

STRATEGIC PORTFOLIO MANAGEMENT FROM SERVICENOW

Goals: How strategy gets delivered

The way an organization sets, manages, and tracks goals is critical to success—now more than ever. The right system and the right mindset can help you define ambitious targets, respond to change with confidence, and deliver more value to customers.

INTRODUCTION

Knowing where you're going

Highly successful organizations and individuals across all industries and fields have something in common: an extremely clear vision of what they want to achieve—and why.

All work delivers an outcome, but not all outcomes deliver the same amount of value— that's why goals matter. They define what we want to achieve, but more importantly, they ensure we're investing our efforts and resources on work that will have a meaningful impact, and they help us measure the degree to which we accomplished what we set out to do.

"If you don't know where you are going, you will probably end up somewhere else."

— Lawrence J. Peter, Canadian Educator

Goal setting has always been important for business success, but businesses today face a different set of conditions, and they need systems that support the unique challenges they face in managing goals:

Resource Constraints

Your resources are precious and limited. Making sure they are aligned to the work that matters (and not spread too thin) is critical to any company's success. Managers need to make the hard choices about what to prioritize, and leaders at all levels need the visibility into dependencies and work status in order to make good decisions about where to invest.

Speed & Disruption

Companies today face constantly shifting-consumer markets and pressure to accelerate time to value. Goals need to be adjusted and communicated in real-time—not just evaluated after the fact.

Scale & Complexity

Companies need to set and manage common goals across hundreds of teams, using dozens of different tools. Without a single source of truth, it's nearly impossible to get the accurate, timely data you need to collaborate across teams and workstreams.

Why does a common goal framework matter?

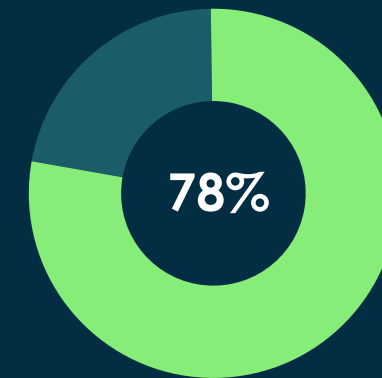
Simply setting goals is not enough. You have to do the work to achieve them, track your progress, and adjust them to stay focused on the right outcomes—and for a modern enterprise, you have to do it at massive scale, with limited resources, in a market that prizes speed.

For a modern enterprise, the importance of a common goal framework, that everyone can align to, cannot be overstated. Moreover, you need a system that enables you to connect goals to actual work, manage to them, and know whether you are or are not on track to achieve them.

The cost of poor goal setting

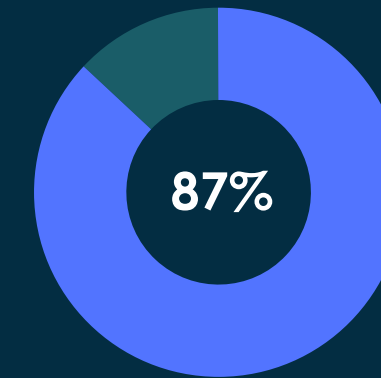
In the absence of a common framework for setting and tracking goals, organizations deal with systemic misalignment between strategy and execution. Trying to track progress is a never-ending series of spreadsheets, disconnected data, and reporting fire drills. The result is inefficiency and waste that could have been avoided, and cultural challenges stemming from a lack of transparency, trust, and alignment between different teams and functions.

The cost of poor goal setting



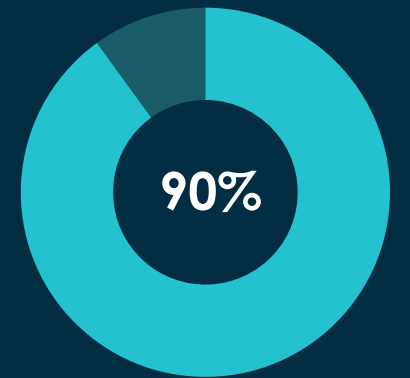
Lack of Clarity:

78% of employees feel that leaders do not have a clear direction for the organization.¹



Lack of Transparency:

87% of US employees feel that their organization's leadership does not provide transparent communication.¹



Lack of Strategy:

90% of the same resources are allocated to the same investments year over year.²

For a multi-national enterprise, managing hundreds of teams, working across dozens of value streams, it can be hard to answer basic questions like, "Why are we doing that work?", "Are we making progress toward our goal?", "Is that thing we spent millions of dollars on actually delivering meaningful value to our company or our customers?", "Why does my work matter?"

