Business English

Management by Objectives

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Warning!

Unit 13: Management by Objectives

Objectives:

- Introduce vocabulary and terminology related to the theme of management by objectives
- Introduce and provide practice with collocations
- Reading to identify details of process and to transfer information from reading into a flowchart
- Ing forms and practice in the use of prepostions
- Listening for details and synthesising information to report and give advice

Skills: reading/listening/writing

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I. PRE-READING

A/ Look at the image and select the option(s) you find close to your idea of business management.

FORUM: write a posting explaining your reasons for selecting one option and not the others. You can also focus on your reasons for eliminating the other options.

a) It takes more than one person to move forward with the company plan
b) The road to success is bumpy
c) An action plan means pulling out other employees in your department
d) The business goals you set should be realistic and achievable

B/ Look at the images and match with the statement that indicates a link to the idea of Management by Objectives.

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Image 1	Image 2	Image 3

1. If the risks are taken into consideration, the MBO project can be risk-free (……………)
2. Many MBO projects are initiated because there is need to vary product (…………….)
3. The MBO process involves planning and evaluating results (……………….)
4. A change in product delivery is automatically sometimes inevitable (……………)
5. There is always risk involved in the MBO project (…………….)

I.   READING

Read the text and answer the questions which follow

Use S.M.A.R.T. goals to launch management by objectives plan

by Robert L. Bogue | Apr 25, 2005 7:00:00 AM

TAGS: Team management, Organizational structure, Robert L. Bogue, MBO, team...

Takeaway: Management by Objectives, or MBO, is a management strategy that uses the S.M.A.R.T. goals method--setting objectives that are specific, measurable, achievable, realistic, and time-based. This article discusses the first steps toward implementing this management method in your department.

Management by Objectives, or MBO as it is affectionately called, is a concept expressed by Peter Drucker more than 50 years ago. This strategy for managing people, which focuses on managing teams based on their ability to complete individual and team goals, has been used in larger organizations since its inception. Small to midsize organizations, however, can also benefit from adopting this strategy, particularly if you also take on the S.M.A.R.T. (specific, measurable, achievable, realistic, and time-based.) method of implementation.

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Making the case for MBO

MBO works because it helps to align the individual efforts of broad teams around the organization's collective objectives. MBO works in the same way that a laser works. A laser is, at its heart, just light. We have light all around us whether through the light bulbs overhead or the computer screen that we're reading this article from. However, that light is diffused. It is scattered, going in every direction. As a result it doesn't cut through the things that it strikes. Similarly, unless the light is very bright and/or extremely focused, it isn't generally noticeable. Lasers, however, take a relatively small amount of light and focus it into a narrow beam which is very noticeable and at sufficient size can cut metal. Management by Objectives does the same thing.

Organizations today are often diffused light sources with each member of the organization focusing on different, often personal, objectives. So instead of being able to cut through the market and capture more market share, or command higher prices, organizations are lucky to make steady growth.

The MBO process starts with the organization defining its objectives. The process of strategic planning, goal setting, or visioning generates from its process a set of objectives that the organization should strive to achieve. From there it is up to the individual departments to form their objectives, most if not all of which should align and support the organizational objectives. Individual objectives are then established to support the departmental objectives.

Setting goals at the employee level that align with company goals is the key. Here's how you can use the S.M.A.R.T. system for establishing those goals.

First steps

Once you've decided that you're going to give managing by objectives a try there are two important steps that you'll have to take. First, you must explain to your employees what you're doing and why you're doing it. The second step, setting the actual objectives, can be challenging in its own right as you seek to find the right balance.

Communicating the message

MBO is designed to improve the management process and maximize the effectiveness of the members of individual teams. You need to explain that the MBO process is focused on helping team members understand the individual roles they play and how their jobs contribute to company success. By focusing on the message that MBO is meant to help the employee assess and prioritize efforts to make certain those efforts are focused on the bottom line and organizational values. The process also helps your team understand what the organization doesn't value and what it may not need to do any more.

