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AUTHOR   Winstead, Philip C.
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ABSTRACT
                A comprehensive program was begun in 1972 at Furman
University to revitalize its management planning processes and to
develop a management planning model that could be used by other
institutions. The effort continues as part of Furman's ongoing
administrative operation. The resulting Management Planning Project
at Furman is described in this conference speech. Focus is on the
procedural aspects of the management-by-objectives (MBO) portion of
the program and the accompanying personnel interactions. The MBO
emphasis in Furman's systematic institutional planning process
includes the major steps of (1) clarification and evaluation of
mission, goals, and objectives; (2) development and execution of
programs of action; and (3) allocation of essential resources. These
steps are incorporated into the other management planning activities.
The scheme requires development of a program of action and the
allocation of essential resources to support the particular
objective. This distinction is the first step in reducing the number
of worthwhile objectives to both a manageable number and to those
objects that can have a meaningful effect on the administration of
the college. (LBH)

Management by Objectives*

Philip C. Winstead
Furman University

Five years ago Furman University, like other schools around the country,

became concerned about mounting management problems, especially as they related to

making wise decisions in the face of limited resources. As members of the

administration at Furman began analyzing the situation, they became convinced

that only a systematic approach to management planning could make any positive

impact upon these difficulties. Therefore, in 1972 Furman began a comprehensive

program to revitalize its management planning processes and to develop a

management planning model that could be used by other institutions. The program

was supported from 1972 through 1975 by grants from The Ford Foundation and the

Exxon Education Foundation. The effort continues today as a part of Furman's

ongoing administrative operations with an added ingredient, that of a concurrent

program in Faculty Development in Academic Planning being supported with a grant

from the W. K. Kellogg Foundation. The management planning program has provided

for Furman, in our view, a more positive approach to responsibility and account-

ability throughout the university and a way to judge operations, not so much by

promises but by results.

The heart of the Furman management planning program is a management by

objectives approach to college and university administration. The program, however,

rather than stressing management by objectives as an end unto itself, stresses a

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form of comprehensive institutional planning which results in management
by objectives as a natural consequence of the planning, decision-making,
implementation, evaluation steps of the planning process.

I would like to describe the process by telling about what has taken
place in planning, management, and management by objectives at Furman over
the past five years.* In doing so, I want to stress the procedural aspects
of the MBO portion of the program and the accompanying personnel interactions.
These features address directly the theme of this conference, "The Evaluation
and Development of Administrators in Higher Education." At the outset, however,
let me say that there is nothing completely new in the procedures used at Furman.
The program has been put together a little differently and it is, in my opinion,
a more comprehensive approach than one normally finds in a liberal arts college.
Also, the Furman planning model has benefited, because of foundation support,
from a much more thorough evaluation than one usually finds with programs of
this type.

The Management Planning Project

At the time Furman made the decision to pursue the program in management
planning, those involved were aware that a piecemeal approach to something as
complex as this could very well do more harm than good. Consequently, several
basic decisions were made at the outset.

1. It was decided to institute a systems approach to change. It was
   quickly recognized that different parts of the institution affect
   each other and that change in one part usually creates change in
   another.

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*Furman University, founded in 1826, is a Baptist coeducational, liberal
arts institution of higher education located in Greenville, South Carolina.
It has an enrollment of approximately 2300 with a faculty of 145. There are
32 administrative positions, excluding department heads.

2. Every attempt would be made to minimize surprise. Any significant change would be difficult if those affected by the changes were not aware of them before the changes were introduced.

3. Several "go" or "no go" decision points would be built into the schedule. There would have to be this type of flexibility to gain the initial support of those involved.

4. Furman would provide the support services needed to assure the program of a fair chance to succeed.

5. All involved would adhere to a "golden rule of common sense and value." Furman would not change just for the sake of change. It would not move any farther or faster than felt to be desirable, and thorough evaluation would take place as a part of every phase of the program.

To initiate and steer the program a Committee on Institutional Planning was created and charged with overall direction of the program. The committee, chaired by the president, includes the four vice presidents, two deans, business manager, director of communications, heads of two academic and administrative committees, eight faculty members, two students, a trustee, and a member of the alumni association. A total of twenty-four people, including myself as Coordinator of Institutional Planning and Research, compose the committee.

