

## **STATISTICS AND TARGET SETTING CAN BE A FARCE**

(OR, NEVER MIND THE QUALITY FEEL THE WIDTH)

"When you are organized to apply knowledge, set up targets, produce a usable product, you require a high degree of certainty from the outset. All the facts on which you base protocols must be reasonably hard facts with unambiguous meaning. The challenge is to plan the work and organize the workers so that it will come out precisely as predicted. "

**(Lewis Thomas. US Physician. The Planning of Science (1974))**

Hardly a day goes by without which we are assailed by a plethora of statistics on a variety of subjects such as health matters, waiting lists, life expectancy, voting intentions, genetically modified food, weight or even eating and purchasing habits and targets to achieve to reduce or increase one area or another. Through the media, newspapers, television, polling organizations and the Internet we are 'invited' to cast a vote one way or another on some political, economic, social or technological issue or activity. But, for what purpose and to what end? So that statistics can be produced? And what do statistics do, improve competitiveness, efficiency and productivity and thus profitability? Of course not, statistics are merely a historical record of what has happened and what is likely to happen if, for example, greater effort is not made to grow a business.

Sometime back in my dim and distant past, in the 1960's I think, I remember a song, possibly by Danny Kaye, that extolled the virtues of the 'Inch Worm'. To the accompaniment of children's voices reciting the 2 times arithmetical table along the lines 2+2 are 4, 4+4 are 8, 8+8 are 16, 16+16 are 32 the words of the song went, "Inch worm, inch worm, measuring the marigolds, one fine day you'll stop and say how beautiful they are." Who knows, the inchworm's daily target or goal was, probably, to do nothing more than measure the length of each stem or stalk but, being so single-minded, he undoubtedly missed the finer points? To use the hackneyed phrases he didn't find time to smell the roses, wake up and smell the coffee or achieve balance in his daily ritual.

So it appears to be in our personal lives and more especially in business. We have become fond of making lists or setting targets, sometimes for ourselves but, as managers, more often than not for others to achieve. Chairmen, directors and other managers have, gradually, become obsessed with the desire, the almost messianic urge to identify and set targets; and, for demanding more and more sets of figures to peruse at board or departmental meetings. To do what, set more targets? One upshot is that the weight of producing and reporting statistics and targets is burying organizations in paperwork and bureaucracy such that progress and even decision-making is being stunted by guidelines and goal-setting.

Indeed, many board level managers, following the latest mantra, are of the opinion that their primary task in life is to set increasingly demanding goals to increase business performance. The implication being that everyone, individuals and company overall, must have targets simply to increase shareholder value. Part of the problem is that so much time and effort is expended on setting individual, section, group or divisional targets that the primary objective, that of identifying which indicators are essential for the success of the business, get lost in the detail. But, is that why we all work, to create greater profits to increase dividends to shareholders? Or, are there other reasons?

Also, it is widely touted and accepted that setting over-ambitious targets forces people to work harder and longer; and, that this process also stimulates creative thinking, increases motivation and excites others to reach greater heights! But, is that always the case? By setting ever higher and higher goals the process could increase frustration, smother stimulation and decrease motivation. In the public services sector, for example, more and more targets set by ministers and the collection of data only succeed in increasing the amount of red tape and the level of frustration among staff. The secret appears to be in knowing how far and how fast people can be or are prepared to be pushed; the danger is that overstepping the mark could lead to disinterest and cynicism. But, having supposedly 'empowered' people by setting targets, collecting statistics and analysing results might, perhaps, be another form of centralisation and control?

As the US Physician Lewis Thomas also suggests, when referring to the setting of targets,

"For this you need centralized authority, elaborately detailed time schedules, and some sort of reward system based on speed and perfection. But most of all you need the intelligible facts to begin with, and these must come from basic research."

**(Lewis Thomas. US Physician. The Planning of Science (1974))**

Regardless, managers have immersed themselves in the business of statistics, percentages and figures rather than concentrate on products, plant and people and meeting customer demands. In the latter case it is suggested that since many customers do not know what they want the objective is to sell them anything just as long as it is one of your products and puts money into the company.

