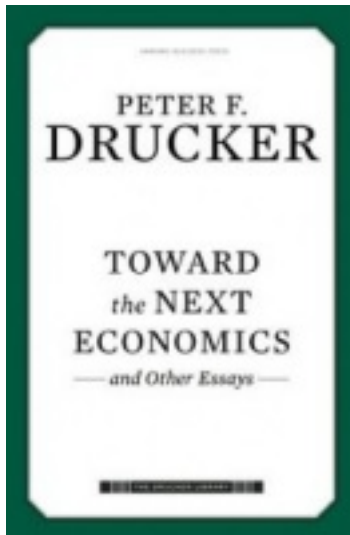


From [Toward The Next Economics](#)



[Peter Drucker](#)

What Results Should You Expect?—A Users' Guide to MBO

[First published in *Public Administration Review*, January-February 1976].

[Also see [How to Guarantee Non-performance](#)].

Management by Objectives (MBO) has a longer history in governmental institutions than most of its present-day practitioners realize.

The basic concepts were strongly advocated by Luther Gulick and his associates in the mid- and late thirties, in their studies of the organization and administration of the federal government.

Yet, the concept of management by objectives and self-control originated with the private sector.

It was first practiced by the DuPont Company after World War I. By the mid-twenties, Alfred P. Sloan, Jr., of General Motors used management by objectives and self-control systematically and with great conceptual

clarity even though he did not have a special term for his policies.

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Yet today MBO seems to have become more popular in public service institutions than it is in the private sector; it is certainly more discussed as a tool of the public, especially the governmental administrator.

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There is good reason for this popularity of MBO in the public sector.

Public service institutions need it far more than any but the very biggest and most complex businesses.

Public service institutions always have multiple objectives and often conflicting, if not incompatible objectives.

While no institution, including business, has truly satisfactory measurements, the measurements generally available to government agencies and other public service institutions, especially in the budget area, rarely have anything to do with performance and goal attainment.

Even a fairly small governmental agency, such as one of the smaller and less populous States in the U.S. or a medium-sized city, is a "conglomerate" of greater diversity and complexity than the most diversified business "conglomerate."

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The resources of public service institutions are people, and the outputs are rarely "things."

Therefore, direction toward meaningful results is not inherent in the work or in the process itself.

Misdirection, whether by the individual employee or by the administrator, is at the same time both easy and hard to detect.

Public service institutions are prone to the deadly disease of "bureaucracy"; that is, toward mistaking rules, regulations, and the smooth functioning of the machinery for accomplishment, and the self-interest of the agency for public service.

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Public service institutions, in other words, particularly need objectives and concentration of efforts on goals and results—that is, management.

These are, of course, precisely the needs management by objectives and self-control (MBO) promises to satisfy.

But the same reasons which make MBO potentially so productive for the public service institution also make it only too easy for the institution to mistake MBO procedures for the substance of both management and objectives.

Indeed, they may encourage the fatal error of misusing MBO as a substitute for thinking and decision making.

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Therefore, the administrator in the public service institution needs a "users' guide."

He needs to know whether he uses MBO correctly or whether he misuses it.

He needs to know, above all, the results MBO yields if used properly.

That, I am afraid, is what few of the texts and manuals spell out.

Yet only when these results have been achieved has MBO really been applied.

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MBO is both *management by objectives* and *management by objectives*.

What is needed, therefore, are **two sets of specifications**—one spelling out the **results** in terms of **objectives** and one spelling out the results in terms of **management**.

What Are Our Objectives? What Should They Be?

[Clear Realization That His Agency Actually Has No Objectives]

The first result, and perhaps the most important one which the administrator needs to aim at in applying MBO, is *the clear realization that his agency actually has no objectives*.

What passes for objectives are, as a rule, **only good intentions**.

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The purpose of an objective is to make possible the organization of work for its attainment.

This means that objectives must be operational: capable of being converted into specific performance, into work, and into work assignments.

