

How to set meaningful small business goals

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Running a small business requires long-term focus. As busy as your day-to-day schedule might get, you still need to keep an eye on building for the future. Setting clear, meaningful goals can help your small business stay on track and thrive.

But it's not always obvious what makes an effective goal—and the wrong goals could even do more harm than good. With a little knowledge and planning, you can develop a proper, goal-oriented small business.

Why goals for small business owners matter

You probably have some idea of why goals are important. However, you may not realize all the tangible benefits of setting meaningful small business goals. Here are just a few of the benefits of setting goals for your small business.

1. A clear focus

Life gets hectic as a small business owner. When running from job to job, it's easy to lose track of your priorities. By setting clear short- and long-term business goals, you can better focus your time on what matters most—even when you're being pulled in all directions.

2. Better performance

People who set goals are more likely to deliver results. Goals can help provide benchmarks for success and milestones to pursue. Employees who set regular goals may deliver better performance. The time you spend setting business goals is well worth it.

3. Preparation for possible issues

When you think ahead, you can envision possible problems. For example, what will happen to your expansion plan if a new competitor moves in? Or how would your growth change during an economic downturn? Setting goals means thinking through what's possible, which helps you anticipate and better manage issues when they come up.

4. More creativity and innovation

Future goals will push you and your team to develop new solutions to hit your targets. You might not realize what's possible until you set a goal that feels just out of reach.

5. Support for lenders and investors

Lenders and investors like to see that a small business has a plan for the money they're considering lending. Clear goals may help you show your plan's value.

Types of small business goals

There are many types of small business goals you could set. The ones you prioritize will depend on your values and business plan. Here are a few goals you may consider adding to the list.

Growth goals

Growth goals focus on the financial performance of your small business. How can you expand to earn more and help improve your bottom line? Some possibilities for goals include:

- Increase your sales and annual revenue
- Reduce costs and overhead
- Create a new product or service
- Expand to a second location, a bigger store, or a new service area
- Pay off your business debt

Customer experience goals

Happy customers are more likely to be repeat customers. You could set goals to improve your small business customer experience. For example:

- Achieve better customer satisfaction, measured by regular surveys
- Increase the number of repeat clients
- Reduce the number of complaints, returns and refunds
- Improve engagement on your social media pages
- Add more staff or new technology

Technology goals

Goals related to technology may depend on each industry. Here are some options to consider as relevant:

- Build and expand your website, blog, social media or other online materials
- Help improve your cybersecurity systems
- Develop an app, employ artificial intelligence (AI) or create an e-commerce platform
- Add software to help with functions such as employee training, project management or accounting
- Become a paperless organization to save costs

Employee goals

Your employees are the foundation of your small business. Some ways to improve the human capital behind your organization could include:

- Increase headcount to deliver more services
- Reduce employee turnover
- Improve employees' productivity
- Make the hiring process more efficient
- Encourage employees to take on more advanced roles through training programs

These business goals and categories are far from exhaustive. As your business grows, you may want to create your own unique employee goals.

How a small business can set realistic and meaningful goals

Goals need to work for you and your business—you shouldn't set just any small business goal. You want your effort to support the initiatives that most help your organization. So, how can you identify these opportunities?

1. Follow your mission statement

When setting goals, your company vision and mission statement are excellent places to start. Let's say your core value is to deliver the best customer experience possible. At the same time, you also want to improve profitability.

While reducing costs could improve your profit margins, you may want to weigh that goal against making cuts that ultimately hurt a customer's experience. In a case like that, for example, it might be better to focus on increasing revenue per customer to help improve profits.

By being true to your mission statement, you can set meaningful goals for your organization and build a reputation as a business with integrity.

2. Identify key performance indicators

The next step is to look at your small business performance metrics, also known as Key Performance Indicators (KPIs). These indicators include data points like revenue, expenses, net profit margin, employee turnover rate, average age of invoices/receivables and average customer acquisition cost.

Review your KPIs. Does anything stand out as a weakness that should be improved? For example, perhaps you're profitable once you start a project, but your customer acquisition costs are very high compared to the industry average.

To improve this KPI, you might set a goal to reduce costs by making your sales and marketing process more efficient. You could also aim to improve client retention, so you don't have to find as many new customers per year.

3. Set realistic goals

You should also ask yourself whether the goals you're setting are realistic. After all, the goals of a small business must actually be possible to be effective. Aim too high and you and your team could get discouraged if you don't make enough progress.

Review your historical results to see whether your planning is doable. Consider erring on the conservative side for your first year so you can bank a quicker win before trying something more ambitious.

If you have doubts, talk with your mentors and other business owners in your area or industry to gauge whether your goals are feasible.

Goal-setting best practices

As you put together your goals, consider these best practices:

Make goals measurable

Your goals need to be specific enough that you can measure your progress and track whether you achieve them. "Reduce employee turnover" is a start, but it's vague. Be more specific, "Within two years, I would like to reduce annual employee turnover by 20% by adding more loyalty incentives in compensation."

Goals should be SMART: specific, measurable, achievable, relevant and time bound.

- Specific: Define exactly what you're trying to accomplish.
- Measurable: Explain how you will measure whether you meet the goal or not.
- Achievable: Ensure the goals are realistic.
- Relevant: Compare the goals to your business mission and strategy
- Time-Bound: Set a deadline for completing the goal to add urgency

Create action plans

Think further through your goals and the steps needed to accomplish each one. Decide where you want to end up and work backward from there. Make a list of the necessary tasks to distribute between your employees. Be sure to assign ownership and responsibility for these tasks to specific employees.

Avoid setting too many goals

The more goals you set, the harder it can be to focus on each. Initially, concentrate on a few; one for technology, one for growth, and one for employees. As you get practice managing goals, you could expand into more.

Be cautious about connecting pay to goals

Financial incentives can help motivate teams. If employee bonuses and other compensation are too heavily connected to annual goals and business declines, morale could decrease.

Celebrate achievements with your team

Reaching the goals of a small business takes hard work. Share and celebrate progress with your team, especially after a major milestone. Be generous with praise, awards and other recognition for those who helped you achieve your goal.

How to track progress and refine the goals of a small business

Business is always changing. Even as you aim to grow and improve, your goals should reflect any changes to the landscape.

Track progress regularly

The work begins once you've set your small business goals for the year. Communicate the objectives with your employees and start planning how you'll achieve them.

Break down goals into smaller milestones during the year to see if you're on schedule. For example, if you hope to grow revenue by 10% year over year, where do you need to be by the end of the first quarter for that to happen?

Pay attention to the relevant metrics during the year to keep an eye on your progress. You can track this information on your financial statements and budget, as well as customer and employee satisfaction surveys. If you're falling short, ask how you can course correct mid-year.

Refine goals annually

At the end of the year, go over your goals and performance. Did you accomplish what you set out to achieve?

If not, ask what went wrong. Were the goals too ambitious, were there unexpected problems or did something else get in the way? Use this information to refine and set your goals for the next year.

Finally, don't feel locked in with your start-of-year goals. If market conditions change and you must prioritize something else, revising part-way through is okay. Your goals set the roadmap for the year, but nobody can predict everything in business.

The first step to meeting your small business goals

Simply thinking through and setting your small business goals is a major step to making them happen. Remember, goal setting is a skill that takes practice and experience. You will only improve by continually going through this process and driving your small business's success.

As you work to achieve your future goals, it helps to work with small business partners on whose goods and services you may rely, like Verizon Business. Verizon specializes in developing [solutions](#) that can help small business owners reach technology, security and performance goals.

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