Challenges Relating to Strategic Objectives

Once an organization has carried out a strategic assessment, the results can be used to generate a strategy. Where an assessment is not carried out, a strategy may still be formed, but will not be as effective. These are some of the common approaches found in organizations who have not followed rigorous analysis and objective setting, or where they do not have a good understanding of their services and customers.

These are surprisingly common, but organizations should not mistake them for valid strategies:

Managing by crisis

The belief that the ability to solve problems effectively is a good strategy. This approach allows events to dictate management decisions, and is highly risky because it assumes that they will always be able to solve problems, and that they will be able to do so without significant business impact. Even more, every time the service provider reacts to a crisis it potentially takes them in a different direction, instead of using the opportunity to re-assess the strategy. They wait for the next crisis (which is more likely to occur since the underlying situation has not been rectified).

Managing by customer demand

This type of organization does not seek to understand its customers or their business outcomes. Basic services will be made available, such as storage or application hosting, and keep spending money to upgrade capacity whenever users complain about poor performance. They can never quantify the value of their investment, and they never question the validity of the demand.

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Managing by extrapolation

This approach adopts the practice of continuing the same activities in the same manner because things are going well. This type of organization will be caught unawares by changes in their customers or in the industry. This may have been happening slowly over several years, and then suddenly the organization realizes that they are unable to continue to provide relevant services, unless they make huge investments and drastic changes. Many service providers will not survive this level of change.

Managing by hope

Making decisions on the belief they will ultimately work out. Most businesses are driven to achieve tangible, measurable results. If the service provider fails to link to these, they will find themselves less and less relevant.

Managing by best effort

This approach is recognised as "doing one's best to accomplish what should be done". There is no general plan. There is also no clear understanding of the actual investment required, and so no ability to demonstrate the value of the hard work. Customer expectations for 'best effort' services are generally higher than when the services are quantified and costs explained.

Meaningful objectives are based on the outcomes customers desire to achieve. Objectives must be capable of determining how best to satisfy these outcomes. This is how metrics are determined for measuring how well a service is performing. It is important that objectives are not only derived from the overall strategic assessments, but also specific input from customers. Customer input for creating objectives consists of three distinct types of data, and will help the service provider to identify exactly how they create value *(see Table below).*

TABLE: Customer data inputs for creating objectives

TYPE OF CUSTOMER DATA	DESCRIPTION
Customer tasks	What task or activity is the service to carry out? What job is the customer seeking to execute?
Customer outcomes	What outcomes is the customer attempting to obtain? What is the desired outcome?
Customer constraints	What constraints may prevent the customer from achieving the desired outcome? How can the provider remove these constraints?

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As valuable as this data is, it can become very detailed. It is important to distinguish between the level of detail required for strategic objectives and that required to define the strategy or purpose of an individual service. For strategic objectives data about tasks, outcomes and constraints should be at a strategic level. This type of requirement is defined during the service portfolio management process.

A workable set of guidelines that is frequently used to ensure definition of meaningful objectives is contained in the 'SMART' acronym. This stands for:

SPECIFIC

Objectives should clearly state what the strategy is or is not going to achieve (e.g. stating that a strategy will result in improved services does not state which services or what is meant by improvement, e.g. cost, response times, availability).

MEASURABLE

Managers should be able to assess whether the objective has been met. Ideally, they should be able to measure progress towards the objective as well (e.g. what percentage of this objective has been reached?).

ACHIEVABLE

It must be possible to meet the objective (e.g. totally automating all of service management is not feasible).

RELEVANT

This checks to ensure that the objective is consistent with the culture, structure and direction of the organization; and that it follows from the findings of the assessments.

TIME-BOUND

The timing for the strategy as a whole should be contained in the vision statement, but each objective may have different timing. This should be clearly stated.

While these are good guidelines, experience has shown that they may not be enough. The following are some additional guidelines to bear in mind when setting objectives:

DON'T HAVE TOO MANY

The ideal number of objectives seems to be in the range of 5 to 7. After initial drafting it is common to have somewhere between 20 and 40 objectives. Most of these can be grouped together into a higher-level objective, although the person who raised each objective should be satisfied that their objective can be met (or if not included, should be satisfied that it is not).

USE PRIMARY AND SECONDARY OBJECTIVES

It is possible to create a hierarchy of objectives with each of the 5 to 7 high-level objectives being expanded to incorporate clarifications or more detailed descriptions of the main objective. Even so, there should not be more than 3 secondary objectives per primary objective.

KEEP THEM SIMPLE

Each objective should be easy to read and understand. This will help keep the service provider focused, and will also make it easier to sell the strategy to other stakeholders.

AVOID AMBIGUITY

When simplifying objectives, it is important not to create ambiguous statements. When deciding between brevity and clarity, clarity should always be favoured.

BE POSITIVE, BUT STATE THE NEGATIVE

Objectives will state what the strategy is going to achieve, but it is sometimes clearer and less ambiguous to state what the organization is not going achieve. This will help in setting expectations.

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Even with well-stated and clear objectives, many are not achieved and there are a number of reasons for this, including:

THE OBJECTIVE WAS NOT WELL DESIGNED

If an objective is not measurable or achievable it cannot be met.

DIFFERING EXPECTATIONS

Where an objective is understood differently by different groups, one may believe that they have met the objective, while another believes that there is still work to be done.

ORGANIZATIONAL CHANGES

The more complex a strategy and the longer it takes to execute, the more likely it is to be affected by a change in stakeholders. With each organizational change comes a shift in priorities and requirements. What was agreed by the stakeholders when the strategy was defined may not be as relevant to the new stakeholders.

LACK OF OWNERSHIP OF THE OBJECTIVE

It sometimes occurs that the team defines an objective, but for which there is no stakeholder ownership. It is important that each objective has clear ownership.

POLITICS

Many decisions made in business are not logical at all, but determined by the complex inter-relationships between people, groups and conflicting sets of objectives. These politics may change the objectives or even result in the strategy being derailed and a new leadership team being appointed. A successful strategy requires that these relationships are monitored carefully and that management keeps reporting on the agreed objectives to as wide an audience as necessary to ensure that stakeholders have more realistic expectations.

ENVIRONMENTAL CHANGES

Some objectives cannot be met simply because of a change to something the team has no control over.

OTHER FACTORS

The organization has had to change its strategy due to external or internal factors, and the existing strategy is no longer valid.

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