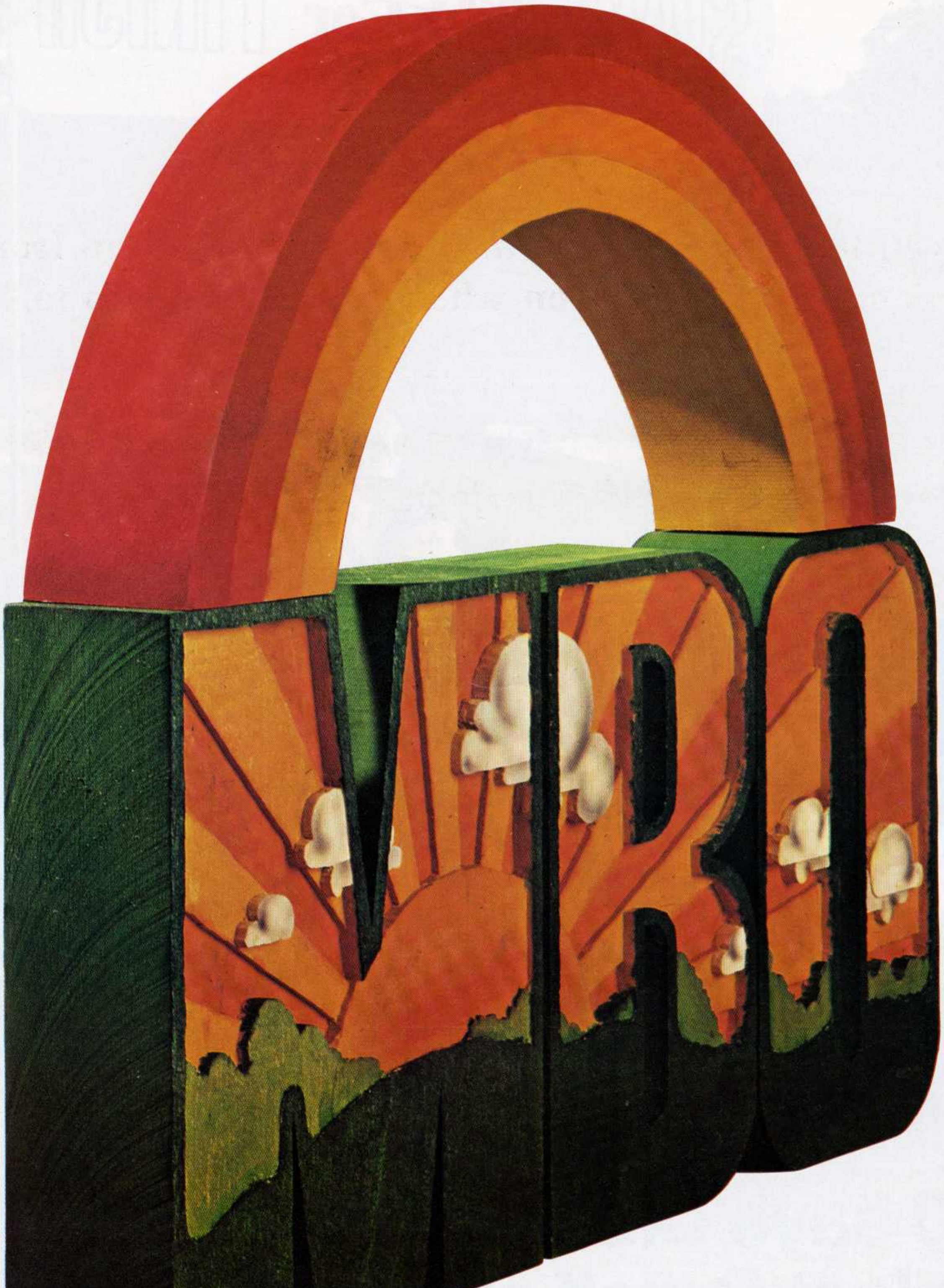

MANAGEMENT
BY OBJECTIVES

# Bright New World for Those Who Manage?

by David J. Slaybaugh, editor

**"Would you tell me, please, which way I ought to go from here?"**
**"That depends a good deal on where you want to go to," said the Cat.**
**"I don't much care where," said Alice.**
**"Then it doesn't matter which way you go," said the Cat.**

(Lewis Carroll, *Alice in Wonderland*)

That quotation may at first seem to be a strange way to begin an article in a trade magazine, but think about it. Maybe read it again. Because it tells exactly what Management by Objectives (MBO) is all about:

You can't determine which direction to go if you don't know where you want to end up; you can't chart a course of action if you don't know what you're trying to achieve.

