



OKRs: OBJECTIVES AND KEY RESULTS

Source Material <http://leanperformance.com/en/okr>

What is OKR system?

OKR (Objectives and Key Results) is a **goal setting framework** created by Intel. It is a simple tool to create **alignment** and **engagement** around measurable goals.

- **Objective** is what we want to achieve.
- **Key Result** is how are we going to measure our progress.
- **Initiatives** are what are we going to do to reach our objective such as project, tasks or activities.

"Having goals improves performance."

"What gets measured gets improved."

"What gets measured gets done."

Who use OKR system?

Digital Companies



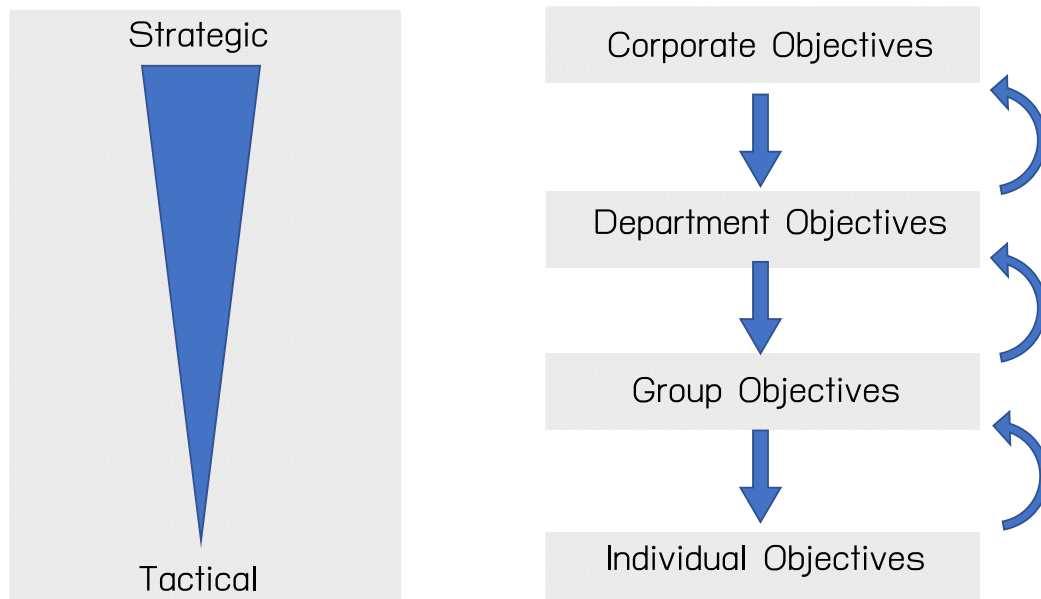
Non-Digital Companies



OKRs: Objective and Key Results

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OKRs PROCESS



OKRs: Objective and Key Results

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Bidirectional Goal Setting

Traditional approach of goal setting: Top-down cascading model

OKR approach: Bidirectional

- OKRs do not cascade. OKRs align.
- Simultaneously bottom-up and top-down.
- The company and departments set strategic OKRs.
- Teams and individuals set tactical OKRs to respond to strategic OKRs.
- Tactical OKRs should align to the vertical and horizontal OKRs.
- Strategic OKRs are known and tactical OKRs are visible.



Strategic vs Tactical OKRs

	Strategic OKRs	Tactical OKRs
Department	Corporate or Department	Group or Team or Individual
Cycles	Annual or Six Months or Quarterly (Long-term)	Monthly or Weekly (Short-term)
Pros	Focus on the big picture.	Faster accomplishment and results.
Cons	Business Uncertainty.	Spend time to set goals. Miss the big picture.
	The organization should maintain a continuous conversation about strategy and review the OKRs .	



