OKRs for companies

THE STEP-BY-STEP ROLLOUT PLAN

about this guide

This guide is designed to help leaders understand and make informed choices as they prepare to roll-out OKRs throughout their organization.

The guide includes the common decisions organizations have to make and gives tips about which choices are most successful in specific scenarios.

table of contents

section 1
an OKRs refresher

REFRESHER

what is the OKRs methodology?

The OKRs methodology is a system for setting, cascading and communicating goals throughout your organization. OKRs bring focus because they make it easy for companies, departments and teams to recognize what the current priorities are, and to align them to employees personal objectives.

BENEFITS OF OKRS

Focus

OKRs create clarity and focus. Everyone has a small number of clearly defined objectives. This forces prioritization at all levels.

Fast paced

OKRs are short-term goals, typically three months in length. This gives employees more chances to assess and improve at work.

Better results

Using short-term goals creates a culture where problems are solved quickly, and every contribution matters. This results in better and more consistent results.

REFRESHER

what is the format of an OKR?

An OKR has two main components

OBJECTIVE

The overall outcome you want to achieve.

Objectives push the limits and are typically set for a predetermined timeframe, such as three months in length, although some companies use different timespans.

Example: “To get in shape, fast”.

KEY RESULTS

Each objective has 3-5 key results. Each key result should be a way to define success and measure progress toward success. They should not be tasks.

Example KR’s “lose 10 lb, complete a half-marathon in under 2 hours.”

Some companies use what they call stretch goals. An example is Google, who set “stretch goals” so hard, that 70% completion is considered successful. The intention is to push people to achieve big gains.

For more examples on OKRs

GET THE FREE GUIDE →

REFRESHER

how do OKRs benefit companies?

OKRS CAN BE ALIGNED AND CASCADED

Individual OKRs can be connected to other OKRs, such as department and company OKRs. This drives organizational focus and gives clarity to employees about why their work is important.

CREATE A CULTURE OF OWNERSHIP

Transparent OKRs let everyone know what's going on in their team and throughout the comapny as a whole. Transparency leads to less duplicated work and a culture of ownership.

FOCUS ON PRIORITIES

Everyone, including departments, has only 3-5 OKRs. This creates a culture that focuses on priorities.

EMPLOYEES AUTONOMY

When employees have their own OKRs, they have very clear expectations. They also have context of why their work is important. OKRs empower employees to make decisions on their own, with context and reason.

FREQUENT PROGRESS

OKR progress is updated weekly, giving the entire company a sense of progress, and also roadblocks, as they occur.

section 2
selecting an OKR model that fits

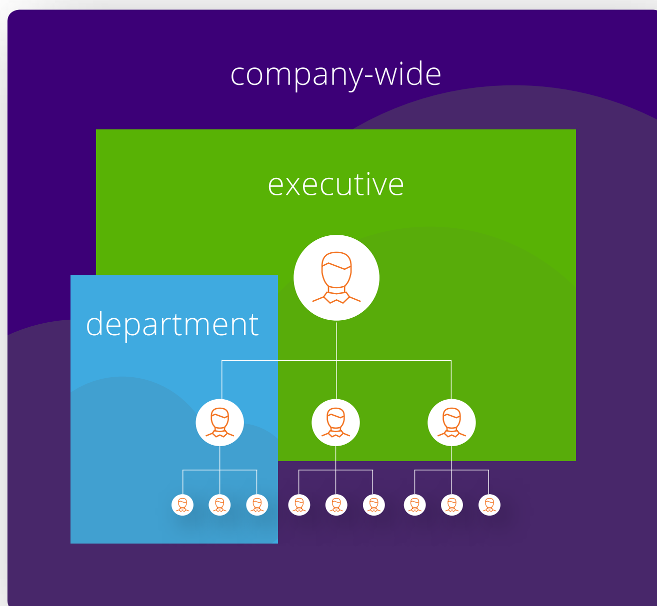
DECISION 1

which teams will use OKRs?

There are three common models to choose from.

COMPANY-WIDE ADOPTION

It's most common for entire companies to adopt OKRs. Every employee benefits from goal alignment and transparency which promotes growth.



CORPORATE OR EXECUTIVE-LEVEL ADOPTION

For some organizations, having only corporate or the executive team use OKRs is the best fit. For instance, retail organizations with a corporate HQ and in-store employees may only roll out OKRs to the corporate divison.