That is the reason for Management by Objectives; now this article will explain what MBO is and how it can help those who manage golf businesses — whether in the front office, on the course, in the pro shop, or in the clubhouse.

**What is MBO?**

One frequently quoted expert, Dr. George S. Odiorne, author of the book *Management by Objectives: a system of managerial leadership*, has defined MBO as a process "whereby the superior and subordinate managers of an organization jointly identify its common goals, define each individual's major areas of responsibility in terms of the results expected of him, and use these measures as guides for operating the unit and assessing the contribution of each of its members."

Dale D. McConkey, a popular and prolific writer on the subject, has said, "In essence, MBO is a systematic approach to achieving desired ends."

In his latest book, *MBO for Nonprofit Organizations*, however, McConkey goes on to give a lengthier, more formalized description which is well worth repeating here:

*First, those accountable for directing the organization determine where they want to take the organization or what they want it to achieve during a particular period (establishing the overall objectives and priorities).*

*Second, all key managerial, professional, and administrative personnel are required, permitted, and encouraged to contribute their maximum efforts to achieving the overall objectives.*

*Third, the planned achievement (results) of all key personnel is blended and balanced to promote and realize the greater total results for the organization as a whole.*

*Fourth, a control mechanism is established to monitor progress compared to objectives and feed the results back to those accountable at all levels.*

MBO is, in other words, a plan of management involving practically all of an organization's personnel — not just the top brass. Its main strength, in fact, lies within that involvement. But to make it work, there must be a dialog — communication up as well as down — between the various levels of personnel in the organization.

A professional management consultant said, in an article in *Industry Week* magazine, that "the top of the house has to determine where they want to go, how they want to get there, when they want to get there, and what resources they have available to get them there. These basic parameters have to be communicated downward so that the down-the-line managers can then outline how they think they can achieve these things."

But, he continued, "without a continuing dialog, you'll never get meaningful objectives. The man at the top isn't familiar enough with the specifics to say, 'Here are the five things we have to do' — he can only provide the broad directions. The manager down the line lacks the overview to choose the broad objectives, but he is expert on the detail. So it takes a continuing dialog between top, middle, and line managers to make them work as a really effective team."

While it is true that this consultant was, like most authors on the subject, referring to the utilization of Management by Objectives in a somewhat larger organization — normally, a good-size corporation — the same principles can be applied equally as well to a private or public golf operation. Indeed, McConkey, in *MBO for Nonprofit Organizations*, refers to the implementation of MBO in the nine "enterprise funds" (each of which "constitutes a minibusiness within the municipal government") of the city of Madison, Wis. — including municipal golf courses.

**MBO in golf business**

It really is not hard to apply the foregoing to a typical organizational chart in a golf business of medium size — public or private. The "man at the top" or "top brass" would be the owner or the board of directors, the middle managers would be the course superintendent, the golf professional, and the club manager; the "line" managers would be the maintenance foreman, the assistant pro, the assistant or office manager, the chef or kitchen manager. Each person at each level has his or her own expertise and experience to contribute in setting, evaluating, and achieving the objectives of the organization.

For example, the board or the owner might set as one objective "to increase business in all phases of our club by 40 percent in the next fiscal year." The club manager, however, might point out that that would be physically impossible without increasing the seating of the dining room. The golf pro might contribute the information that another dozen golf cars would be necessary in order to facilitate increased play on the course in that amount. The maintenance foreman might provide the insight — which probably would not occur to the top management without prompting — that several of the tees would have to be made larger so that the increased play would not render them barren after the first month of the season.

And so it goes. Through communication downward and upward through the ranks, the club may end up with the hopeful, but more realistic, goal of increasing business in all phases of the club by 25 percent within the next fiscal year.

But the process does not, cannot, end there. That is just the first step. Next the middle and lower managers must set their own unit's objectives which will help achieve those of the club as a whole. The superintendent would probably vow to increase play by making the course more attractive — or perhaps even more challenging. The club manager could set the objective of increasing business by turning over each table several more times per day, rather than merely adding seats to the dining room. The pro might make his objective to increase business by learning to display merchandise in the pro shop more attractively.

Proceeding on down the line, other personnel can and should be setting objectives also. The foreman, to keep the traps clean and raked more smoothly; the chef, to add new and interesting items to the menu, the assistant pro, to be sure a member or other customer is greeted as soon as he or she enters the shop.

By now it should be obvious just how much direction and incentive can be gained by setting concrete objectives and involving everyone in doing so. As that management consultant said in *Industry Week*, "The dialog process enhances understanding and mutual respect, and brings increased credibility both for the objectives and for the entire planning process."

