OKR GUIDE

& KEY RESULTS

OKR

OBJECTIVES

OUTCOME OF THIS GUIDE

WHAT IS OKR?

Objective and Key Results is one such goal-setting framework that helps in the seamless execution of strategy. OKR is a simple yet powerful goal-setting tool. OKRs can be used by any organization or for any purpose.

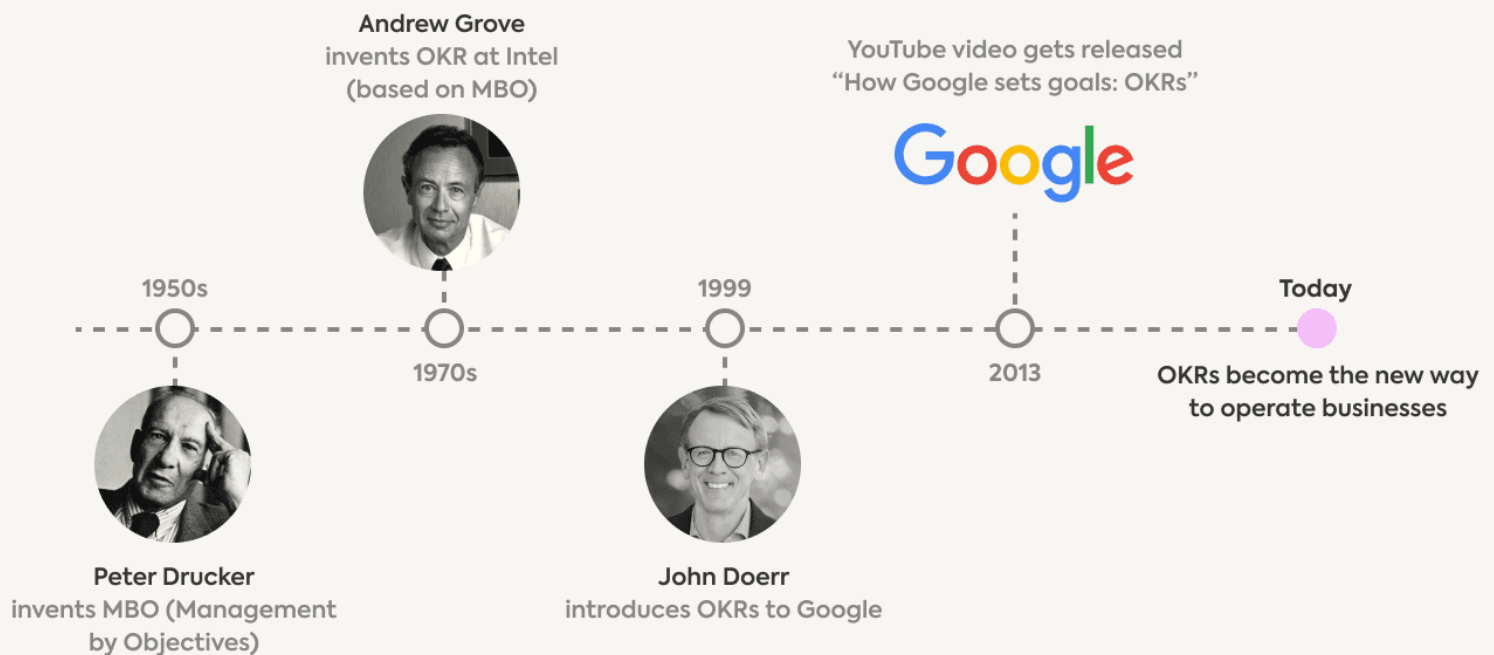**Objective** – It is what we want to achieve and within a specific timeline.
eg. Increase brand awareness by Q4

Key Result - is a metric and quantitative by which we can measure the progress towards the objective set.
eg. Increase Instagram impressions to 50%

The big difference from traditional planning methods? OKRs are frequently set, tracked, and re-evaluated – usually quarterly. OKR is a simple, fast-cadence process that engages each team's perspective and creativity. OKR exists to create alignment and to set the cadence for the organization.

History Of OKRs

Andrew Grove invents OKR at Intel (based on MBO)

YouTube video gets released "How Google sets goals: OKRs"

Google

1950s — 1970s — 1999 — 2013 — Today

Peter Drucker invents MBO (Management by Objectives)

John Doerr introduces OKRs to Google

OKRs become the new way to operate businesses

The history of OKRs can be traced to Peter ducker in 1954, as we know the father of management thinking, in his book " the practice of management" writes about how important aspirational visions are to the organization.

