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Knowledge for the Commonwealth

What Do Goals Mean to a Business?

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Teams aim for goals in soccer and hockey - the more, the better. Goals are the point of playing. It's just the same in business.

But in business, you don't need to aim for a lot of goals. In fact, a few well-thought-out goals can make your business into one that satisfies you personally and satisfies your commitments to other people.

What are Goals?

Goals are written statements which describe a desired condition that can be achieved through personal action. Goals are a statement of what you want life to be and what you can do to make it that. Your goals need to be ones that you and the people who are committed to your business can achieve.

Why Do You Need Goals?

Written goals have a special power: They give you a plan to follow. You can act, rather than react, in a situation. You can ask, "What is the best path to take to get me to my goals?"

Goals help you to direct your limited resources toward priorities, instead of floundering around unsure of what to do next, or where to put the next dollar. You can reduce impulse spending. You can use time wisely. You can do the most important task first. You can increase profits.

But goals will help others, too. Everyone else involved in the business can pull in the same direction if they know what the direction is! Communication will improve and stress will diminish as all of you work toward the same finish line. Keep in mind, though, that your people must know what the goals are. Writing goals down is crucial.

What Size and Shape are Goals?

Goals can be long term, big things. Goals can be short term -- some people call these goals "measurable objectives." Goals can also be immediate, day-to-day management plans. All three kinds are important.

Long term goals define your values. The long term goals describe what you want your business or life to be like now, and ten, twenty, or thirty years down the road -- the longer the time-frame, the better.

These goals are written as action statements: "To protect . . ." "To earn . . ." It's best to specify a time in

the future for completion. When no time is specified, long term goals usually address "quality of life" issues such as having enough time to devote to church or community work or to social groups. You want to do that now, but you probably also want to do that thirty years from now.

"Measurable objectives" are steps that you take to achieve your goals. They can be written for a growing season, a business cycle, or over several business cycles.

These objectives should be attainable in a specific time period, and they should be realistic for that time period. "Increasing net income by 100 percent this year" is probably not realistic for anyone! "Increasing net income by 30 percent over the next three years" is more achievable for most people. Craft your measurable objective to your particular needs.

Don't make your measurable objectives mutually exclusive of each other. You will have a hard time spending five hours a day with your family while also spending twelve hours a day improving the business. Write your measurable objectives based on your LONG-TERM goals, which have revealed what's really important to you.

Management plans are the easiest to focus on. They are the activities for the day, the week, the month or several months, that accomplish your measurable objectives. While you make management plans, keep your long-term goals and your measurable objectives firmly in mind -- then you'll make the right management decisions.

Goals are Flexible

Goals should change with changing circumstances and desires. You don't want to work as hard as you get older. You meet four of your long-term goals! The kids marry and move away. The weather affects planting. All of these things demand that you look again at your goals and decide if they need changing or not.

You are not locked into any of your goals, measurable objectives, or management plans. You are not a "quitter" if you change them -- you are paying attention.

"Give me some examples," you say.

Long-term goals:

1. Make the business a place the children will want to be part of after college. (family)
2. Build the business to support two families. (economic)
3. Give something back to the community that supports the business. (environmental, economic)

Measurable objectives:

1. Involve the family members in the aspects of the business where they have interest and abilities. For example, you daughter likes to fix things, so you put her to work helping to maintain the equipment. Your son is a highly organized, detail-oriented person who wants to be a CPA, so you ask him to help by keeping the books and inventory records for the business.
2. Expand the net sales by 2 percent this year.
3. Recycle all paper, metal, glass, plastic the business and family generates and adopt a highway to help keep the community clean.

Management plans:

1. Call the highway department to find out about the adopt-a-highway program.
2. Set up an area in the garage for recycling.
3. Make an appointment with the banker to talk about finances.

Just think about your favorite athlete or team-they have set goals-to win as often as possible.

References

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