



# Setting Objectives

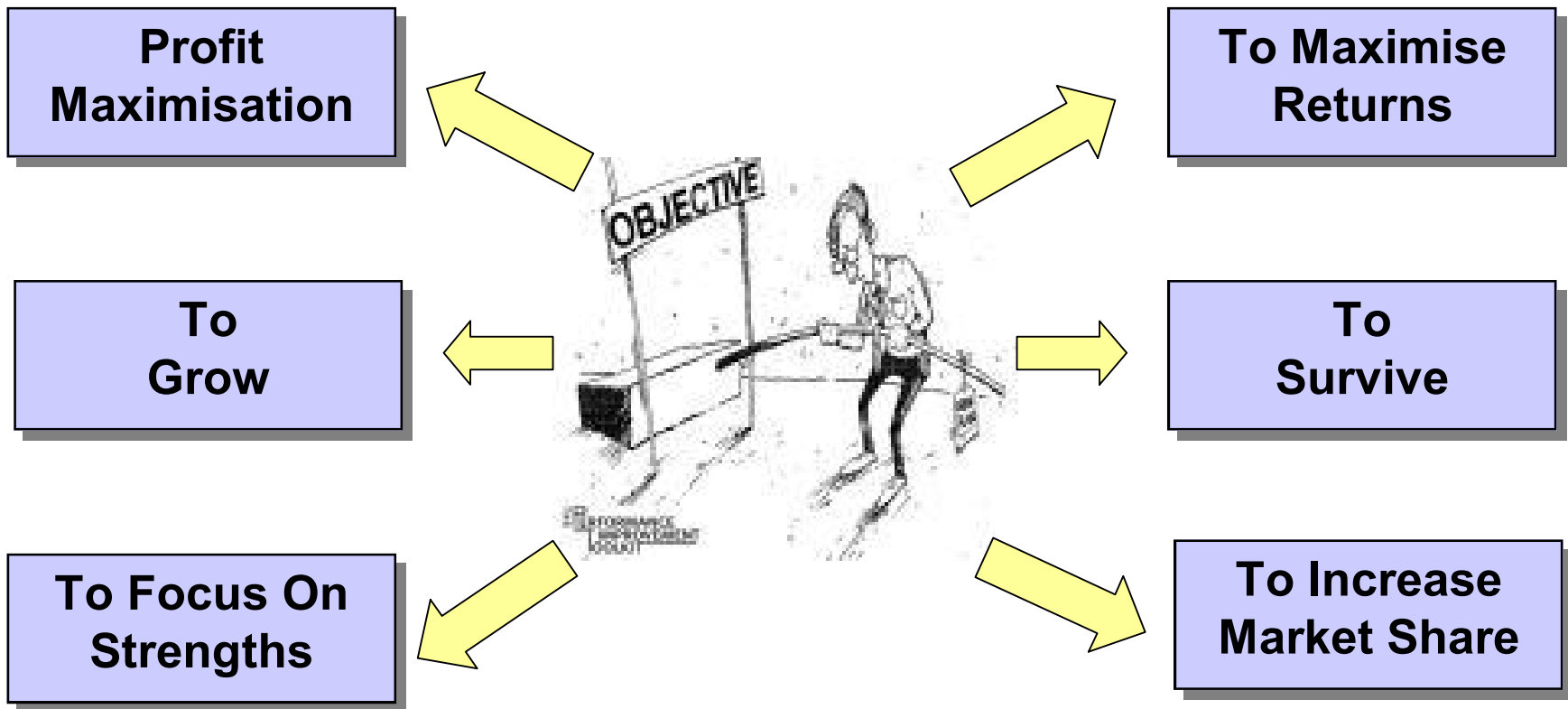
- A firm must be careful when setting objectives to ensure that they can be met. It is good practice for a firm to set **SMART** objectives:
- **S**pecific
  - set out clearly what is trying to be achieved
- **M**easurable
  - so they know when it has been achieved
- **A**greed
  - must involve everyone
- **R**ealistic
  - otherwise they will be ignored!
- **T**ime specific
  - a time span to achieve them within





# Business Planning & Objectives

- The objectives of a firm will affect their plan
- The objectives that a firm adopts may include:





# The Effect of Objectives on The Plan

- Clearly a plan will be written to try to achieve the business objectives
- Consider the following 2 scenarios:



## 2005 Objective:

"Our mission requires us to constantly innovate while continuing to provide our customers with an unparalleled online shopping experience."

Source: Amazon.co.uk July 2005

## Business Plan:

To expand into new product areas



## 2005 Objective:

"Our goal is to make Boots a more modern, competitive and efficient retail business, in order to deliver value to our shareholders."

Source: boots-ir.com July 2005

## Business Plan:

To sell-off unprofitable parts of the business



# Objectives Over Time

- Statements such as  
*"our objective is to become market leader within the next 5 years"*

will not succeed unless this is broken down into smaller time periods

- This tends to happen because most people will leave things until the last minute

➤ you will know this from experience!

- So a firm's objectives will change over time

- However sometimes objectives cause a business problems:

- They may be unable to meet the objectives
- They may cause conflict

