

a practical guide
to getting started
with objectives
and key results





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goal-setting: an introduction



Objectives and Key Results, an introduction

OBJECTIVES AND KEY RESULTS IS A GOAL-SETTING METHODOLOGY DRIVEN BY OUTCOMES

In business, OKRs are used to guide outcome-based success.

Using outcomes instead of tasks as a driver, OKRs encourage accountability in every step of achieving success through metric indicators. OKRs are driven by values-based outcomes.

This e-book will provide an understanding of what a great OKR is and how to write them, as well as what a great planning process looks like so you can get started with goal-setting in your own team!

OKRS OCCUR RHYTHMICALLY

Following a cyclical planning cadence, the focus of goals moves from tasks to results, keeping priorities and everyone's thinking disciplined.

A SUPPORTIVE ATMOSPHERE IS CREATED

Success isn't just about reaching goals, but also about creating a culture of coaching. OKRs enable accurate communication.

EVERYONE IS ACCOUNTABLE

Being more than a declaration to accomplish a project, teams using OKRs figure out what really matters, together.



Evolution of goal-setting

GOAL-SETTING ISN'T NEW. THERE'S ALWAYS BEEN TEAMS WORKING TOWARDS PRIORITIES

The process of setting goals is not something new. It's a key ingredient, alongside coaching environments, to high performing teams. Regardless of the approach taken to goal-setting, the end result is to drive excellence and maintain alignment of efforts to business priorities.

Here's an overview of how goals have evolved over the years.

S.M.A.R.T. GOALS 1954

S.M.A.R.T. stands for goals that are specific, measurable, attainable, relevant and time-bound. With specifically measured targets, areas of improvement become easy to identify with S.M.A.R.T Goals. Goals are created in a targeted fashion to be assignable to an employee to accomplish, in a realistic and time-bound manner.

MANAGEMENT BY OBJECTIVES 1981

Moving from an individual model to a more collaborative approach, MBO is a goal-setting model that introduces solutions to ensuring a more real-time performance system. Moving towards a responsive approach, MBOs value the nature of shifting priorities.

However, with MBOs, performance evaluations are linked to tasks, not goal outcomes. Executives establish priorities and department leads are responsible for aligning their team efforts. There's no clear line of sight into career growth for non-executive employees.

How OKRs are different than S.M.A.R.T. goals and MBOs

VALUES-DRIVEN OUTCOMES CREATE AN EMPLOYEE-DRIVEN ATMOSPHERE

Typical business goal-setting strategies assume setting goals once a year is an effective way to manage business priorities. Today's workforce is agile and craves a high rate of feedback. OKRs create a supportive environment where coaching has a strong correlation to high employee engagement.

OKRS INCREASE TEAM AGILITY

Traditional goal-setting assumes employees should set goals independently of one another based on their direct responsibilities and deliverables.

With OKRs, team efforts become aligned under a common organizational priority and core values. But in team settings, it's important to keep efforts in sync, especially with an increase in agile development. Cross-functional team success and

communication no longer become commonplace. Instead, organizations become an inclusive place where the input of others is valued.

GOALS ARE DECOUPLED FROM PERFORMANCE BONUSES

Everyone works harder and aims higher when goals become decoupled from compensation. Teams are empowered to work harder. Performance isn't tied solely to metrics so employees are able to focus on success and growth, not just quantity.

Teams can focus on quality performance, not just meeting a target. Personal effectiveness increases since goals become challenging. Organizations stay ahead, moving beyond just meeting the status quo.

Create in-sync, intuitive teams with direct ownership over success

KEEP TEAMS FOCUSED, EMPOWERING INDIVIDUALS TO CONTINUOUSLY GROW

ALIGNED TEAMS INCREASE VISIBILITY

With OKRs, you don't have to wait until things aren't working well to jumpstart change. This breaks the assumption that performance needs to be "managed," moving focus on sharing organizational vision. With a deeper understanding of what their efforts are working to achieve, employees become equals, not slots in a hierarchical tree.