The so called "Activity Trap" is one where we get so busy doing things that we forget to ask whether what we're doing are the right things. This is an important concept for everyone in an organization to understand. Helping to explain how the activity trap happens and how MBO is designed to help avoid it will help your employees understand the goal of making the work that they do more effective.

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There's a natural resistance to change that occurs even when there is an understanding that the intent is right and fair. In order to combat this natural resistance, consider making smaller (more tactical) objectives and measure them on a shorter basis than you normally might (quarterly or half a year instead of a typical one-year pattern.)

Setting S.M.A.R.T. objectives

The objective setting process is a difficult one for most individuals, particularly those who've never been asked to set objectives. The process seems daunting. However, it doesn't need to be. The process can be as simple as sitting down with the departmental objectives and asking the question, "How can I best help to meet these objectives?" From that answer comes the core for setting the individual's objectives. For example, if the departmental objective is to improve the customer satisfaction score, the team can work on providing more self-service information to reduce the number of calls and call wait-time or offer tools to improve customer service levels by clarifying how to communicate with a customer.

The S.M.A.R.T. method is one way to help you remember how to walk through the process of setting your first MBO objectives.

- S for Specific: There are several key factors which should be present in the objectives that are set in order for them to be effective. They should be specific. In other words, they should describe specifically the result that is desired. Instead of "better customer service score," the objective should be "improve the customer service score by 12 points using the customer service survey."

- M for Measurable: The second example is much more specific and also addresses the second factor—measurable. In order to be able to use the objectives as a part of a review process it should be very clear whether the person met the objective or not.

- A for Achievable: The next important factor to setting objectives is that they be achievable. For instance, an objective which states "100 percent customer satisfaction" isn't realistically achievable. It's not possible to expect that everyone must be 100 percent satisfied with their service. A goal of "12 percent improvement in customer satisfaction" is better—but may still not be achievable if it's assigned to the database developer. They aren't likely to have enough influence over the customer interaction process to improve satisfaction by 12 percent.

- R for Realistic: This leads into the next factor—realistic. Realistic objectives are objectives that recognize factors which can not be controlled. Said another way, realistic goals are potentially challenging but not so challenging that the chance of success is small. They can be accomplished with the tools that the person has at their disposal.

- T for Time-based: The final factor for a good objective is that it is time-based. In other words, it's not simply, "improve customer service by 12 percent," it's "improve customer service by 12 percent within the next 12 months." This is the final anchor in making the objective real and tangible. This final factor is often implied in MBO setting. The implied date is the date of the next review, when the employee will be held accountable for the commitments that they've made through their objectives.

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Source: <http://articles.techrepublic.com.com/5100-10878_11-5683094.html

A/ Select the statement that best represents the general idea in the text

a. S.M.A.R.T. as a method to translate an MBO approach to management

b. The MBO strategy for conducting business and managing people

c. The MBO strategy for managing teams and individuals and how SMART can be used to implement it.

d. How SMART as a strategy can be implemented so an MBO plan connects the individual and the organizational levels.

B/ find details about MBO as a concept. It is a concept about managing…

- …………………………………..firms

- people within …………………………….

- quality of …………………………………

- Development of …………………………….

