TACTIC 1

Goals

Operational Goals and KPIs—Charting the Course to Major Milestones

We're ready to dive into Tactic 1, goals. I do want to make sure, however, that you have the context working your way into this tactical framework. For that reason I would recommend that you read the introduction if you haven't done so already. Onward!

Goals give us structure, which supports our path to success. Defining strong goals may seem simple until you actually dig into it. Turning the wrong objective into your North Star could also doom your venture before it even gets started, so take this process seriously.

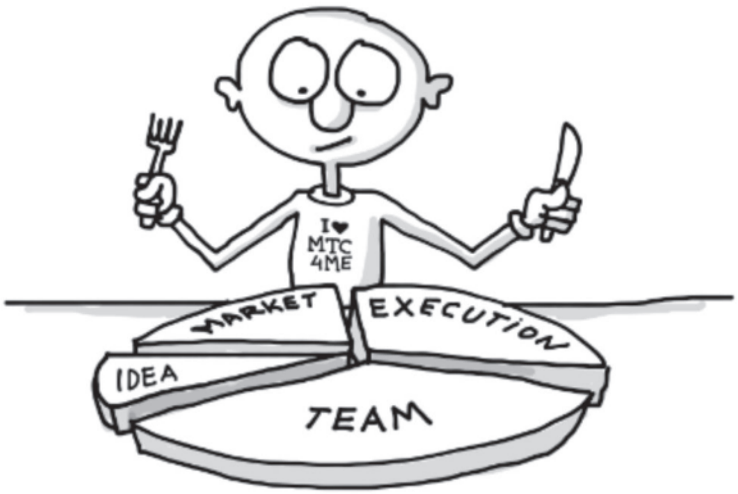
In This Tactic, You Will:

- Set goals for the venture that are derived from your vision for the future state of the world.
- Determine which metrics to track for each goal to stay on track.
- Build a process for checking in on your progress towards goals and reevaluating.

Breaking Down the Vision

As an entrepreneur, you have a vision of what the world looks like in the future and how you can improve it. This relates to your raison d'être. Take a few moments to think about what the world looks like in five to ten years with your new innovation-driven enterprise. How is it different from the world we live in right now?

Your entire team also needs to understand what your vision looks like. I regularly reference Linda Hill of Harvard Business School early on in my class while students are forming teams. In 2001, she published a paper that frames the team development process by saying, “A group of people working together does not automatically equal a team.”[1]



THE ENTREPRENEURSHIP SUCCESS PIE

If we are to define a team, which we believe to be the most important part of any new entrepreneurial venture, it is a group with a common vision who are working towards a common goal. Aligning on the same vision leaves us with one other thing to align on: common goals. The vision will be the basis for the goals you set, both short-term and long-term.

I encourage you to sit in a quiet space and think this through before continuing on with the book. Take 30 minutes to explore your vision of the world. It will provide greater clarity during the next steps you take in executing your business plan.

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[1] https://www.ugent.be/doctoralschools/en/doctoraltraining/courses/transferableskills/note-on-teams.pdf

Why New Ventures Need Goals

With limited runway, ambitious visions of the future state of the world, and the need to acquire more resources to continue working towards that vision, new ventures need to be sharply focused on what matters most. These goals not only keep the team locked in on the venture's priorities, but they also provide opportunities to hold each other accountable and keep yourselves on track.

There is a common misconception that entrepreneurs live unstructured lives. Many people believe entrepreneurs wake up whenever they want in the morning and work on whatever they feel like throughout the day, all on their own schedule. While there may be some truth to that flexibility, successful entrepreneurs—and all people for that matter—thrive in environments where they have structure. Creating and sticking to routines help individuals flourish.

Corporate roles provide structure. If you work a corporate job you have generally set hours (perhaps 9 a.m. to 5 p.m.), goals from your boss, and project timelines. The most successful entrepreneurs have to create a structure for themselves, although maybe not as constraining as they'd find in a big corporation.

There is a significant difference between being handed goals and creating them for yourself. In a corporate role, your boss will likely present goals to you. As an entrepreneur, you must set goals yourself—especially when first starting out. Later you will have the help and input of your investors and board.