This is a big problem.

¹ https://www.mckinsey.com/capabilities/strategy-and-corporate-finance/our-insights/rethinking-the-role-of-the-strategist?utm_source=link_wwwv9&utm_campaign=item_354944&utm_medium=copy

² <https://www.gallup.com/workplace/354944/leaders-bring-strategy-back-focus.aspx>

What is a goal framework?

We define a goal framework as a structured approach to both setting and managing goals to increase the likelihood of success.

An effective goal framework must help you **1)** define what you want to accomplish; **2)** set a plan for how you will accomplish it; and **3)** track or measure the degree to which you did accomplish it.

Goals have been around forever, but goal frameworks as we know them today trace their history back to the 1960s, when Peter Drucker published his book, The Effective Executive, and introduced the concept of Management by Objective (MBO). Today, almost every organization has some process for setting goals for themselves and their employees, and there is an acronym salad of different frameworks and tools for them to choose from:

BODEA **Lean** **F.A.C.T.S.**
S.M.A.R.T. **KPI** **V2MOM** **EOS** **F.A.S.T.**
OKR **GTD** **4DX** **BHAG** **ODM** **MBO** **BSC**

Each tool has its strengths and weaknesses. There is no right way to set and manage goals for every organization, however there are key principles that make any goals framework more effective and key questions that can help determine which is a fit for you.



Framework vs. guidelines vs. "other"

A lot of systems that are referred to as goal frameworks actually aren't.

Many of these tools are great, and they play an important role in your goal setting and management process, but it's important to understand what they are and are not.

Goal Frameworks

We define a goal framework as structured approach to both setting and managing goals to increase the likelihood of success. They include:

- Objective Key Result (OKR)
- Management by Objectives (MBO)
- The 4 Disciplines of Execution (4DX)
- Big, Hairy, Audacious Goals (BHAG)
- Outcome Driven Metrics (ODM)
- Balance Scorecard Approach (BSC)

Guidelines

Principles that guide you in identifying and defining effective goals (not necessarily managing to them or tracking progress against them). They are sometimes referred to as "goal-setting frameworks," and include:

- **S.M.A.R.T.** (Specific, Measurable, Attainable, Relevant, Time-bound)
- **F.A.S.T.** (Frequent, Ambitious, Specific, Transparent)
- **F.A.C.T.S.** (Focus, Alignment, Commitment, Tracking, Stretching)
- Lean Strategy

"Other"

This category includes performance measures, methodologies, and "framework-esque" personal approaches that are sometimes mistaken for goal frameworks.

- Key Performance Indicator (KPI)
- Get Things Done (GTD)
- Entrepreneurial Operating System (EOS)
- Vision, Values, Methods, Obstacles, and Measures (V2MOM)
- Business-Outcome-Driven Enterprise Architecture (BODEA)

It's also worth noting that some of these tools pair very well with each other, while others may be incompatible. For instance, MBO pairs well with SMART, OKR pairs well with FAST.

DEMYSTIFYING THE GOAL FRAMEWORK LANDSCAPE

Comparing common frameworks & tools

How to find your fit

The right framework will depend on the nature of your business, your industry, and your process—as well as your risk tolerance. Finding synergy between the way you set goals and the way you manage them is also critical to success.

Goal Framework

Traditional & Practical

Management by Objective (MBO)

The MBO approach aims at improving organizational performance by defining specific and clear objectives for each employee and making them work towards the company’s goals. Often considered the original goals setting framework.

