



Defining Your Business Through Goals and Objectives: First Steps for New Entrepreneurs

Maria I. Marshall
Department of Agricultural Economics



Starting a successful new business requires a lot of thought and time before even a cent is spent. Many people worry about whether they have a market for their product or service, but do not put a lot of thought into how this new business will fit with their current lifestyle or with the goals they have for their future.

This publication helps you determine how a new venture will fit with your personal and business goals, using the example of a new bakery start-up to illustrate the concepts discussed. The objective is to merge the new business with your personal life in a way that makes you happy and your business profitable.

Why Are Goals Important?

Just as your final destination is important to your journey, your goals are important to your business. They define your destination and shape what your business will become. They also help you determine a timeline for the things you need to do.

Begin by determining the reason(s) you want to start a business. Do you want to make a lot of money? Do you want to be your own boss? Do you simply want to provide a job for yourself or

Audience: Beginning business managers

Content: Explains the use of goals and objectives in accomplishing outcomes

Outcome: Reader should be able to effectively write clear goals and objectives

your family? Some potential reasons for starting a business are because you want to:

- Have more control over your life and career,
- Increase your income,
- Make a difference and contribute to society,
- Reach your full potential by doing something you enjoy,
- Use your available resources (labor, land, finances) more efficiently, and/or
- Diversify your assets.

Think about your life as a business owner and manager, taking into account all aspects of your life. What benefits will

Example—The Bakery

Isabel loves to bake and occasionally even gets paid for it. Several of her friends and neighbors routinely ask her to bake her famous cakes for special events, so Isabel is thinking about starting a bakery. She is very busy with her job in the family's orchard and her children's activities, and she knows that if she starts a bakery she might not get to some of her children's activities or be as active in the family business. However, she feels that owning her own business while doing something she really loves will not only fulfill her dreams but also provide her family with some extra needed income.

you derive from the business? What are the impacts to your lifestyle? In other words, how will starting and managing a business affect your career and personal life? How do you measure success? Your reasons for starting a business will help guide your plan for starting and growing your business.

The reasons people start a business fall within four general business goals: service, social, profit, or growth. Service, profit, and growth goals are interrelated because most small businesses must provide quality service if they want to make a profit and grow. Many businesses have started from a social agenda, such as providing products that do not harm the environment, and have still been able to achieve the profit goal.

You must also think about how big you want the business to become. This is important because one of the reasons businesses fail is uncontrolled growth. Consider whether you want the business to remain small or grow enough to challenge a larger competitor. Is your goal to receive a profit commensurate with your effort and investment, or is it to receive as much profit as possible?

Setting Goals and Objectives

While goals can be broad or general in nature, objectives should be clear and concise. Goals do not have to be specific enough for you to act on, but should give you a future target or list of things you want to work on. Objectives, however, need to be *SMART*—specific, measurable, action-oriented, realistic, and timely—to accomplish the goals set for your business.

Specific objectives should be as detailed as possible. In order for the objectives to be **measurable**, you should state them in terms of dollars or quantities. Objectives are clear targets of performance you can use to evaluate the operation. **Action-oriented** objectives state which actions need to be taken and who will take them. Objectives should be realistic but challenging, with set deadlines in order to be **timely**.

Example—The Bakery Goal and Objectives

Isabel's goal is to start a bakery specializing in special event cakes within the next 6 to 12 months. Isabel's first objective is to write a business plan within the next 3 months. Isabel's second objective is to contact an attorney, realtor, and her banker for technical assistance as she starts her business in the next 6 to 12 months. Her third objective is to have \$10,000 in sales in her first year of business.

Write down a series of personal and business goals and objectives for next year. Next, write down goals and objectives for the next 3 to 5 years. Although goals are dreams with deadlines, make sure that your objectives are *SMART*.

Action Plans

Once you have identified your objectives, the next step is to break each objective down into action plans, or all the steps necessary to achieve that objective. Think of action plans as small, manageable projects. Make sure the action plans are small enough that they can be accomplished in a few days or a week at most. Work on the most timely goals and objectives first, breaking them down into monthly action plans. Breaking down each objective into action plans will help you make the daunting task of starting a new business manageable and less stressful.

Example—The Bakery Action Plans

Isabel has decided to break down her first objective, the business plan, into manageable action plans. Some of her action plans for the first month are:

1. Assess her strengths and weaknesses.
2. Write a vision and mission statement.
3. Identify potential customer attributes.
4. Identify the target market.
5. Determine market potential.
6. Identify and assess bakeries in the area.
7. Research the industry.

Final Comment

Starting a business takes thought and planning. Understanding the reasons you want to start a business and setting personal and business goals are essential to your success. Breaking this process down into three steps will make it less daunting and more manageable.

In step one, you should set broad goals to be accomplished. For example, wanting to start a business and get a 10% return on your investment might be your goal. In step two, you should break up your goals into objects that are *SMART*—specific, measurable, action-oriented, realistic, and timely. In step three, you should further break down your objectives into action plans—smaller, more manageable projects. This process will not only help you decide where you are going and how you are going to get there, but also provide a map for your journey.

For More Information

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