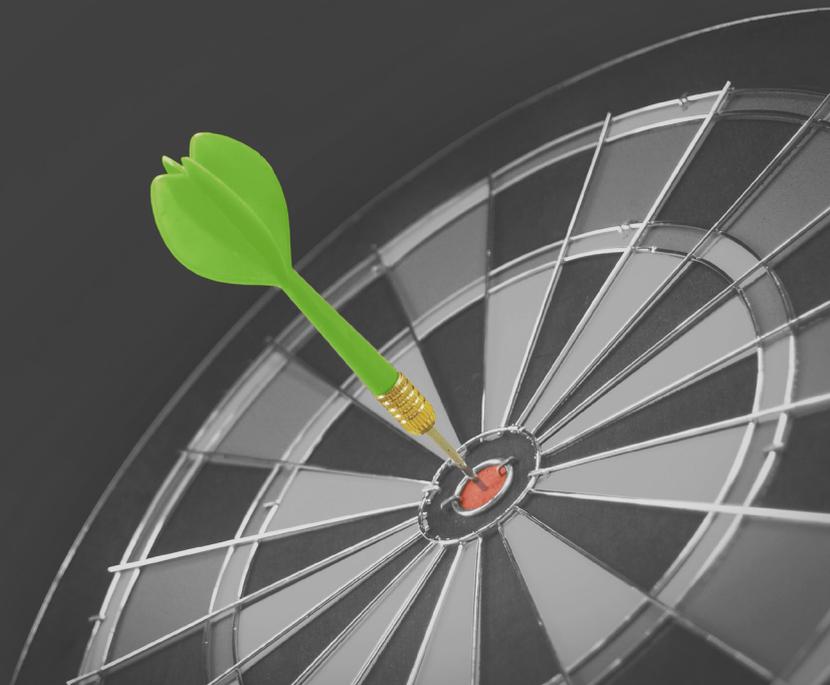


A BETTER WAY TO SET GOOD GOALS

What constitutes a good goal? SMART alone is not enough. BSD Consulting has evaluated insights from over 100 implemented strategy projects. Here we show you 4 criteria for good goals and 5 tips for a successful goal-setting process.



Contact us if you wish to discuss our tips and tricks or if you have questions or want to share your own insights! We look forward to discussing these issues with you.



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BSD Consulting is a business consultancy firm specializing in sustainability with headquarters in Switzerland. We support companies and organizations in establishing ecological and social aspects in strategies, processes, culture and communication.

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A better way...

4 criteria for good sustainability goals

A classic in strategy consulting: Goals need to be SMART. However, good goals are more than just SMART. We have identified four criteria in over 100 strategy projects, which are crucial for setting good goals.

1. DERIVED FROM GLOBAL CHALLENGES

From "How much is possible?" to "How much is necessary?"



For the most part, traditional goal-setting is based on previous years, examines feasibility and strives for gradual improvement. However, this internal view does not take limited resources and urgent need for action into account. Sustainable companies contribute to solving the ecological, social and economic challenges of our time and create added value for society.



Good goals are characterized by switching the perspective from «How much is possible?» to «How much is necessary?». A good goal is derived from one of society's challenges – as for example, the 2°C climate target.



This leads to strategically relevant sustainability goals since the company solves socially relevant problems and thus takes mega trends into account. The identified progress reveals the contribution that a company makes and thus increases credibility both internally and externally.



Frameworks that identify key challenges provide the starting point. The global community has agreed on **17 Sustainable Development Goals (SDGs)**. The **9 Planetary Boundaries** and its version as **doughnut** complemented with minimum social standards are also well known. Social challenges also exist at the local level for which companies are to contribute solutions.

CRITERION 1: A good goal is an explicit answer to a global challenge.

2. LONG-TERM & AMBITIOUS

Long-term goals require ambition and courage



We implement benchmarks, ascertain strengths and weaknesses, evaluate technologies and context, analyze opportunities and risks, all this in order to define and evaluate levels of ambition. This process, however, derives the future from the past.



A good goal initially determines the target status in 5-10 years. The path toward the goal can be derived if the pursued final result is clear: Which intermediate goals have to be achieved? Not all of the steps have to be presently known. Goals should also promote the search for new solutions and inspire new approaches. Ambitious goals release energy and provide motivation.



Long-term and ambitious goals result in a departure from the path of incremental improvements. One deals with the question «How can our company be made fit for the future?» and is able to identify the necessary steps for pursuing this objective.