The Components of OKRs

Objectives	Key Results
• Qualitative descriptions • Short, Inspirational and Engaging • Motivated and Challenged • Ambitious • Uncomfortable	• Measure progress of the Objective • Quantitative and Measurable • 2 to 5 key results per objective <i>"if it doesn't have a number, it is not a Key Result."</i>
<i>I will <u>(Objective)</u> as measured by <u>(set of Key Results)</u>.</i>	



Objectives

The Stretch Goals:

- Stretching takes you out of your comfort zone.
- Uncomfortable while doing, but makes you feel good afterward.
- The idea is to try to reach a place that you know you can't reach.
- You should not try to go so far as to harm you.
- "The highest or most difficult goals produced the highest levels of effort and performance".
- The idea is to keep trying to reach the 100%, even though you know that most of the time you won't reach it. By stretching to meet them we can get further than we expect.



Types of Key Results

Activity-based Key Results

Completion of **tasks, activities** or project delivery.

- **Release** beta version of the product.
- **Create** a new training program.
- **Develop** a new marketing campaign.

Usually start with verbs such as *launch, create, release or Develop*.



Value-based Key Results

The **delivery of value** to the organization or customers.

- **Increase** Repurchase Rate from X to Y.
- **Improve** the Machine Capacity for X to Y.
- **Reduce** Production Waste from X to Y.
- **Achieve** a net profit margin of X%.

Increase/Reduce ABC-metric from X to Y.

Usually start with verbs such as *Increase, Reduce, Improve, Achieve or Maintain*.

Types of Key Results

OKRs should be Value-based

- A **results-focused** culture and not focused on task.
- Success is **having an impact**.
- Success is **not checking a box**.
- **Focus on the destination**, not on the means to get there. Action plan is just a series of hypothesis.

*"If you complete all tasks and **nothing gets better**, that's **not success**."*



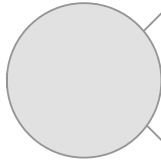
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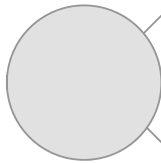
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OBJECTIVE ALIGNMENT



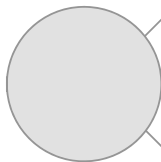
TRANSPARENCY

- OKRs are **visible to all company levels**.
- Everyone has access to everyone else's OKRs and current results



SHARED OKRS

- **Shared OKRs** are the most effective tool to create alignment between multiple teams.
- Each team has **different initiatives** but share **same OKRs and same definition of success**.



360° ALIGNMENT

- Top, down, and sideways alignment – **eliminating silos** and **addressing interdependencies**.
- **Discuss** and **set** shared OKRs priorities.



OKRs: Objective and Key Results

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TRACKING RESULTS

Tracking OKR Results with the Weekly Check-in

- Make OKRs part of the work routine by using "**Weekly OKR Tracking Check-ins**".
- Improving OKRs vs. Putting out fires: begin by **measuring our OKRs**.
- Focused on **improving results** and **not on giving excuses**

Forget "Scoring"

- The scoring process can be **extremely subjective**, for instance, "**What is a 0.5?**".
- Scoring brings no benefits if you are using Value-based Key Results.
- Use **Value-based Key Results and measure them**. It will be **simpler** for the teams.