1968-Andy Grove, a former CEO of Intel, played a vital role in Intel's shift from memory chips to microprocessors. He implemented OKRs from the learning of MBO at Intel which becomes a great success. Another important success to OKR in intel is that they were able to mix both top-down and bottom-up involvement.

Grove says: "A successful MBO system needs only to answer two questions:

1. Where do I want to go? (The answer provides the Objective)
2. How will I pace myself to see if I'm getting there? (this gives milestones / key results)

The second question is the key that made OKRs emerge.

John Doerr joined Intel in 1974, where he practically worked along with Ducker and with OKRs Later he introduced OKR to Google's founders, Larry Page and Sergey Brin, and they implemented OKRs at Google. Today most of organizations follow OKR to ensure strategy execution, OKRs are swiss army knives suited for all-purpose and culture.

Benefits of OKR

STRETCH

John Doerr says stretching is amazing. OKRs motivate us in doing more and lets us think out of the box. The freedom that makes individuals creative and ambitious
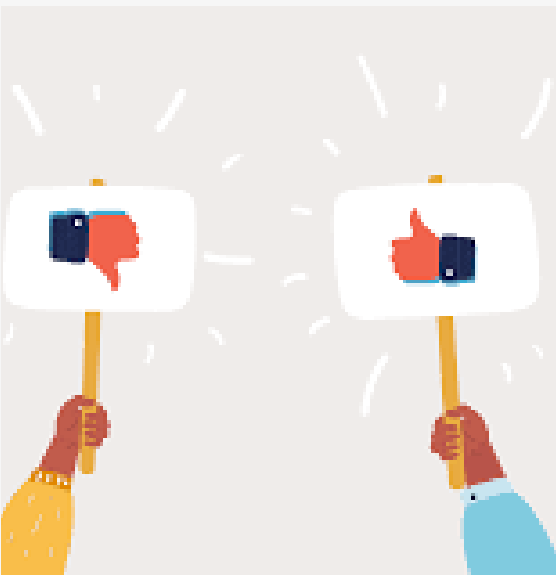
FOCUS AND COMMITMENT

OKRs measure what matters to the organization. Challenges leaders to make the right choices. OKRs increases the commitment to the Department, team, and individual contributors as well.
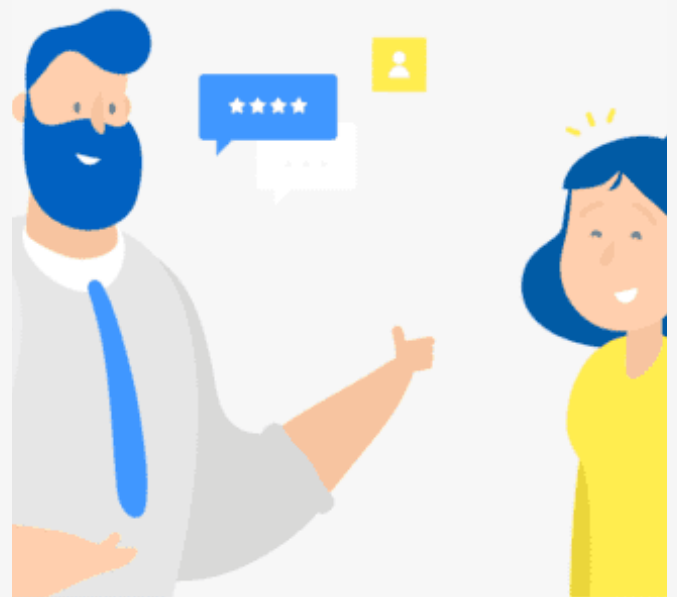
ACCOUNTABILITY

OKRs have a data-driven approach since the key results are quantitative. The grading and check-ins drive accountability. The Off-track OKRs help the team to revisit or review the OKRs

