points have such universal appeal that the concept is applicable in all aspects of one's life including outside of the workspace. Whatever project you might have before you, perhaps it's picking up a skill like active listening or improving your fitness levels, using the SMART technique is just as applicable.

How to Apply SMART Goals

To further illustrate the way that SMART goals can help to keep everyone on track we have created an example. In it you will see how they lend structure and direction to otherwise vague objectives.

Look at the two examples below, aside from the difference in length try to pay attention to the specificity. Sentence by sentence, imagine you are ticking off each of the letters in "SMART".

Regular Goal:
"Get the company to use SMART goals".

SMART Goal:
"Teach managers how to set SMART goals ahead of next quarter's performance review cycle. Use software to track goals and help managers and employees own their performance targets. Encourage managers to check in with employees at the end of the quarter".

In addition to the example created above, think about asking employees to develop their own using the SMART goal criteria. By getting into the practice of doing so, they can obtain more clarity on the things that are required in order for the goal to be marked as complete.
For example:

Specific

"Teach managers how to set SMART goals and get them to show direct reports how to do the same. Managers and employees will collaborate to set goals, so both have clear expectations regarding what success looks like. This will also help employees understand their performance plan goals".

Measurable

"Use a performance management system like Lattice to track employee goals. This will help managers ensure they and their direct reports are on the same page. Look for a solution that includes automated reminders to encourage employees to update their goals regularly".

Attainable

"Our small HR team can't singlehandedly train the company on how to use SMART goals. Asking managers to guide their employees will help us build a workable action plan with target dates. SMART goals build a sense of urgency, and employees feel they can start right away".

Relevant

"Setting these types of goals will make our company more productive, motivated, and engaged. Employee engagement is important to the success of the business".

Time-bound

"Tell managers to check in and renew their direct reports' goals by the end of the quarter. goal-setting should be ongoing throughout the year as a means of encouraging employee motivation and engagement".

If you're looking for more examples of SMART goals, read Lattice's full overview here. You can apply some of these ideas right away by downloading our free SMART goal template.

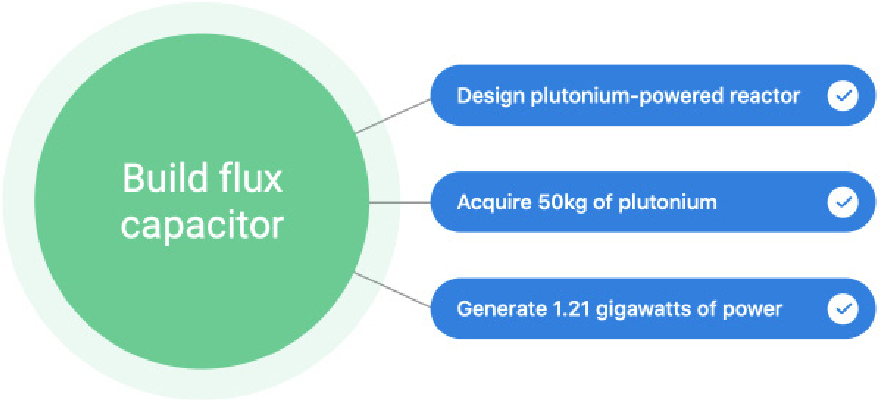
Framework 2: OKRs

Objectives and key results (OKRs) are part of a goal-setting framework that focuses on defining and tracking individual, team, and organisational goals. Each OKR consists of an objective with three to five key results. OKRs enable organisations to stay aligned by connecting company, team, and personal goals to measurable results.

Although many people credit Google with the popularisation of the OKR model, it actually predates the tech giant by more than a decade. The theory was originally introduced by former Intel president Andy Grove in his 1983 book, High Output Management. Thousands of organisations across all industries have since adopted the tool including household names like Adobe, Microsoft, Netflix, and Yahoo. Even the UK government's website developers use OKRs as part of their operations.