Setting the Right Goals

There are a lot of things you could spend your time on. Prioritizing makes sure you invest your time in the things that will ultimately unlock additional resources, even if that means some other things do not get done. The unvarnished truth is that your business will not survive without additional resources, and if you don't set—and hit!—the right goals, you'll have a hard time acquiring them.

Everyone thinks that they're good at setting goals until the rubber meets the road and they write goals down on paper and then read them back. Sharing goals with your team, advisors, or other parties often reveals that goals perhaps lack clarity, aren't specific enough, or do not align with future milestones. Practice makes perfect.

Starting with your future vision of the world, you should work backward to define the milestones that will help you unlock those additional resources.

Ask yourself "What do I need to do to get more time and money?" You might not have the correct answer, so you need to validate you're on the right track and also ask that question of those who can eventually provide more resources for you. In many cases that might be investors or other funders, which we will explore more in Tactic 14.

Once you know what you need to do to unlock additional resources, break it down into shorter-term goals.

Methodologies

There are many goal-setting methodologies, such as SMART, WOOP, HARD, and others. Try different methodologies to determine which is the best fit for you and your business. Many startups that are at "day 0" and are just starting out will begin with a simple, straightforward goal-setting structure. Whether from the start or after some traction has been achieved, I recommend one option: objectives and key results (OKRs).

Originated by Andy Grove at Intel, OKRs are a method for goal setting derived from the "management by objectives theory" developed by Peter Drucker and presented in his book *Practice of Management*. John Doerr introduced it to Google's founders and discusses the topic in his book *Measure What Matters*. This approach combines objectives with key results to set management structure.

In your new venture, you must in some sense manage yourself along with your early team. This approach helps you to stay aligned with the team, track your progress towards hitting goals, and creates a bit of friendly competition. This is where OKRs come in handy. You can think of objectives and key results this way:

Objectives are high-level goals that are achievable but not measurable.

Example: Confirm we have identified the correct Beachhead Market.

Key Results are measurable milestones that contribute towards hitting an objective.

Examples:

1. Validate with three sources that the size of the market segment is appropriate.

2. Sign up 15 potential customers on our waitlist from the market segment.

3. Gather feedback on our product design from five people in the segment.

When implementing OKRs for your team, aim to have three to five objectives and three to five key results for each objective. Note that the objective is high-level while the key results are measurable and, when combined, achieve the objective. Also note that you won't find more discrete to-do list items or specific activities included.

Regardless of which structure you choose, review these goals with others and get feedback. You might choose to do this with co-founders, team members, advisors (formal or informal), your board, or investors. Their feedback will help you to refine and work towards the milestones that represent meaningful progress for the venture.

Tracking Goals with Metrics and KPIs

For each goal you set—regardless of which methodology you use—determine which metric or key performance indicator (KPI) you will use to track progress. In the context of OKRs, for example, you would have a metric associated with each of the key results since the objectives are not meant to be measurable. This metric will help you to understand whether you are on track to hit the goal, whether you already reached it, and whether you set goals with the appropriate amount of reach/challenge. You should make sure your goals are motivating to the team and present a challenge, but aren't so unrealistic they're unattainable.

These metrics will be the basis for the next tactic, Tactic 2, as the systems you select need to track these KPIs.

Value of Assigning Ownership

Together, the goals help to align priorities for the organization as a whole. For each goal you should have an individual owner. One person should be responsible for hitting each goal, providing individuals clarity in what their personal priorities are. One of the benefits of introducing such a structured approach to goal setting is that it serves as an accountability tool.

Assigning ownership also helps balance the team's workload. You may find you have gaps between your goals and the skillsets of your team. These gaps identify who else you may need to bring on board, either short-term or long-term, to ensure the venture's goals can be reached. We will explore hiring in greater detail in Tactic 15.

Accountability: Recurring Check-in Meetings

To make sure you hit your goals, schedule regularly recurring check-in meetings. Check-in meetings aren't just for large organizations. These check-in meetings help measure progress towards the top-priority goals, hold the owners for each goal accountable, and also provide opportunity to reassess goals.

Activities and To-Do Lists

Your goals are not to-dos. Each individual on the team should have a personal to-do list and the items on that list should be aligned with the short-term goals they own and are responsible for.

