TARGETING:

A STAKEHOLDER APPROACH FOR

FORMULATING ORGANIZATIONAL OBJECTIVES

Craig C. Lundberg*

Although organizational objectives are universally touted as essential for strategic planning and operational managing, and they are common in most organizations, their formulation is typically a rather casual and potentially biased process. Targeting, a new technique for creating organizational objectives, is a structured group process that efficiently develops a consensually synthesized set of objectives that reflects the needs of organizational stakeholders.

As purposive entities, organizations seek to accomplish one or more objectives.[1] It is commonplace in the rhetoric of managers as well as in the literature of management that statements of objectives are essential for defining the thrust and character of organizations. Objectives are the foundations of strategic plans, organization design, policies and procedures and resource allocation; in fact objectives color almost every aspect of organizational life. Whatever the subject of discussions — whether careers, corporate success, environmental impact, competitive pressures, financial restructuring, dividends, technological changes, advertising campaigns, and so forth — organization objectives that remain implicit or unclear invite miscalculation, error, misdirection, and ultimately disaster.

While there is no known survey of the extent to which organizations possess an adequate or future-oriented set of objectives, it is

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* *Craig C. Lundberg is a Professor of Human Resources Management at Cornell University, Ithaca, New York.*

surprisingly common not to find realistic ones at all. Top-level managers, consultants, and researchers often discover that the organizations they deal with either do not have objectives at all, or that they are not contemporary, or that they are merely window dressing.

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The real difficulty of formulating a comprehensive and realistic set of objectives and the lack of guidance in the literature probably accounts for a good part of the discrepancy between the espoused belief that organizational objectives are essential and the observed reality of modest adherence to the dictum.

The common approach to the formulation of objectives seems to be for top management to delegate initial drafting to staff associates or some subset of management and then review subsequent drafts until the chief executives are satisfied. This approach and its variants have several defects: it is time-consuming, the sequencing of drafts and modifications can result in overlooking key ideas, it tends to provide objectives that are focused in the past or present instead of future-oriented, and it seldom results in the desired general commitment of management to the objectives.

This article describes the origins, development and process of a technique, "targeting", which attempts to overcome these difficulties. The targeting technique results in a synthesized, truly comprehensive set of objectives with multiple inputs in one structured meeting, where the involvement of managers leads to a consensual commitment.[2] Thus the potential importance of targeting is fourfold: it is time and cost efficient, it produces future-focused objectives more likely to represent all relevant interests, it offers a common experience that usually enhances the subsequent statement of policies as well as the design of structures and managerial systems, and it offers a model of teamwork to management.

The Origin of Targeting

Objectives represent the reason for an organization's existence. Organizations are objective-attainment devices. Without purpose, there is no need for an organization; objectives summarize and articulate that purpose. Objectives state what is to be achieved and when results are to be accomplished. All organizations have multiple objectives which establish the nature of the enterprise and the directions it should move (Quinn, 1980). The process of identifying objectives and carrying them out provides several benefits for an organization: legitimacy for the organization, decision guidelines, criteria for performance, the clarification of expectations, motivation of members, and reduction of uncertainty (Locke and Latham, 1990; Daft, 1986).

Although the utility and functions of organizational objectives are well established, the means for developing them are essentially undiscussed. It is as if something so significant will somehow just naturally happen. Conventional wisdom and everyday organizational experience both counsel that understanding and acceptance of objectives are necessary for objectives to be achieved, and that potent psychological and political forces must often be overcome. The alternatives seem to be either settling for a set of unsystematic objectives which are partial, incomplete, and general, or reliance on a somewhat slow, incremental and easily thwarted process.

Needed are methods which directly counter conventional wisdom and practices which are neither slow nor too general, and which encourage consensus and realistic breadth. Targeting is one such method.

Like the invention of many practical tools and techniques, targeting had its origins in a perceived necessity. A medium-sized service corporation was soon to lose its CEO founder to retirement just as it acquired two former competitors and became a nationwide firm. Increased size, the influx of new managers, and the lack of a successor for the CEO brought attention to the lack of strategic direction. Initial discussions were unsatisfactory to all and a consultant was soon retained to assist with the needed planning and restructuring.

It quickly became apparent that the organization really did not have any of the usual foundations for strategic planning. Two of the initial steps, therefore, were to formulate a mission statement and a set of organizational objectives. Unfortunately, the organization's managers were geographically spread over the whole country, the managers of the new acquisitions were just beginning to be resocialized, new inventory and information systems were causing problems, and business was booming. These circumstances were taxing of managerial time and energy, and contrary to the CEO's desire to continue what was a highly participative corporate culture. Realistically, managers were hard to get together.

There were, therefore, several constraints for jointly formulating objectives: lack of time, managers with little experience in formulating organization-wide objectives, and the ideal of producing forward-looking objectives. These circumstances and constraints seemed to call for a new method which was time-efficient, would generate a set of realistic and comprehensive objectives, and would build commitment and foster teamwork. The targeting technique was the consultant's response to this challenge.

