

Developing SMART Objectives & Indicators

Corporate Planners' Workshop

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Presentation Outline

SMART Objectives

- What are strategic Objectives?
- Why are strategic objectives important?
- What are the characteristics of good strategic objectives?
- Developing strategic objectives

SMART Indicators

- What are Performance Indicators?
- Why are performance indicators important?
- What are the characteristics of good performance indicators
- Developing performance indicators

Group Exercise

- Group Exercise - Trinity Police Station

What are Strategic Objectives?

- A Strategic Objective is a specific goal that you want to achieve, with a clearly stated outcome and a deadline. It is specific and measurable, and once completed will be replaced by a different strategic objective. In other words, it is an action that can be tangibly achieved.

Why are Strategic Objectives Important

According to Barney and Griffin, organizational goals serve four basic functions:

- They provide guidance and direction,
- Facilitate planning,
- Motivate and inspire employees,
- Help organizations evaluate and control performance.

Developing SMART Objectives

A Strategic Objective is comprised of three main parts:

- ***Action (verb)***
- ***Description (adjective)***
- ***Results (noun)***

Starting off with a verb forces you to be specific about what the organization is trying to do. It is advised that, if possible, a metric and a unit be also included. This will help to keep the strategic objective focused and will be useful when it comes to tracking progress towards organizational performance. Additionally, having a deadline works provides the same advantages.

Developing SMART Objectives



**Action + Detail + Metric
+ Unit + Deadline**

SMART Objectives

- Expand access to Alternative Dispute Resolution and social services to all 14 parishes by 2023.
- Increase and maintain customer satisfaction with justice services to 75% by 2023
- Modernize the energy sector's policy, legal and regulatory framework by 2020.
- Reduce national energy consumption by 10 % by 2021.



Performance Indicator

"If it cannot be measured, it cannot be managed."

- Peter Drucker

PERFORMANCE INDICATORS

What are Performance Indicators?

- Indicators are measures that describe how well a programme is achieving its objectives.
- Indicators provide us with specific criteria to measure actual results, and specify the measurable proof that a planned activity achieved the desired result.
- Indicators (also called measures of effectiveness) are practical ways to measure progress toward established objectives.
- Indicators will vary depending on the nature of the organisation and its strategic outlook. For example a university may look at enrollment/graduating rates while a restaurant may focus on percentage of income from repeat customers.
- Indicators are sometimes used to 'value' activities which are hard to measure, for example customer satisfaction.

Performance Indicators Cont'd

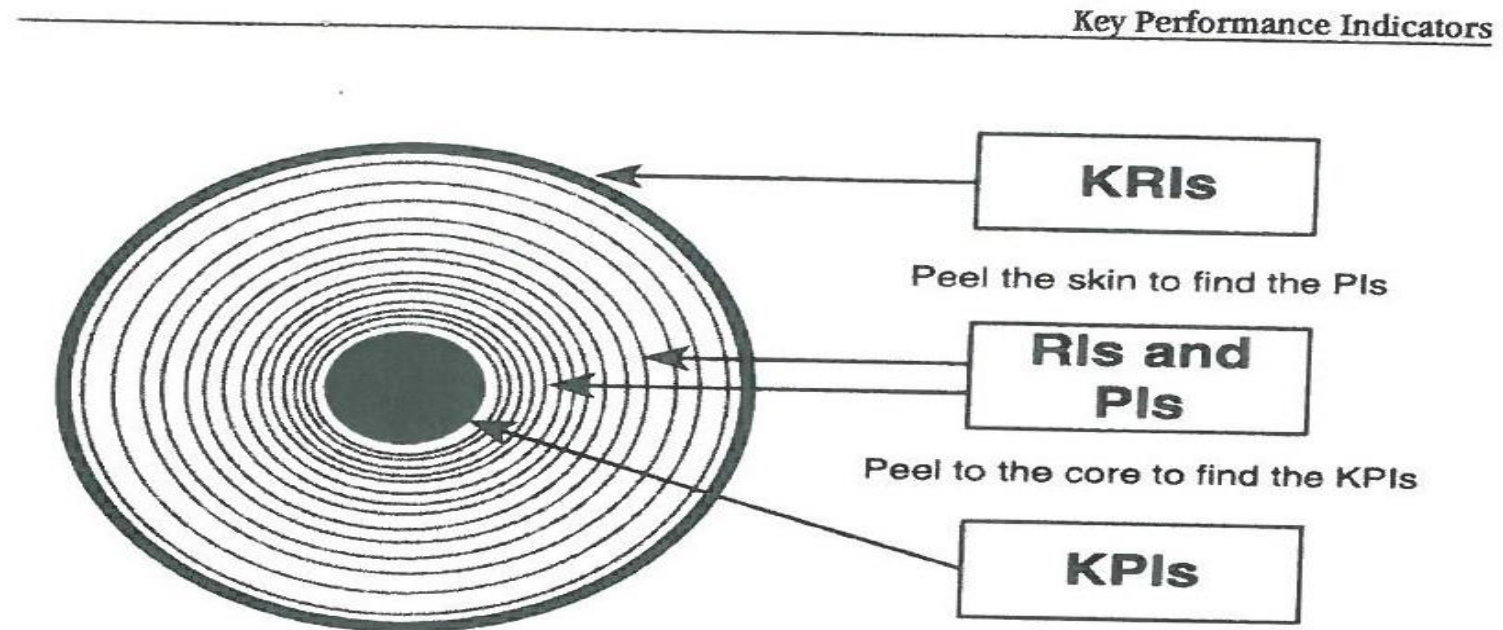


EXHIBIT 1.1 Four Types of Performance Measures

Assessing the Indicator

Reliability

- Quality of the information is credible.
- Assumptions are minimal, or at least clearly stated.
- Direct connection between the indicator and what is to be measured.
- Findings are consistent regardless of who makes the measurement

Feasibility

- Means of verification is viable.
- Identification of baseline data.
- Information can be easily obtained.

Utility in Decision Making

- The information describes the desired change to be achieved
- Identifies the magnitude of the desired change.
- Identifies target group or beneficiaries.
- The information is critical in the decision making process.

Characteristics of Indicators

SMART	CREAM
S pecific	C redible
M easurable	R esourced
A chievable	E conomical
R elevant	A greed
T ime Bound	M onitorable

Developing SMART & CREAM Indicators

There are three main approaches to developing performance indicators:

1. Means and ends method- identify the ends/results to be accomplished; means are the possible techniques, inputs and methods.
2. Measurability method- indicators are developed along four scales of measurement; **nominal** (naming), **ordinal** (ranking), **interval** (equal scale with arbitrary zero point) and **ratio** (equal with known zero point)
3. Organizational focus on five dimensions – inputs activities, outputs, intermediary outcomes and final outcome

Developing SMART Indicators

Approaches

1. Create indicators related to the organisation's purpose and priorities (its goals and objectives).
2. Create indicators that link the purpose and key activities and the outcomes of those activities by mapping the implementation processes.
3. Establish leading indicators. Create indicators that will influence the organisation's decision making. Evaluate what needs to be done in order for the organisation to achieve its goals.
4. Create indicators that are in line with widely used benchmarks, where appropriate.
5. Create indicators that are meaningful, useful and understood by key internal and external stakeholders.
6. Review indicators on a regular basis. Monitoring of indicators will determine success

SMART & CREAM INDICATORS

1. Percentage increase in student enrollment by 2023.
2. Number of new jobs created by 2023.
3. Percentage growth in exported vegetables by 2023.
4. Level of investment secured by 2023.

Group Exercise