C/ Which paragraph in the text can be a match to the images

Image 1

Answer: …………………………

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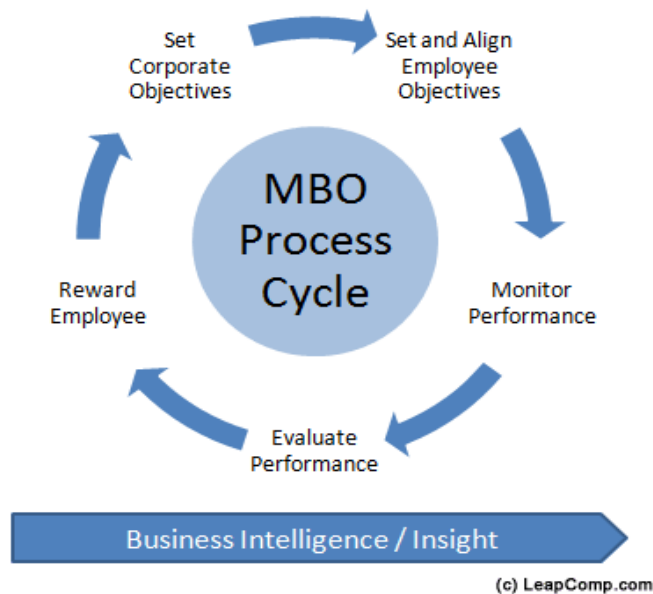
Image 2

Answer: …………………………

D/ Complete the missing details using information provided in the text

STEP 1	*EXPLAIN WHAT AND WHY*
STEP 2	*SETTING OBJECTIVES*
	…………………………………… in order to clarify**………………………..**

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	Implement the SMART method

E/ Select the appropriate explanation:

   - *The "activity trap":*

a) not looking back at previous experience   b) always under pressure to go forward
          c) not being able to stop

   - *"natural resistance":*

a) fear of change of strategic plan   b) reluctance to think about problems   c) avoiding assessment of results

F/ Fill in the table accordingly

S	specific	
M	measurable	Find out whether ……………………………………………
A		Set realistic objectives
R	realistic	Take into consideration the fact that some goals are……………. ………………………………………….
T		Set a time frame to check whether objectives have been reached (every week, year or quarterly)

Vocabulary

A/ Select the option that best explain the underlined word or expression

1. MBO works because it helps to align the individual efforts of broad teams around the organization

   a) Join in   b) add to   c) match with

2. [A laser] doesn't cut through the things that it strikes.

   a) Transport   b) transfer   c) cross

3. …goal setting, or visioning generates from its processes a set of objectives.

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a) objectives come first   b) goal setting comes first   c) goal setting and visioning come first

4. Once you've decided <u>to give managing by objectives a try</u>, there are two important steps that you'll have to take.

   a) Experiment with   b) taste   c) measure

5. By focusing on the message that MBO is meant to help the employee <u>assess</u> and prioritize efforts.

   a) Order   b) evaluate   c) measure

6. Those efforts are focused on the <u>bottom line</u> and organizational value

   a) Outcome   b) target   c) improvements

7. In order to combat natural resistance, consider making smaller (more <u>tactical</u>) objectives.

   a) balanced   b) strategic   c) modest

8. …[for] those who've never been asked to set objectives, the process seems <u>daunting</u>.