SIMPLE YET POWERFUL

OKR are extremely simple, while people in an organization are already overwhelmed by too many in their purview, OKRs make it simple to adapt. With little training and guidance, OKRs can be started and implemented. As Objectives and Key results are very well defined, it makes it easy to adapt
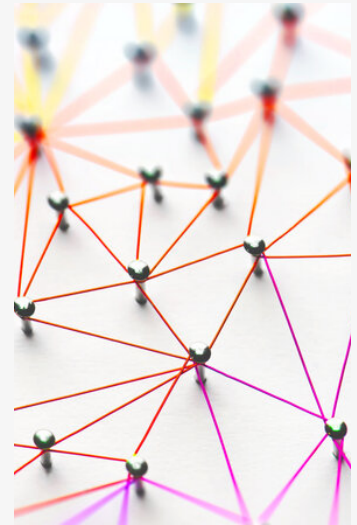
ALIGNMENT

OKRs get aligned to the organizational objective and hence everyone in the organization gets an understanding of where their focus lies. OKRs Provides a shorter cadence, which makes the team prioritize the alignment accordingly.

UNDERSTANDING THE WHY BEFORE STARTING WITH OKRS

Before we start the OKR journey it's essential to ask why are we starting with OKRs and what do we need to prepare to make it be successful and decide on the outcome we expect to bring.

What business problem do you expect OKR to solve, this will kindle an awareness of our overall vision and mission, and strategy.

We can decide to start with the company-level OKRs which makes it easier for most organizations. It communicates the goal and what is expected to be achieved. By this, it gets eased out in the organization and the company-level OKRs also get aligned. This way people are less threatened as there is involvement at all levels.

Few organizations, to decrease the risk choose to deploy in the department level or the business unit level as a pilot. This will help to get a quick win, has a flip side to it because, failure of aspirational goals should not be a setback, hence setting an achievable objective will make it a winner.
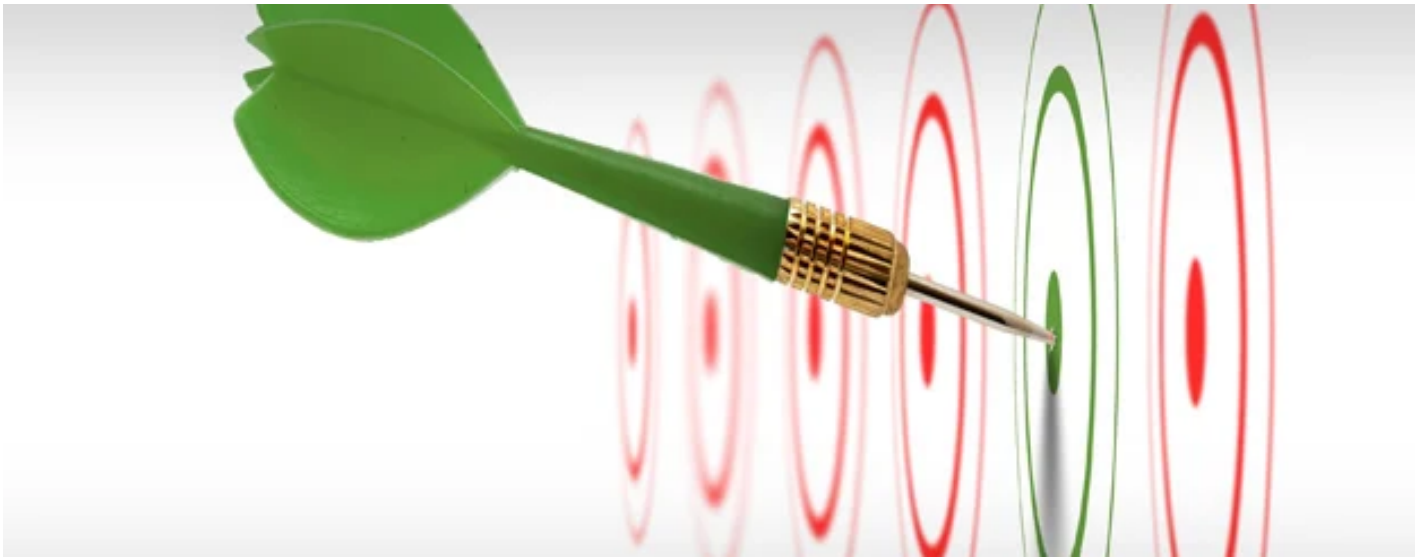
Types of Key Results

ACTIVITY-BASED KEY RESULTS

This measured the completion of milestone KRs which are primarily tasks and activities. To create activity-based Key Results it would help if we start the key result definition with a verb like a launch, implement, release, test and prepare so on.