At the same time an external group, a management task force, was appointed by the university's Advisory Council and charged with the responsibility of providing advice and counsel to the effort. The members of the Advisory Council are business and professional leaders throughout the country who work closely with Furman's administration in matters in which their experiences and expertise can be valuable.

The project was designed to consist of three phases. During Phase I the Committee on Institutional Planning continued the discussions concerning management and planning which had been initiated several months earlier with Planning Dynamics, Inc. (PDI), a Pittsburgh based management consultant firm. PDI had had successful

experience with various nonprofit organizations using an approach to planning which enhances participation and provides flexibility. They use a planning book technique as an organizing mechanism to help collect, process, distribute, and revise essential information for decision-making purposes. The committee reaffirmed the belief that the work of PDI could form the nucleus of the planning and management model envisioned for use at Furman. At the same time they were conducting a preliminary analysis of the institution in terms of readiness for the program and orienting key participants to the project to make sure that the nature, scope, and purpose were clearly understood. The orientation consisted of in-depth meetings and discussions with administrators, faculty, students, and staff. The decision to move into Phase II was made only after careful consideration by this committee.

Phase II was the design of a hypothetical management planning model for Furman that met the agreed-upon specifications. Furman used PDI as consultants while a prototype planning system was developed.* A workshop was held for key administrators and faculty to demonstrate the applicability of the tentative model. The Committee on Institutional Planning again decided whether to continue with the project.

The decision at the end of Phase II was favorable for moving into Phase III, the full development and implementation stage. At this time, an Office of Institutional Planning and Research was created and a person hired to fill the staff position of planning specialist or Coordinator of Institutional Planning and Research.

Key Elements

Eight key elements or activities comprise the essential thrust of the program.

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*Edward J. Green, President, Planning Dynamics, Inc., Pittsburgh, Pennsylvania, served as primary consultant to the project and is responsible for most of the basic planning principles encompassed in the program.

Goal Clarification. Along with four other institutions, Furman participated in an institutional goals study using the Delphi technique as a means to investigate what various constituents perceived the goals of the institution to be, as well as what they thought they should be. The instrument used in the study was a preliminary version of the Institutional Goals Inventory (IGI) developed by the Educational Testing Service. The inventory contained a series of possible goal statements covering a broad range of college and university operations. The results of this study provided the background for development of goals in the summer and fall of 1972 both for the university as a whole and for each of the organizational units within the institution.

Management by Objectives. With goals as a foundation, each organizational unit derived measurable objectives from the goals and tested a management by objectives approach to administration. The testing of management by objectives began in June 1973 to correspond with the beginning of Furman's fiscal year. To assist in the process, a workshop was held in October 1972 in which selected budget unit heads participated in a series of activities designed to help them in analyzing their goals, specifying measurable objectives, and reaching agreement with members of their staff in the assignment of responsibilities.

Strengths, Weaknesses, Opportunities, Threats (SWOTs Analysis). It was found very quickly that a simplistic approach to management by objectives did not deal adequately with the problem of limited resources. Management by objectives, to be practical, must relate to the setting of priorities. To assist in making these priority judgments, each functional unit at Furman began doing a SWOTs analysis in the form of an annual report. SWOTs, as used at Furman, is an acronym for a self-appraisal in which each organizational unit takes a look at the strengths, weaknesses, opportunities, and threats within that unit. Next,

the individual SWOTs are consolidated into a university-wide analysis. The SWOTs analysis thus provides a framework, along with institutional goals and available resources, for establishing priorities among proposed objectives. Using this technique, objectives can be weighed against the needs of the individual unit as well as the university as a whole. As a result, objectives can be authorized which maximize strengths, minimize weaknesses, capitalize on opportunities, or eliminate or minimize threats.

Planning Book. A planning book system serves as the chief organizing vehicle for the entire project. It is the way in which purpose, goals, objectives, management by objectives, basic data and other elements of systematic planning are integrated into the university's ongoing administrative processes. The system is visible as a loose-leaf notebook with color-coded pages keyed for distribution on a need-to-know basis. Each page can be updated individually. Planning book contents are organized around data categories needed to provide information for decision making based on a normal trip analogy: Where are you? Where do you want to go? How do you want to get there? When do you want to go? Who is going with you? What will it cost? How do you know when you get there? These questions lead to the selection of the information to be included in each of the twelve sections of the planning book.