But there are even greater rewards in following through and really trying

## HOW NOT TO MANAGE BY OBJECTIVES

*Don't clarify objectives common to the entire organization.*

*Set goals too low to challenge individual employees.*

*Don't clearly shape each unit's common objectives to fit those of the larger unit of which it is a part.*

*Overload individuals with patently inappropriate or impossible goals.*

*Fail to cluster responsibilities in the most appropriate positions.*

*Allow two or more individuals to believe themselves responsible for doing exactly the same things, even though you know having one man responsible is better.*

*Stress methods of working rather than clarifying individual areas of responsibility.*

*Emphasize tacitly that pleasing you, rather than achieving the job objective, is what really counts.*

*Make no policies as guides to action, but wait for results and then issue spur-of-the-moment judgements in correction.*

*Don't probe to discover what program your employee proposes to follow to achieve his goals, but accept every goal uncritically without a plan for its successful achievement.*

*Be reluctant to add your own (or higher management's) known needs to the program of your subordinates.*

*Ignore the real obstacles that are likely to hinder the subordinate in achieving his goals, including the numerous emergency or routine duties which consume time.*

*Ignore the new goals or ideas proposed by your subordinates and impose only those which you deem suitable.*

*Don't think through and act upon what you must do to help your subordinates succeed.*

*Fail to set intermediate target dates by which to measure employees' progress toward their goals.*

*Don't introduce new ideas from outside the organization, nor permit or encourage subordinates to do so, thereby freezing the status quo.*

*Fail to permit subordinates to seize targets of opportunity in lieu of stated objectives which are less important.*

*Be rigid about scrapping previously agreed-upon goals that have subsequently proved to be unfeasible, irrelevant, or impossible.*

*Don't reinforce successful behavior when goals are achieved, or correct unsuccessful behavior when they are missed.*

**"Setting objectives focuses the minds of managers on the most important aspects of managing that organization. Trying to achieve those objectives concentrates the energies of managers and employees on those tasks and activities most necessary."**

to achieve the goals that have been formulated.

**Implementation**

Merely setting objectives probably will not improve your golf course or club. Your plans must be properly implemented if they are to succeed. The first step could be to put the objectives in writing — clearly stated and easily understood — and put them where they can be seen by those who must try to achieve them. This goes for top management as well as the lowest-level employee.

Robert Townsend, former president of Chrysler Corp., said in his popular book *Up the Organization*, "It isn't easy to concentrate. I used to keep a sign opposite my desk where I couldn't miss it if I were on the telephone . . . or in a meeting in my office; 'Is what I'm doing or about to do getting us closer to our objective?'

"That sign saved me from a lot of useless trips, lunch dates, conferences, junkets, and meetings."

That is a great part of the value of Management by Objectives. Setting objectives focuses the minds of managers on the most important aspects of managing that organization. Trying to achieve those objectives concentrates the energies of managers and employees on those tasks and activities most necessary to the well-being of the organization.

Proper implementation and follow-through is contingent, however, upon setting objectives properly in the first place. For some advice on what not to do, see the box on page 25. These are common errors managers make in setting goals. The list is based on a survey of 1,100 managers, reported by Dr. Odiorne.

The implementation or operational phase of a Management by Objectives program comprises three functions for managers, according to David E. Olsson. Author of a book titled (naturally) *Management by Objectives*, Olsson had successfully practiced what he preached as an administrator of a medium-sized non-profit hospital before listing the three functions to be performed by managers in implementing objectives: motivating, coordinating, and controlling.

In order to achieve high goals, it is necessary to "get people to want to do something wholeheartedly," Olsson says. It is then necessary to "make the work of several people fit together into an integrated effort" and to "bring their activities into line with expectation."

If these precepts are followed and the pitfalls previously listed are avoided, you can be well on your way to a successful MBO program. Whether you have succeeded or not will become apparent when you come to the final phase: review and evaluation.

**Taking stock**

Reviewing and evaluating the performance of an individual, a unit, or the organization as a whole is the natural final step in any type of managerial process. The beauty of Management by Objectives is that the objectives everyone helped set in the beginning will now make a handy yardstick to measure success by.

The reasons for, and uses of, the review and evaluation are several: the administration of salaries, promotions, and training of employees and managers alike, as well as appraisal of the MBO program itself. If the objectives were properly set, written, and implemented in the first place, every employee should know without question whether he now deserves a raise or a promotion — and his supervisor should know it too.

And, perhaps most important of all, everyone in the organization will know whether MBO has worked for them. Chances are, it has. □