Examples of Activity-based Key Results are:

- Complete development and release beta version by June
- Create a new training module for the sales team

METRIC-BASED KEY RESULTS

This is measured by metric target values. The key result metric can be positive and also negative metrics. These Key results measure the outcome of an organization.

Examples of Metric-based Key Results are:

- Improve Employee engagement Score from X to Y.
- Maintain Customer Acquisition cost under Y.
- Reduce revenue churn (cancellation) from X% to Y%.
- Increase Net Promoter Score from X to Y.
- Improve average weekly visits per active user from X to Y

Structure of Value based KR

Increase of reduce any mertic from x to y

X is the baseline where it begins and Y is the target which defines what is our acheivement

Method 2: This method can be used while creating the value-based key results, where we can have one metric target

Examples of Metric-based Key Results (Method are:
- Maintain XYZ -metric in A (When we want to achieve and sustain one metric)).
- Reach Y on XYZ -metric (When we are doing something and have some destination fixed)

OKRs do not Cascade

OKRs align

In most of the organisations the goals cascade. It start from the top and flows down. This is a general and a common factor. But why that may nor help is the waterfall method has no reverse mechanism and there is no bottom up approach or feedbacks attached to it. Not the right method for an aspiring, agile and an innovative organisation. The cascade tend to be more control driven than the outcome driven. Migrating from the top-down practise will give way for innovative and a more engaged workforce. There are few advantages to cascades, it takes ample time to execute and becomes retrospective at times.

"Having goals improves performance. Spending hours cascading goals up and down the company, however, does not. It takes way too much time and it's too hard to make sure all the goals line up."
Lazlo Bock, Former VP of People Operations @ Google
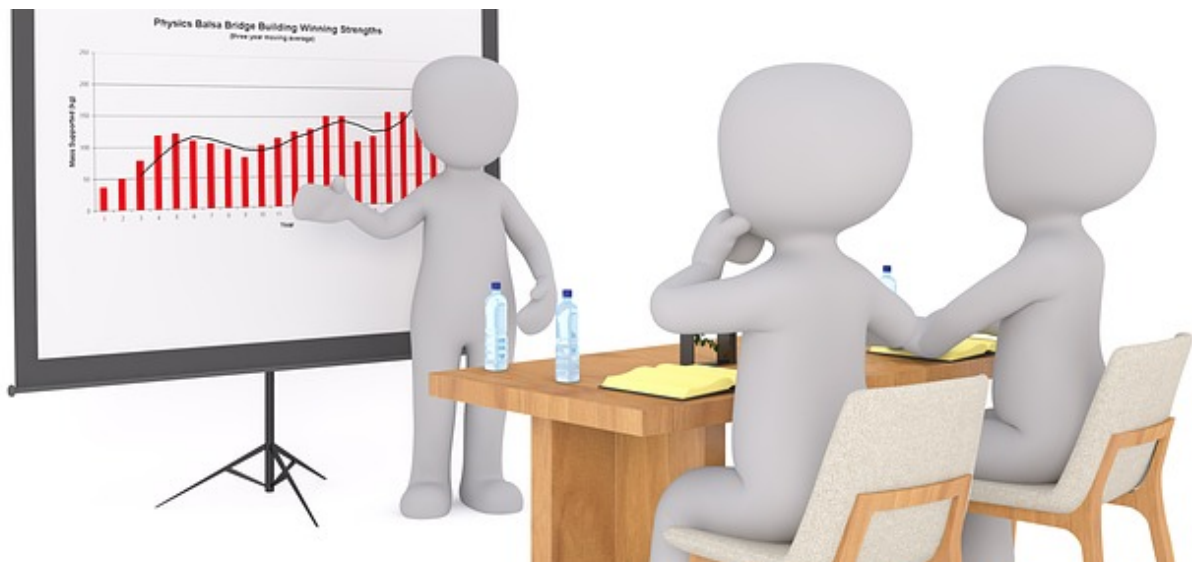
OKR CADENCES

OKRs work well in all cadence, provided their purpose is understood by the team. Cadences are specific to organizations. Few organizations use Quarterly and a few half-yearly. Some even work on Monthly cadence.

A shorter cadence gives room for correction and lets the organizations be more agile. Also, Ensure to have a streamlined process to adapt shorter cadence, or we will end up spending too much time on correcting and rewriting.