One problem that might arise, for example, is if a section, a group or a division is set a target of say £250,000 to achieve in a timescale and only manages £200,000. How big a failure is that seen to be by the senior management? A failure by £50,000 or by 20 per cent or by one-fifth of predicted earnings sounds huge. And what if the figure is lower? Targets, like appraisal systems and reports, are subjective; the real objective is to maximise profits in order to maintain momentum.

And politicians are just if not guiltier. A large sum of taxpayer's money is spent on advisers and consultants to investigate and estimate how many people might support one policy over another. And yet more time and effort on producing yards of statistics on which school does better than the next in national examinations and others set ridiculous targets for every type of examination. According to the Department for Education and Employment (DfEE) the setting of targets is, apparently, essential to raise educational standards. What it proves, to me, is that when targets are set and percentages or grades not achieved then the politicians or bureaucrats who set them can, of course, play with the statistics such that they do, eventually, meet the figure that was first thought of. I am reminded of that very apt and wonderful phrase "Lies, damned lies and statistics".

One result of such targets, in education for example, is that too much attention is paid to grades or percentages above and below an average figure and teachers and schools, therefore, tend to teach to achieve examination results and not in preparing children for life and work. Why are politicians and bureaucrats, and even teachers, bowing before the symbols of academic ability as if achieving a place at university is the answer to all our social, economic and productivity shortcomings? And why are parents obsessed with whether little Johnny or Jemima or Jethro or Juliette is achieving the reading, writing and mathematical targets set by the government and its advisors?

This almost neurotic approach to targets is a centralising process that is destroying thought and begs the question what good are such targets for pupils? And, we have the rather 'loose' desire of politicians to ensure that 50 per cent of children go to University and gain a degree. Fine, but what about the 50 per cent who are not academically minded or gifted and are unlikely to reach the necessary academic targets? What colleges of further and higher education are we providing for them and what is the government going to do to ensure that they can have a career, a profession or even employment and can contribute to social facilities through taxation?

There are targets, apparently, for reducing the number of drug users and targets for removing asylum seekers from the immigration system. Other target setting areas cover, for example, the number of criminals caught by policemen riding a bicycle or how many speeding motorists were caught and fined. Setting targets for Police Forces, by the Home Office, is fundamental for assessing crime rate detection. We even have government ministers dictating housing target figures for regions and areas of the country without specific knowledge of local conditions.

So much time, money and effort is used gathering the information that, sometimes, not enough time, effort and cash is available to put right the problem of a shortage of teachers or shortage of doctors and operating theatres, or shortage of policemen. Regrettably, even when these figures are produced for politicians it often leads to inactivity.

Targets from the Department of Health are necessary to determine, for example, how long it takes for a local hospital to fix Mrs Smith's hip or Johnny's broken leg or something more serious. In other words whilst weaknesses or limitations might or are being identified effort, by that one usually

means cash, is not being put into rectifying the defects. Allegedly, the treasury has targets for setting targets involving funding!

This is particularly noticeable with our public infrastructure, which includes roads, the rail network, water and sewage systems, public hospitals, public schools and the necessary trained management and manpower to meet public demand. Apparently and despite government diktat some 20 per cent of clean water is still disappearing through broken pipes. The National Health Service is haemorrhaging trained nurses and doctors and an increase in passenger numbers is exacerbating the pressure on a dilapidated, underfunded and under-maintained railway network.

Worse among these practices is the setting of targets for surgeons to achieve in operating theatres. The result is that surgeons concentrate on tackling minor operations in order to achieve the targets at the clear expense of more seriously ill patients who needed more complex and longer operations. Indeed, it can be suggested that managing through financial targets or objectives blurs the process and people concentrate on the target rather than on achieving company objectives. We, politicians, directors, managers and people, are failing to appreciate and accept that nothing is for free and that if something is to work, not just satisfactorily but effectively, efficiently and competitively, then it demands the necessary effort and investment.

