

# SPECIAL REPORT:

## Goal Awareness in U.S. Companies

The Center for Advanced Research at FranklinCovey has released the results of a large new study on goal-awareness by employees in U.S. companies. After analyzing the responses of thousands of workers over the past five years, the Center has found that only 15 percent of American workers can name all of their company's yearly goals, and that employees in the public sector have the worst goal-awareness of any employees in America.

Respondents were randomly selected from FranklinCovey's database to represent the actual percentages of employees in each of nine industry categories as defined by the U.S. Census Bureau in 2009. The industry categories were (1) financial services and insurance, (2) health and educational services, (3) hospitality industry, (4) information services, (5) manufacturing, (6) professional services, (7) public administration, (8) retail, (9) transportation and utilities.

"The results are alarming," said Dr. Dean Collinwood, Executive Director of the Center for Advanced Research. "When 74 percent of the people who work in government and receive salaries from the taxes of the citizenry cannot name even a single goal of the agency or department for which they work, then we have both productivity and ethical problems."

Center researchers randomly selected 6,778 employees working in 530 companies or other organizations. They then matched the employees in the sample to the Census categories so that the number of employees included exactly matched the percentage of workers in each industry as reported by the Census Bureau. The researchers first asked the organizations' leaders to write down their company's or department's goals, and then they asked employees to do the same. The responses of 4,887 employees from the 300 companies or departments within companies that had actually established goals were then analyzed.

**Fig. 1**  
**Employee Goal Awareness**  
**Across Nine U.S. Industry Sectors**

Industry	Percent Naming Zero to Three Goals Accurately				Total Respondents
	Unable to name any goal	Named 1 of 3 Goals Correctly	Named 2 of 3 Goals Correctly	Named 3 of 3 Goals Correctly	
Financial Activities (Services, Insurance)	59%	21%	8%	12%	100%
Health & Education Services	62%	17%	10%	10%	100%
Hospitality	69%	16%	7%	8%	100%
Information (Communications/Media, Telecommunications)	49%	20%	13%	17%	100%
Manufacturing (includes Pharmaceutical, Automotive and Construction)	60%	13%	9%	19%	100%
Professional (Consulting, Engineering, Technology Services)	63%	9%	7%	20%	100%
Public Administration / Government (includes Military)	74%	7%	8%	11%	100%
Retail	48%	19%	13%	20%	100%
Transportation, Utilities & Warehousing	45%	20%	12%	23%	100%
<b>Total</b>	<b>61%</b>	<b>15%</b>	<b>9%</b>	<b>15%</b>	<b>100%</b>

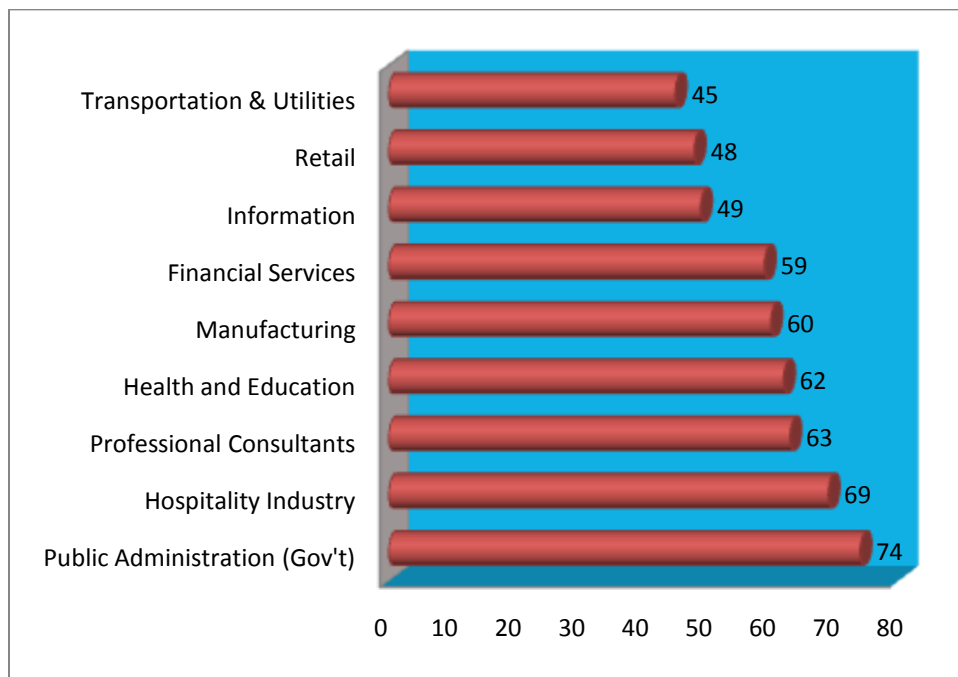
The study found that 44 percent of American companies, governments and other organizations had established no annual goals. “That is perhaps the most disturbing finding, because if leaders don’t articulate what they are trying to achieve, they certainly will not be able to achieve it—unless by random chance,” says Dr. Collinwood, a former Research Professor of Management at the University of Utah business school in Salt Lake City. Collinwood believes that lack of goal clarity is one reason so many start-ups fail. “There is a lot of entrepreneurial energy in America,” says Collinwood, “but half the new start-ups fail because of insufficient start-up capital, and I believe, because of inadequate goal clarity and awareness of the direction the leaders want to take the business.”