- Defines the “what”
- Top-down, management enforced
- Set annually
- Tied to compensation
- More risk averse
- Generally quantitative

Modern & Ambitious

Objectives and Key Results (OKR)

A OKR collaborative goal-setting methodology is used by teams and individuals to set challenging, ambitious goals with measurable results. Often seen as more compatible with modern ways of planning and working.

- Defines the “what”, “how”, and often “when”
- Top-down and bottom-up, set collaboratively
- Set quarterly
- Divorced from compensation
- More ambitious, stretch goals
- Both quantitative and qualitative

Guidelines

S.M.A.R.T. (Specific, Measurable, Attainable, Relevant, Time-bound)

F.A.S.T. (Frequent, Ambitious, Specific, Transparent)

Health Metrics

Key Performance indicator (KPI)

KPIs are a high-level measure of system output, traffic or other usage, simplified for gathering and review on a weekly, monthly, or quarterly basis. They are not goals setting frameworks, but they are useful benchmarks and organization health metrics, and can be paired effectively with different frameworks, e.g. as an “Objective” in MBO, or a “Key result” for OKR.

Goals that can keep up with the pace of modern business

"The great danger for most of us lies not in setting our aim too high and falling short; but in setting our aim too low, and achieving our mark."

– Michelangelo, Italian Sculptor

Goal frameworks play an essential role in ServiceNow® Strategic Portfolio Management (SPM); they are the common language through which we help organizations create better alignment and collaboration between business strategy and work execution across complex, distributed teams. The ServiceNow platform is compatible with any goal framework you choose to employ, but as organizations evolve and digitally transform, it's important to set goals in a way that's not only compatible with your businesses, but also in a way that will maximize your competitive advantage in a world where expectations are high and change is constant.

Structuring goals to drive business agility

Businesses today need to be fast and flexible in order to seize opportunities, stave off disruption, and respond to shifting market conditions. Agile businesses use data to be more connected, fostering greater alignment, continually optimizing processes, and making better decisions at every level. In this world, the way we use goals needs to shift as well:



More collaborative

Based on two-way conversations between strategy and execution, and between different teams.



More transparent

Ensuring everyone understands what they're working on and why, so they can make the best decisions.



More frequent

Goals should be discussed, revisited, and measured frequently.

"Goals can drive strategy execution but only when they are aligned with strategic priorities, account for critical interdependencies across silos, and enable course corrections as circumstances change. If these conditions aren't met, every employee could achieve their individual goals, but the organization as a whole could still fail to execute its strategy."

–Donald Sull and Charles Sull

With Goals, FAST Beats SMART, MIT Sloan Management Review: 2018

ALIGNING GOALS WITH MODERN WAYS OF WORKING

Using OKRs to increase employee engagement and drive business outcomes

As organizations navigate the shift to remote work and manage the great resignation, keeping employees engaged has become a huge priority. This challenge is further complicated in large enterprises, where different teams use different tools and methodologies to do their work. Studies consistently show that one of the most important factors in keeping employees motivated and productive is ensuring they understand the meaning and value of their work—the WHY.

Gallup found that highly engaged teams showed 23% greater profitability¹ compared to teams with low engagement.

¹ <https://www.gallup.com/workplace/321032/employee-engagement-meta-analysis-brief.aspx>

How OKRs help

OKRs have gained traction as a goal setting framework precisely because they align with more agile—and more flexible—ways of working.

Transparent and distributed decision making

Because OKRs rely on transparent and collaborative goal setting, each individual is accountable to the overall success of the business, not just a task put in front of them. They are empowered to make decision that will deliver more value, not just deliver on what's asked of them.

Clarity of purpose and visibility to value

Everyone can see how their day-to-day work contributes to a larger goal. When changes happen, they don't feel arbitrary, because they can be communicated in the context of common goals.

Ambitious achievements

OKRs encourage ambitious goals, pushing teams to take risks and strive for more than the status quo. Agility is about continuously growing and improving, not achieving a 'business as usual' goal.

It's more than new tools; it's a new way of thinking

Just as we shift from project-to product-based management, we must shift from task-based work to goal-oriented work.

