



The Principles of Setting Intelligent Goals for Your Startup

by Dennis Hammer

Every single leader, at every stage of business, needs to set goals.

That truism is especially important for startup leaders who need quick results and early growth in order to scale their companies.

Setting goals isn't something you do once a year. It's something you and your team should do every month, every week, and even every day.

Goals aren't just motivational notes you write on a whiteboard in the conference room. Your goals set the direction of your company. They create a picture of what you want your company to look like in the future. Without goals, you'll waste a lot of resources without making much progress.

But not all goals are equal. If you [want growth](#), you need *intelligent* goals.

In this article, we offer some critical principles to follow to create intelligent goals that help you grow your startup.

1. Set Goals for Strategies, Not Tactics
2. Spread Goals Throughout the Organization
3. Make Goals Reasonable, Not Ridiculous
4. Everything Gets a Number
5. Focus on Impact

Set Goals for Strategies, Not Tactics

It's tempting to set goals for things you can easily accomplish. If you plan to grow your startup through [content marketing](#), you might set a goal to "Write 50 blog posts this year."

That's a decent goal because it gives a clear, measurable value and a timeframe, but it focuses on the tactic, not the strategy.

It's easy to write 50 blog posts if that's your only metric. You could probably write 50 low-performing, entirely pointless blog posts in a week, but at the end of the year they won't help you achieve much.

Instead, focus on the thing that truly grows your startup. For instance, you might say you want to "Gain 200 paying customers with a low customer acquisition cost this year." (You might find it useful to define what a low customer acquisition cost means to you, but that's not necessary for our example.)

This new goal focuses on the *strategy*. It tells you what you really want to achieve, which leaves room to find the tactic that achieves it. Blogging may be your preferred tactic, or you might choose something else that satisfies the goal.

Most importantly, strategy-based goals give you flexibility to improve your inputs. If you decide halfway through the year that your potential customers don't respond to blog posts, you might shift your resources toward another marketing channel, but you don't have to abandon the goal.

Spread Goals Throughout the Organization

Part of setting goals is distributing them through your organization, making everyone aware of the goals and how they're supposed to react. Provide the *resources* they need to achieve your goals. This is especially important if someone else sets the goals, like the leader of your [marketing or growth team](#).

There are three ways you can set your team up for success. Brian Balfour calls this the [“Above, Below, Across” Gut Check](#).

“Above, Below Across” Gut Check

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First, whoever sets the goal needs to send it **below**, to their team – the individual contributors – for review. *Everyone* on the team needs to understand the goal, its purpose, the tactics they’ll use to achieve it, and the resources they’ll use.

The frontline people who will be directly working toward the goal are best to assess its reasonability, validity, and likelihood of success. Most importantly, they’re the ones who should pick the tactics.

Next, the goal setter needs to send it **across**, to other teams in the organization. Other teams need to understand your goals and strategies in case their work affects yours. You may be able to share information or piggyback on each other’s experiments. Sharing goals across your organization is a great way to bust silos or prevent them from forming

If you aren’t the leader of your organization (maybe you’re running a startup-like team within a bigger organization), it’s also important to share your goals **above**. Keep your leaders in the loop so they can match your goals to their broader business goals.

If you're the leader of your startup, you obviously don't need buy-in from anyone to set goals. But make sure your goals have a clear relationship to your key performance goals and objectives.

Make Goals Reasonable, Not Ridiculous

When Wells Fargo set unreasonable sales goals for their employees, along with a punitive system for not meeting those goals, the [employees eventually turned to fraudulent behavior](#) to keep their jobs. They opened *millions* of unwanted accounts without their customers' knowledge and consent.

Worse, employees stopped focusing on providing great customer service. Instead, they focused on pushing financial products on their customers. For a commercial bank, poor customer service and a loss of trust are recipes for disaster.

Naturally, the accounts scandal [affected Wells Fargo's bottom line](#). They didn't grow at all that year and their Community Bank division – the part of the company responsible for the fake accounts – declined by 9%.

Their stock didn't do so well, either.