Everyone is able to see how priorities are progressing at an individual level, all the way up to if the organization is on track as a whole. This creates a visual where teams can reflect on roadblocks, assess current actions and easily document next steps.

OKRs take the guess work out of how each role impacts the next person. As a result of increased visibility, each team can create

clear expectations for all interactions. This inspires cross-functional team growth.

EVERYONE'S PERSONALLY INVESTED AND ACCOUNTABLE FOR SUCCESS

Managers can spend less time crunching numbers and more time using their expertise to coach. Everyone on the team works towards value-driven goals; everyone is accountable. OKRs create an internal platform for ongoing dialog in real-time where employees can engage in meaningful-to-them conversations tied directly to their role within the team.



With a 3-month cadence, OKRs create regular culture checks

A PROCESS FOR DELIBERATING IF NEW IDEAS SHOULD BE ABSORBED INTO EXISTING PRIORITIES

OKRS USE METRIC INDICATORS

When an objective has measurable key results, it's easy to determine if the new idea fits in with a current strategy. If it can't fit into the current set of OKRs or be aligned effortlessly, you're forced to make an exception or reprioritize. OKRs force constant deliberation, keeping your organization's strategy fresh.

ALIGNED TEAMS COMMUNICATE BETTER

With OKRs, transparency is inherent. Teams are positioned to know what is important to the organization at all times, meaning they can become more agile. Effective adaptability means frequent assessment on priorities and replaces a static, annual review of strategy.

This makes it easy to adjust priorities throughout the year without having to get caught up in any potential backlogs.

writing OKRs

OKRs reflect business priorities as well as organizational culture

A GREAT OBJECTIVE CLEARLY ANSWERS, “WHO IS RESPONSIBLE FOR WHAT?”

OKRs are designed to get teams excited by a sense of meaning, purpose, and progress. When employees clearly understand what is expected of them, politics and favoritism are minimized, and everyone can collectively focus on executing business strategy.

Objectives are single sentences that describe current business priorities in the language and culture of your team. Accompanying results should be difficult, but not impossible. You are looking for the sweet spot between pushing you and your team to do bigger, innovative things and where you can still move forward productively.

If you're saying, *"This seems doable if we really push ourselves this quarter..."* - you're doing OKRs right.

What OKRs are and are not

EVERY ORGANIZATION MIGHT HAVE A DIFFERENT INTERPRETATION, BUT THE APPROACH STAYS THE SAME

The goal of incorporating metric-driven results is to measure and gauge movement towards or away from success.

The aim of setting OKRs is to have everyone understand how their efforts are making a bigger impact on overall team success. OKRs help teams spend less time being distracted by tasks, and more time achieving success.

OKRS ARE NOT...

- Unspecific goals with a task list
- Boring and monotonous
- Overly specific to be constraining
- A statement that notes a business vision
- A one-size fits all model
- General actions you plan to take

INSTEAD, THEY ARE...

Reminders why you do what you do day-to-day, regardless of your role.

Aspirational and challenge you to be innovative and creative, a better you.

Written so anyone can understand how you're contributing to business strategies and priorities.

Aligned to organizational values.



Rolling out OKRs: best practices

BEST PRACTICES INFORMING THE ROLLING-OUT OF OKRS TO YOUR TEAM

SETTING THE RIGHT CADENCE

OKRs are defined by measurable targets that occur within rhythmic time frames. Quarterly, every three months beginning in January, is most common. However, objectives on any level can always be stretched quarter over quarter if the impact on success of an objective is more long-term.

While quarterly is recommended, it is important the cadence matches the culture of the business. The key to OKRs is the transition from annual assessments to more frequent and transparent goal setting.

AWARENESS ISN'T VALUABLE - IT'S HOW YOU WIELD IT

Be sure to discuss how you will grade your OKRs before you set them. Setting clear expectations will help with assessments on a

continuous basis, not just at the end of the quarter or end of the year.