However, almost no public service agency has operational objectives.

To say our objective is "the maintenance of law and order" or "health care" is operationally a meaningless statement.

Nothing can be deduced from these statements with respect to the goals and the work needed.

Yet these statements are already a good deal more operational, more nearly true objectives, than is commonly found in the objectives statements of public service agencies.

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The first result to be expected from management by *objectives* is the

realization that the traditional statement of objectives is inadequate, is indeed in most cases totally inappropriate.

The first work to be done is to identify what the objectives should or could be.

[Objectives in Public Service Agencies Are Ambiguous, Ambivalent, and Multiple]

The moment this question is raised, however, it will also be realized—and this is the second result to be obtained—that *objectives* in public service agencies are ambiguous, ambivalent, and multiple.

(This holds true in private business as well, by the way.)

[Hospitals]

The hospital, while complex, is still a very small institution compared to most governmental agencies.

Yet its objectives are by no means clear.

"Health care sounds plausible; but most hospitals have nothing to do with health care.

They are concerned with the treatment and care of the sick.

Clearly, the most intelligent and most effective way to produce health care is the prevention of sickness, rather than its treatment and cure.

To the extent that we know how to provide health care, it is not, bluntly, the task of the hospital at all.

It is done by public health measures such as vaccination, providing pure drinking water, and adequate treatment of sewage.

Hospitals, in effect, are the result of the failure of health care, rather than agencies to provide it.

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Yet even if the hospital defines its objectives very narrowly, as do the hospitals in the British Health Service, as the "treatment of the sick" (repair of damage already done), the objectives are still cloudy.

Is the hospital, as in the traditional concept of the American community hospital, the private physician's plant facility and an extension of his office?

Is it, in other words, the place where the physician takes care of those patients whom he cannot take care of in his own office or in his own private practice?

Or should the hospital, as so many American hospitals have attempted, be the "health care center" for the community, through such activities as the well-baby clinic, counseling service for the emotionally disturbed, and so on?

Should the hospital also become the substitute for the private physician and provide the physician's services to the poor—the objectives of the outpatient department in the American big city hospital today?

If the hospital defines its function as care of the sick, what then is the role and function of the maternity service?

Giving birth to a baby is, after all, no sickness, but a perfectly normal and indeed perfectly healthy occurrence.

[Police Department]

Similarly, when the police department tries to make operational the vague term "maintenance of law and order," it will find immediately that there is a multiplicity of possible objectives—each of them ambiguous.

"Prevention of crime" sounds very specific.

But what does it really mean, assuming that any one knows how to do it?

Is it, as many police departments have traditionally asserted, the enforcement of all the laws on the statute book?

Or is it the protection of the innocent, law-abiding citizen, with respect both to his person and to his property?

Is it safety on the streets or safety in the home, or is it both?

Is the primary task the eradication and prevention of corruption within the police force itself?

The latter may sound quite peripheral, if not trivial.

Yet, in a recent major study of the job of chief of police, sponsored by one of the agencies of the Federal government, the experienced police chiefs guiding the study maintained that to rid police forces of corruption was the first, and most important, objective in maintaining law and order.

[Equally Valid Objectives Are Mutually Incompatible or, at Least, Quite Inconsistent]

In attempting to reduce pious intentions to genuine objectives, the administrator will invariably find that equally valid objectives are mutually incompatible or, at least, quite inconsistent.

[American farm policy]

The classical example is the American farm policy of the last forty years.

Strengthening the American farmer was the stated objective from the beginning, before New Deal days.

Does this mean protecting the family farmer?

Or does it mean making the American farmer efficient, productive, and capable of world market competition?

Congress, in writing farm legislation, has always used rhetoric indicating that the purpose of farm policy is to protect and preserve the small family farmer.

However, the actual measures then enacted to achieve this purpose have primarily been aimed at making farming a more efficient more productive, and more competitive industry, in which the small family farmer has practically no place and may indeed be an impediment to the attainment of the goal.