DEPARTMENTAL ADOPTION

Very large companies with autonomous departments or business units sometimes use OKRs for one segment of the organization. This is the least common approach to adopting OKRs.

DECISION 2

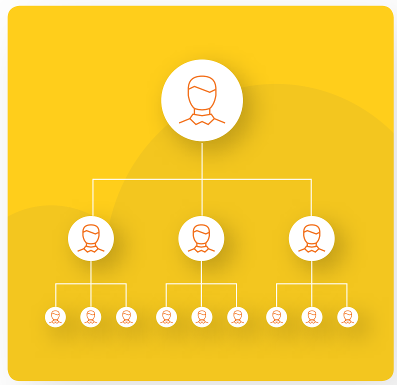
which alignment model is the best fit for your company?

One of the benefits of using OKRs is the alignment of objectives to high-level company objectives, to drive focus and understanding of why an objective is important to the organization as a whole.

There are three common alignment models.

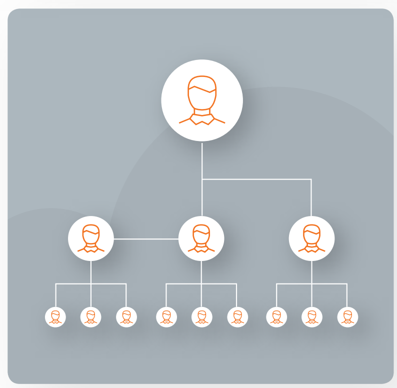
ALL GOALS ALIGNED

All OKRs are aligned, often by matching the organizational structure. A sub-OKR is determined by the key results of the OKR above it. For example, if a Sales Department KR is to bring in $50m of revenue, each of the 5 sales reps may have an objective of $10m revenue. Each sales rep's OKRs perfectly aligns to the OKR above.



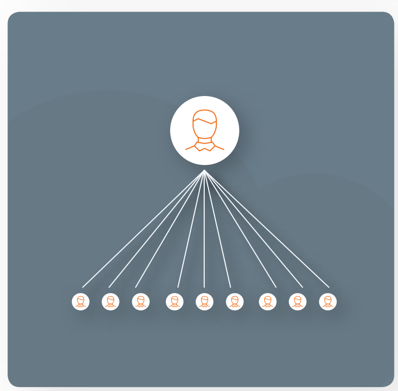
FLEXIBLE ALIGNMENT

When starting out, or in matrix organizations, a flexible approach to OKRs is preferred. For example, a marketing team member might work with the product team on launches. In that situation, their OKR might function better by aligning to the product team.