For companies who embrace business agility, goals are living, breathing things that are updated based on changing conditions, not fixed points. Their purpose is not to dictate what people should do, but to show them what they can achieve, and let them make decisions about the best way to do it.

Embracing a more agile, resilient mindset means focusing on continuous improvement and celebrating innovation, rather than simply achieving what's expected.

With OKRs, achieving 65-75% of a targeted result is considered a win and worthy of celebration. 75%-90% is considered remarkable, and any higher means your goal wasn't ambitious enough to begin with.

In this approach, goals are celebrated, not expected. The excitement of taking on—and achieving—ambitious things fosters a culture of accountability, inclusion, and innovation



ServiceNow's Goal Framework

Connect strategy to the actual work being done, and track work in the context of desired outcomes. Establish strategic goals at every level of the business and define targets to measure success. Easily roll up status data from all related workstreams to see progress against specific goals or the strategic initiatives they fall under, so you'll know how you're tracking and see potential issues before they impact your strategic goals.

01

Single source of truth for goals throughout the organization

We provide a single source of truth for all data—no matter how many teams you support or how many tools they use—with contextual insights that empower everyone to make better decisions and be more accountable to customer value.

02

Support for different goal frameworks and ways of working

Supports different goal frameworks (e.g. OKR, MBO, other), as well as different metrics and guidelines. Easily roll up data from different teams working in different methodologies (e.g. Agile, traditional, or hybrid project delivery).

03

Link strategy to execution by aligning goals to associated work

All work, across all teams, is tied to specific goals and broken down into discrete targets. Everyone can see the interdependencies between different work efforts, and everyone knows why their work matters.

Results in action

ServiceNow® Goal Framework encourages organizations to set and manage goals in a way that will maximize value delivered

Aligned

Align to big picture strategy and top-level goals of your organization

Transparent

Provide goal transparency for everyone involved

Supported

Allocate the right people, skills, time, and budget by management to make the goals successful

Owned

Assign clear accountability to a single person to drive the goal forward with collaborators

Measured

Track goals to ensure they are being achieved as planned

Time-bound

Assign a clearly defined time frame generally monthly, quarterly or annual

Revisited

Ensure goals are frequently discussed, adjusted, and realigned as needed

Celebrated

Take time to celebrate as goals are achieved and learn from goal that didn't go as planned

Key capability: Strategic Planning

Align strategy to execution, know when to shift and how, track the outcomes that matter, and make everyone accountable to customer value.