Tools such as the **Future Fit Benchmark** and **Science-based Targets** provide a long-term time horizon for goal-setting. The Future Fit Benchmark evaluates a company's readiness for the future based on ambitious target statuses. Using the methods of science-based targets, a CO₂ goal can be calculated for 2030 by which a company remains in compliance with the 2° climate goal.

CRITERION 2: A good goal describes the long-term target status and derives the path toward the goal from it.

3. ORIENTED TOWARD RESULTS AND EFFECTS

Pursuing results & effects rather than investments



Expenditures are easy to measure: invested money or expended hours. A goal such as «100% of employees trained for 2 hours yearly on accident prevention» does not tell us anything about results and effects. A good goal aims for less accidents.



Good goals describe that which is pursued, i.e. results and effects. Thus, they rely on good performance indicators. This can require the definition of new indicators and an initial ascertainment of the status quo. It is easier to aim for impacts on existing indicators such as product turnover, customer satisfaction or energy consumption, etc.



The focus on results or effects indicates that the ultimate objective is progress. At the same time, one leaves it to the responsible persons themselves to choose the fastest path toward achieving the goal. This leeway has a motivating effect, reduces coordination expenditure and leads to an efficient approach.



We have had good experiences with allocating target values according to the **iooi method**. This method differentiates between input, output, outcome and impact:

| | Input | Output | Outcome | Impact |
|----------------|--|--|---------------------------------------|----------------------------|
| | Invested resources | Direct result | Direct effect | Indirect effect |
| Example | Monetary amounts for more efficient machines, working time | Number of purchased efficient machines | Reduction of power consumption in kWh | Increasing competitiveness |

The iooi method helps to declare inputs as such and focuses on results and effects. At the same time, it is apparent that impacts are difficult to measure. We, therefore, recommend to focus on indicators and goals of outcomes and outputs.

CRITERION 3: A good goal determines desired results or effects.

4. PRECISE AND EASY TO COMPREHEND

Check loops reduce interpretation ambiguity



The first two of the SMART criteria are "specific" and "measurable". However, in the end, one needs to be able to decide whether a goal has been achieved or not. For this purpose, the goals must be precisely defined. Goals are precise when they minimize interpretation ambiguity and are formulated in a simple, clear and comprehensible manner.



Unfortunately, the devil is often in the details. Results often remain open to interpretation: How are sustainable products defined? Which audit standard is intended? CO₂ or CO₂e? Electricity or energy? Not everything needs to be perfect, but lack of clarity can be avoided with a check loop.

Additionally, a second look leads to simpler formulations, which increases the comprehensibility of goals. Language must be adapted according to the target group – employees, investors, rating agencies or the general public. The audience should understand the goals intuitively.



Less scope for interpretation increases credibility among stakeholders, specifically among those with expert knowledge such as NGOs, rating agencies and employees. Setting goals also increases identification. Goals are easier to remember and understand when formulated in simple terms.



A check loop takes stakeholders into account with whom a trustworthy relationship has been established. Internally, it is often the controlling department that looks at details. As a consulting company we partly also take over this role. One can test formulations with the target group itself if goals are communicated externally.

CRITERION 4: A good goal is precise, minimizes scope for interpretation and maximizes comprehensibility.

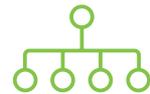
... to set good goals

5 tips for successfully setting goals

Even the best goals do not automatically lead to implementation and progress. Implementation has been successful if everyone can get behind the goals. Thus, the following question poses the greatest challenge: How do I ensure that everyone is contributing to achieving these goals? In addition to the result «good goals», the focus is also on the process. These five tips will help you – as sustainability managers – create the buy-in for the goals.

1. Obtain an explicit order from company management.

You receive financial and human resources with this order. Both are necessary to effectively implement the goal-setting process.



2. Plan the process from A – Z.

Good goals require a good process. Plan the process in good time – from kick-off to clearance. Use this plan as a compass: Jointly coordinated adjustments are desirable and reaffirm common understanding. Multiple phases can also prevent process overloading: The first phases soar at great heights; details are worked out later.



3. Integrate relevant players and decision-makers in the process from the beginning.

This sounds trivial, but is often underestimated. Foster a sense of personal conviction, responsibility and organizational freedom within the involved parties. Trust the expertise of specialist departments and accompany these in a supportive manner.



4. Take your time.

Six or more months may pass from the development to the clearance of goals by company management. Take your time and formulate good goals. Also use the time for exchanges within the company as well as with your peers, networks and experts.



5. Create recognition for commitment and performance.

Recognition is crucial for living out and implementing goals. This can, e.g., occur through management, the Intranet, the employee magazine or with a challenge cup for quarterly sustainability champions. Emphasize that those who implement goals are recognized for their efforts.