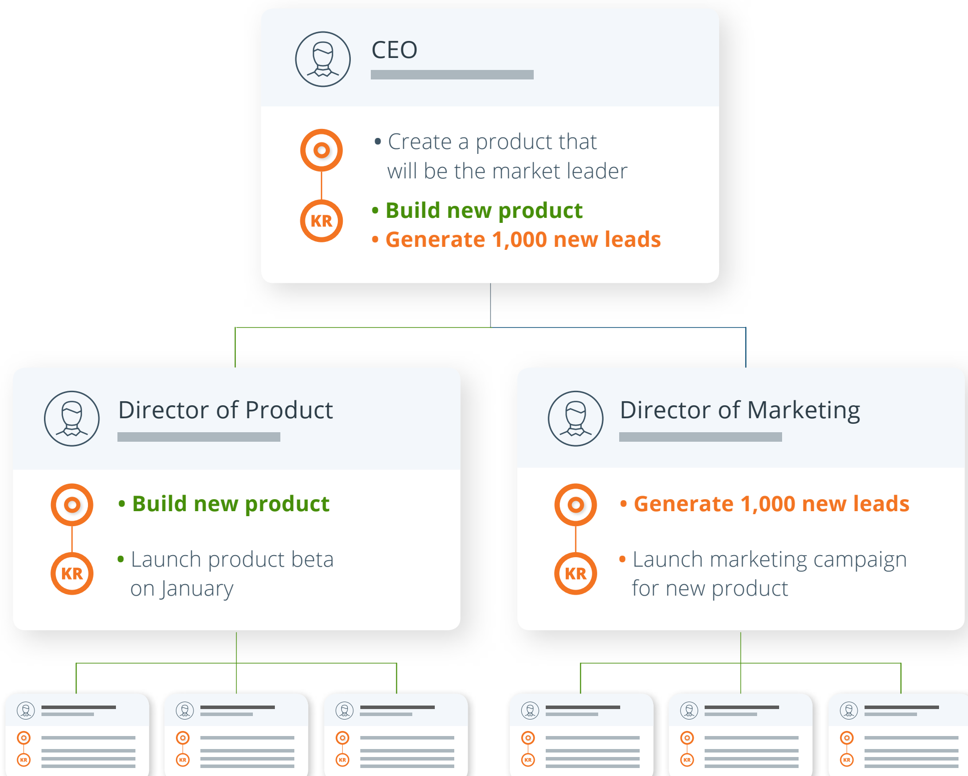


EQUAL ALIGNMENT

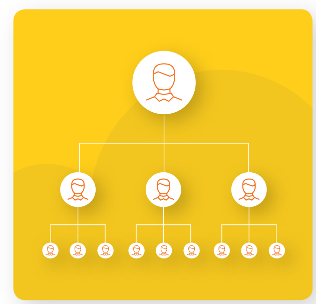
Most small companies of less than 50 employees, or companies that use flat management systems (such as Holacracy), use equal alignment. Everyone's OKRs are aligned to the same organizational OKRs.



Option 1: all goals aligned



On the top level of the company, we have the CEO or senior leadership.



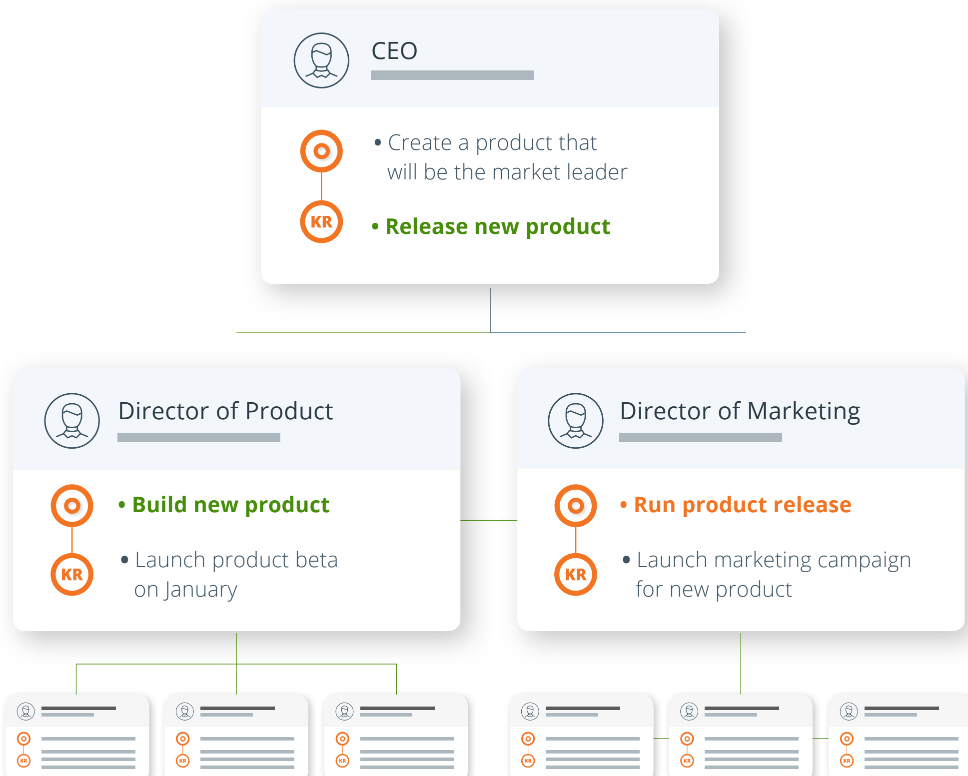
On the next level of the company, we have the Director of Product and Director of Marketing. In this top-down model, their objectives will be taken directly from the key results of the CEO.

From the example above, we can clearly see each of the key results cascade into the next level as objectives. In this full alignment model, the CEO's key result of "Generate 1,000 new leads" becomes the Director of Marketing's objective.

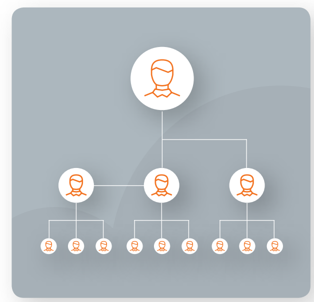
This process repeats itself in the following level as the Director of Marketing's key result "Publish press release in local tech magazine" will become the Content Manager's objective.