One of the most valuable exercises you can do on a regular basis is reviewing your to-do list and striking any activities that do not directly tie to an organization-level goal. If there is an activity you feel like you should be doing that doesn't directly tie to an existing organization-level goal, you may want to reevaluate.

Reevaluating at Regular Intervals and Resource Changes

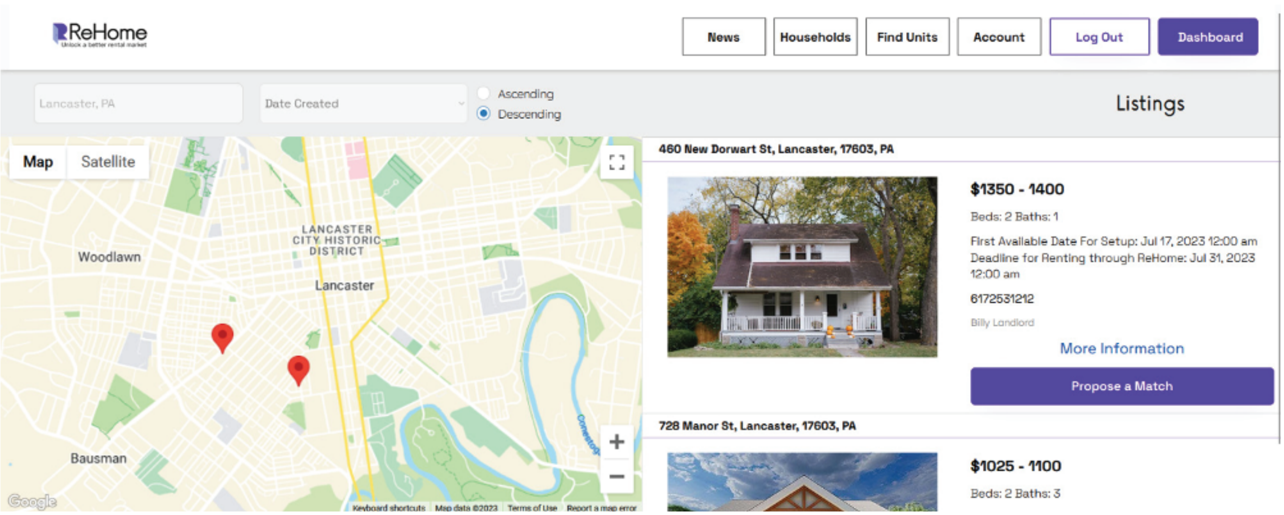
Recently I sat down with a former student who was in the process of improving their team. They informed me that several part-time team members would be leaving or shifting to advisory roles and several new full-time team members were joining to take the venture to the next level. This exciting news was very welcome, but also necessitated the reevaluation of the organization's goals.

I asked the former student to grab a notebook and pencil, and then take some time away from the craziness of daily life. I proposed 30 minutes in a quiet room to restart the goal-setting process starting with a refresh of their future state of the world—their vision. I recommended this because a change to the team means a change in resources. The limited resources of a mostly part-time team were made slightly less limited with new full-time team members, creating much more bandwidth to get things done. With more time should come the ability to achieve more than was reasonable previously, but using that time wisely doesn't happen without intentionality.

Instead of simply reevaluating goals at the end of a month, quarter, or year, I recommend reviewing and revising goals whenever the business changes or there are changes in resources. More money or more time—or less money and time—means it's time for goal adjustments.

EXAMPLE

ReHome



The ReHome platform highlights housing options for resettlement agencies.

Joe Landis is an entrepreneur on a mission. His raison d'être is to help with refugee resettlement. Recognizing that the United States is way behind on its refugee admissions targets, and that resettlement agencies on the ground report the biggest bottleneck is the nationwide lack of refugee-accessible housing, Landis set his sights on building a business to address these challenges. Landis began building a two-sided marketplace where resettlement agencies and landlords can find tenant matches according to resettlement-specialized criteria.

To advance his venture and work towards addressing the resettlement challenge, Landis and his co-founder, Thomas Nguyen, defined a set of objectives and key results for the next stage of the venture. Doing so helped the team to align on what they were working towards, provided clarity on what activities deserved time and energy, and introduced accountability with monthly goal check-ins. Landis reflected, "Without structure, it can be easy to be swept up in the many priorities that are important to ReHome's success. Writing these priorities down in clear categories and getting specific about the timeline has helped."