For example, Section 1 contains a statement of purpose or mission; Section 2, an analysis of the environment and competition; and Section 3, an assessment of capabilities and opportunities. This information is designed to address the question "where are we?" Section 4 states assumptions, and Section 5 lists goals and objectives. These two sections respond to the question "where do we want to go?" Sections 6 and 7 tell "how we want to go" with 6 dealing with policies and procedures and 7 describing programs and projects. Section 8 outlines priorities and schedules. These data relate to "when do we want to go?" Section 9 covers human resources

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and the staffing of programs or projects. This information addresses the question "who is going with us?" Section 10 projects financial and physical resources, that is, the budgeting of the programs, and answers the question, "what will it cost?" Section 11 contains appraisal or evaluation data and addresses the question "how do we know when we get there?" Section 12 is for miscellaneous. If the information does not fit anywhere else and it is important for planning, it is filed here.

All information pertaining to the institution is not in any one planning book. If it were, the book would be unmanageable and would defeat the very purpose of the system itself. Information is included on a need-to-know basis. Consequently, the contents differ in part for each individual book holder depending on his area of responsibility. The material that is applicable university-wide is found in all planning books, but each book differs as the process spreads through the university and the books are developed and used by the various organizational units.

Policies and Procedures System. It was also found early in the program that management by objectives or any systematic approach to management planning cannot function effectively if appropriate policies and procedures are not in existence and clearly in focus for those involved in planning and decision making. Policies give consistency to planning and decision making, while still allowing different decisions on different sets of facts. Policies thus furnish the framework for plans, while providing guidelines for what is permitted and expected. A major activity became the task of rethinking Furman's policies and procedures system and expanding and reorganizing it into a process that complements the management planning process. The basic premise is that an individual respon- sible for a department, function, or activity is responsible for seeing that

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appropriate policies, procedures, and guidelines are formulated, distributed, revised, and maintained. No individual, however, issues policies and procedures that contravene or conflict with those issued by a higher authority.

Institutional Research. Institutional research is being conducted continuously to address special university problems. All of the institutional research is action oriented and designed to provide administrators and faculty with alternatives for decision making. For distribution purposes, two types of institutional research documents are used. The planning report series deals with topics that are of general interest and have university-wide applicability. The planning memo series responds to specific requests by administrators or faculty members who have need for certain information for decision-making purposes.

Priorities Task Force. Another element in the management planning program is a Priorities Task Force. It resulted from the need to make better decisions when attempting to allocate resources among major units of the university and set in order of priority the major unmet needs of the institution. The management planning techniques and devices employed prior to the advent of the Priorities Task Force assisted greatly in clarification of goals, improved communications, management by objectives, more objective research, and other components of systematic institutional planning. Yet the problem of how to decide among worthwhile activities across major units of the university as well as within major units persisted. For example, such questions as the relative merits of certain athletic programs versus certain academic programs and the importance of certain activities in the business area as opposed to other major areas could not be answered to the satisfaction of all involved. The Priorities Task Force was created as a subcommittee of the Committee on Institutional Planning and includes the four vice presidents, the academic dean, four

faculty members, the athletic director, and the president of the Association

of Furman Students. The Business Manager and Treasurer and the Coordinator

of Institutional Planning and Research serve as resource persons to the Task

Force. The Task Force is charged with examining all aspects of Furman's

operations and making recommendations to the president as to (1) the

expenditures making the greatest contributions towards achieving Furman's

primary goals, and (2) appropriate ways of balancing expenditures with income.

The Task Force, which has met regularly since 1975, takes a university-wide

view and looks especially at budget allocations across the major units of the

university.

Advice and Training. The Committee on Institutional Planning has met

regularly, usually monthly, since its inception. In addition to giving general

guidance, the committee has provided the means by which the work in management

planning has been assimilated into the regular operating procedures of the

university.

The Management Task Force of the Advisory Council has met twice each year.

Along with general advice and counsel, they have produced specific reports

suggesting ways of improving both effectiveness and efficiency within the

institution. They have been especially helpful in assisting staff members to

assess accurately the environment and to develop reliable assumptions for

planning and decision-making purposes.

Workshops with all of the administrators at the university were held to

discuss the conceptual base for the project and the techniques for implementation.