The full alignment model usually appeals to corporations and large departments, integrating well with established management processes that are usually top-down. It's also more manageable to establish cascading OKRs in this way because employees can clearly see how goals are being aligned.

Option 2: flexible alignment model



On the top level, the CEO has the following OKR (same as the top-down cascading model)



The change lies in how the OKRs are being cascaded to the next level. Rather than creating objectives from a superior's key results, managers can set their own department OKRs with their own aspirations in mind as long as it aligns with the company OKRs.

In the example above, the Director of Marketing's objective is dependent on a product being released. This is a situation where aligning objectives based on the organization chart or reporting structure doesn't make sense.

The flexible alignment model usually appeals to startups and smaller teams.

The nature of this OKR alignment inspires companies that have flexible cultures, which promote agile changes and growth. While all objectives are ultimately aligned with higher level OKRs, there is no strict alignment that prevents individuals from setting personal growth OKRs.

DECISION 3

what cadence works for your company?

OKRs are time-boxed and run for a predetermined amount of time. It's your decision as to how long that span is. Most organizations use a quarterly cadence, meaning every OKR runs for a three-month span. This is often seen as short-term enough that every week counts, but long enough that real progress can be made.

Some companies prefer a different cadence; for instance, project based companies. Consulting is one of the biggest fields where work is very project based. In these cases, revenue driven departments (i.e. Sales) might still follow a quarterly cadence but each of your projects might then have their own individual due date scheduled as you see fit.

COMPANY OKRS

It's common for the very top, all-company OKRs to operate on an annual cadence.

This gives employees clarity in the company direction, and the ability to set shorter-term goals that map to the big picture.

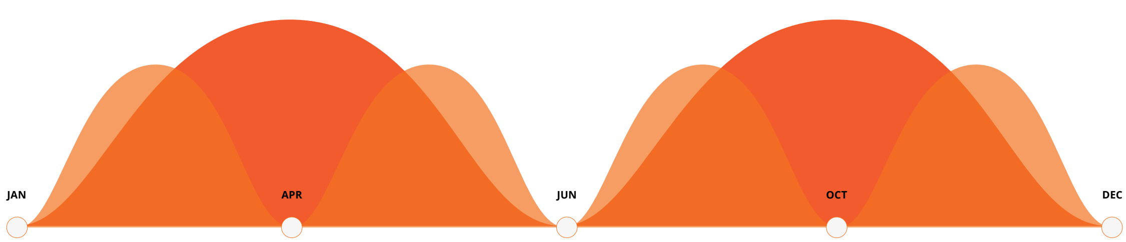
A quarterly cadence, or every three months beginning in January, is most common. However, OKRs on any level can be revisited and updated for the next quarter if the impact on success of an OKR is more long-term.

SHORT-TERM CHALLENGES

When it comes to selecting the right cadence for OKRs, consider the common timeframes to which your departments and teams work.

The length of time should be short enough to make objectives feel like a challenge for your employees.

Department and individual OKRs will have more frequent cycles. They tend to be more flexible in nature as tasks change more frequently on the ground levels.



section 3
rolling out OKRs to your company

DECISION 4

communicate the rollout order

If you're new to OKRs, fear not! In the following section, we have put together a simple roll out process as a guideline for you to start setting up OKRs for the very first time. We usually recommend rolling out before a new year or quarterly cycle within your company! Here are the initial steps to take.

1. BRAINSTORM COMPANY OKRS WITH AN ANNUAL PLAN IN MIND.
2. COLLABORATE WITH MANAGERS TO DRAFT THEIR FIRST SET OF DEPARTMENT OKRS
3. COMMUNICATE THE OKR METHODOLOGY TO THE ENTIRE COMPANY
4. EMPLOYEES DRAFT THEIR OWN OKRS
5. FINALIZE OKR ALIGNMENT COMPANY-WIDE
6. REVIEW INDIVIDUAL OKRS AND CONTINUE TO MONITOR PERFORMANCE

As a leader, your job ends with selecting the OKR methodology. Managers and department heads play a huge role in making the implementation of OKRs successful. Any company that leads from the top will find manager buy-in to be extremely beneficial to the OKR roll out process because it's demonstrating by example.