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The Targeting Technique

The targeting technique for formulation of organizational objectives is described below as a series of stages, some containing several steps.

Stage One: Coming Together

1. Announcement of the meeting time, place and duration, including a statement of the meeting's purpose — to jointly produce a set of organizational objectives.

   a. The announcement is sent over the signature of the appropriate chief executive.

   b. The announcement is sent to all managers responsible for the major functions and activities of the organization.

   c. The announcement notes the meeting will be facilitated by a third party, who is named.[3]

d. Optionally and usefully, invited parties can be requested to give some thought to the organization's objectives ahead of time.

2. Structure of the setting: a quiet conference room, with the requisite number of chairs around a table with writing materials at each place. A flip chart and easel or blackboard is available. Someone is present to make a record of the products of each subsequent stage which are distributed after the meeting.

Stage Two: Acquiring Focus

1. At the outset of the meeting, the senior executive outlines the purpose and the importance of the session and introduces the third party facilitator.

2. The facilitator notes that the session will unfold in several stages, that everyone's input is necessary, and that the participants should try to be as creative and candid as they can.

Stage Three: Stakeholder Identification

1. The facilitator then provides the following instruction: "Stakeholders are all those claimants inside and outside the organization who have a vested interest in it. Stakeholders depend on the organization for the realization of some of their goals and thereby have a stake in its activities. Stakeholders are those upon whose actions the organization depends at least in part.[4] Using the materials in front of you, list all of the stakeholders of this organization that come to mind. Do not sign your sheet. Completeness is not essential. Let's do this quickly."

2. When the assembled participating managers have finished writing, the sheets are collected, shuffled, and placed centrally.

3. Participants are then invited to read the stack of sheets by taking one, reading it, replacing it, and repeating this process until all sheets have been read. The managers are cautioned not to talk together.

4. The facilitator then takes the stack of sheets and discards them. He or she then says, "The reading you've just done probably stimulated your thinking about the range of stakeholders. Now let's each write another list, making it as complete as we can. As before, do not sign your sheet."

5. When participants have finished writing, the facilitator collects the lists and writes a composite list on the blackboard or flip chart. The senior executive is then asked to lead a discussion that clarifies the posted, composite listing: sometimes this means listed stakeholders are combined; sometimes broadly specified stakeholders are segmented, e.g., "customers" may get reformulated by markets.

Stage Four: Clarifying Stakeholder Intents

1. The facilitator then repeats the definition of stakeholders as those entities having a vested interest in the organization, and adds, "stakeholders' interest means that they can affect the organization or be affected by it when and if they get active. Think of what each really wants from our organization — if they could state it. Now write what you believe are the vested interests or wants of the stakeholders displayed."

2. When most participants have finished writing, their sheets are collected, shuffled, and centrally placed. Everyone is invited to

take, read, replace sheets, and so on until most sheets have been read. As before, talking together is discouraged. When this has occurred, the facilitator disposes of the stack.

3. Participants are asked to pair up and more carefully describe the interests of two to four stakeholders. Each stakeholder is assigned to at least two pairs.

4. When pairs have finished writing, the facilitator sees to it that the alternative statements of interest are posted for each stakeholder.

Stage Five: Satisfying Stakeholder Interests

1. The facilitator initiates this stage by explaining that stakeholder interest provides one useful way of determining what an organization has to be or has to do. He or she then says, "Now, individually study our list of stakeholders and their interests and turn them around, that is, write what your organization should do to satisfy each interest listed."

2. When participants have finished, the facilitator, for each interest listed for each stakeholder, goes around the group and records every member's contribution. This is done without discussion.

3. The senior executive or the facilitator then leads a discussion, stakeholder by stakeholder, to first clarify what has just been listed and to create one statement which combines the several contributions. This is best done by calling on lower ranking participants before higher ranking ones.

4. Trios are formed whose members represent different functions, divisions or departments. These trios are given a set of the statements just created (typically three to six, with each

statement given to two trios) and requested to restate them in specific quantitative and qualitative terms, e.g., dollar amounts, percentages, ratios, standards, etc.

5. When the trios have completed their translation of statements into specifics, a spokesperson for each presents their work which the facilitator and/or other managers publicly record and post around the room.

6. The senior executive then leads a discussion in which the posted materials are compared. When done, a letter is assigned to each.

Stage Six: Specifying Objectives

1. The facilitator initiates this stage by saying, "In a sense, we have just created a set of organizational objectives. Realistically, however, organizations seldom can hope to achieve all their objectives equally well or simultaneously. Individually study these objectives and ask yourself which are essential for the long run survival and health of your organization, that is, which have strategic significance. Write the letters of these, anonymously, on a sheet of paper."

2. Participant sheets are collected and then recorded by placing a check mark by each lettered objective.

3. When completed, the facilitator then asks the group to divide the list of objectives into "primary" (i.e., those identified by a minimum of participants), and "secondary" ones. Do this by asking individuals to anonymously write their preferences on a sheet. These are collected and posted.