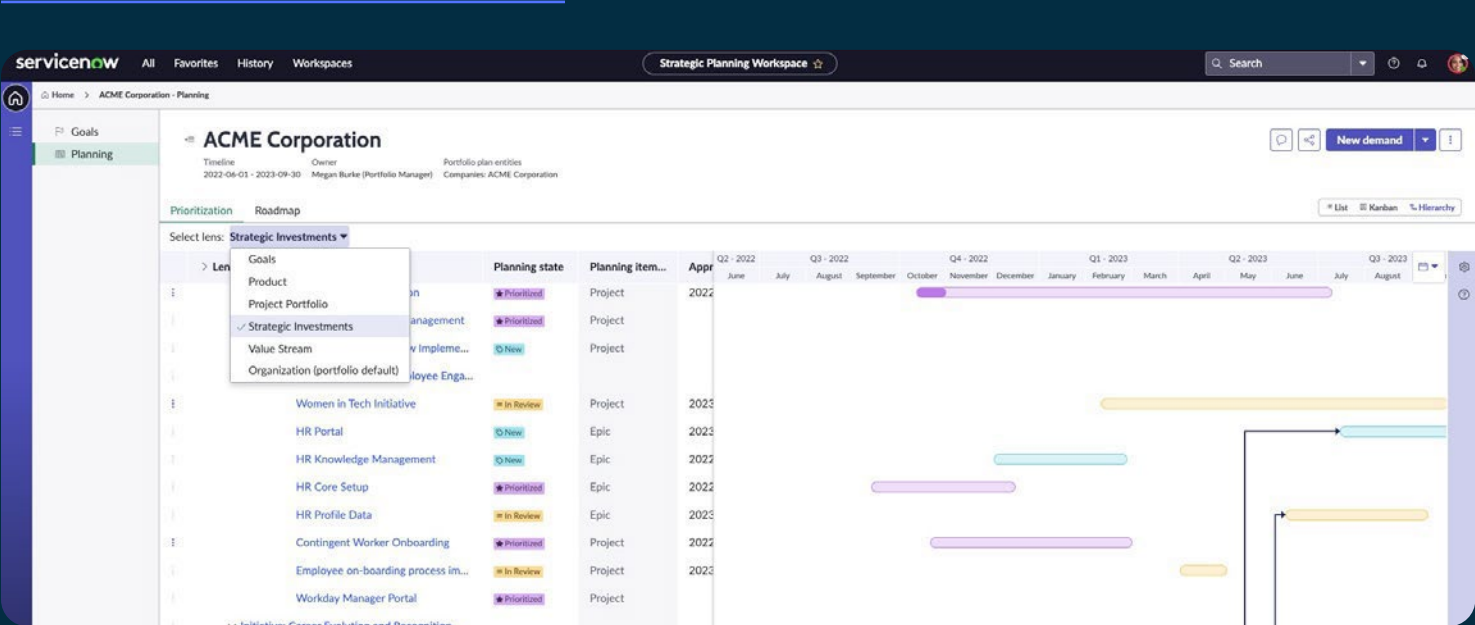
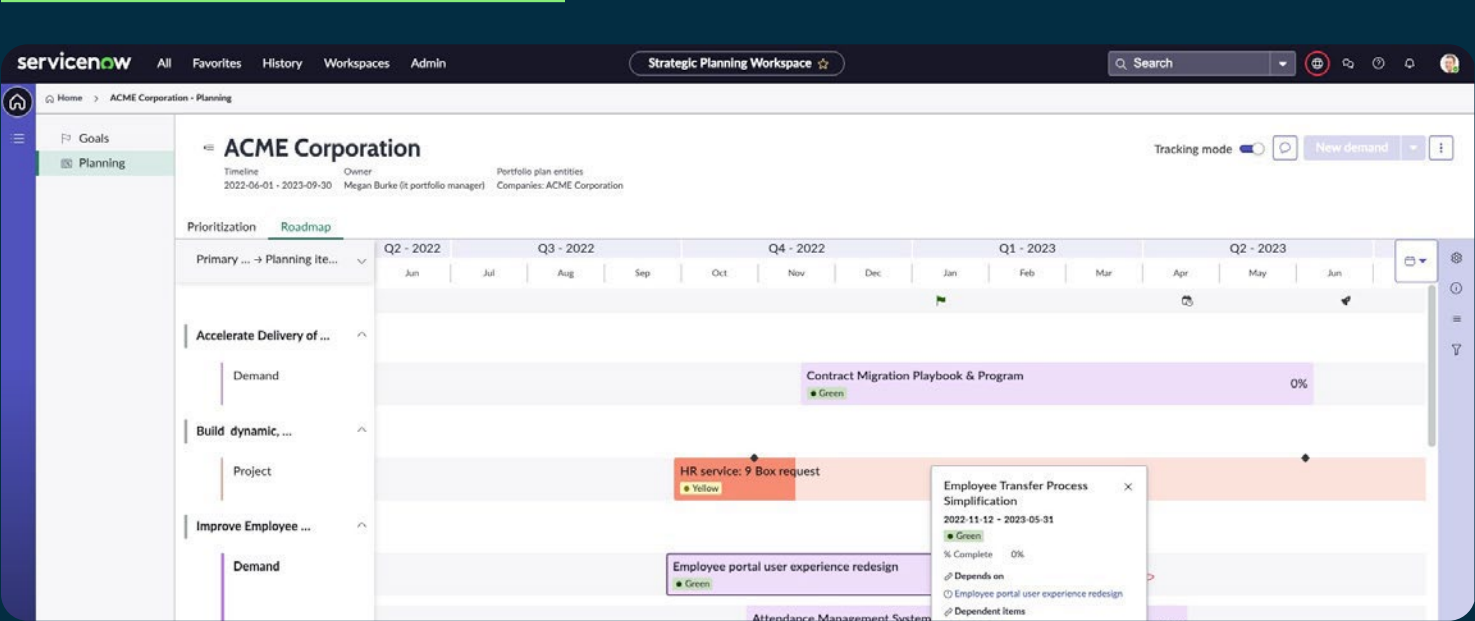
ServiceNow® Strategic Planning Workspace is a core component of ServiceNow SPM. SPW is a single, actionable workspace where you can continuously align work to strategy and deliver your goals with confidence—even as priorities shift.

