

Management by objectives

[Business](#), [Management](#)



By setting objectives and completing them - the employee can enjoy a sense of accomplishment.

Assuming a company has clearly conveyed a mission to be an embraceable vision for all employees from top to bottom; setting objectives with the employee and then letting the employee execute them gives the employee a feeling of teamwork and belonging.

The most famous manager of all

Peter Drucker first addressed MBO in 1954 in his book *The Practice of Management*. He later readdressed MBO in updated editions, including, *Management: Tasks, Responsibilities, Practices* originally published 1973. In the book Drucker is always careful to stress the human element of management. (Drucker, 21973) He stresses the combined power of teamwork when strengths are emphasized. We are all managed in some way, whether it is by our parents, our jobs or our rules of society.

Is MBO effective

A concrete example of management by objectives is from the company where I am employed. The company requires the manager to sit down with each associate and set goals for the year. Some goals are individually driven and some are business-driven. For example, an individual goal might be to learn (or job shadow) a different position in the company, whereas a

company goal might be to complete audit reports within 180 days of the start. The individual goal is set by the associate; sometimes with the coaching of the manager, if needed. If both goals are met 100% then 100% of the bonus is paid, as well as a raise given based on levels of success. Throughout the year, teamwork is reinforced by company slogans. At some point motivated by the knowledge that if all associates work together the goals are accomplished and the bonuses are paid. The company is now number 1 in the industry. This makes for a compelling argument that clearly defined and well-met objectives are successful.