

Tap Into the Power of a Target

There is nothing like setting targets to empower people to lift performance.

Indeed 'the very act of observing a number changes and improves the result' according to business guru, Brian Tracy.

Without targets you will all just drift along hoping for a good outcome:

The problem with this approach - there is no power; nor motivation for the team to monitor and improve performance.

Working hard is not a target; maximising sales is not a target; beating last year's figure is not a (specific) target; being busy is not a target.

With targets the team will become focused:

One of Stephen Covey's 7 Habits is to "begin with the end in mind." In business: "the end" here can be represented by a number or numbers.

Targets bring purpose, commitment, feedback; corrective action can be quickly taken if the business drifts off-track (i.e. there is a variance).

In a service business there are three critical targets that need to be set:

1. Gross profit dollars
2. Labour hours to be sold
3. Rate per hour

Here's how these three numbers work:

Operating expenses for the next 12 months	\$ 842,000
Plus owner's desired profit (before tax)	\$ 165,000
= Target gross profit for the year	\$1,007,000
Weekly gross profit DOLLARS	\$ 19,365
Weekly HOURS to be sold	176
RATE per hour	\$ 105

Each week the manager reviews performance: which targets were achieved; which were not; and why.

Year-to-date performance must also be monitored:

In this example, by week 10 the target gross profit target would be: \$193,650

- * Again, is the business on track? If not, why not?
- * In time it may become clear that the targets need to be amended.

Such is the POWER of a target!