He also believes that one of the reasons citizens complain about poor service from their municipal, county, state, and national governments is that so many government employees are in the dark as to

what they are expected to do at work each day. “Only 11 percent of government workers could name all of the annual goals of their offices—a miserable showing,” Collinwood said.

After government employees, the worst results came from workers in the hospitality industry where 69 percent could name none of the goals and only 8 percent could name all of their company’s goals. The researchers revised the order of the industry categories to show a ranking of awareness from best to worst. The nation-wide ranking is:

**Fig. 2**  
**Goal Awareness Ranking by Industry**  
**% of Employees Who Did Not Know**  
**Any of Their Organization’s Goals**



The Transportation sector (which includes utilities and warehousing) had the best showing with only 45 percent of workers unable to name any goals (or in other words, 55 percent of workers being able to name at least one of their company’s goals). “But even then,” says Collinwood, “only 23 percent could name all the goals. How would you like to be the leader of a company in which 77 percent of your employees could not recall all the goals you had established for the year? Or in education, is it any wonder that our school students perform poorly when 62 percent of the school employees cannot name

even one of the goals they are supposed to be achieving in a given year and only 10 percent can recall all of the goals?”

The new study lends support to earlier research on goal clarity. For example, in a two-year longitudinal study in 1998 of the effect of mission, purpose or “vision” on the growth of new ventures in the U.S. architectural woodwork industry, University of Maryland business school professor J.R. Baum and his colleagues found a strong, positive relationship between the presence of clearly communicated corporate goals and growth in sales, employment, and profit. Growth for “no mission” companies was only 5.5 percent compared to 12.4 percent for the “goal-directed” companies.

Other studies have shown the impact of goal clarity on worker motivation and job satisfaction, as well as on such so-called “soft” characteristics as internal conflict and overall corporate culture. The studies confirm that companies receive significant benefits, including higher profits and improved corporate culture, when they invest time and energy in clarifying their missions and goals.

The FranklinCovey study represented employees’ answers over the past five years, ending in mid-2009. It did not break out results by geographic region nor did it include comparisons from other countries. “We hope to do additional studies with more variables in the future,” said Collinwood

The new study is a follow-up to an earlier study in 2007 by the Center for Advanced Research. In that study, using a larger sample of respondents but not distributing the respondents proportionately across industry sectors, the Center found that close to half (46%) of front-line employees blamed corporate leaders for not clearly communicating their goals to them. A full third of senior executives agreed with them. Furthermore, even when goals were known, 41 percent of workers said they did not understand what they personally were supposed to do each day to help achieve their company’s goals.

“These studies should be a wake-up call to corporate America,” said Collinwood. “When large numbers of American workers show up to work each day knowing neither why they are there nor what they are supposed to do all day, it means American business is operating very inefficiently, and that means poor service and lower profits.”