Two-day sessions were held with the Committee on Institutional Planning, the

executive officers of the university, and the department heads and other academic

administrators. One-day sessions were held with the business office staff, the

development office staff, the physical plant management staff, and the Board of

Trustees. 10

Also, the president has continued his practice of holding a three-day administrative council retreat off campus each summer where he and his administrative officers discuss in depth the major issues facing the university. It is at these meetings that the university-wide SWOTs analysis is finalized.

Management by Objectives

Systematic institutional planning as practiced at Furman includes the following distinct steps or activities:

1. Identification and evaluation of problems and opportunities.

2. Clarification and evaluation of mission, goals and objectives.

3. Determination of priorities.

4. Analysis and evaluation of capabilities.

5. Development and execution of programs of action.

6. Identification and monitoring of future developments that will have a major impact on performance or results.

7. Allocation of essential resources.

8. Acceptance and support of key people who are involved or affected.

It is steps 2, 5, and 7 which comprise the management by objectives thrust of the management planning program. It is stressed that one does not have a valid objective under the Furman scheme unless there is a program of action developed to support the objective and essential resources have been allocated to support that program of action. This distinction is the first step in reducing the number of worthwhile objectives to both a manageable number and to those objectives which can have a meaningful effect on the administration of the college.

Experience with the MBO program has shown that the reduction or authorization process is critical to the success of such a program. If this aspect is not handled properly, the result is an overemphasis on activities rather than key result areas, and a system too cumbersome because of paperwork for effective utilization. Consequently, as Coordinator of Institutional Planning and Research, I spend a great deal of my time counseling people to prevent them from writing objectives that do not meet certain specifications and requirements. The key, in our opinion, is to include in the MBO system only those objectives which can have a major impact on institutional performance.

Before going further into the basic specifications and requirements of the Furman MBO approach, let me give you Furman's definition of a "goal" and an "objective". We realize that some of the literature describes a goal as the general and an objective as the specific, that some of the literature describes an objective as the general and a goal as the specific, and that some writers use the two terms interchangeably. At Furman a goal is defined as providing "focus and direction". An objective is "a temporary estimate of a very important future result that we believe we can and should accomplish, through our own efforts, and that we are willing and able to pay for." You can see that in these definitions the theme has been followed that one does not have an objective unless a program of action has been developed and resources allocated to that program of action. Moreover, for an objective to be measurable and thereby suitable for the process of management by objectives, we insist that it contain the following six elements: time, outcome, performer, action, accomplishment level, and method of measurement. The time is the completion date. The outcome is the expected accomplishment. The performer is the one

responsible for the action. The action is what is to be done. The accomplishment

level is the acceptable level of proficiency. The measurement technique is how

the extent of accomplishment is to be determined.

It is not necessary in our system to have objectives for every goal statement.

Generally, an objective is one of three types: (1) regular, those of a repetitive

nature; (2) problem-solving, those responding to a particular need or dysfunction

in the system; or (3) innovative, those which attempt something which has not been

done before. In discouraging unlimited objectives, it is stressed to administrators

that most (60-70 percent) of what they do is routine, everyday and ongoing. It is

in the budget this year, it was in the budget last year, and it will be in the

budget next year. In this large, ongoing regular area of their work they should

specify objectives only if one or more of three things is true. One, it is a

result that the person they report to wants to monitor and keep up with. Because,

as you will see in a moment the approved objectives become the agenda for a

series of quarterly reviews of objectives sessions. Two, it is a result that

they want the person to whom they report to monitor and keep up with. Because

how many times has your administrative superior not been interested in things you

believe to be significant? Again, remember the objectives form the quarterly

review agenda. Three, if the objective directly affects someone else's planning.

To this large area of activity they are to add problem-solving and innovative

objectives.

Even with these guidelines the number of objectives can still be beyond the

availability of limited resources. A viable educational institution never has

enough resources to do everything that it wants to do and which can be justified.

Another way, therefore, to help discriminate among the many desirable objectives

which may be proposed is to weigh each objective against the following criteria

before it is authorized.