Goal Framework for SPM

Portfolio Prioritization

Roadmap Panning

With SPW, all stakeholders have real-time insight into what is happening in every part of the strategic environment at all times. Every item in your strategic backlog is tied to a goal, prioritized to maximize value, and tracked down to the individual work item. SPW helps you eliminate waste, focus on the work that matters, and accelerate time-to-value.



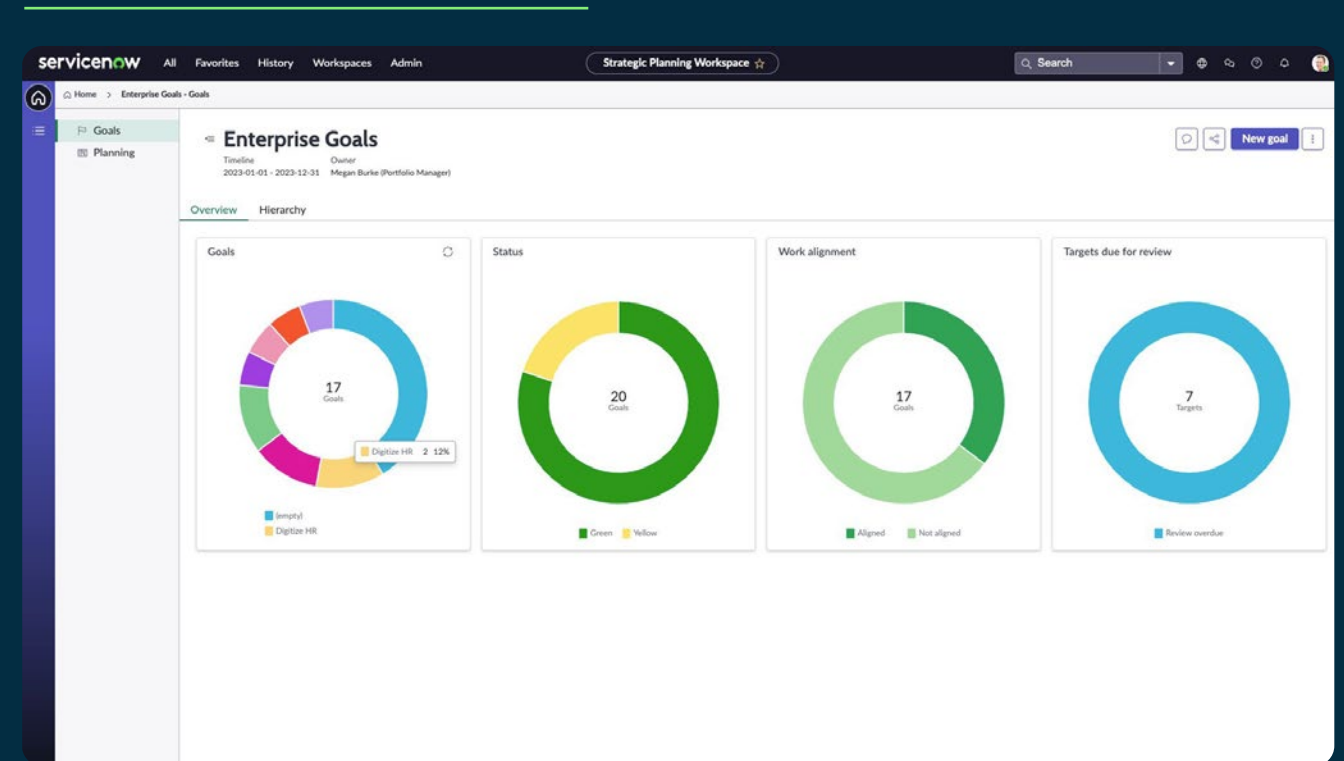
SPW Goal Framework

The Goal Framework in ServiceNow's SPW is a single, actionable workspace where users can quickly define goals and targets based on business and customer value, prioritize investments responsively as situations change, and view progress towards goals as it happens.

What makes SPW game changing is that this information is visible at multiple levels—enterprise, portfolio, team—and adjustable to every perspective. Teams have the autonomy to work the way they are most effective, and investment owners and strategy leaders retain governance and control with the ability to monitor progress against goals or OKRs. And when change is needed, it can be done quickly, with clear communication about what is happening and why, and a clear understanding of implications and dependencies.

Connect all work to strategy through common goals

Create a clear hierarchy that links all work to outcome-based goals and adjust the goals framework or methodology to best match your business needs, whether that be OKRs, KPIs, MBOs, or another goals approach. Easily pivot to view enterprise-level, portfolio-level, and team-level goals/OKRs and the workstreams associated with them. You can roll up status data from all related workstreams to see progress against specific goals or the strategic initiatives they fall under, so you'll know how you're tracking and see potential issues before they impact your strategic goals.



Outcomes

What happens when you have a common goal framework that actually links all work to strategic objectives, with visibility at every level, no matter how you work?



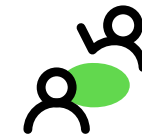
1. Make customer and business value your “north star” metrics