TEAM AND INDIVIDUAL BEST PRACTICES

Every OKR should reflect realistic priorities achievable in a three-month-cycle that are still challenging. Make sure to have conversations that answer what success means in relation to how each team needs to support the others.

The blueprint of a great OKR

OBJECTIVES EMPOWER COLLABORATION AND CROSS-FUNCTIONALITY

All objectives should have a due date—this typically happens quarterly. It's important to set a due date that fits both with the priorities of your organization, as well as the culture and pace of your team.

OBJECTIVE CRITERIA

Objectives reflect outcomes that are challenging, but realistic. There's an inherent sense of collaboration with a great objective where teams can cross-collaborate.

If the organizational priority is to achieve product-market fit, everyone on the team can see that and see how they can focus their efforts towards it. Since an objective is a sentence, there should be a clear subject, object and journey the subject goes through.

A great objective answers, *"what am I working towards without focusing on the tasks?"*

KEY RESULT CRITERIA

Great key results are numerically measured. They utilize metric-centric indicators such as key performance indicators. Great key results focus on measuring an end result of a series of tasks, but aren't tasks themselves. A great key results answers, *"how do I know if I have achieved my outcome?"*

AN EXAMPLE OF A GREAT OKR

Objective: Customers consistently find our product useful.

KR 1: 80% of new customers continue their subscription after 2 months.

KR 2: 50% of users return within 2 weeks.

KR 3: Churn rate is < 2% this quarter.

The difference between task management and OKRs

OKRS ARE THE OUTCOME OF ALL THOSE TO-DOS

IT'S THE RESULTS THAT MATTER

Tasks are small, bite-sized chunks of a roadmap that lead to the results you track in your OKRs. Measuring results, not tasks moves conversations away from, *"what steps (task) am I going to take to complete this outcome,"* to, *"what am I expecting to achieve if I successfully complete this objective? What target indicator will define success?"*

The aim of OKRs is to have a bigger impact by splitting time on fewer things and focusing on results, not tasks. OKRs encourage discussion on how one person's objectives impact the rest of the team.

