

## ***Jay's Journal: Goal Setting at Silicon Forest Electronics***

***October 2017***

October marks the first month of our new fiscal year 2018 at Silicon Forest Electronics, and with that comes a new set of goals to achieve! The late great Stephen Covey coined the phrase “begin with the end in mind” and the process of defining our desired outputs as a company guides the decisions and actions we take throughout the year. Many companies set goals, but if done incorrectly, the “end in mind” can cause imbalance or a shortfall of potential performance across the spectrum of customer needs.

Our Executive Team recently met to finalize our Strategic Goals for FY2018, and there were three main themes in our approach to establishing top-level goals:

### **1) “Be careful what you ask for”**

I believe that our team members will gravitate around what we tell them is important, and do their best to achieve it – after all, we've hired a talented, enthusiastic, motivated group of employees!

However, it's possible that an insistence on one “dominant” goal may undermine the organization's ability to be effective in other areas. For example, if the goal is purely based on “shipments” of the company, you can expect a high degree of focus on product shipments, and maybe dilute the focus on product quality or cost. We can't have it just one way!

We have established a “balanced” scorecard at our top level, with measurable drivers for Quality, Sales Growth, Delivery, Velocity, Profitability, as well as Employee Development. At the second level are the key performance indicators or “dashboard” metrics that support the top level goals, and keep us on track.

### **2) “It's better to set a stretch goal and fall short, than an easily attainable goal and always meet it...”**

Because of our work in the aerospace/defense/medical industries, we are subject to audits including regulatory audits, customer audits and internal audits. Typically, when you fall short of a stated goal, an auditor will generate a corrective action request. While this approach helps us stay disciplined and compliant, there can also be a tendency to set goals that are less aggressive in fear of the possibility of corrective action. I would argue that this approach is a “self-limiting behavior” for an organization - you won't know how well you can perform if you don't apply “stretch” to your goals!

The acronym “SMART” has been used by businesses to create effective goals. The “S” and “M” (Specific, Measurable) are straightforward, as are the “R” (Relevant to customer needs) and the “T” (Time-bound). However, the “A” is highly variable based on how an organization approaches goal-setting. Determining goals that are “attainable” can either mean setting goals that are just beyond reach (stretch goals), or setting more easily attainable goals. I will argue that it's more important to set the stretch goal, knowing that you could fall short, than it is to set an easier goal and always hit it. This requires a culture shift - recognize the team for doing things that are uncomfortable and reward them based what they've accomplished!



Making a positive and profound impact.

### **3) “What gets measured regularly, gets improved”**

It would be easy to just set a lofty goal and look back on it at the end of the year, to see if you met it. But, that would be like expecting someone to lose 25 lbs. and not stand on the scale until the end of year! If we expect to achieve a higher on-time delivery percentage, we need to “see” our scale daily to understand the opportunities for improvement when we fall short. In each of our manufacturing cells and customer focus team areas we have established whiteboards and daily management tools to keep us on track and identify opportunities for improvement on a daily frequency. We also try to establish “rhythm & pace” for our top-level metrics that may not be measurable on a daily basis – keeping a constant pace of review, in a manner that allows for course corrections and remedial action at the point of impact.

As we now enter Fiscal Year 2018, our team is in alignment with the initial goals but we also know that we may have to make course corrections along the way as business conditions change. Stay tuned to "News From The Forest" to see how we progress!

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