

**Business objectives**

Business objectives are the ends that an organisation sets out to achieve. A business creates plans to enable it to achieve these ends - thus plans are the means to the ends. The objectives and plans that an organisation creates are determined by balancing the requirements of the various stakeholders in the organisation. The stakeholders are those individuals and groups that are affected by and have an interest in how the business is run and what it achieves. Every business has a range of stakeholders, including:

The objectives that a company establishes are based on blending the various interests of these stakeholder groupings.

For example, an objective to be the market leader, will benefit all stakeholders because customers will receive high quality products, shareholders will receive high dividends, employees will receive good wages, and so on.

Organisations create a hierarchy of objectives. At the top level an organisation will often create a 'mission' setting out the purpose of the organisation. This will be followed by a set of objectives relating to such aspects as:

- \* Objectives about market share.
- \* Objectives about customer satisfaction.
- \* Objectives about employee satisfaction.
- \* Objectives about returns to shareholders.
- \* Objectives about cutting pollution.
- \* Objectives about reducing waste etc.

Objectives need to meet a number of criteria if they are to be useful.

1. If possible it is helpful to quantify objectives, e.g. to increase market share to 55%, to increase customer satisfaction levels to 95% etc.
2. They need to be challenging. Objectives shouldn't be too easy to achieve.
3. They need to be attainable. They shouldn't be unrealistic.
4. They should be understandable so that they are easy to communicate.

Here are a list of business objectives. Which of them do you think are the most useful, and which are not very helpful?

- i. A supermarket chain has set itself the objective of increasing market share from 20% to 80% within three years.
- ii. A leisure centre has set itself the objective of becoming the 'best' in the field.
- iii. A cinema chain has the objective of increasing sales revenue by 2% this year.
- iv. A football club has set itself the objective of improving its future performance.
- v. A telecommunications company has set itself the target of reducing consumer complaints from 5% to 4% within the next twelve months.

**A business plan**

A business plan will then enable an organisation to achieve its objectives. The business plan must be set within a time frame and set out how the organisation, and the various components of the organisation will work towards meeting required objectives. Responsibility for delivering various parts of the plan will be allocated to key individuals, and performance targets will be established which enable the plan to be delivered. The business will create a series of policies, programmes and budgets to enable it to achieve planned targets. It is also essential from the outset to clarify how the plan will be evaluated on an ongoing basis.

**Mission**

Sets out the overall purpose of the organisation often in a short mission statement.

**Programs**

Are one off sets of activities designed to meet specific end targets, e.g. a training program to introduce employees to a new piece of legislation.

Budgets: Are plans that are set out in number, relating to such aspects as sales, marketing, financial performance etc.