

5.17: Short and Long-Run Objectives

Learning Objectives

- Differentiate between short and long-run objectives that a retailer will set for itself

Earlier, you read that a firm might pursue any number of objectives for any number of reasons. Of course, we cautioned that objective setting is not just stating a goal, ambition or target. It isn't only about WHAT the firm plans to accomplish, but also HOW the firm can accomplish that goal, thus implying WHY the objective is strategically important.

It is important to note that not all objectives have the same time horizons. More explicitly, firms might expect to achieve some objectives relatively quickly, while others are expected to require more time. Understanding the time horizons for specific objectives is important because a critical element of implementation and control, which is step #5 in the steps of retail strategy planning, is evaluating performance. Particularly important is identifying leading indicators: meaningful factors whose change indicates or predicts future change. That's an overly complicated way of saying that leading indicators are predictive measurements, which would give a firm confidence that their strategy is on-track.

For example, if a local grocer had a strategic objective to grow revenue by x% by attracting new and re-engaging lapsed shoppers, they might consider a number of intermediate objectives, the attainment of which would be positive leading indicators of the success of the broader strategy. For example, knowing average trip frequency and amount spent per trip, the retailer might set an objective of issuing 5,000 new shopper cards within 6 months. Or, they might set an objective of stimulating re-activation of 10,000 shoppers who had been dormant for >6 months.

Of course, there would be a host of tactics to support these objectives, which would need to be articulated and implemented. But, by tracking new shopper card applications and/or tracking the re-activation of dormant accounts, the data may show the retailer that they're on-track to grow revenue by x% by attracting new and re-engaging lapsed shoppers. Thus, these intermediate objectives are "performance markers," or indicators that the organization is meeting its performance goals as it tracks toward long(er)-term strategic goals.

Short Term Thinking vs LONG TERM THINKING For Personal Growth and Success



The Missing Ingredient: TRUE Long-Term Thinking



Practice Questions

<https://assessments.lumenlearning.co...sessments/9183>

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