Although hundreds of books have been written about them, OKRs are actually straightforward to understand and apply in practice. Essentially you have to ask the two following questions:

- "Where do I want to go?" (Your **objective**)
- "How will I get there?" (Your **key results**)



How about a fun example? We'll return to real-world scenarios in a moment, but let's shift our attention away from work. In the '80s movie *Back to the Future*, one of the main characters, Doc Brown needed to build a flux capacitor to travel through time. In order to do so, there were certain things he needed to accomplish first — including acquiring some plutonium. While ambitious objectives might look daunting alone, they feel more achievable when broken down into key results — especially when shared among other stakeholders, like Marty McFly (or another colleague).

What Makes OKRs Effective

As an HR professional, you will know that targets need to be specific, measurable, realistic, etc. While that's generally true for OKRs, there are other subtleties to consider.

Firstly, **objectives are ambitious**. The saying "think big" plays well into this. Your objectives need to push you beyond the realms of what seems possible and actually take you out of your comfort zone. If you are certain that you can accomplish them, you need to put a pin in it and go bigger. In some cases, objectives might include a metric (e.g. "Achieve £1 million annual revenue") but this is not always a requirement, as often businesses prefer to make their objective qualitative. To avoid overwhelming anyone, a fine balance has to be struck between ambition and capacity. It's, therefore, best practice to keep a limit of five objectives per level across the company, team, and for individuals.

Secondly, **key results are measurable**. Document them so that progress can be quantified over time. When we talk about progress, it doesn't have to be all or nothing, even if the level of progress falls short of the target or expectations they still need to be documented. As with objectives, key results being measured should be no more than five. Enough so they offer a challenge, but not so many that focus is lost.

Let's put our time-travel example in the back seat (pun intended) and look at a real-life example as promised earlier, especially for HR teams. The balance of ambition, measurability, and transparency make the below illustration an ideal company-level OKR.

OKRs aren't usually binary or scored on a pass/fail scale. Looking at the example above, even if you happened to achieve the first two results but fell short of the last one, this would still be a positive result. Why? A perfect score across all results would indicate that your objectives or targets weren't ambitious enough in the first place. They are meant to be targets that you strive for and keep challenging yourself to achieve.

Key results should be graded from zero ("we failed to make progress") to one ("we delivered") and then averaged to attain an overall objective score. This nuance allows individuals and teams to identify what went right and potential areas of improvement.

It is also important to bear in mind that OKR grades are not meant to represent an overall performance score. They can provide some insight when one is evaluating an individual but should not be used as a comprehensive method of performance analysis. If OKRs were to become synonymous with performance evaluations, the individuals being evaluated could be tempted to adjust their goals to make them seem more successful.

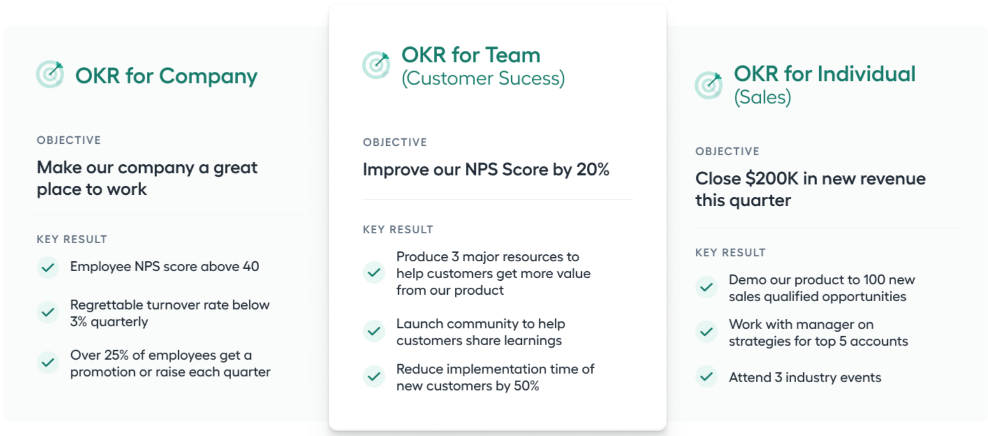
Translating OKRs Between Teams and Individuals

OKRs are established at company, team, and individual levels. They do not have to mirror each other across all the levels, but the thread connecting them should be there as each level's objectives will be informed by those of the level above it.

