Climate-related inputs that are operationally significant to the QMS yield in-scope quality objectives. Climate-related inputs that are exclusively environmental (e.g., organizational carbon footprint, energy consumption, waste reduction) are included in the EMS, not in this procedure.

1.4.3 Setting Objectives — SMART, Balanced, Classified

Once candidate objectives are gathered from the inputs, the setting workshop applies three tests to convert candidates into approved objectives: SMART criteria, Balanced Scorecard coverage, and C/I/S classification.

SMART criteria:

Every objective must satisfy each SMART criterion. The setting workshop tests each candidate explicitly against each letter:

Letter	Criterion	Test
S	Specific	The objective unambiguously identifies what is to be achieved, by whom, and in what scope. Vague language ("improve quality", "enhance customer service") is rejected — it must be testable whether the objective has been met.
M	Measurable	There is a defined KPI (or set of KPIs) with a defined data source, defined collection frequency, and defined baseline. The KPI is selected from the library in §1.5.1 unless a new KPI is proposed and added to the library.
A	Attainable	The target is achievable with the resources committed and within the timeframe set. A target that requires a process step-change with no funded improvement programme is not Attainable; either fund the programme or adjust the target.
R	Relevant	The objective links demonstrably to a higher-level objective, a Policy commitment, a top-rated risk, or a customer-mandated requirement. Objectives that are interesting but not connected to the strategic frame are rejected—they dilute focus and consume resources.
T	Time-bound	The objective has a target date — typically end-of-year for annual objectives, with quarterly milestones — by which the target must be achieved. Open-ended objectives are rejected.

Balanced Scorecard coverage:

To ensure the slate of objectives is not skewed to one dimension (typically financial, at the expense of customer or learning), candidate objectives are mapped against the four Balanced Scorecard perspectives. The slate must have at least one substantive objective in each perspective:

Perspective	What it covers (multi-sector examples)
Financial	Cost of Poor Quality, scrap and rework cost, warranty cost, complaints-handling cost, regulatory-fine exposure, return on quality investment, productivity gains from QMS improvements
Customer	Customer satisfaction, NPS, complaints rate, customer scorecard score, customer-PPM (manufacturing)/SLA conformance, and FCR (service), customer retention
Internal Process	First Pass Yield, process capability (manufacturing)/cycle time, and process adherence (service), supplier OTIF, OTIF delivery, audit-finding closure, and change-effectiveness
Learning & Growth	Training plan completion, competence-matrix coverage, time-to-competence for new starters, employee-survey QMS engagement, suggestion-scheme uptake

C/I/S classification:

Each approved objective is classified by the type of action it commits to. The classification informs the type of programme set behind the objective and the way performance is reported:

SAMPLE

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Code	Class	When applied
C	Control/maintain	Sustain a current acceptable level of performance — typically applied to compliance objectives (maintain regulatory conformance, maintain certification status, maintain calibration in date) and to process-stability objectives where current performance meets requirements but must not drift.
I	Improve	Lift performance from a baseline level to a higher target — applied where there is an explicit improvement commitment (reduce customer complaints from 18 to 8 per quarter; raise FPY from 95% to 98%; lift CSAT from 4.2 to 4.5).
S	Study/investigate	Investigate the feasibility of an improvement before committing to a target. Applied where the magnitude or timeline of improvement is unknown — the objective is to complete the study (with deliverables) by a date, after which an Improve objective may be set in the next cycle.

A typical year's slate has all three classes represented — a small number of compliance C-objectives, a focused set of priority I-objectives, and one to three S-objectives investigating the next wave of improvement.

Worked example — reducing customer complaints (multi-sector)

Trigger: FY25 baseline shows 18 customer complaints per quarter (72/year), trending up; customer scorecard from key account flags complaints handling as Bottom-Quartile; Voice-of-Customer review identifies three recurring complaint themes accounting for 60% of volume.

Strategic objective (Top Mgmt-owned): Lift customer satisfaction (5-year strategic ambition: top-quartile peer-group). FY26 target: complaint volume ≤ 32 (≤ 8/quarter); customer scorecard rating: At-Standard or above by year-end.

Functional objective (Customer Quality Mgr-owned): Reduce complaint volume from 18/quarter to ≤ 8/quarter by end of FY26. KPI: complaint count from CRM. Class: I (Improve). Quarterly milestones: Q1 ≤ 14, Q2 ≤ 12, Q3 ≤ 10, Q4 ≤ 8 sustained.

Departmental/process objectives (cascade): Operations Mgr — implement top-3 PFMEA/process-FMEA action items addressing recurring themes by end of Q2. Quality Engineer — root-cause every Cat-1 complaint within 14 days, raise 8D for systemic issues. Customer Service Lead — improve first-contact resolution for in-scope complaint themes from 62% to ≥ 85% by end-Q3.

Lifecycle states & escalation: Q1 actual 12 (On-Track); Q2 actual 13 (At-Risk — within tolerance band but trend flat); Q3 trigger CAPA under P1020-01 if > 11. Year-end disposition feeds into the FY27 setting cycle.

Linkage: Complaint root-cause register (P1020-01); customer scorecard tracker (P0820-01); 8D log (F1020-05); Cascade Map F0620-03 row 7; Programme F0620-02 lines 12–18; Dashboard F0620-04 cards C-04, C-05, C-06.

1.4.4 Cascading Objectives

Approved strategic and functional objectives are cascaded to lower organizational levels using the Cascade Map (F0620-03), an X-matrix-style artifact that aligns objectives, processes/improvement priorities, and owners on a single page. The cascade ensures that every level of the organization holds objectives that demonstrably support the level above.

The cascade flows through four levels:

Level	Cascade activity
Strategic → Functional	Top Management cascades strategic objectives to Functional Managers in the strategy review. Each strategic objective is broken into 1–4 functional objectives, each owned by a named Functional Manager and with its own targets and KPIs.
Functional → Departmental/Process	Functional Managers cascade their targets in turn to Department Managers and Process Owners, decomposing functional targets into more granular department- and process-level commitments.

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