[The Need to Think and of the Need to Make Highly Risky Balancing and Trade-Off Decisions]

Thus the most important result of management by *objectives* is that it forces the administrator into the realization that here cannot be one single objective, notwithstanding the language of policy statements, whether acts of Congress or administrative declarations.

To call realization of this fundamental a result of management by objectives may seem paradoxical.

Yet it may be the most important result, precisely because it forces the administrator and his agency to a realization of the need to think and of the need to make highly risky balancing and trade-off decisions.

This should be one of the results management by *objectives* strives for, which have to be attained if MBO is to be an effective tool that strengthens the performance of the institution.

[Priorities and Posteriorities]

The next area in which management by *objectives* has to attain results is that of *priorities and posteriorities*.

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Public service institutions, almost without exception, have to strive to attain multiple objectives.

At the same time, each area of objectives will require a number of separate goals.

Yet no institution, least of all a large one, is capable of doing many things, let alone of doing many things well.

Institutions must concentrate and set priorities.

By the same token, they must make risky decisions about what to postpone and what to abandon—to think through posteriorities.

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One basic reason for this need to concentrate is the communications problem, both within the institution and among the various external publics.

Institutions which try to attain simultaneously a great many different goals end up confusing their own members.

The confusion is extended twofold to the outside public on whose support they depend.

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Another cogent reason for concentration of goals is that no institution has an abundance of truly effective resources.

We have all learned that money alone does not produce results.

Results require the hard work and efforts of dedicated people; such people are always in short supply.

Yet nothing destroys the effectiveness of competent individuals more than having their efforts splintered over a number of divergent concerns—there is nothing more frustrating or less productive than to give part-time attention to a major task.

To achieve results always requires thorough and consistent attention to the problem by at least one effective man or woman.

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Finally, and this may be the most important factor, even a unitary, or a simple goal often requires a choice between very different strategies which cannot be pursued at the same time; one of them has to be given priority, which means that the other one assumes secondary status or is abandoned for an unspecified time.

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One example of this dilemma, which is familiar to every experienced administrator, is the educational policy of developing countries.

That a trained and schooled population is desirable, and is indeed a prerequisite for social and economic development, would be accepted by practically all students of development.

However, should primary emphasis be given to the education of a small, but exceedingly capable, elite?

Or should the main drive be on "mass literacy"?

Few countries can pursue both goals simultaneously—they must make a choice.

If the first course is followed, there is the risk of educating people to be highly skilled and at great expense to the country.

The consequences are that the society cannot utilize the expertise it has paid for and cannot provide meaningful jobs for those individuals.

The result is then a "brain drain" in which the potentially most productive, most expensive resources of a poor country leave to find opportunities elsewhere for the application of their knowledge.

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If the second alternative is being followed, there is the risk of educating large masses of people who are no longer satisfied with traditional employment and traditional subsistence standards of living.

These people cannot find the jobs they have been trained for and have been led to expect, simply because institutions capable of employing them do not emerge, and the leadership is missing.

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To set priorities is usually fairly simple, or at least seems politically fairly simple.

What is difficult, and yet absolutely essential, is the risk-taking and politically dangerous decision as to what the posteriorities should be.

Every experienced administrator knows that what one postpones, one really abandons.

In fact, it is a sound rule not to postpone but to make the decision not to do something altogether or to give up doing something.

For in strategy, timing is of the essence.

Nothing is usually less productive than to do ten years later what would have been an excellent and worthwhile program ten years earlier.

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If an illustration were needed, the fate of so many of President Johnson's programs would supply it.

What made so many of these programs fail is not that they were the wrong programs, or even that they were inadequately supported.

They were, in large measure, five or ten years too late.

These programs had been postponed, and when the time came to do them, that is, when Congress was willing to consider them after long years of resistance, they were no longer the "right" programs.

