

## Objectives are SMART, missions are WISE

Welcome to management by missions, a global practice in which objectives stop being an end in and of themselves and are put to the service of a greater purpose.



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Today, the vast majority of companies have an official corporate mission statement. But what started as a high-level expression of a company's purpose is increasingly filtering throughout

all levels of the organization, providing focus to everything from departments and divisions, to individual projects and initiatives, and even to job descriptions. This use of the mission statement as a means of inspiring activity at different levels of the organization has come to be termed management by missions (MBM).

Different forms of MBM can be seen in action in all types of companies around the world, including Heineken, ISS Facility Services, Medtronic, Repsol, Telefónica and Unilever. These companies find that engendering a shared sense of purpose among employees translates into improved performance.

Over the course of the 20th century, management by objectives (MBO) became established practice, based on the notion that the best way of moving the organization toward a common goal was to set clear, measurable objectives for employees and then mark their progress. Now, in the 21st century, MBM is gaining traction, as companies embrace a richer understanding of what it means to motivate people and the special role of missions in getting people to work together and raise their performance.

## **Objectives and missions**

To understand MBM, we have to understand its precursor, MBO. In the early 20th century, major companies such as General Electric, DuPont and General Motors adopted an objective-based approach to management, and many other companies followed suit. In the 1950s, the management scholar Peter Drucker coined the actual term, management by objectives, in his classic book *The Practice of Management*. Much of the popularity of MBO was due to the perception that people who had clear objectives to work toward tended to be more productive and achieve more than those who didn't have any such objectives.

In the 1960s and 1970s, formal studies on MBO confirmed its positive effects on performance and planning. They also revealed its shortcomings. A 1973 article in *The Academy of Management Journal* found that employees often did not set ambitious enough objectives for themselves, and managers sometimes used the objectives as a means of putting pressure on their teams, as indicated by the article title, "Behavioral Problems with Management by Objectives."

Before long, management practitioners began addressing these criticisms. Drucker himself proposed that managers should supplement objectives with mission statements. The thinking behind this was that people whose objectives were aligned with some larger mission tended to set more coherent and ambitious objectives, with better results.

In recent decades, missions have gained ground, to the point that they are now considered the first step in most strategic planning models. In team or project management, establishing a guiding mission often comes before setting the objectives. And coaching and leadership development sessions usually kick off with a discussion of the broader mission associated with the person's position, which helps clarify and lend substance to the individual objectives being pursued.

As such, objectives do not vanish from the scene; on the contrary, they are still fundamental for business success. However, with the focus shifted to the accomplishment of missions, objectives stop being an end in and of themselves and are put to the service of a greater purpose.

MBO seeks to ensure that employees have a full grasp of their own particular objectives and how they contribute to organizational ones. MBM, meanwhile, seeks to make employees aware of the multifaceted missions of their professional roles and how those missions align with the organization's broader purpose.

By combining missions with objectives, companies leverage two prime sources of human motivation: meeting a set challenge, and making a pro-social contribution. The addition of MBM is like having a boat with two engines: you gain more power as well as more maneuverability.

## **Defining missions**

Defining missions, especially those established at the team or individual level, requires a paradigm shift that is easier said than done.

Ask a salesperson what the mission of his or her job is, and he or she may say, "To boost sales." A financial officer may say, "To reduce debt." And a machine operator may say, "To raise productivity." All of these are statements of the obvious, far removed from the true concept of mission. People are so accustomed to being managed by objectives that they often confuse what is meant by mission.

Over the past 10 years, we have worked with hundreds of employees and teams to help them understand their missions better. Based on our research, we have come up with the following maxim to help clarify the distinction: Objectives are SMART (Specific, Measurable, Achievable, Relevant and Time-bound), while missions are WISE (Wide, Inspirational, Service-oriented and Evaluable). Let's drill down into what each term of the WISE mnemonic entails.

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