To further illustrate this:

- **Company OKRs** are the high-level focus areas for the entire company. These represent the big picture. There should be buy-in and agreement from everyone on these.
- **Team OKRs** define priorities for the team rather than a collection of individual OKRs.
- **Individual OKRs** define what each person is working on. Ideally, these should be set by individuals, not managers, with the company and team goals in mind.

The descriptions may read intuitively enough, but examples help to make the differences more obvious. Below are sample company, team, and individual OKRs to compare. Pay extra attention to the wording and how the scope of objective and key results' gradually narrows as it progresses to the individual level. The examples are from a customer service and sales team for additional context.



From Lattice Advisory Services
"If you're stuck in the drafting phase, workshops are a great way to support newcomers to the OKR methodology. Our customers typically facilitate workshops internally or with consultants at the executive and department levels. Participants will come with their OKRs already drafted and will review them with the group to get feedback and look for redundancies and dependencies".

Do remember that company, team, and individual OKRs don't have to align verbatim. Actually, it's often better if they don't. To elaborate, if one of your company-level key results is "Acquire 10,000 new users" that doesn't mean your marketing team should have that listed as an objective. Rather, they could choose an objective such as "Create a brand that users love" with key results to support it. This approach is known as directional alignment (versus strict alignment) and is preferred by most organisations, because it is easier to adopt and implement. It also allows room for creativity and the customisation of the objective to make it better suited to those who will be working towards it. As Laszlo Bock, Google's former VP of People said, "Having goals improves performance. Spending hours trying to cascade goals up and down the company, however, does not".

Framework 3: 30-60-90 Day Plans

Change can be uncomfortable and overwhelming. Perhaps you're starting at a new company, taking on extra responsibilities, or moving into management. It's only natural that one would feel the pressure to hit the ground running straightaway. Take a deep breath — setting realistic milestones along the way will help you manage the change and ultimately succeed.

For these sorts of situations, 30-60-90 day plans are your ideal resource. These three-tiered plans can help employees navigate major changes in their responsibilities or scope gradually. Similar to how the SMART methodology adds clarity and a framework to your goals, this model can add much-needed structure and predictability.

New Recruit Plans

New recruit 30-60-90 day plans help hiring managers to set clear expectations, benchmark performance, and give new recruits the structure to deliver purposeful performances within their first few months. It also gives managers an incentive to do right by their employees and set them up for success.

Whether or not new recruits come into the workplace with a specific plan, it's possible that they may have presumptions about what their first few months will be like. During the employee's first week, managers should make time to talk through their plans and learn about their personal goals and objectives. Working together, they can develop a 30-60-90 day plan.

Specifics will likely vary depending on the scope of the role, but for most new employees their first 90 days can be divided into three periods: **learning**, **contributing** and **taking action**.

30 days	60 days	30 days
Learning	Contribution	Taking Action
What your new recruit will need to learn/evaluate early on.	How your employee will begin digging into their new role and start contributing.	The ways your employee will be proactive and take on new initiatives.

Prioritising 30-60-90 day planning means that new recruits can get up to speed faster. Though managers should check in regularly during weekly one-to-ones, there's nothing wrong with having more frequent check-ins during the first 30 days so there aren't any lingering questions right from the start.

New Manager Plans

Transitioning into management can be intimidating — but it is also a great opportunity to leverage 30-60-90 day planning. Unlike new recruit plans, leadership plans are more likely to be set by the individual going through the change. Higher-level leaders might be on hand to provide general advice, however, the new manager owns the drafting and iteration. These plans are split into three phases: learning, planning, and delegating.

Within the first 30 days, new managers should prioritize understanding the company's (and their team's) culture and everyday norms. They will also meet with their direct reports, an HR representative, and cross-functional teams on a regular basis to get a baseline. This phase is often known as a "listening tour" and should come before any formal goal-setting process.

30 days	60 days	30 days
Learning	Planning	Delegating
What managers need to learn about the company, their team, and their role.	How the manager will begin to improve their team and identify priorities.	How the manager will set goals and subsequently delegate ownership.

