Charles W. Prather

THE DUMB THING ABOUT SMART GOALS FOR INNOVATION

It is a truism that setting good and worthy goals is critical to success. In business, people speak of setting SMART goals to help assure success (*1*). The acronym stands for **S**pecific, **M**easurable, **A**chievable, **R**ealistic/**R**elevant, and **T**angible/**T**ime-bound. In reality these are *criteria* that are to be used in goal setting. In everyday work, applying these criteria is a highly effective way of ensuring that the goals are good ones and are likely to deliver results. However, when these criteria are used to set goals for innovation, they can spell DISASTER. The dumb thing about SMART goals is they circumvent innovations that could be breakthroughs for your organization.

Using SMART criteria in goal setting works well when the goal is to improve an existing system about which much is known. These criteria fit extremely well when some aspect of the business has deviated from normalcy in a negative way and the task is to return that aspect to normal. Common examples might be to build sales, cut costs, or restore manufacturing yield or quality in your production of a chemical. In each of these cases, using SMART criteria to set good goals works because ambiguity about the situation is minimal, and the desired outcome is to restore the system to normal operation, or at best, incremental improvement.

Charles (Charlie) Prather is president of Bottom Line Innovation Associates, Inc., an Annapolis, Maryland firm that helps organizations develop innovation as a core competency. He served DuPont for some 24 years in various R&D leadership positions and was manager of its Center for Creativity & Innovation. He is Senior Fellow at the Robert H. Smith School of Business at the University of Maryland, College Park, and guest lecturer at Case Western Reserve University's Weatherhead School. He earned his Ph.D. in biochemistry from N.C. State University, and is a frequent speaker and conference presenter. He co-authored Blueprints for Innovation *(American Management Association, 1995).*
Charlie@bottomlineinnovation.com;
www.bottomlineinnovation.com.

Enter Innovation

Today's focus on innovation in business is certainly on target, given businesses' urgent need to out-innovate the low-cost suppliers of the world who beat us at the price table every time. Incremental innovations *improve the existing system* by small steps, and finding incremental cost reductions is one example. Breakthrough innovations fundamentally *change the system* of products, services or the basic business model itself. Dell Computer's business model of personalized computers direct from the manufacturer is an example.

It's easy to see how effective the use of SMART criteria can be for setting goals for perfecting the system; on the other hand, it's easy to see that the same criteria used to set goals for changing the system cannot work and are not appropriate. Using SMART criteria to set goals for innovation will result in innovations of only the most incremental kind, and certainly not the kind that can be called breakthroughs. The SMART criteria help step the organization toward its objective, but the steps are baby steps.

Breakthrough innovations that can change the face of an industry or company are circumvented by strictly applying SMART criteria in goal setting, particularly when achieving those goals is tied to performance ratings and to compensation. People are smart too—they will generally do more of what gives them the greatest near-term payoff, and they will generally do less of what diminishes their near-term payoff.

The dumb thing about SMART goals for innovation is that they circumvent innovations that could become breakthroughs for your organization. Consider the Table, next page.