

Target Agreements

With Prof. Dr. Christian Johner

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Transcript

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What would you do if you knew that you would lose your bonus because of your good work?

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A colleague of mine made exactly this decision and I learned one of the valuable lessons of my career as a leader.

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Medical Device Insights, a podcast by the Johner Institute for medical device manufacturers, authorities and notified bodies.

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That's why it seems somehow quite simple.

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Man

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Sits down every year, thinks about what the goals are and thus also has a good orientation.

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And when you have achieved the goals, you usually get a bonus, because there is usually money associated with it.

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And with that, you want to reward the high-performers and probably motivate everyone.

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I also think it makes sense to do this in writing, because it makes it easier to determine and ensure that you actually have a common understanding of these goals.

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So, the simple formula is: Achieve goals, get bonus.

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So far, so simple.

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In practice, however, it often looks a bit different and then there are some problems that I might want to divide into 3 groups.

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The first problem group is the one when setting the goals, the second when it comes to implementation, the achievement of the goals and the third when it comes to the actual evaluation.

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Let's start with setting the goals.

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What I find very unpleasant is when these goals are pushed through like a dictate from top to bottom.

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Well, that's just an order, but that's not an agreement of goals, at least not a common one.

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The goals must also be achievable.

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So, for example, with my wife, in her system, which is also based on the public service, it is clear from the beginning that you can only get the maximum number of points in 2 of many categories.

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Even if you have fully achieved all the goals, these goals often don't even have a real connection to her work.

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And the people who then decide on these goals or, more precisely, on the achievement of the goals, are not at all capable and authorized to do so.

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This is also an example with my wife.

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1 of these goals is the safe use of language.

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That's apparently how it is somehow in the public sector.

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Of course, that doesn't make much sense with a predicate Gerbanist, especially if afterwards the people who want to judge it may not have the same competence in this area, to put it mildly.

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That's exactly why my wife used this system.

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and thus also the whole creditworthiness is connected.

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So you shouldn't get involved in something like that.

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The second problem group is when it is really about implementation and I often see how it comes to, I almost want to change behavior, because everything is now geared towards achieving this goal and i.e. money, you only do that.

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That means that the colleagues may not be helped so much then, everything else

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What would actually be part of the tasks is neglected.

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It's more like a cosmetic way of metrics.

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Yes, if, for example, there is a percentage of things where you have to be successful somehow, then suddenly all things are dropped under the table where it was not successful and suddenly this percentage is right again.

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And another example, the sales department is now starting to think in the very short term, promising things that the company may not be able to keep and then damaging the company in the long term.

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Or what I have also observed, sales has noticed that we can no longer reach the deals.

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In other words, the goals that were set.

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So postpone the complete financial statements until the new year, because you will then reach the goal in the new year with the cumulative financial statements.

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For the company, however, this simply means that all the deals are only reached later and you notice that the company's goals are now neglected in these things.

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In addition, these goals are usually.

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are set annually and in the world in which we move, after a year a goal may not look quite as relevant as it did before.

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Perhaps the prerequisites that were assumed to be able to achieve the goals at all have also changed.

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And what I also observe is that employees are given goals without then giving them the appropriate means and degrees of freedom.

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And this then regularly leads to stress, overload, sometimes even burnout.

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And that coupled with a corporate culture, everyone for themselves, yes, because everyone pursues their individual goal, this does not lead to companies where I would feel particularly happy now.

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And this brings us to the third point, namely the achievement of goals.

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I have also experienced unpleasant things there, even with myself.

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For example, I once had such a target achievement meeting at the beginning of the year and there had been a change of supervisor directly before and the new boss was of the opinion that she

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i.e. does not pay out the bonus, although the goals have been achieved, because she said that she had not agreed on the goals with me and therefore she could not pay out.

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These are things that are of course very motivating and, in my case, ultimately led to me leaving the company.

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So that's the whole problem that also exists in the context of these goals and the bonus systems.

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And now I would like to talk about the case with which I have initiated, namely from my colleague.

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That was in the early days of the institute.

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And the colleague was my first advisor and I wasn't interested in these bonus things that he achieved his goals, but for me it was about the fact that I didn't dare to hire him yet.

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I didn't know if the money would be enough and that's why we tied it to the turnover that the company and the company co-generates.

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The year went well like all years at the institute and after a year he came up to me and said: 'Yes, by the way, I didn't reach my bonus.'

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I hadn't had that in my head at all.

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I said, you didn't reach the bonus.

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Then I said, yes, we agreed that I should do this and that, I didn't do that and then the explanation came relatively immediately afterwards that if I had done that, it would have done much more harm than if I had done the alternative activities and I and he was of the opinion and so was I, by the way, that the other things he then did were much, much more important for the company.

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And that's when I really felt

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Yes, almost felt ashamed, because I tempted him to do the wrong thing in the end and to have this backbone and not to be tempted by wrong goals and they were just the wrong goals retroactively, I admire that to this day.

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I can also briefly resolve who it was.

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This is Markus Gerd and he is now the managing director of the institute.

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Yes, what are the lessons I learned for myself?

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Setting goals is a good thing.

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I doubt whether the annual cycle is the right one.

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I think talking about goals on a quarterly basis is a good thing.

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I think it's a good thing to do this in writing and it also helps both sides to always understand what is important for the other.

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So, this clarity helps a lot for orientation for the people, but I think also for the company.

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The second thing that I think is important, or at least that has been useful to me, is

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Not to express or enforce the hierarchy.

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So, these are talks that should take place at eye level and not be dictated, because otherwise you destroy trust and togetherness right from the start.

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The third thing is that whenever you set goals, you also have to make sure that they are achievable.

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This means that the resources are available, that the room for manoeuvre is there.

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Otherwise, as I said earlier, it leads to exactly these stressful situations, ultimately to burnout.

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You always have that,

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When you feel powerless, when you have to do or achieve things in a situation that you can't achieve.

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And the last thought of mine on this topic is: No linking of these goals to finances.

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One is this goal and we want to create value together.

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And you talk about it at eye level, what's it worth?

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Ultimately, what is salary?

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If a deal is also between 2 partners, what is it worth to you and then you negotiate it and then it is.

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the salary and then it is paid and the assumption must always be that all sides do the best.

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And if someone believes that they can motivate people with bonus systems, then I'm not so optimistic that this will be successful, because that actually always leads to problems in the second order.

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So, if a person only gets moving and is motivated by a bonus, then it may not be the right person in the respective position.

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Yes, those are my thoughts.

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I don't know how that works for you, whether you have such target agreement systems, what experiences you have had with them.

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I would be happy if you send it to me.

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