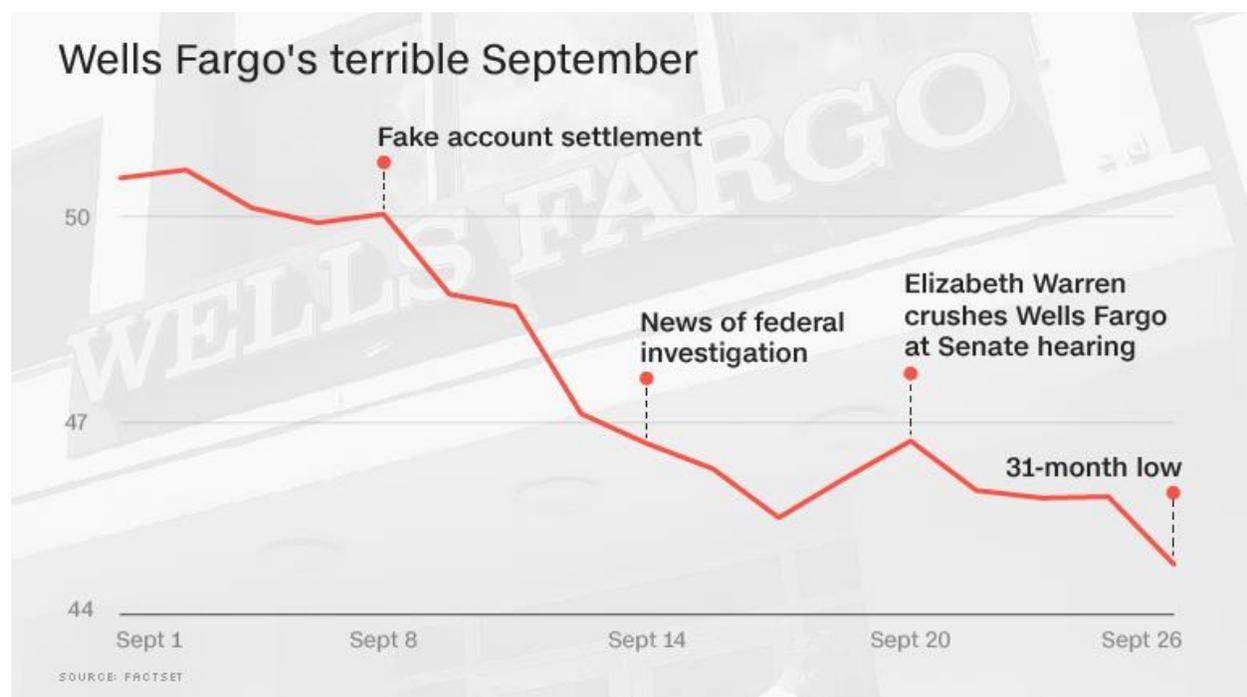


Image source: cnn.com

Now, this is an extreme case. Perhaps your team wouldn't resort to financial fraud to meet their goals. But it's a good example of disastrous effects of a company creating unreasonable goals that its employees couldn't possibly meet.

If you set ridiculous goals, your employees will fail to meet them *and* they won't take future goals seriously. If they figure they'll never hit your goals, they might not try at all.

Furthermore, don't increase your goals every time your employees hit them without giving them tools and resources to meet the higher standard.

For example, if your [sales team](#) worked hard to meet your goal of "5 new customers this month," asking for 10 new customers the next month is just asking to be disappointed, unless there's something *new* about the next month that gives them an advantage.

Did you learn something new about your customers that makes prospecting or qualifying easier/faster? Did you implement a tool to organize contacts? Did the sales team find a better way to organize themselves? If nothing *changed*, then demanding more/better results isn't reasonable.

Everything Gets a Number

A goal that can't be measured doesn't serve anyone. It's not a goal at all, really. It's more like a wish.

Every time you set a goal, it must include a metric you and your team can track. This is the only way you'll know for *sure* that you accomplished anything.

Some goals are easy to measure, like monthly recurring revenue, daily active users, and conversions to paid plans. These types of goals will come with metrics built right in.

In other cases, your metrics are less intuitive. What if you want to increase brand exposure, develop thought leadership, or enter a new market vertical? How do you know if you've achieved those things?

Find a metric that best represents the thing you're trying to achieve. For instance, you could measure brand exposure by counting the number of times your company is mentioned all over the web or on specific websites with a social listening tool. You could measure market penetration by measuring the percentage of customers you acquire in a new market.

Once you set a number for each goal, you'll know whether your work moved the needle and by how much.

Focus on Impact

The best goals are the ones that create the [most impact in your business](#). If your goals don't *directly* support growth, they usually aren't worth your time, especially if your startup is in an early stage. You should prioritize impact, even if you're [well funded](#) with a long [runway](#).

“Review goals consistently and decide where to spend your time,” [recommends Matt Williams](#), founder and CEO of Pro.com. “Then it's just a matter of being ruthless about kicking to the curb those efforts that did not work and setting the next quarterly goals based on initiatives that did work.”

Therefore, the most intelligent goals tend to change often as you learn more about your customer and how to [incite the most growth](#). Don't be afraid to scrap a goal if you decide another goal deserves more of your time.

Goals are a critical part of growing a startup. They define your direction and keep you and your team pushing for more. If you follow these principles, you'll create a stable, profitable, growth-focused company.