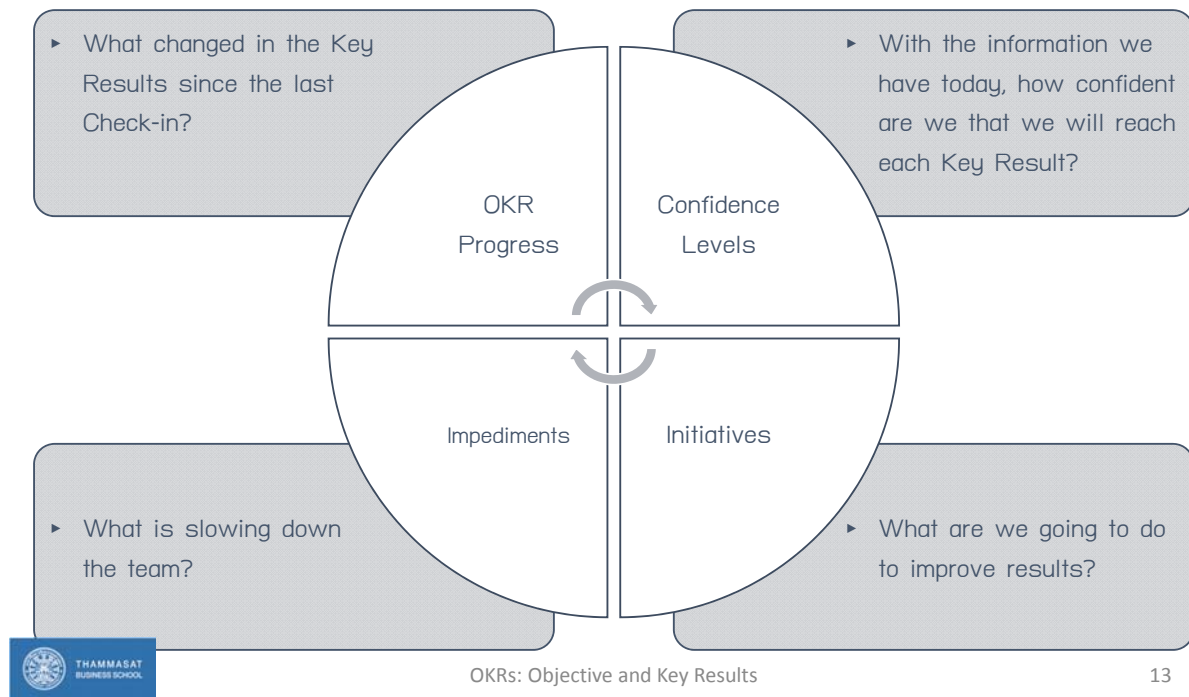


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TRACKING RESULTS

The Check-in Structure by 2 x 2 matrix



TRACKING RESULTS

OKR Progress

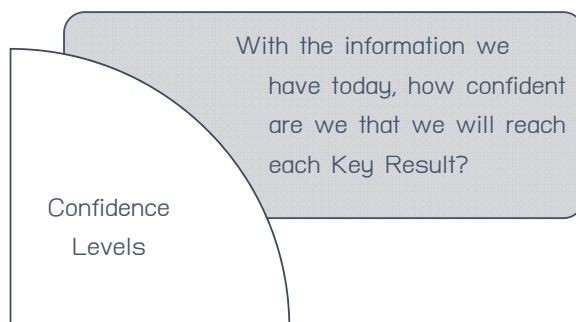
- The Check-in starts with Data.
- What is the current measure of Key Result?
- What changed since the last Check-in?



TRACKING RESULTS

Confidence Levels

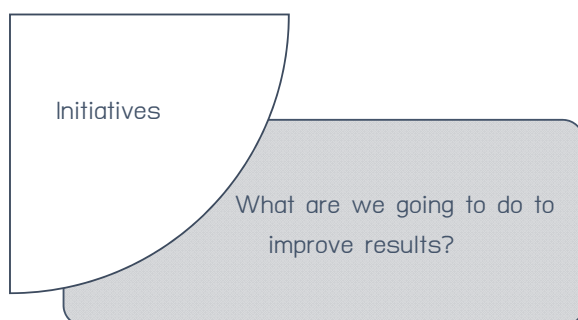
- Bring the qualitative aspect.
- *"How confident are we that we will reach each Key Result?"*



Confidence Level	Description
	We expect to reach it.
	There is a risk we will not reach it, but we believe we can do it.
	We do not believe we will reach it unless we take a new approach.