Your managers or department heads are the best people to run your annual objectives by. Task them with drafting alternative objectives that fit the company, keeping in mind they have differing departmental priorities.

1 BRAINSTORM COMPANY OKRS WITH AN ANNUAL PLAN IN MIND

In this initial step, the leadership team should identify up to 5 company OKRs for the year and with that, narrow down OKRs for the next quarter. If you aren't too sure where these objectives should come from, most companies draw inspiration from their vision and mission statements as well as current challenges.
For instance, these priorities can range from doubling in company revenue to only selling reusable products.

Upon drafting company objectives, management needs to determine what the measurable key results are for these objectives. Drawing from our previous example, if our objective is to "double company revenue," a key result could be "hiring 5 new business development executives." These key results will be your plan of action to accomplishing the overarching company objectives—thus completing the company's first OKRs.

2 COLLABORATE WITH MANAGERS TO DRAFT THEIR FIRST SET OF DEPARTMENT OKRS

Communicate how your company OKRs will be cascaded using the alignment model of your choice with department heads and managers. This is the first step to rolling out OKRs to the rest of your company. Here are a few topics of discussion you may want to cover in your collaboration:

1. Why OKRs will play an important role in the growth of the company.
2. Why the leadership team would like the company to start using OKRs.
3. How OKRs will work within the company and how alignment will work internally.
4. What expectations the company has for respective departments as reflected by the OKRs.
5. Reflection on whether department heads and managers feel these expectations are reasonable.
6. Propose and agree upon expectations for which various departments need to achieve.

Managers benefit from stronger alignment and transparency as it helps them become better coaches. At the end of this collaboration, department heads and managers should have a clear understanding of what OKRs are and how they will be cascading throughout the company. They will be delegated with the task of creating department OKRs in accordance to company OKRs.

3 COMMUNICATE THE OKR METHODOLOGY TO THE ENTIRE COMPANY

This initial introduction is key to gaining buy-in from employees. Managers need to be able to explain how this will benefit their teams day-to-day and reduce micromanaging.

With managers onboard with rolling out OKRs, an employee survey can be used to promote conversation with the rest of the company.

As with the department heads and managers, the same discussion points must be addressed along with questions and concerns. For OKRs to be rolled out successfully, employees must understand the expectations and alignment model to which your company will be approaching this roll out.

4 EMPLOYEES DRAFT THEIR OWN OKRS

Upon conducting team trainings and optionally engaging employees with a survey, it's time for managers to delegate the task of drafting OKRs to individuals within their departments. This can involve an open conversation of what your department is aiming to achieve, and the role to which each employee plays in these objectives. Take note of what individuals want to work on versus what is being delegated as a result of a need.

Consider such conversations as a healthy negotiation process. It allows for managers to discover underutilized skills employees may have, and for employees to express interest in opportunities they would like to further advance their careers. Individual OKRs should align with both department OKRs and employee growth. Usually employees can draft anywhere from 3-5 OKRs each quarter to tackle. Keeping the number of objectives within this range helps manage priorities.

When you've reached the end of this process, individual employees should have drafted OKRs that reflect both the priorities of the department as well as their personal growth. In other words, the OKRs should reflect a consensus on what the company wants employees to work on and what they want to work on. Part of the empowerment in using OKRs is drawn from having these open discussions on a quarterly basis at the minimum. Individuals who are making the greatest impact to company growth on a day-to-day basis can now voice concerns more than once a year during annual reviews.

5 FINALIZE OKR ALIGNMENT COMPANY-WIDE

Leadership of the company can meet with managers again to see how individual employees are impacting company OKRs. After all, no matter which alignment model a company uses, progress will not be made without a combined effort. Once leadership is confident in the way OKRs are being cascaded and aligned, you can take the process full circle by holding, once again, a company wide meeting to showcase the aligned OKRs and finalize what will be worked toward in the coming quarter and year.

6 REVIEW INDIVIDUAL OKRS AND CONTINUE TO MONITOR PERFORMANCE

In the days ahead, managers will track progress using OKRs as employees continually check-in on a regular basis. Similarly, the leadership team will track progress using department OKRs and holding teams accountable for varying outcomes.

DECISION 5

how to review OKRs

There are 2 important components

The overall progress — The average progress of the KRs is calculated to determine the overall progress. Sometimes, companies weigh KRs by giving them different levels of importance. We will explan this on the next page.

