

Focus on Objectives

Management by Objectives (MBO) as a concept first appeared in a 1954 book *The Practice of Management*. The author, Peter Drucker, has since become known as one of the world's most influential business experts. Management by Objectives is "a management model that aims to improve performance of an organisation by clearly defining objectives that are agreed to by both management and employees."¹ Peter Drucker saw Management by Objectives as a tool to help organizations identify and achieve goals.²

Decision-making is arguably the most important part of every manager's duties, and focusing on objectives that contribute to the achievement of goals is a crucial ingredient for effective decision-making. The key is to focus on objectives, rather than alternatives, criteria, or attributes.³ The benefits of focusing on objectives include:

- Alignment of the decision to the objectives that, when met, are expected to achieve the goal.
- An understanding of the trade-offs between alternatives with respect to objectives. This is a difficult and poorly understood aspect of decision-making.
- Rational decisions. A rational decision is one which best achieves the multitude of objectives of the decision maker(s).³

Organizations with mature decision-making processes typically define decision objectives through **collaborative brainstorming** of the factors that are expected to contribute to achievement of the goal. Then, after the alternatives are identified, a check of the **pros and cons** of alternatives may reveal:

- Objectives that may have been overlooked and should be added; and
- Objectives that none of the identified alternatives contribute to. In this case, it may be desirable to:
 - Identify more alternatives; and/or
 - Remove objectives to which no available alternatives contribute.

Next: [Compensatory](#)

¹ <https://www.cleverism.com/management-by-objectives-guide/>

² Peter Drucker, "The Practice of Management", 1954

³ Forman, Ernest H. and Mary Ann Selly. *Decision by Objectives: How to Convince Others That You Are Right*. World Scientific Publishing Company, 2001.