TRACKING RESULTS



Initiatives

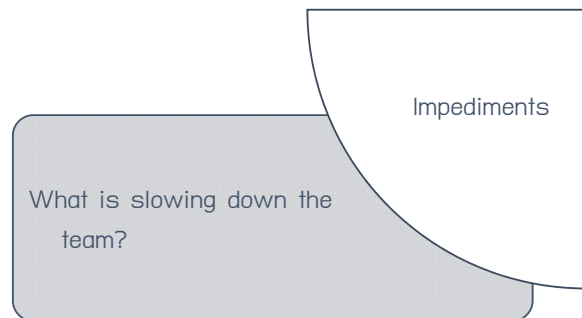
- What are we going to do **to improve results?**
- *"If measuring alone solved problems, buying a scale would make you lose weight."*



TRACKING RESULTS

Impediments

- What is **slowing the team**?
- Is there an external factor, **if solved**, that could improve results?



SEPARATE OKRs FROM COMPENSATION AND PROMOTIONS

OKRs is a management tool, not an employee evaluation tool.

- A study showed that typical pay for performance tools are not effective at driving improved individual performance, nor at rewarding it (Watson, n.d.).
- Andy Grove, Intel's former CEO said "OKR should be just one input used to determine how well an individual is doing."
- The tale of two bonuses:
 - Paul achieved 110% of an easy goal that he successfully reduced after several rounds of negotiation with his managers.
 - Mary reached 80% of an ambitious goal, going way beyond anyone in the company thought was possible.
 - Who deserved the higher bonus?

OKR Benefits

Agility Shorter goal cycles enable faster adjustment and better adaptation to change.	Alignment Improves collaborations among different teams, solving interdependencies and unifying competing initiatives.
Reduced time for setting goals Reducing the time and resources spent on setting goals.	Clear Communication Transparency and simplicity enable the team to understand the goals and priorities of the organization.
Employee Engagement bi-directional approach for goal setting connects employees with the company's objectives.	Autonomy and Accountability Become responsible for their objectives, with clear success criteria known to the whole company.
Focus and Discipline Creates focus in the organization and disciplines efforts and initiatives.	Bolder Goals Separates OKRs from compensation. Enable the team to set challenging goals.

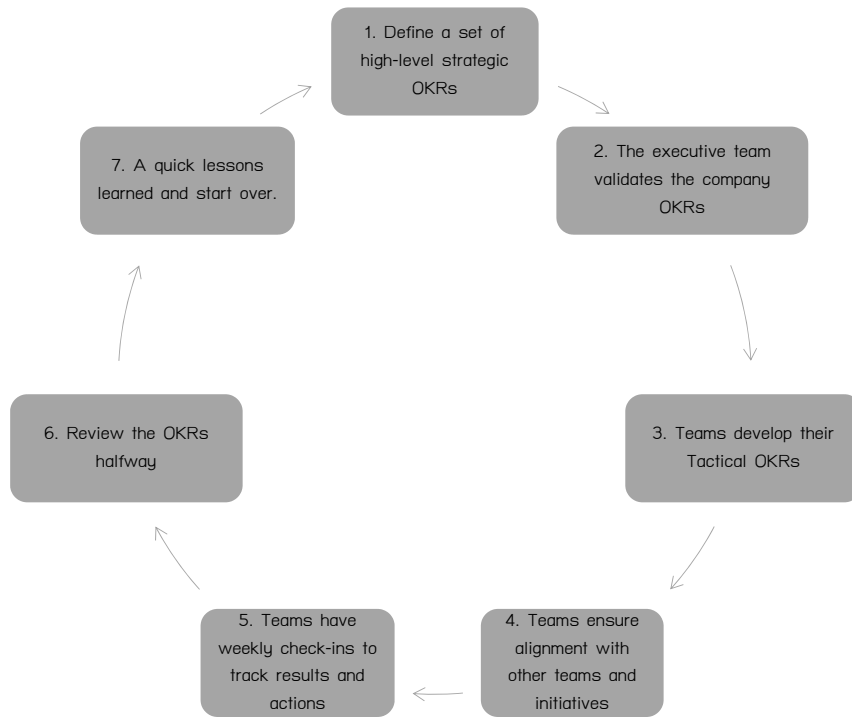


COMMON OKR MISTAKES

Non-measurable Key Results Every Key Results has to be measurable.	
Too many OKRs or Key Results A representation of top priorities. Don't list of everything you do.	
Including tasks as Key Results A Key Result is not something that you do.	
Setting OKRs top-down Trust your team and help them understand how they can contribute.	
Creating OKRs in silo Teams have to talk to each other when setting OKRs.	
"Set it and Forget it" OKRs has to be part of the culture and to be tracked.	
Including OKRs in a compensation OKR is not an employee evaluation tool. It is a management tool.	
Trying to Copy Google Blindly There is not a single way to adopt OKR.	