The setting of targets raises the obvious question, what happens when policemen, surgeons, teachers, or anyone else for that matter, fail to meet these targets? Will government ministers suddenly sack underperforming Chief Constables and their senior officers for not having reduced crime figures by catching more murderers, thieves and real criminals not speeding motorists, or fire surgeons for not carrying out the necessary number of operations (but notice I did not say successfully for the patient), or dismiss teachers because children in their classes failed to achieve a certain number of 'A' level or GCSE level examinations?

Or will the underperforming police forces, hospitals and schools get a black mark and as an additional punishment receive less funding than those which met the targets? Somehow I doubt it because that would exacerbate the situation and do very little to improve the motivation and commitment of policemen, teachers and surgeons. It would seem that the setting of targets and the measuring of those targets, together with the associated bureaucracy and red tape, is effectively stifling progress and failing to meet the demands of customers, be they patients, passengers or the general public.

But, why this almost messianic approach to setting and achieving targets, figures? Is it because accountants, who by definition spend their lives poring over figures and concentrating on the bottom line, are at the highest levels in companies and organizations in UK Plc? Are too many statisticians, theoreticians and marketers, driven by statistics, confusing the issues? Or, is it because if and when senior management is not quite sure of strategy and direction then setting targets or goals is one way of increasing activity, which is then confused with action?

The Millennium Dome at Greenwich is an example of this concentration on statistical analysis. At some time before the 'white tortoise' was built senior managers and politicians, they are equally as guilty, were probably advised by marketing people or statisticians, that the dome could expect 12 million visitors or approximately 22 per cent of the population of the United Kingdom. Quite how the figure was reached appears not to be known but, presumably, the cost of entry was determined as a 'break even' figure based on the estimate. In a very short time it was realised the figure could not be met and so the attendance figure has been 'fudged' downwards to half of the original estimate.

The result of all these re-assessments is that the Dome has had to receive successive injections of lottery money, in other words money from the public, to keep the place open and running but without the loss of senior managers, revenue and loss of face. It begs the question how long is it to continue and to achieve what target?

It seems, to me, that setting numeric targets is often a waste of time and effort; they take up a lot of energy to gather information and statistics and appear to do little to make an organization function better. Of course we must all have aims, goals or objectives, call them what you will, as part of a strategy to achieve in our personal career and private life. Companies set targets as a means of encouraging employees to greater effort to manufacture and sell more products or provide more services. And, of

course it is right that companies should conduct market research and try to identify areas of weakness in their business and put programmes in place in order to re-allocate or concentrate resources.

But, having identified shortfalls how many companies and senior managers commit time and effort to resolving them? Companies and organizations no longer appear to concentrate, as W Edwards Demming the father of the quality movement suggested, on quality in operations, engineering, sales and marketing and on performance. Rather they tend to concentrate on mythical percentage targets such as reaching 75.4% of people in the age bracket 18 - 25, or reaching 69% of those over 55, or selling so many thousand widgets to companies in a particular business field or, having so many thousand visitors in a given time frame. Time and effort is then spent on yet more market research and opinion polls, often covering a figure of say no more than 1050 or 1120 people across a region, district or some major town or city to guesstimate whether the figures are being met or not

For many ambitious people one objective, no doubt, might be to climb the corporate ladder as far and as quickly as possible and some may wish to make as much money as quickly as possible so that they can retire from work. For others, those with professional qualifications such as doctors, solicitors and other members of the legal profession the primary goal may be to achieve recognition, not notoriety, within their chosen field. They tend to do this not only by succeeding in a specialised area of their profession but, more often than not, by writing and having published articles and/or books such that they are accepted as an authority in a particular area. The targets they set themselves are ones that they have trained for and believe they can achieve. For others, life goals may be much simpler, although not necessarily easier, like having a happy and successful personal relationship and raising a family.