The written summary — Written by the employee, the written summary is an important qualitative measure regarding the OKR.

There are 2 main ways to score your OKRs at the end of the quarter:

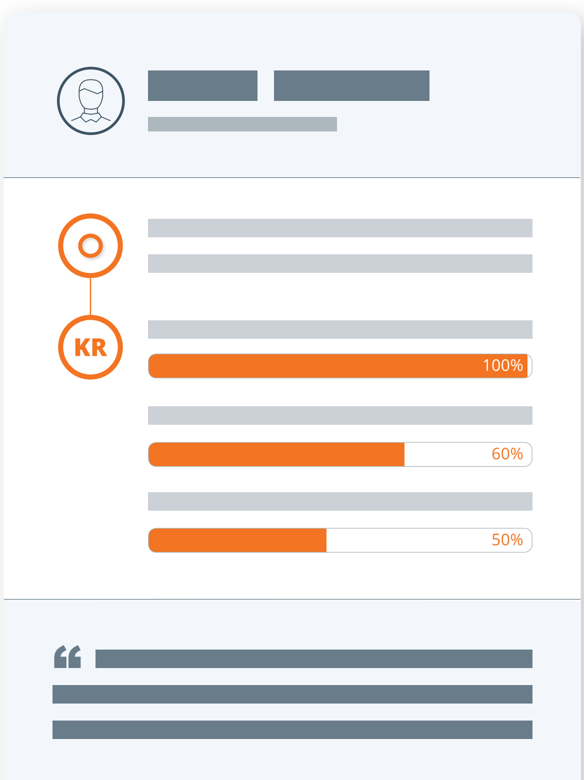
STRICT NUMERICAL GRADING

Strict numerical grading is the most quantitative measure of success. As a company, you have a policy whereby a certain completion percentage is acceptable. For example, hitting 90% or above is 'meeting expectations.'

You can attach a numerical value to each of your key results and use the weighted average of all of them to determine the overall progress. Keep in mind that OKRs may be used on the basis of setting stretch goals—goals that challenge employees to achieve more than they are deemed capable of.

For some companies, stretch goals are not an ideal fit because it creates a norm of completing less than 100% to meet expectations. The following example demonstrates how completing 70% of a stretch goal based on measuring achievements might be acceptable for specific companies.

This method requires a lot more rigor in setting and agreeing on OKRs.



LET'S SAY AT THE END OF THE QUARTER:

KR #1 scores 1 = 100%

KR #2 scores .6 = 60%

KR #3 scores .5 = 50%

The overall score of the objective will be .7 or 70% depending on how you want to measure the end result.

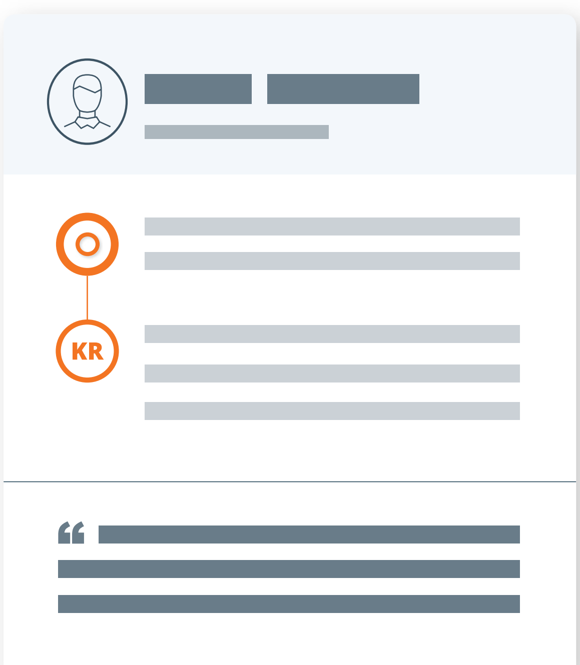
The overall scoring framework differs for each company. Some companies will follow the Google method where they set challenging objectives and set a benchmark of .6 or .7 out of 1 (i.e., if you score .6 for your OKRs, it means that you have met expectations). Anything above .6 is going above and beyond. Other companies prefer to keep OKRs attainable especially on an individual level. Reaching the score of 1 will mean that you have met expectations.