   a) Challenging   b) complicated   c) demanding

9. This is the final anchor in making the objective <u>real and tangible</u>.

   a) Targeted   b) concrete   c) correct

10. The implied date is the date of the next review, when the employee will be <u>held accountable.</u>

   a) responsible   b) capable   c) numerical

B/ Match the verbs in column A with the words in Column B
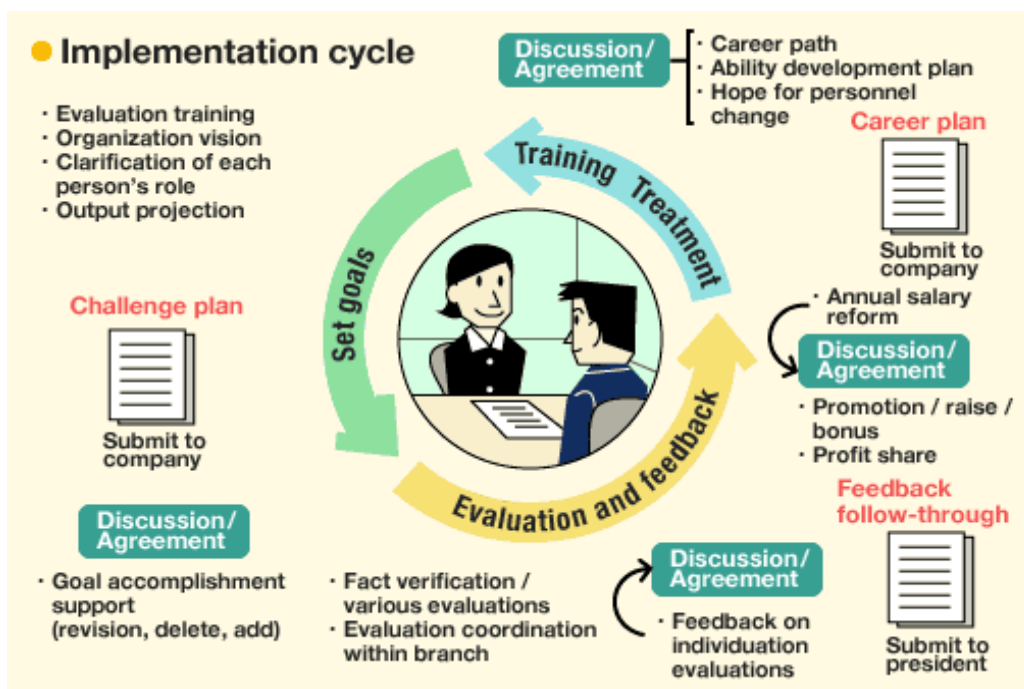
VERB	WORD THAT COLLOCATES
To express	
To set	
To implement	
To adopt	
To resist	
To launch	
To capture	

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To make	
To measure	
To find	

D/ Reorder to match the word and its explanation

Word	explanation
To launch	measure
To clarify	Stands out
quarterly	To start
To resist	To oppose
To diffuse	Every four months
To scatter	To keep away from
noticeable	conceptualizing
visioning	To explain
Assess	To send out
To avoid	To throw in various directions

E/ Examine the flowchart below:

Source: http://www.fc-tec.co.jp/english/careers/index.html#purpose

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FORUM: Discuss within your group the MBO process as described in the text and as illustrated in the chart. Which ideas in the text are represented in the flowchart? How typical is the project represented in the graph?

Grammar

A/ Put the verb in the right form

1. The first step toward (to improve) …………….… The quality of products is training machine conductors.

2. The investment banks are developing a new strategy for (to capture) ……………….. market share in wealthier neighborhoods without (to have) ………………..…to reduce services.

3. The new management plan focuses on (to boost) ……………… employee satisfaction, and ultimately, retention.

4. Many companies could in the long term benefit from (to implementing) ……….................. a human resources strategies that focuses on (to balance) …………………..…company and employee needs and interests.

5. The MBO policy was imposed on all government owned companies. The plan focused on (to readjust) ………...… spending and (to control) ……………... performance standards.

B/ Put the right preposition

1. It is important to put (in/on/at) place a strategy (to/for/in) managing company stock.

2. The middle managers play a key role (on/for/in) focusing individual efforts (around/with/into) the organization.

3. Discuss with your employees what job they would like to be doing as part of the company in order to align the strategic plan (against/with/at) their career plans.

4. The discussions with employees and team leaders will have an influence (over/in/on) the degree of acceptance and/or resistance (to/at/of) the innovative ideas in the management plan.

5. It is difficult to achieve the objectives of the strategy plan without making sure the company puts the necessary tools (in/at/for) the disposal of its employees.

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Listening

"Strategy for accomplishing Goals", from *The Independent Business owner*, presented by Rick Roccado , Monday, March 1, 201

http://www.voiceamerica.com/voiceamerica/vepisode.aspx?aid=44840

A/ Why is it important for businesses to plan ahead their activities?

   a) Because it helps them evaluate their current situation

   b) Because they need to evaluate what other businesses are doing.

   c) Because they can decide whether they sell out their business or not

B/ What is in a business plan?

   a) A clear sense of direction (a strategy)

   b) A statement of objectives and goals

   c) A fear of what's to come

You will find two extracts. Listen to both of them to get a sense of the story and then focus on each extract.