I recently attended management training courses on motivating others in the workplace and on learning new skills for the manager, both of which mentioned, as part of the programme, the need for managers to set targets, to measure the targets and to provide feedback on whether staff met the targets. It seemed to me, after much discussion on this matter, that so much time and effort was being expended on producing the list of targets that less and less time was actually available for completing the tasks. Indeed, consensus appeared to be that many targets might look good on paper but too many were set simply as a means of collecting information but not a lot of action was taken on the statistics and the conclusions and recommendations.

If all that directors and managers do is set, issue and update a plethora of supposed performance indicators, targets, guidelines, rules and procedures then people will, eventually, be swamped with the bureaucratic process. Unfortunately companies and organizations appear full of bean-counters and number-crunchers given to devising new ways and means of introducing targets and measuring sticks to bring systems to a grinding halt. The result, in many instances was increased cynicism and decreased motivation.

To be of any use targets have to be realistic. Therefore, it makes sense to select the areas that really affect the business and concentrate on those that really reflect performance of the core business of the company, choose areas that are more easily measured and that might even be compared to previous information and, make sure that action can be taken once you have identified weaknesses or shortcomings. One further problem with target or goal setting is that people who have little or no understanding or appreciation of what it is they are demanding often set them. Too often targets are set that are either over-ambitious or not attainable and therefore are, at best, completed with not a great deal of effort or, at worse, simply disregarded. Being a cynic that appears to be the basis on which many Chief Executives and directors of companies do if the pay levels, bonuses and shares options issued to them each year are any kind of yardstick.

The almost puritanical obsession with league tables, audits, performance indicators and other statistics, as part of the process of centralised and financial control, are delaying decision-making and stifling action and progress. Further, when such goals are set much time and effort is expended on monitoring and reaching the target but once achieved there is a general relaxation of effort.

Another problem with target or goal setting is that that they are set by people who have little or no understanding or appreciation of what it is they are demanding. And, whilst targets or 'goal-setting' can, allegedly, increase motivation they can also lead to dishonesty and perhaps even unacceptable

moral, social and ethical behaviour if and when the goals are not reached. There are more than enough examples of 'creative accounting' to prove the point. Unless targets are very clearly identifiable and are seen to be beneficial to the company but also to the individual then, in my view, they are not worth setting.

And when targets to reach are based solely on financial reward the level of motivation gradually diminishes the more difficult the figures are to achieve. Conversely, when targets are too low then people, singly and in groups, will reduce effort and output once the target figure is reached. As Professor Charles Goodhart, former Chief Adviser to the Bank of England, suggested about setting targets and measuring them,

"Any observed statistical regularity will tend to collapse once pressure is placed upon it for control purposes."

**(Professor Charles Goodhart FBA. Goodhart's Law)**

As I understand it, and I may have misread the statement, this theory suggests, basically, that measuring any system disturbs it and the more precise the measurement and the shorter the timescale the greater the unpredictability of the outcome. Apparently Professor Marilyn Strathern FBA simplified Goodhart's Law, as follows,

"When a measure becomes a target, it ceases to be a good measure."

**(Professor Marilyn Strathern FBA. Goodhart's Law)**

In the end motivation is not simply about achieving targets and money. In my view very few people are motivated solely by money. Most people want to be able to work in an area that is interesting and that stimulates them, that offers them opportunities for recognition and advancement and that increases their self worth through promotion and pay rises. Part of that process is to belong to a structure, an organization that has clearly defined goals or objectives, that has, perhaps, ethical and moral values and that makes the most efficient use of available resources by not setting too many confusing or unattainable targets.

I may have 'over-egged the pud' with examples but this area is important if you are to avoid unnecessary target setting, tie your staff up in red tape and figure chasing and risk alienating employees. Frankly, I have always believed that it is performance, through communication and commitment and not targets that are important and provided your employees are motivated and provided your products are what people want, are competitively priced and promoted then you may achieve what you set out to do. Perhaps one target to set is a reduction in targets and to introduce more active management and leadership!

(3510 words including quotations)

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