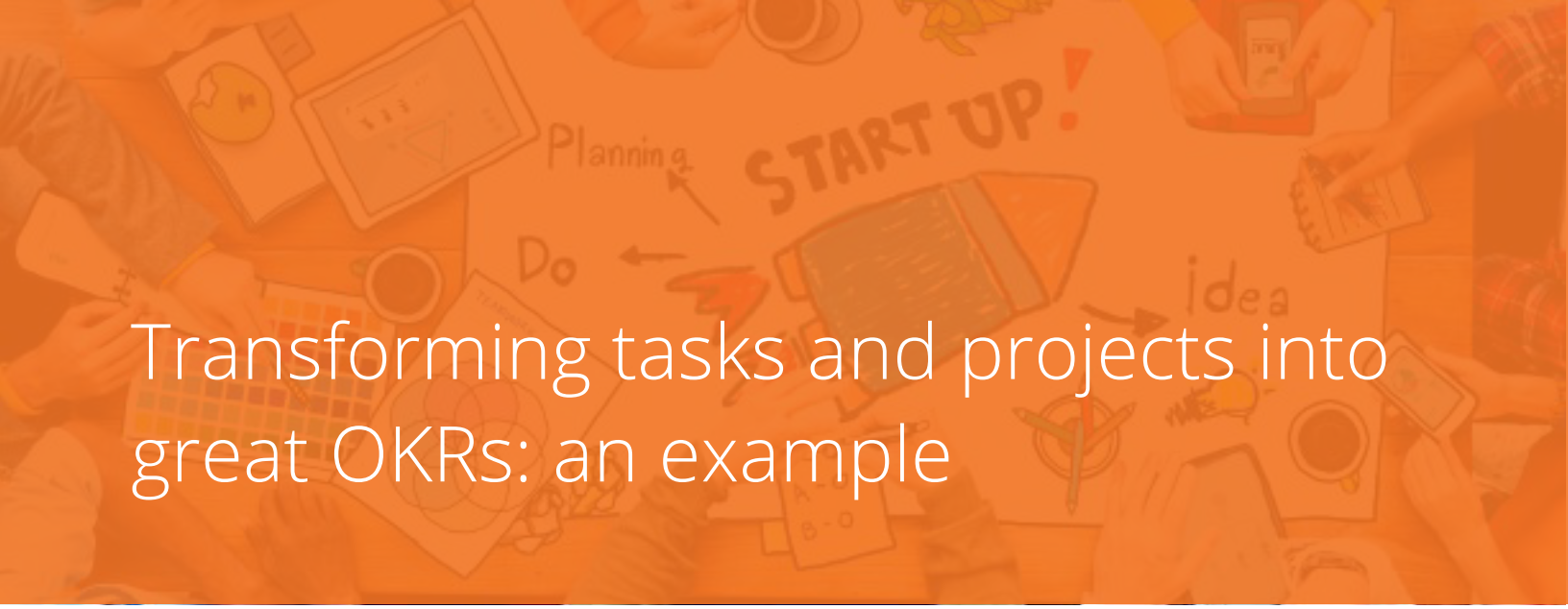
TRANSLATING TASKS INTO OKRS

Once you've established what result you're hoping to achieve, think to the supporting projects that you're going to perform to get

you there. From there, think further and more specifically down to the tasks to complete that project. Tasks often change day-to-day, as they are short bursts that help you assess what is working and what's not. You can cross them off a sticky note, to-do list, or mark as complete/incomplete. They typically don't measure success.

TASKS CAN'T BE GRADED OR ASSESSED

This is why it's important to try to steer clear of making tasks a key result—they can't be graded. The conversation then becomes *"did you hit your target? yes or no?"* not *"how did you perform, what were the roadblocks you faced, did you aim too high? Were you supported in achieving your results?"*



Transforming tasks and projects into great OKRs: an example

OBJECTIVE: POTENTIAL CUSTOMERS UNDERSTAND OUR INDUSTRY'S BEST PRACTICE

KEY RESULT Develop role-specific content & campaigns to engage and retain existing users, increasing adoption rate by 10%

PROJECT #1 *Webinar on best practices*

Task 1: Create campaign to engage customers

Task 2: Execute webinar, analyzing results

PROJECT #2 *Write 5 blog posts per month*

Task 1: Write content on industry trends

Task 2: Write campaigns to send to existing leads

KEY RESULT 5 companies successfully introduce a process they learnt through our spotlight stories

PROJECT #1 *Write spotlight stories*

Task 1: Identify highly engaged customers

Task 2: Write and publish spotlight story

PROJECT #2 *Engagement campaigns*

Task 1: Create engagement campaign

Task 2: Ship campaign, monitoring results

Using key performance indicators in your OKRs

FOCUS ON THE RIGHT METRICS FOR GROWTH

INCORPORATING THE RIGHT METRICS

OKRs focus on results, not tasks. Numeric insights move conversations from actions taken, to data patterns across quarters. This means teams can assess success patterns to really measure the most valuable aspects of a team's efforts.

The most important component of using a key performance indicator (KPI) in an OKR is to make sure it is a valuable metric to the organization. Adding a target number for the sake of abiding by the "metric-driven" aspect of a key result clouds the effectiveness of your key result.

BEST PRACTICES

Clearly define target metrics important to your core values and business priorities. This will keep employees engaged because you are linking outcomes to metrics that fit with the culture and direction of the team.

Establish a baseline target of excellence and how you'd like to move away or towards your baseline target.

Discuss expectations on check-in cadence and make sure it's realistic for the KPI.

Define what the feedback loop is for the KPI; if you have to wait more than the quarter to receive feedback from your KPI data, try to avoid looping it in your OKR. If you don't, you won't be able to effectively grade success along the way.

