

BIG HAIRY AUDACIOUS GOALS OR SMALL WINS

Tim Houlihan, Vice President Reward Systems,
BIWORLDWIDE

BIG
GOALS
OR
SMALL
WINS

In Jim Collins' and Jerry Porras' book, *Built to Last*, the authors argue the benefits of BHAGs: Big Hairy Audacious Goals. They define this type of goal as lasting five to 20 years and being so grandiose that the goal-setter isn't even certain how to achieve it. For years, business leaders sang its praises, and today, BHAG references are still common.

Recently, the Business Financial Post's Ray Williams¹ offered research that contradicts the popular wisdom on BHAGs. He shares the potentially negative consequences of BHAGs on individuals and entire enterprises ... since those trying to achieve lofty goals often cut corners to reach them. Williams argues that small wins — individually relevant and self-selected goals — are the best way to go for many reasons.



So who's right? Well, both.

A key part missing from both of these philosophies is the actual situation. We see BHAGs as having both positive and negative outcomes ... and small wins delivering both good and bad results.

The key to making them work is using them wisely in different scenarios. Let's face it: human beings are pretty complex. We need stability and variety ... adventure and rest ... socialization and solitude. That's why blending both big goals and smaller wins together usually works best.

BHAGs — The Winners, The Losers

When Lee Iacocca set the goal to build a 2,000-pound car that would sell for \$2,000 at Ford® Motor Company in the 1970s, no one could foresee his employees cutting corners and creating a terribly unsafe vehicle. Yet it was this BHAG mentality — a goal set at the enterprise level that allowed for compromise — which caused Ford employees to make poor decisions that led to the Pinto being one of the most hazardous cars in history. Ford's design teams were not being recognized or rewarded for safety but for a specific price point and weight.

Change the situation and an enterprise goal can be successful. When Sony® decided to modify the world's perception of Japanese quality, the entire enterprise got on board since employees could connect their jobs to the result of changing perception. This goal, set by Sony's senior leaders, was a BHAG— crafted to focus all employees on quality.

On an individual level, BHAGs can have a powerful, positive effect for those who find them relevant. But, as we all know, humans vary greatly in the amount of risk they're willing to take. One person's "walk in the park" is another's "extreme adventure."

What
works
better?

Small Wins (They're Pretty Big Too)

Life is made up of small wins, while big hairy audacious successes are few and far between — if they ever happen at all. Small wins contribute to our subjective well-being (happiness).

Here's how:

- When we set a goal for incremental improvement, we learn how to do something more effectively.
- We become happier knowing that we performed better than before and improved results.
- Happiness comes from personal accomplishments and also from the acknowledgement or recognition of a job well done.

Achieving small wins lets us gain the knowledge and experience of doing a job better. As a result, we perform at a higher level. As long as incremental gains contribute to the BHAG, we will be satisfied and stay on the right track.

Your Goals, Your Way

Nobody likes being told what to do.

The best way for people to own a goal is to select it for themselves. BI WORLDWIDE studies indicate that people who select their own goals achieve 37% more than those who are given goals. Keep these statements in mind:

- The best goal is one I set for myself.
- The next closest thing is when my direct supervisor is involved in goal-setting.
- The further goal-setting happens away from me, the less likely I am to own it.

Risk tolerance can vary greatly from person to person, so the goal must be relevant to each individual. For example, Canadians tend to be more risk-averse than Americans. And women are typically more careful in their goal selection than men (though they achieve at the same rate). Whether it's a small win or BHAG, owning the goal is critical to achievement. But in a corporate setting, goals can't be set randomly by every employee in an organization; there must be structure. The best way to maintain corporate control while also driving individual engagement is to implement choice architecture — offer a carefully selected and oftentimes limited number of goals for employees to choose from.

Consider This...

When determining if BHAGs or small wins are right for your employees, here are some goal-related questions to consider:

- 1.** Who is setting the goal? Is it for an individual, team, department, division or the entire enterprise? Who's going to own it?
- 2.** How relevant is the goal to the people executing it? Do the goal owners have the control to impact the results? Do they perceive the goal as attainable? Is the goal central to the core work of the goal owners?
- 3.** How much drive is there to achieve the goal? How much does the goal owner want it? Are the rewards for the goal achievers worth the effort? How much will failure or achievement impact the well-being of the goal owners?

Big and Small Goals (They're All Good!)

Race car drivers spend millions of dollars making little tweaks to their cars just to cut a second or two off their time. They strive for small wins with the goal of achieving a BHAG in the future.

Life and work are much the same. We need a BHAG to focus our attention across a very long period of time, and we need the small wins to keep us going.

To learn more about the power of goal-setting and how BI WORLDWIDE's patented sales incentive program structure GoalQuest® can help motivate your sales force to reach their goals, visit:

BI [WORLDWIDE.com](http://BIWORLDWIDE.com) or email us at: [LATAM@BI WORLDWIDE.com](mailto:LATAM@BIWORLDWIDE.com).



¹ Williams, R. (2014, September 10).

Why setting ambitious goals can cause you more harm than good.

Retrieved from:

<http://business.financialpost.com/2014/09/10/why-setting-ambitious-goals-can-cause-youmore-harm-than-good/>