Instead of focusing on the traditional constraints of cost, schedule, and scope as success criteria, the focus must move to customer and business value. The Strategic Planner Workspace in ServiceNow’s SPM is a single, actionable environment where users can quickly define goals and targets based on business and customer value, prioritize investments responsively as situations change, and view progress towards goals as it happens. It helps planners throughout the organization maximize limited resources by focusing them on strategic outcomes rather than project completion.



2. Make everyone a stakeholder in strategy

In a world where change is the norm, there must be an acknowledgment that success requires engagement from everyone. Today, every employee is a stakeholder in strategy. ServiceNow’s SPM ensures strategy—and changes in strategy—can be communicated clearly to stakeholders at every level, making customer value everyone’s responsibility, and helping teams stay connected to the bigger purpose behind their tasks.



3. Empower employees with visibility and autonomy

Employee engagement only happens when employees feel empowered and have a degree of autonomy over their work. Empowered employees are more important than ever, but many organizations struggle to break free of old habits. ServiceNow’s SPM empowers employees with visibility and autonomy: Because everyone in the delivery chain sees how their work advances strategic outcomes, they can make better decisions about how to achieve those outcomes—the hallmark of a thriving enterprise.

Strategy, delivered.

Creating the right goals and delivering on them will never be easy, but it should be simple.

And now, with a strategic portfolio management approach, powered by ServiceNow SPM, it can be. When you combine your vision and people with our technology, you can see your goals through to delivery, with visibility into what's happening—and why—at every level of your business, and at every stage of the product lifecycle. You can be confident that your investments, your teams, and your work are aligned to strategic outcomes and optimized to deliver more customer value faster.

To learn more:

[DOWNLOAD SERVICENOW'S SPM EBOOK](#)

[EXPLORE SERVICENOW'S SPM SOLUTION](#)



The world works with ServiceNow

With ServiceNow, SPM is responsive, collaborative, and contextual across every level of your business. Only the ServiceNow Platform's unified data model and integrated digital workflows can deliver the insight you need to connect strategy, delivery, and benefits realization in the face of constant change. You can plan, adjust, and track key initiatives in real time, ensuring all investments stay aligned to the outcomes that matter.