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In addition, public service institutions find "abandonment of yesterday"

even more difficult than businesses.

Business, of course, does not like to abandon.

The product or service that no longer serves a purpose, no longer produces results, no longer fulfills a major need, is usually also the product or service which the people now at the top have spent the best part of their working lives to create and to make succeed.

However, in business enterprise, the market eventually forces management to face up to reality and to abandon yesterday.

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The Ford Motor Company held onto the Edsel as long as it could—far longer than economic reality justified.

The American public had abandoned the Edsel long before Ford management was willing to accept the verdict.

Eventually, however, even a very large, strong, and stubborn company had to accept reality.

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No such pressure exists as a rule in the public service institution.

Indeed, if we had had ministries of transportation around in 1850 or 1900, we might now have in every country major research projects, funded with billions of dollars, to reeducate the horse.

In any public service institution, whether government agency, hospital, school, or university, any activity and any service almost immediately creates its own constituency: in the legislature, the press, or the public.

Yet nothing is quite as difficult to do as to maintain the moribund.

It requires greater energies, greater effort, and greater abilities to sustain an obsolete program than to make effective the responsive and productive program.

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Thus, the public service agency is always in danger of frittering away its best people as well as a great deal of money on activities which no longer produce, no longer contribute, have proven to be incapable of producing, or are simply inappropriate.

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Therefore, essential to management by *objectives* in the public service agency is the establishment of priorities.

This requires first decisions concerning the areas of concentration.

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Equally essential is the systematic appraisal of all services and activities in order to find the *candidates for abandonment*.

Indeed, it is wisdom in a public service agency to put each service and activity on trial for its life every three or four years and to ask: "If we had known what we now know at the time we established this service, would we have gotten into it?"

If the answer is No, one does not say, "What do we have to do to make it viable again?"

One does not even say, "Should we consider getting out of it?"

One says, "How fast can we get out?"

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Goals of abandonment and schedules to attain these goals are an essential part of management by *objectives*, however unpopular, disagreeable, or difficult to attain they might be.

The great danger in large institutions, especially in public service institutions, is to confuse fat with muscle and motion with performance.

The only way to prevent this degenerative disease is a systematic procedure for abandoning yesterday, and for setting specific and courageous goals for abandonment.

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In this respect, the Budget Reform Act of 1974 may represent the biggest step forward in public administration in many decades, though it still remains to be seen, of course, whether the act will produce results.

This act entrusted the General Accounting Office with the duty of appraising existing programs and projects in the federal service based on their suitability, stated objectives, and appropriateness.

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But will the Congress that wrote the act be willing to face up to its abandonment implications?

[Specific Goals, With Specific Targets, Specific Timetables, and Specific Strategies]

The next results are *specific goals*, with *specific targets*, *specific timetables*, and *specific strategies*.

Implicit in this is the *clear definition of the resources* needed to attain these goals, the efforts needed, and primarily the *allocation* of available resources—especially of available manpower.

A "plan" is not a plan unless the resources of competent, performing people needed for its attainment have been specifically allocated.

Until then, the plan is only a good intention; in reality not even that.

[How Performance Can Be Measured, or at Least Judged]

Finally, management by *objectives* needs to define how performance

can be *measured*, or at least *judged*.

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It is commonly argued that public service institutions aim at intangible results, which defy measurement.

This would simply mean that public service institutions are incapable of producing results.

Unless results can be appraised objectively, there will be no results.

There will only be activity, that is, costs.

To produce results, it is necessary to know what results are desirable and determine whether the desired results are actually being achieved.

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It is also not true that the activities of public service institutions cannot be measured.

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"Missions" are always intangible, whether of business enterprise or of social service institutions.

Sears, Roebuck and Company defined its mission in the twenties as being the "buyer for the American Family."

This is totally intangible.