4. The senior executive then leads a discussion of the primary objectives listing, objective by objective, making any modifications necessary, until the members are satisfied they are clear and complete.

Stage Seven: Closing the Meeting and Planning Future Work

1. The senior executive is then asked to lead a discussion about whether the list of primary objectives should be shared in the organization and if so how, when, and with whom. The facilitator's task here to be sure the group is realistic and that they thoroughly examine the consequences of all suggested actions.

2. The facilitator then notes that the organizational objectives just formulated naturally lead to useful further work, e.g., the specification of sub-unit goals that support objectives, the redesign of policies, systems, practices and roles to enhance objective attainment, and the assignment of responsibilities. He or she encourages the group to schedule further meetings.

3. A discussion is initiated in which participants are encouraged to express their experience with targeting, and if appropriate, to suggest which aspects of this exercise seem applicable to other organizational settings and tasks.

The technique of targeting has consciously been adapted from several other group enhancing devices. The iteration of individual-group activities which promotes fuller, less constrained member input resembles Delbecq, Van de Ven and Gustafson's (1975) nominal group technique, while the structural process of eliciting and synthesizing ideas is borrowed from Mason and Mitroff's (1981) assumption surfacing methodology, although targeting is more focused and brief. Targeting also closely resembles both the zero-in technique (Lundberg, 1984) and the informant panel method (Lundberg and Glassman, 1983) in its use of organizationally knowledgable experts and its consensual emphasis.

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Since its invention at the medium-sized service firm, targeting has been utilized by a variety of other organizations: a graduate professional school, a social agency in a large city, a small manufacturing enterprise, a national distribution firm, and a regional hotel chain. While such applications do not constitute either extensive or adequate testing, they do provide some face validity for targeting's feasibility and utility.

Refining Targeting

Targeting was developed because of a practical opportunity and was based on the premise that a relatively brief, high involvement, consensually synthesizing means of setting organizational objectives was needed. The key feature of targeting is its focus on stakeholders and the more realistic scope of organizational objectives that this provides. Inspired by several other iterative, surfacing, involvement group methodologies, targeting was invented and applied in a variety of organizations. While our experience with targeting is still limited, it seems that several features are crucial to its success.

- *The setting.* A room which lends itself to both general discussion and individual and subgroup written work is desirable. Devices for the posting and viewing are required, e.g., flip charts or blackboard and wall space.

- *Time.* A block of four to six uninterrupted hours is preferred, and if done in two meetings, they should be within a few days of each other.

- *Meeting size.* While utility increases from six to fifteen members, beyond that there is little gain and meeting management complications increase.

- *Membership.* Essential members are the senior executive and all of his or her direct reports, line and staff; that is, all of the managers responsible for the major organization activities and functions.

- *Meeting facilitation.* The facilitator requires conference management skills and a sensitivity to small group dynamics. The senior executives should be coached prior to the meeting on their roles.

The few applications of targeting and the impressionistic evidence gathered to date, strongly suggest that the technique seems to accomplish its intended goals. Yet several questions remain to be answered. What difference does the prevailing top management style or organizational culture make? Similarly, does it help or hinder whether the participants are team-oriented or not? Once targeting has provided organizational objectives, can it be used to formulate the goals of major divisions or other major organizational sub-units? In one application of targeting, the small manufacturing firm, department managers replicated targeting on their own with self-reported success, but the question is still open. What if there are substantial differences in organizational familiarity among the participants? While this was the situation in the graduate school application, the fact that mostly professionals were involved probably contributed to targeting's success. One vital question is whether the initial acceptance of and commitment to organizational objectives voiced by targeting participants endures over time, and if so, what factors seem to support this? A related question is, to what extent do managerial participants engage in the follow-up work that targeting introduces? In speaking with managers of two organizations about six months after they experienced targeting, it appeared that their answers are in the positive — but such hearsay is likely to be as much a socially desirable response as good data. Since the few applications of targeting have been facilitated by the same person, a question naturally arises about the technique's use by others. As yet, targeting has not been used in extreme circumstances, so these are real questions for future exploration.

The refinement of targeting will require many further applications in a range of settings. With more systematic gathering of clinical information, the technique can be successively refined, the situational contingencies identified, and appropriate variations introduced. Once our experience with targeting has increased and our application of it sharpened, both rigorous effectiveness testing and intermethod comparative studies should be initiated. At present, targeting is only a promising technique based upon limited experience. Much work remains before its promise can be fulfilled.

NOTES

1. In the business literature, "objectives" and "goals" are often used interchangeably and synonymously. The usual connotation of "objectives", however, is for the organization as a whole, whereas "goals" is often made for individuals and organizational sub-units.

2. Consensual commitment refers to both the acceptance of organizational objectives by members as their own and member dedication in trying to reach organizational objectives.

3. This third party facilitator should, obviously, be reasonably familiar with the organization.

4. This descriptor is usefully presented in written form. In addition a checklist of possible types of stakeholders may be found in several sources including Rowe, Mason and Dickel (1982) and Mason and Mitroff (1981).

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