We recommend quarterly cadence with a quarterly retrospective to quickly learn and adapt the framework. While starting you can start with unified cadence, once we hit the maturity phase nested cadence with both quarterly and annual can be blended.

OKRs can have both Quarterly and annual cadence. Different objectives require different timelines, tactical objectives are more agile and tend to change often so one can decide on the quarterly cadence. We can blend both strategic objective and tactical objectives and created a model which can deliver both. . Starting with the same cadences for everyone will be our recommendation

CREATING EFFECTIVE OKRS

Inspirational:

The objective is a simple collection of inspirational words which are very bold and compel people to stretch beyond. This will push people to think out of the box and make the objective achievable.

Attainable:

Having an inspirational objective should also be attainable, else it will be a wasted journey. The objective will demand people to achieve the specific goal at the same time motivating as well.

A study called "Goals gone wild" states how demanding objectives can drain energy and demotivate people. So the objectives set must also be attainable.

Collaborative and controllable:

OKRs should be able to control the outcome and work collaboratively with the cross-functional teams. The Objectives should not be set in silos then there is no specific outcome that will be determined other than passing the buck.

Qualitative:

Should specify what we can accomplish and within what timeline. Should be very clear and drive quality. It will fetch greater results if the objective is framed in positive language.

Example OKRs

Objective: Acquire 500 leads by end of Q2

KeyResult 1: Achieve 200 leads through email campaigns
Key Result 2: Achieve 300 leads through targeted online campaigns
Key Result 3: Decrease depreciation cost from 40% to 60%

Objective: Enhance sales effectiveness by Q2

KeyResult 1: Complete training of 40 field sales executives in the north zone
KeyResult 2: Develop the sales training module

Objective: Improve our sales department performance by 20%

KeyResult 1: Maintain a sales pipeline of qualified leads at a value of XXX every quarter
KeyResult 2: Increase our closing rate from 15% to 30%
KeyResult 3: Increase scheduled calls per sales rep from two per week to seven

Objective: Achieve record revenues while increasing profitability by the fourth quarter

KeyResult 1: Reach quarterly revenue of XXXXX
Key Results 2: Expand our sales ventures to two new countries
Key Results 3: Increase gross profit margin from 17% to 45%

Example OKRs

Objective: Boost engagement on social media

KeyResult 1: Blog read via FB to be increased to 30%
Key Result 2: Increase the YouTube view to 10k

Objective: Improve and enhance Digital marketing

KeyResult 1: Improve SEO site health from 30% to 80%
KeyResult 2: Increase traffic through backlinks from 30% to 60%

Objective: Improve social media branding

KeyResult 1: Instagram impressions increase to 50%
KeyResult 2: Increase the quora post from 2 to 4 a week

Objective: Improve Existing Web Page Quality

KeyResult 1: Add at least 5 target keywords For 15 webpages
Key Results 2: Replace existing images with custom-designed graphics For 15 webpages
Key Results 3: Add relevant infographics for at least 25 recently added blogs

OKR Execution

As rightly quoted "Strategy is important, but the execution is everything." The execution must be seamlessly and successfully done to achieve the objective.

According to a study, 15 percent could not name even one of the top three goals their leaders had identified. The other 85 percent named what they thought was the goal, but it often didn't remotely resemble what their leaders had said. The further from the top of the organization, the lower the clarity. And that was just the beginning of the problems we uncovered.

Only 51 percent could say that they were passionate about the team's goal, leaving almost half the team simply going through the motions. Accountability was also an issue. A staggering 81 percent of the people surveyed said they were not held accountable for regular progress on the organization's goals. And the goals were not translated into specific actions—87 percent had no clear idea what they should be doing to achieve the goal. No wonder execution is so inconsistent.

Source- The 4 Disciplines of Execution: by Chris McChesney, Jim Huling, and Sean Covey

Very evident how important the execution is to the framework. Effective execution will drive more accountability and helps track progress continuously. To make the framework successful it is essential to have a powerful execution plan.

WHAT NEXT?

WRITE TO US FOR CONSULTING

- ✔ Send us your questions and comments

- ✔ Crafting OKRs for our organisation as OKRs are unique to every organisation.

- ✔ Take a free consulting with us to get it started today

TAKE A PRODUCT TOUR

- ✔ Product Tour

- ✔ Free Trial

DATALLIGENCE