But the objectives which Sears then set to accomplish this mission (e. g., to develop a range of appliances that most nearly satisfy the largest number of homeowners at the most economical price) was an operational objective from which clear and measurable goals with respect to product line, service, assortment, price, and market penetration could be derived.

This in turn made possible both the allocation of efforts and the measurement of performance.

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"Saving souls" as the mission of a church is totally intangible.

At least, the bookkeeping is not of this world.

However, the goal of bringing at least two thirds of the young people of the congregation into the church and its activities is easily measured.

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Similarly, "health care" is intangible.

But the goals for a maternity ward which state that the number of "surprises" in delivery must not be more than two or three out of every hundred deliveries; the number of postpartum infections of mothers must not exceed one half of 1 percent of all deliveries; and that eight out of ten of all premature babies born live after the seventh month of conception must survive in good health, are not intangible but fairly easy to measure.

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To think through the appropriate measurement is in itself a policy decision and therefore highly risky.

Measurements, or at least criteria for judgment and appraisal, define what we mean by performance.

They largely dictate where the efforts should be spent.

They determine whether policy priorities are serious or are merely administrative double-talk.

For this reason it must be emphasized that measurements need to be measurements of performance rather than of efforts.

It is not adequate, indeed it is misleading, to use measurements that focus on efficiency of operation, rather than on the services the agency delivers to somebody outside, whether another public service agency or the public.

Measurement directs effort and vision.

One of the central problems of public service agencies, indeed of all organizations, is the tendency to direct efforts and vision toward the inside, that is, toward efficiencies, rather than toward the purposes on the outside for which every public service institution exists.

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With measurements defined, it then becomes possible to organize the *feedback* from results to activities.

What results should be expected by what time?

In effect, measurements decide what phenomena are results.

Identifying the appropriate measurements enables the administrator to move from diagnosis to prognosis.

He can now lay down what he expects will happen and take proper action to see whether it actually does happen.

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The actual results of action are not predictable.

Indeed, if there is one rule for action, and especially for institutional action, it is that the expected results will not be attained.

The unexpected is practically certain.

But are the unexpected results deleterious?

Are they actually more desirable than the results that were expected and planned?

Do the deviations from the planned course of events demand a change in strategies, or perhaps a change in goals or priorities?

Or are they such that they indicate opportunities that were not seen originally, opportunities that indicate the need to increase efforts and to run with success?

These are questions the administrator in the public service agency rarely asks.

Unless he builds into the structure of objectives and strategies the organized feedback that will force these questions to his attention, he is likely to disregard the unexpected and to persist in the wrong course of action or to miss major opportunities.

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Organized feedback leading to systematic review and continuous revision of objectives, roles, priorities, and allocation of resources must therefore be built into the administrative process.

To enable the administrator to do so is a result, and an important result, of management by *objectives*.

If it is not obtained, management by *objectives* has not been properly applied.

What Is Management? What Should It Be?

Management by objectives, similarly, has to attain a number of results to be properly applied.

[Understanding of the Difficulty, Complexity, and Risk of These Decisions]

The first result is *understanding*.

Management by objectives is often described as a way to obtain agreement.

But this is gross oversimplification.

The decision which MBO identifies and brings into focus: the decisions on objectives and their balance; on goals and strategies; on priorities and abandonment; on efforts and resource allocation; on the

appropriate measurements, are far too complex, risky, and uncertain to be made by acclamation.

To make them intelligently requires *informed dissent*.

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What MBO has to produce as the first management result is understanding of the difficulty, complexity, and risk of these decisions.

It is understanding that different people, all employed in a common task and familiar with it, define objectives and goals differently, see different priorities, and would prefer very different and incompatible strategies.

Only then can the decision be made effectively.

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The decisions to be made are also of such complexity and of such importance that the responsible administrator would not want to make them without understanding them.

The full complexity of any issue can only be understood on the basis of informed dissent.

"Adversary proceedings" are not the best way, as a rule, to make these decisions.