Metric classifications: baseline and threshold metrics

EVERY METRIC USED SHOULD MATCH YOUR TEAM'S CULTURE AND PRIORITIES

Any metric used in key results should follow the S.M.A.R.T. model—specific to the business, measurable, attainable in the given cycle of the objective, relevant to your OKR, and time-bound.

BASELINE METRICS

A baseline metric is a single number that is considered an “acceptable” metric. For example, having a support ticket response time of 4 hours or less has a baseline KPI of 4. Anything above 4 hours is unacceptable.

POSITIVE AND NEGATIVE METRICS

A positive metric is used when you want to increase your baseline metric. For example, if your average usability score for a core workflow in your product is currently 70% and you want to increase it to > 80%, you're moving in a positive direction.

Negative metrics are used when you want to decrease your baseline metric. For example, if your average support response time is 10 and you'd like it to be 4, you're moving in a negative direction.

THRESHOLD TARGET METRICS

Threshold metrics are a numerical range that is considered acceptable. Here's an example: sales needs to make a minimum of \$90,000 in monthly recurring revenue for the business to stay cash flow even. For the business to be cash flow positive, the recurring revenue must be over \$110,000 per month.

This is a threshold target metric since it specifies acceptable low and high values, creating a range of metric-centric goals that are acceptable.

Grading and assessing OKRs

CREATE CLEAR EXPECTATIONS USING A GRADE SCHEMA TO ASSESS YOUR OKRS

A ONE SIZE FITS ALL GRADING APPROACH IS NOT THE BEST APPROACH

OKRs can be very different for different teams and functional positions. It's important to consider the difficulty of each OKR when grading and assessing. It's important to establish a grading scale before committing to an OKR to ensure expectations throughout the quarter are clearly defined.

RED OR GREEN: MEETING EXPECTATIONS

A great place to start with grading is providing a simple expectations assesment: at the end of the quarter, did you meet the expectations for your OKR that you committed to?

THE TRADITIONAL 0-1 KEY RESULT SCALE

When grading OKRs the traditional way, the recommended scale is 0 - 1. For each of your key results, the highest it can score is a 1, and lowest a 0. OKRs are meant to be challenging, so every individual should be aiming for a 0.6 - 0.7 in the grading process.

After rating each of your KR, you can then add them all together. Any objective with cumulative scale of under a 0.4 might be alarming, but a low score isn't a failure. It's a sign you need to re-evaluate whether the objective is still worth pursuing, or rethink your approach. How you chose to assign a grade depends on the circumstances of your team's priorities. Perhaps a 0.5/1 is great because priorities shifted halfway through the quarter.



Aligning objectives begins with a vision and business purpose

A CLEAR PURPOSE AND ALIGNED TEAMS IS AN ENGAGED TEAM

Creating objectives can be done at any level, but an important component of making an objective great is how it aligns with other objectives in the organization.

A TOP-TO-BOTTOM PROCESS, WITH A FOCUS ON BOTTOM-UP EFFORTS

Everyone is driven by business priorities and core values—alignment keeps everyone's agenda focused on what defines success for the team as a whole. This also places a focus on bottom-up efforts, inspiring teams through the visualization of how they're contributing to business success.

ESTABLISH A CLEAR DRIVING PURPOSE

Creating great OKRs depends on how well your team as a whole does in identifying business priorities. A customer support rep, for example, can't set a great OKR if they are unsure what the entire support team is focused on. And further, the support team won't know what's a priority if the organization doesn't set OKRs.

Because of the higher-level focus of OKRs being driven by core values and business priorities, creating great OKRs means that organizational OKRs should be in place to be aligned up to.

It's important to link your objectives to a core value or purpose, to ensure you're being driven by the right guide.