Over the timeframe of these OKRs, ReHome was able to accomplish the majority of the key results. Landis and his team rehashed the objectives with delayed results, like Objective 2, into a new OKR framework for the summer months that followed.

Objective 1	Piloting in Lancaster ready to run by June 1
Key Result 1	MOUs signed with two resettlement agencies (CWS Lancaster and Bethany Christian Services in Lancaster)
Key Result 2	Commitments from 20 landlords in Lancaster and 2 property management companies to list their units on the platform during the pilot
Key Result 3	3-5 key research questions set for Joe's thesis research, with strategic alignment to ReHome's strategy

Objective 2	Funding structure for business finalized in time to incorporate by June 1
Key Result 1	Develop and choose between 3 or more scenarios of cash flow and business development plans based on PMR
Key Result 2	Acquire at least one legal opinion and do thorough primary/secondary research on the types of government partnershps/funding structures available under nonprofit vs. profit-earning status
Key Result 3	Assess partnerships with MIT/Harvard resettlement research-action group, BU resettlement research node, and the national Refugee Housing Solutions technical assistance organization

Objective 3	Product MVP ready to launch in Lancaster by Late May
Key Result 1	Define top three features to be included on each side of the platform in order to reach 50% of potential landlords and full participation of Lancaster's two local agencies
Key Result 2	Create one or more versions of each feature for use during the pilot
Key Result 3	Secure website and any other digital tools that are necessary for the MVP

Objective 4	Better understanding of post-beachhead markets
Key Result 1	Estimate the TAM of the entire US resettlement-based housing market based on real data from RAs
Key Result 2	Create an overview of current matching practices within the resettlement-based housing market.
Key Result 3	Determine whether to include community sponsorship groups as a second group on the Demand side of the market alongside RAs (note: this will involve more PMR with RAs and an analysis of the size of that potential market)

Objective 5	Funding secured to continue ramp-up of ReHome through Dec 2023
Key Result 1	Raise $10K in minimally-restricted funds by June 1 (from Sandbox, potential foundation donors, ...)
Key Result 2	Pitch ReHome to 5-10 potential grant funders
Key Result 3	Successful application to delta v

Summary

In order to advance your venture towards your vision, you need to have a rigorous approach to goal setting. You should set goals, determine which metrics to track for each goal, assign an owner from your team, and check in on a routine basis to make sure that you are on track to hit your goals. As you move forward you should question whether tasks on your to-do list, or the ways you spend your limited time, are actually contributing towards your goals. The goals you set here in Tactic 1 will help you determine how and when to apply subsequent tactics.

TOOLS OF THE TRADE

Google Sheets (google.com/sheets)
Monday.com (Monday.com)
Asana (asana.com)
Notion (notion.so)
Weekdone (weekdone.com)
Todoist (todoist.com/home)
Profit.co (profit.co)
Trakstar (trakstar.com)
ClickUp (clickup.com)
Quantive (quantive.com)

PROMPTS

1. Determine where you would like to be as a business overall in three to six months.
2. Outline your month-by-month high-level technical and business milestones.
3. Fill in some of the blanks on the OKR template to chart your course:
    a. Determine high-level objectives.
    b. Outline key results to achieve the objectives.
    c. Identify and assign activities for each KR.
4. Identify which key metrics will be necessary to track for your OKRs.
5. Schedule recurring meetings (if you don’t already have them) and set up running agenda notes for each of your recurring meetings.

WORKBOOK

Get the Startup Tactics Goal Setting Workbook, which will help you to align on the next steps for your venture to achieve the milestones needed to achieve your mission. Within you will find worksheets that include:

1. Time Horizon: You must determine, as a team, the time horizon for your goals.
2. Goals: Once you are aligned on a time horizon, you need to define your goals.
3. KPIs: You'll need metrics to track your progress towards your goals.
4. Owners: You and your teammates should take ownership of each goal.
5. Check-ins: To stay on track, you will define a plan to regularly check in on your goals.
6. Early-Stage Goals: For early startups, this framework provides an alternative approach.

ADDITIONAL RESOURCES

➔ **Get the Workbook!** Visit StartupTactics.net/goals