Informed dissent is essential where people of good will and substantial knowledge find out how differently they view the same problem, the same mission, the same task, and the same reality.

Otherwise, symptoms rather than the underlying problem will be attacked; trivia rather than results will be pursued.

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It is almost fifty years since Mary Parker Follett applied the early insights of perception psychology to point out that people in an organization who seem to differ on the answers usually differ on what

the right question is.

The issues, with which the administrator in the public service institution deals, are of such complexity and have so many dimensions that any one person can be expected to see only one aspect and only one dimension rather than the total configuration.

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However, effective action requires an understanding of complexity.

It requires an ability to see a problem in all its major dimensions.

Otherwise, a maximum of effort will produce no results, but more commonly wrong and undesired results.

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Management by objectives is an administrative process rather than a political process.

This makes it all the more important to focus on understanding as the first management result—bringing out the basic views, the basic dissents, the different approaches to the same task and the same problem within the organization.

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The major departments of the federal government that have been created in the last twenty years: the Department of Defense, the Department of Health, Education, and Welfare (HEW), the Department of Transportation, and the Department of Housing and Urban Development (HUD), are commonly criticized for being ineffectual as well as administrative labyrinths.

They are often contrasted, to their detriment, with older agencies such as the Department of the Interior or the Department of Agriculture, which, it is alleged, are so much more effective.

The reason usually given for the lack of effectiveness of these newer agencies is "lack of direction" or "internal division."

What made these older agencies effective, especially in the New Deal days when they reached a peak of effectiveness, was, however, the intelligent use of informed dissent on the part of the men who led them.

Harold Ickes in Interior or Henry Wallace in Agriculture took infinite care to produce informed dissent within the organization and thus to obtain understanding for themselves and to create understanding for their associates.

Thus, when decisions on goals and priorities were made unilaterally by the top man himself, and by no means democratically, they were understood throughout the organization; the top man himself understood what alternatives were available, as well as the position of his people on them.

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Similarly, the Japanese system of "decision by consensus" is often cited these days as an example for the American decision maker.

However, the Japanese do not make decisions by consensus, rather they deliberate by consensus.

The seemingly long gestation period of a decision in Japanese organizations is devoted to bringing about the maximum understanding within the organization and to enabling those who are going to have to participate in the subsequent action to express their own views of the issue and their own definitions of the question.

Consequently, they find out where their colleagues and associates stand, what they feel, and how they feel.

Then a decision can be reached which the organization understands, even though large groups within it do not necessarily agree or would have preferred a different decision.

Perhaps the greatest strength of the Japanese process is that priorities can actually be set and be made effective.

[Responsibility and Commitment Within the Organization]

The second management result of management by objectives is to produce *responsibility* and *commitment* within the organization; to make possible *self-control* on the part of the managerial and professional people.

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The advocate of MBO likes to talk about "participation."

This is a misleading term, or at least an inadequate term.

The desired result is willingness of the individual within the organization to focus his or her own vision and efforts toward the attainment of the organization's goals.

It is ability to have self-control; to know that the individual makes the right contribution and is able to appraise himself or herself rather than be appraised and controlled from the outside.

The desired result is commitment, rather than participation.

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For this reason the usual approach of MBO toward goal-setting for the individual or for the managerial component is inadequate and may even do damage.

Usually MBO says to the individual manager, Here are the goals of this institution.

What efforts do you have to make to further them?

The right question is, What do you, given our mission, think the goals should be, the priorities should be, the strategies should be?

What, by way of contribution to these goals, priorities, and strategies, should this institution hold you and your department accountable for over the next year or two?

What goals, priorities, and strategies do you and your department aim for, separate and distinct from those of the institution?

What will you have to contribute and what results will you have to produce to attain these goals?

Where do you see major opportunities of contribution and performance for this institution and for your component?

Where do you see major problems?

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Needless to say, it is then the task of the responsible administrator to decide.