Best practice for linking OKRs to performance evaluations

DECOUPLING GOALS AND PERFORMANCE ENABLES VALUE INNOVATION

OKRs, when done great, are a tool for motivating and aligning people to work together. They increase transparency, accountability, and empowerment. They are not designed to be used as a weapon against your employees to keep tabs.

Linking incentives to goal-setting can lead to competition over collaboration, quantity over quality, and less innovative, challenging, and success stretching goal-setting.

LINKING THE TWO? HERE'S A FEW BEST PRACTICES TO KEEP IN MIND

Have oversight over everyone's OKRs to ensure they meet company-wide expectations and aren't throwing the aspirational aspect of goals.

Link bonuses not solely to OKR performance, but other attribute criteria, such as professionalism brought to work, skills acquired, the level of OKR difficulty, amongst other criteria.

Don't base bonuses solely on whether or not an OKR was met. Incorporate OKRs into the discussion about performance, but don't let them be the deciding factor for whether a bonus is handed out or not.

creating alignment
and a quarterly
planning process



Great OKRs rely on a great planning process

ANY GREAT PLANNING PROCESS PLACES EMPHASIS ON REFLECTION CONVERSATIONS

THERE HAVE TO BE CONVERSATIONS

To create OKRs, commit to new ones, know what the current priorities are, have discussions on what happened previously, what was learnt, and what you plan to do about it in the next quarter. This holds everyone accountable both retroactively, as well as in the future to make sure course corrections are enabled where necessary.

OKRs are inherently collaborative, meaning objectives don't occur in silos. The majority of the planning process's end needs to focus on how each team is going to be supporting the other, what resources are going to be needed, and ask each other any questions on clarity if a team's OKRs are unclear or not well aligned.

ESTABLISHING A PLANNING TIMELINE

STEP 1: Leadership creates organizational objectives, distributing to all employees.

TIMELINE: three weeks before quarter's end.

STEP 2: Teams discuss how they will bring org. objectives to life.

TIMELINE: two weeks before quarter's end.

STEP 3: Team leads relay to everyone how their teams will align to org. objectives.

TIMELINE: one week prior to step 4.

STEP 4: ALL HANDS MEETING! Connect to finalize and visualize everyone's OKRs.

TIMELINE: A few days before the quarter.



Utilize the power of a conversation

DISCUSSIONS FOCUS ON RISKS, BLOCKERS, OR RESOURCES NEEDED TO SUPPORT THE OKRS

Keep in mind when starting with OKRs is to ensure you're discussing personal commitment levels. Are you taking on too much? Too little? OKRs are supposed to be challenging, but also realistic and doable within a quarter's worth of time.

Aligning conversations is extremely important, especially for operational goals that are cross-functional. What one team defines as success may not be another team's vision. Sync up to discuss! There should be no lack of understanding on, for example, how an OKR supports an organizational goal.

REFLECT ON PERSONAL COMMITMENTS

Every great planning day incorporates a discussion where everyone gets asked "can you commit to all of this?"

ASSESS CROSS-FUNCTIONAL GOALS

Have conversations that answer what success means in relation to how each team will support the other, and what resources are needed to make that support a success.

HAVE ALIGNMENT CONVERSATIONS

Clearly discuss how goals will be tracked and how everyone will be held accountable. Clear expectations are key.



A great OKR is a goal that people want to look at everyday

GOAL-SETTING BECOMES HABITUAL AND NATURAL WITH OKRS

Every month, every week - consistently engaging OKRs turn goal-setting into a habit. This changes how individuals approach everyday jobs-to-be-done. Milestones become natural, focusing conversations on what you need to do next to aim even higher.

This will put in place natural milestones that make your organization continuously analyze what you need to aim higher and get there more effeciently.

WHAT'S AN EASY INDICATOR YOU'RE DOING IT RIGHT?

Overhearing people talking casually in the context of their OKRs. This is a sign that people feel connected to the company and where it's headed. That's how you know you've created a great OKR process.

ready to start using OKRs?

Track, manage, and align your goals today.
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