1. Is it suitable, does it relate to one of Furman's goals?

2. Is it feasible, can it be done?

3. Is it acceptable, is Furman willing and able to pay the cost?

4. Is it valuable, is it worth the cost?

5. Is it achievable, by Furman?

6. Is it measurable, does it contain the six elements?

7. Is it flexible, can it be changed if necessary?

8. Is there firm determination to succeed?

As a process therefore, the management by objectives technique being

followed at Furman is that objectives for a given organizational unit are derived

by members of that unit and reviewed by appropriate higher echelons of the organi-

zation. At this point, the individual objectives are checked for consistency

with the other university objectives before they are authorized. Responsibility

for each objective is then assigned to the appropriate person and the available

resources are made known to him. During the designated period of time, the person

is given wide latitude in choice of methods but does provide frequent updates using

milestone reporting techniques. As mentioned earlier, quarterly review sessions

are used for this purpose involving each employee with his supervisor. The first

three sessions are designed to monitor progress and to encourage optimum results.

At the end of the fiscal year, (the fourth session), the actual results are jointly

reviewed against the agreed-upon goals and objectives. It is at this point that

the evaluation influences the reward system. The strength of the process is in

the focus on results, the provisions for feedback, and the commitment arising from

participant involvement in the process.

The manner in which the quarterly review sessions are conducted is, in our view,

strategic to the success of a viable management by objectives program. The sessions

should be viewed as help sessions rather than in any way as punitive sessions.
The focus must remain on achieving optimum results, which is defined at Furman
as "the best possible results with due regard for the circumstances which
prevail," rather than seeing to what limits of productivity you can force those
in the system to go. This latter approach is "maximum" results in which we
believe you can only get over short periods of time. Working at an overextended
pace can cause greater adverse consequences than the short term gains. Non-
recognition of this factor is, in our opinion, why so many MBO programs have
started with initial success and then deteriorated into subsequent failure.
Therefore it is suggested that the quarterly review sessions be organized
around the following five questions:

1. What progress are you making toward the accomplishment of your
   objectives?

2. What can I do to help?

3. Are there policies needed to assist you in accomplishing your
   objectives?

4. Are there policies in existence which are hindering you in
   accomplishing your objectives?

5. Because of environmental changes, do any of your objectives need
   to be changed?

Before concluding, one other aspect as an effective management by objectives
program needs to be mentioned. That aspect is the measurement problem inherent
in such an approach. Many MBO programs have failed in our view, because of mis-
understanding over what constitutes acceptable measurements. One hears the
comment, "You can measure other areas of the college, but you can't measure
mine." "My work involves too much creativity or critical thinking." This difficulty
is recognized and dealt with by pointing out that in an MBO approach of the type
being described, acceptable measurements are simply agreements between the persons
involved. Also, that acceptable measurement, if agreement is reached, can be at
one of three levels. First is the generally recognized level of quantifiable data.

But at times it is difficult or even impossible to find such data. .herefore,
a second level is that of performance indicators. These are evidences that by
certain actions or results one may conclude that the objective has been
accomplished or has not been accomplished. But at times even performance
indicators are difficult to find or cannot be found. The third level is simply
"effort toward". "I don't know what happened as a result, but I conducted
certain activities which were designed to accomplish certain objectives." In
the MBO process at Furman, agreement can usually be reached on at least one of
these three levels of measurement. This understanding of differing levels of
measurement has helped us get over many potential measurement difficulties.

Conclusions

A systematic institutional planning process undergirded by a workable
management by objectives system can lead, I believe, to the achievement of
optimum results in colleges and universities. It is a move, however, toward
decentralized, participative planning and management which can present some
difficulties. But in spite of the difficulties, the participative style of
planning and management holds tremendous promise because most planning and
management problems today are people problems. People today want greater ful-
fillment of psychological needs--acceptance, recognition, participation, involve-
ment, self-realization. When people are reasonably well compensated and have
some feeling of job security, one of the strongest motivating factors is an
opportunity to plan for one's own future. Management by objectives with its
personal interaction can, in our view, contribute to this desire.

Did problems occur with this approach to management planning and management
by objectives? Yes, but problems that did arise were largely anticipated and
were handled effectively as they appeared. Certainly some people felt threatened.
Generally these were persons who had not yet come to a full understanding of the

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program. There was a natural resistance among some, as might be expected, to any type of change. Each step, however, was taken seriously and deliberately. For example, many of the workshops held to discuss the conceptual base for the project and the various techniques for implementation were off-campus sessions devoted entirely to building and maintaining the support that was necessary for the success of the program, as well as making certain that all of those involved were thoroughly familiar with the project.