Following all of their conversations and observations, new managers will then transition to the 60-day phase. Here, managers can begin to determine what their team *should* be prioritising. In most business settings, this means running a SWOT analysis to identify the team's strengths, weaknesses, opportunities, and threats. Based on these findings, the new manager should rank their top opportunities by impact and ease of completion.

In the final 30 days, managers will draft and assign goals to each of the opportunities they identified. Applying the SMART model will give these goals clarity and make it easier to delegate — a key aspect of management that new leaders tend to find difficult to enact. Managers should encourage their direct reports to take the lead on some of the goals (which they will find easier to do as they will already come structured under the SMART method) and subsequently report on progress during one-to-ones.

New recruits and managers aren't the only ones who can benefit from 30-60-90 day planning. This three-tiered approach can support you in the achieving of ambitious personal and professional targets, making it another useful technique in your goal-setting toolbox.

Strategies for Success

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Goal Frequency

Previously, we mentioned that the size, industry, and the general state of your company will dictate how you approach goal-setting. This is *especially* true when it comes to the frequency and duration of your goal-setting.

For example, a business growing at a slow and steady pace has entirely different requirements than one which is in a fast-changing environment. For the latter scenario, setting goals once every six months just isn't practical. Business realities may shift too quickly perhaps within three months, therefore, making it inefficient to wait six months before discussing whether goals were met. In such instances, quarterly (or even monthly for hyper-growth companies) would be a better option.

> **From** Lattice Advisory Services
> "Every company is different. Still, if you're looking for that 'goldilocks' cadence, consider opting for quarterly goals. Lattice user data shows that over 50% of company, team, and individual goals have a timeline of 90 days or less. Not only does this cadence make goals feel more tangible for everyone, but it also gives your team the ability to adjust targets as needed".

In some cases, employee turnover and the pace of development may dictate your goal-setting frequency. For example, setting quarterly goals for contractors or temporary workers might not be frequent enough, depending on the project. Similarly, if you're at a high-turnover organisation like a call center, managers will want more regular opportunities to check in on progress and course-correct employees as needed.

The nature of employees' day-to-day activities also dictates goal cadence. For companies or teams with project-based work, the goals set will reflect those deadlines. Another example to consider is if you were working on a six-month project, this would be expected to *at least* have quarterly goals included since you'll want to record milestones that represent the halfway mark and ending. This has the added effect of motivating employees, as it shortens the time it takes to complete individual key results. It also creates more opportunities to recognise employees along the way.

Motivating Employees

To paraphrase Shakespeare, here's the rub: You can't get employees excited or enthused about goals without first understanding what *actually* excites them about work. One employee might be pinning their hopes on management — and another may be more interested in mastering their craft. Although professional development goals differ from traditional business goals, the former usually informs the latter.

Using insights gleaned from previous development conversations, managers should try to connect the goals that they set to what excites people about their work. Doing so impacts employee performance, as they'll see the goal as something they can integrate into their daily workflow. Research from HBR indicates that this strategy taps into employee motivation far more effectively than praise (or even a raise) can.

When setting goals for your employees, put their long-term trajectory into consideration and endeavour to align them with it. For example, if an engineer wants to run product development, talk about using a feature launch as a chance to coordinate a team — rather than framing it as a product addition that must be pushed out for the sake of the company. In other words, let the question "What's in it for them?" ring in your ears. Encourage managers to find the overlaps between employee wants and business needs so that they can thread the two together.

Goal Challenge

Another factor relating to motivation is the difficulty or challenge level of the goal. Reach or "stretch" goals seem lofty or ambitious. For someone in sales, that might mean doubling their quota. A recruiting professional might set a goal of cutting time-to-hire by 30%. These goals push employees beyond their comfort zones and are especially useful for high performers who probably need more of a challenge.

Stretch goals are powerful but should be used with care. As a rule of thumb, individuals should have at least one stretch goal. On the other hand, having more than two or three can become overwhelming — and make goal-setting feel like an impossible-to-reach endeavour. Furthermore, stretch goals should not be exempt from fulfilling SMART criteria. If you can't come up with a plausible explanation of how you'll meet each of the acronym's requirements, you might need to adjust expectations.