It is not necessarily true, as so many romantics in management seem to believe, that the subordinate always knows better.

However, it is also not necessarily true that the boss always knows better.

What is true is that the two, subordinate and boss, cannot communicate unless they realize that they differ in their views of what is to be done and what could be done.

It is also true that there is no *management* by objectives unless the subordinate takes responsibility for performance, results, and, in the last analysis, for the organization itself.

[The next results are personnel decisions]

The next results are *personnel decisions*.

As stated earlier, MBO requires allocation of resources and concentration of effort.

Management by objectives should always result in changing the allocation of effort, the assignment of people and the jobs they are doing.

It should always lead to a restructuring of the human resources toward the attainment of objectives.

It is not true, though administrative routine believes it, if only subconsciously, that every existing job is the right job and has something to contribute.

On the contrary, the ruling postulate should be: Every existing job is likely to be the wrong job and needs to be restructured, or at least redirected.

Job titles may be sacred, and in every large organization there is an unspoken but fervent belief that the Good Lord created section chiefs.

In reality, job substance changes with the needs of the organization; and assignments, that is, the specific commitment to results, change even more frequently.

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Job descriptions may be semi-permanent.

However, assignments should always be considered as short-lived.

It is one of the basic purposes of managerial objectives to force the question, What are the specific assignments in this position which, given our goals, priorities, and strategies at this time, make the greatest contribution?

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Unless this question is being brought to the surface, MBO has not been properly applied.

It must determine what the right concentration of effort is and what the manpower priorities are, and then convert the answers into personnel action.

Unless this is done, there may be objectives but there is no management.

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Similarly important and closely related are results in terms of *organization structure*.

If the work in organization over the last forty years has taught us anything, it is that structure follows strategy.

There are only a small number of organization designs available to the administrator.

How this limited number of organization designs is put together is largely determined by the strategies that an organization adopts, which in turn is determined by its goals.

Management by objectives should enable the administrator to think through organization structure.

Organization structure, while not in itself policy, is a tool of policy.

Any decision on policy, that is, any decision on objectives, priorities, and strategies, has consequences for organization structure.

[The ultimate result of management by objectives is decision]

The ultimate result of *management* by objectives is *decision*, both with respect to the goals and performance standards of the organization and to the structure and behavior of the organization.

Unless MBO leads to decision, it has no results at all; it has been a waste of time and effort.

The test of MBO is not knowledge, but effective action.

This means, above all, risk-taking decisions.

[Summary]

The literature talks about MBO often as a "tool for problem solving."

However, its proper application is as a means of problem definition and problem recognition.

Perhaps even more important, it is a means of problem prevention.

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Thus, MBO is not a procedure to implement decision, a systematic attempt to define, to think through, and to decide.

Filling out forms, no matter how well designed, is not management by objectives and self-control.

The results are!

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MBO is often called a tool of planning.

It is not the same thing as planning, but it is the core of planning.

MBO is usually called a management tool.

Again, it is not all of management, but it is the core of management.

It is not the way to *implement* decisions on policy, on goals, on strategies, on organization structure, or on staffing.

It is the *process* in which decisions are made, goals are identified, priorities and posteriorities are set, and organization structure designed for the specific purposes of the institution.

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It is also the process of people integrating themselves into the organization and directing themselves toward the organization's goals and purposes.

The introduction of MBO into public service institutions, especially into governmental agencies during the last few years, may thus be the first step toward making public service institutions effective.

So far it is only a first step.

What has been introduced so far, by and large, is the procedure, and there is danger in procedure being mistaken for substance.

Yet the great need of the public institution is not procedure.

Most of them have all the procedures they need—the great need is performance.

Indeed, performance of the public service institution may be the fundamental, the central, need of modern society.

Management by objectives and self-control should help fill a good part of this need.

However, its success depends upon the administrator: in applying MBO, he or she must obtain the right results, both with respect to *objectives* and to *management*.