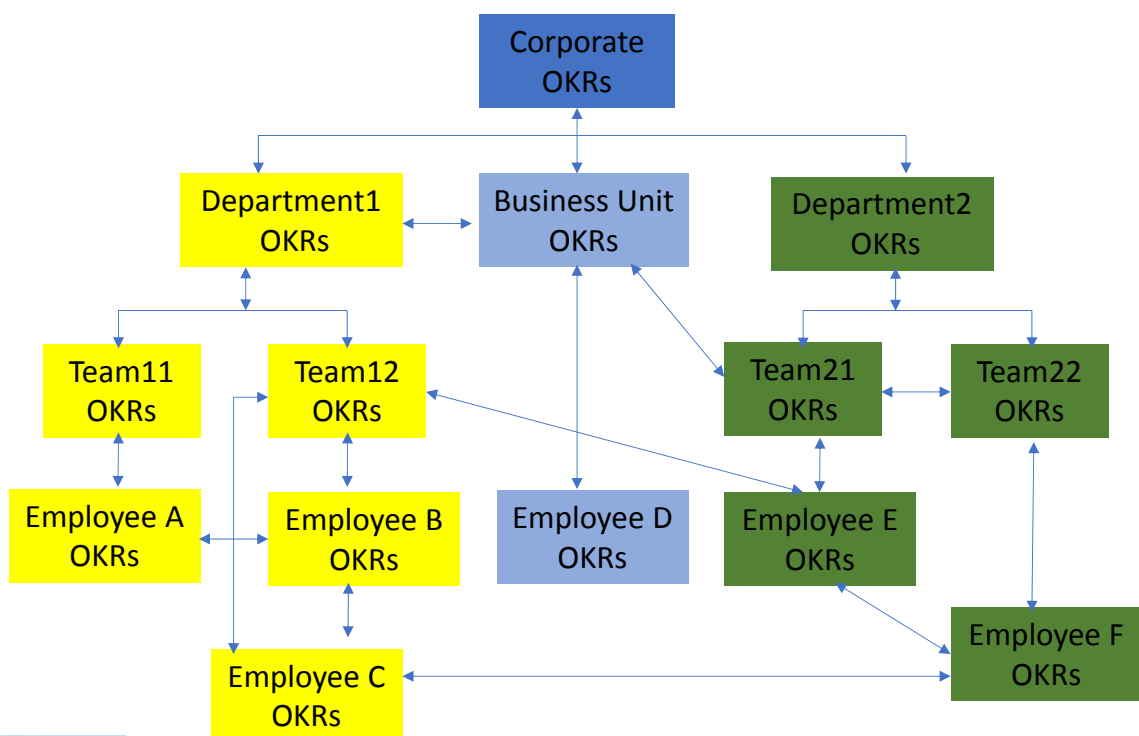
OKR SYSTEM CYCLE



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EXAMPLE: Corporate OKRs



OKRs: Objective and Key Results

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EXAMPLE: Individual OKRs

Objectives:	Key Results:
Have a good health.	• 100% Good Condition in Annual Health Check. • Lose weight to 50 kgs within December 2019
Key Activities/ Initiatives:	
• Sleep 7 hours a day • Say no to soft drinks • Say no to beer • Work out 30 minutes twice a week	• Eat low carbohydrate and fat meals • Drink black coffee and plain water • •



Create Your Own OKRs

Objectives:	Key Results:
Get Excellent Academic Performance.	• • • • •
Key Activities/ Initiatives:	
• • • •	• • • •