EXTRACT 1

A/ Roccado starts his show by introducing…

   a) Today's topic

   b) Today's menu

   c) Today's problem

B/ The topic is dealt with reference to …

   a) Business life

   b) Roccado's family problems

   c) Entrepreneurial spirit

C/ Roccado mentions that he used to whisper into his children's ears…

   a) Words he likes them to understand as they grow up

b) Words to tell them how great they are

c) Series of philosophical words to inspire them

D/ Roccado defines "entrepreneurial" and "strategic" for his daughter as follows: (complete)

- You are entrepreneurial meant you are
  ……………………………………………………

- "strategically" is defined as the ability ……………………………… to whatever you're trying ……………………………. that is ……………………. and has good …………

  ………………………….."

E/ Roccado explains the concept of "business strategy". Fill in the blanks with details he provides

- You're trying to get to a …………………………….. in a specific way so that it brings benefit to ourselves and to others- ……………………………, and the world at large

- When I'm thinking of strategy, I want to say ……………………………and ………………

  …………………………………………..

EXTRACT II

A/ In this extract Roccado tells the story of a guest on his show who was a…

a) Car dealer

b) Successful car racer

c) Auto dealership owner in California

B/ Why didn't the financial advisor agree with keeping partners?

a) They were already failing

b) He could not trust them

c) He wanted the benefits for Ray alone

C/ What's the way to come up with a strategy?

a) Accept all ideas as options

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b) Choose unethical options

c) Negotiate "illegal" options

D/ Roccado's advice about options amounts to…

a) Leave options on the table

b) Focus on the options which are acceptable to you

c) Work around the options to make them work

E/ Complete to summarise Ray's story

He began as a …………………………, then became …………………………, and then wanted ………………………… and make the actual owners …………………. However, he did not have the money he needed as it was a huge sum. He needed to find ……………… within ……………………. if he was going to leave the owners as ……………………. His financial advisor convinced him to …………………………, which meant finding $900,000 in three days. He finally …………………………….. and managed to turn it ………………..

……………………. and started to …………………………………..the largest automobile ………………………thanks to the advice from his advisor …………………….

 that seem too difficult to do.

B/ What is the morale of the story about Roccado's GPS system and the connection with options?

a. GPS system does not give the driver all the options

b. GPS system does not look at the full picture

c. As an individual you can go beyond the GPS as source of information

FORUM: Based on the content of the listening extracts, would you recommend Roccado's program for Business students. Explain your position by critically thinking about the way he talks about business concepts and ideas and personal experience. Begin by summarizing what you have learnt from the two stories he gave.

You can listen to the whole program [click here] and you may visit the VOA business network and check out similar content.

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Pronunciation

A/ Circle the odd man out:

1. Management – strategic – objective – individual

2. disposal – realistic – departmental – employee

3. establish – launch – challenge – potential

4. laser – diffuse – objectives – strikes

5. value – particular – natural – pattern

B/ Drop under the appropriate column the words according to whether the stress is on the first, second or third syllable:

Commitments-understand- improve- resistance- effectiveness- normally- satisfaction- clarify- implementation- extremely- challenging- employees- accountable- influence- process- potential- maximize- quarterly- effective- customer

1st syllable	2nd syllable	3rd syllable

Writing

Read the case described in this report and write a summary of it. You can download (http://www.airpower.maxwell.af.mil/airchronicles/aureview/1979/sep-oct/turner.html) or print pdf fille

Use the information provided in the table first. You can complete details about assessment method yourself

Identified problems	Goals	Strategy adopted
Low morale and enthusiasm Goals are not clearly outlined	Introduce participative group method	Discussions
Low statistics for administrative functions	Enrich employees' work experience	explanations
Communication problems between clerks and their supervisor	Allow advancement on the job by allocating new responsibility roles	Involvement and commitment
Hierarchical supervisory model		Delegation of office jobs

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