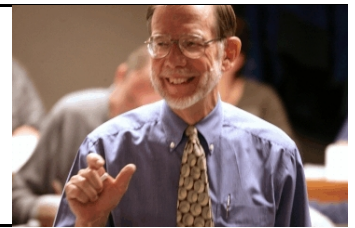


Bob Behn's Performance Leadership Report

An occasional (and maybe even insightful) examination of the issues, dilemmas, challenges, and opportunities for improving performance and producing real results in public agencies.



On the value of setting

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Stretch Targets

Eric Shinseki and **Shaun Donovan** are certifiably crazy.

Shinseki is secretary of the U.S. Department of Veterans Affairs; Donovan is secretary of Housing and Urban Development. Together they and their departments have set out to reduce veterans' homelessness.

Actually, they want to do more than *reduce* veterans' homelessness. A couple of years ago, they decided that, by the end of 2015, they would *eliminate* veterans' homelessness.

That's a true "**performance target**." It includes both a number (zero) and a date (December 31, 2015).

It is also a "stretch target." VA and HUD will be unable to hit this target simply by continuing with business as usual. A "stretch target" is one that the organization cannot achieve simply by working a little harder or a little smarter. To achieve a stretch target, people have to invent new strategies, new incentives—entirely new ways of achieving their purpose.

In January 2009, the U.S. had 75,609 homeless veterans. A year later, the number was up slightly to 76,329. By January 2011, however, the number was down 12 percent to 67,495.

Oops. You don't need a spread sheet, a graph, or an advanced degree in mathematics to figure out that this trend isn't good enough. If VA and HUD reduce the number of homeless veterans by 9,000 each year, it will take them until 2017 to get the number to zero. Moreover, for 2012, reducing the number by another 9,000 will be more difficult than last year's achievement.

Whenever an organization sets out to accomplish a big task, it breaks it down into small tasks and starts with the easiest ones. Such a **strategy of small wins** makes perfect sense. With each small win, the organization demonstrates progress. With each small win, it develops the confidence that it can accomplish something significant. Moreover, through a series of small

wins, it learns what works, what doesn't—and in what circumstances.

Thus, the knowledge and confidence gained by reducing the number of homeless veterans by 9,000 can be employed to reduce the number by more than 9,000 in future years.

Of course, Shinseki and Donovan are lucky. They identified a public purpose with which no one disagrees. No interest group is lobbying Congress to create more homeless veterans. If Gallup took a poll, 95 percent of the respondents would say that the number of homeless veterans should be zero. (The other 5 percent, would not understand the question and would simply answer, "Huh?")

Still, **luck is recognizing it**. And Shinseki and Donovan were smart enough to recognize their luck.

A "stretch target" is one that the organization cannot achieve simply by working a little harder or a little smarter. To achieve a stretch target, people have to invent new strategies, new incentives—entirely new ways of achieving their purpose.

They recognized that they had an important purpose that no one opposed. They recognized that they had a purpose that would mobilize people in their departments plus collaborators: state and local governments, nonprofits, and individual citizens.

They recognized that their purpose required them to set neither a process target nor an output target but an outcome target. They recognized that their purpose was precise enough—focused on a specific, well-defined, identifiable group of people—to make this outcome target achievable.

They also recognized that achieving their purpose was a complex task. They recognized that, to achieve their purpose, they had both to identify and help veterans who needed hous-

ing, and to identify and help veterans who were in danger of becoming homeless. Not only would VA and HUD have to invent new strategies, so would their collaborators.

Shinseki and Donovan recognized not just their luck but also their danger. After all, all performance targets are dangerous. They create the obvious opportunity for a well-defined failure. And stretch targets are doubly dangerous, for the chance of a big win seems so small, while the chance of a big, public failure looms so large.

While president of GE, Jack Welch is credited with coining the stretch-target concept and the phrase. "We have found that by reaching for what appears to be the impossible, we often actually do the impossible; and even when we don't quite make it, we inevitably wind up doing much better than we would have done."

In business, if you miss a stretch target but still do "much better," you will win kudos. In government, however, missing a publicly declared target of any size simply invites criticism and attack.

Still, a stretch target creates purpose. A stretch target that is directly connected to the organization's purpose invigorates and mobilizes people in a way that no ordinary target can. It connects their every-day work to something significant. As Welch observed: "Stretch targets energize."

Shinseki and Donovan may be certifiably crazy. Indeed, for government executives who seek to achieve significant public purposes and who thus establish stretch targets, that may be an essential component of the job description. **B**

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