The use of data makes this process a little easier. Reference past benchmarks can help determine what are realistic improvements. In doing so, be sure to consider context. For example, it doesn't make sense for seasonal businesses to just increase their targets month-after-month. Retailers don't set January or February revenue goals based on what they brought in during the holidays — they look at historical data from those respective months.

From Lattice Advisory Services
"Setting goals that are challenging leads to better performance, but you don't want something so challenging that it's demotivating. Goals shouldn't do more harm than good — if your team missed the mark on a goal because it just wasn't realistic, don't be afraid to scale it back".

A quick reality check: Goals may need to change, even within the same quarter. For example, the COVID-19 pandemic obliterated project timelines and reset career paths across the board, which made reassessing plans a priority within companies all around the world. And it has highlighted a glaring truth: Some goals, no matter how passionately wanted or fastidiously worked at, are simply unattainable.

Instead of demoralising employees by inevitably falling short, reassess. Consider which factors influenced the goal. Was it unrealistic from the onset, or did factors outside of your control take over? Shrink the goal, delegate ownership to additional team members, or reconsider whether it was worth prioritising in the first place.

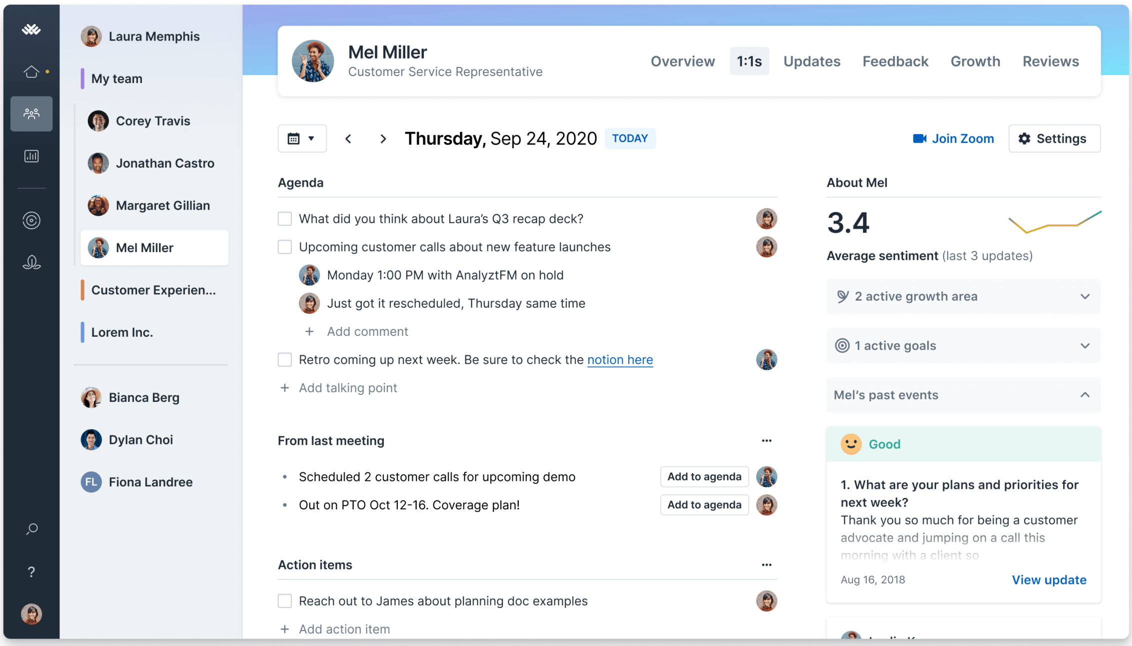
Leveraging Technology

Leveraging Technology

Keeping Goals Top of Mind

Goals and performance management have to be continuously managed — they can't just be set and left to drift in the wind. Tracking progress and making constant adjustments along the way is critical. That means employees, managers, and even senior leaders need to keep goals top of mind all year-round.

While you could set up recurring calendar reminders to update goals or check in with your manager, there is a more efficient way. Weekly one-to-one meetings between managers and their direct reports should be encouraged by HR teams if not already regular practice. They're a fundamental management tool, giving teams a chance to check in regarding any issues, big or small — including progress on goals. If you use a people management platform to facilitate goals *and* one-to-ones, the former can be easily accessed as part of the weekly agenda.



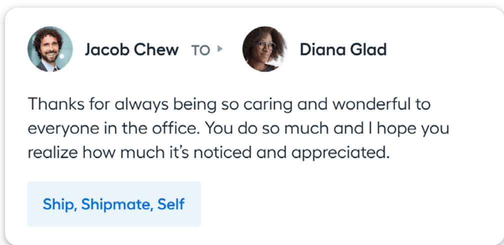
In addition to regular one-to-ones, asking employees to write a weekly update or "snippet" also helps everyone stay on top of progress, upcoming priorities, and challenges. Usually a Friday afternoon or Monday morning activity, snippets give employees a means of reflecting and posing potential talking points ahead of their next one-to-one. Explicitly asking employees to list out the week's issues also gives them a way to address goal challenges in good time.

When you make regular touchpoints like these part of the routine, it becomes easier for everyone to stay on top of their targets. While you can facilitate these manually, leveraging technology makes the process effortless. For HR teams, these tools represent the closest thing to "autopilot" you'll find for reinforcing goal-setting habits.

Celebrating Employee Success

As any HR professional will attest to, compensation alone doesn't drive employee engagement. Regardless of the amount of budget spent on salaries research shows that an incredible 80% of employees still don't feel recognized. In fact, 40% of surveyed employees said they would work harder if they were. That's especially true for millennials and Generation Z, who statistically value recognition more than past generations.

When it comes to goal-setting, showing employees that you appreciate their hard work is just as important as the actual goals themselves. Crucially, the time for enacting recognition isn't only when the goals have been accomplished. It's critical that employees receive recognition for reaching their monthly milestones, completing key results, or simply putting in the effort. It's more than a small gesture because the boost and the positive follow-on effect could make all the difference to the goal's outcome.



A way to demonstrate appreciation could be by utilising communication tools like email, Slack, and people management platforms like Lattice. Praise is most effective when it's public — so sharing these messages company-wide could give your team an extra boost. The person delivering the feedback also matters. While colleagues and direct managers might be most aware of an employee's achievements, having someone at a more senior or executive level also acknowledging them can be even more meaningful for that member of the team.

Bringing Goals Into Performance Conversations

Setting goals motivates employees and helps them understand how they are able to contribute to the business. But the value of goals and OKRs goes further beyond their completion dates. When your company uses a people management platform to set and track goals, a historical record is created which becomes a reference point that employees can quote when writing self, peer, and manager reviews.

This is especially important when managers conduct the more traditional, downward performance reviews. HR software or low-tech alternatives, like printed handouts of the review periods, can give managers something tangible to work with when writing evaluations. Because this data represents long-term results, it can also be used to reduce the risk of "recency" bias, or the propensity to judge employees on how they've performed lately versus the entire review period.

But there is another, even more important way that goal-setting tech impacts reviews. As well-crafted goals offer an objective measure of employee success, they can also help curb unconscious bias. In fact, research shows that organisations that lack performance management structures like goals and OKRs are more likely to exhibit heightened bias against women and people of color. Well-structured goals and reviews can help HR teams and managers create a more equitable workplace for all.

Even the best goals are wasted when nothing is actioned. The only way to make goal-setting your performance management differentiator is to make it part of the entire team's everyday routine.

Lattice integrates goals into everything your people do. The results are tangible in other ways, too: more aligned and productive one-to-ones, actionable feedback, and stronger performance reviews based around shared success. Employees can set ambitious, meaningful goals to self-motivate and engage in their work. According to one independent analysis, Lattice's people management platform even delivers a 135% return on investment over three years.

We empower over 3,250 companies to develop engaged, high-performing teams. Schedule a demo to learn how we can help you set and realise your goals.