QUALITATIVE GRADING

The aim of reviewing objectives based on qualitative grading is for the individual employees to self-assess how things went and reflect this in any performance-related discussion to follow.

This measurement provides more opportunity for the employee to identify their own challenges and propose their own solutions.

Managers striving for more autonomy and individual decision making will find self-assessments based on pre-decided expectations to be beneficial.



DECISION 6

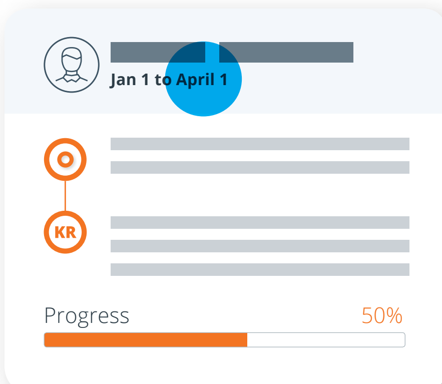
what happens if an OKR is not completed but still relevant?

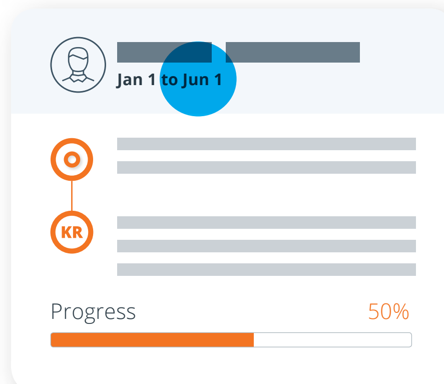
As a company, everyone should assess their own OKRs. A great place to start reflecting is using a simple expectations assessment: at the end of the quarter did you meet the expectations for your OKRs? Why or why not? Managers should have 1-on-1s with their team to touch base on their OKRs, performance and career journeys.

Document how you plan to make sure mistakes from this quarter don't happen again! Sometimes this means updating the key results of previous objectives to better achieve it in the next quarter. There are two common scenarios in which the previous quarter's OKRs should be carried over to the next.

OPTION 1: CHANGE THE DATE OF THE OKR - THE OKR IS INCOMPLETE AND STILL HOLDS RELEVANCE ON THE PRIORITY LIST.

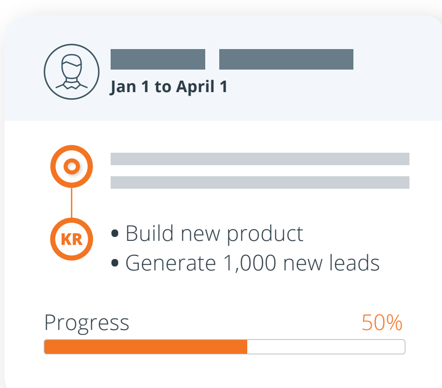
Sometimes OKRs can become too far of a stretch when you have a new priority. If an OKR wasn't fulfilled the first time around, reflection will help your team gauge more realistic measures of success the second time around. OKRs that are incomplete but still relevant in the new quarter should be rolled over to ensure attention is brought to tracking and achieving it.

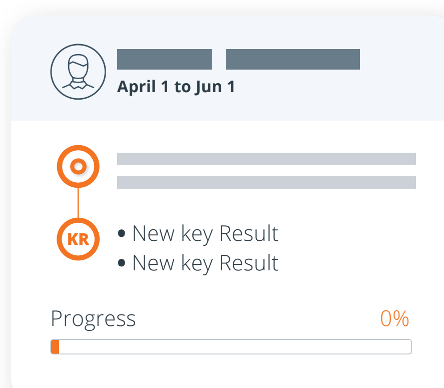




OPTION 2: CREATE A NEW OKR WHICH IS EDITED TO REFLECT LESSONS LEARNED—THE OKR IS A RECURRING CHALLENGE WITHIN YOUR TEAM.

This could be an OKR regarding revenue growth or simply important individual milestones that need to be marked with the beginning of each new quarter. If there's an OKR that is a recurring challenge and holds importance, continue to reset it over as you would a new OKR at the beginning of each quarter but with updated key results to better achieve it.





section 4
summary

the complete OKR roll out checklist

DECISION 1: WHICH TEAMS WILL USE OKRS?

OKR users:

- ◯ All employees
- ◯ Departments
- ◯ Executives only

DECISION 2: WHICH ALIGNMENT MODEL IS THE BEST FIT FOR YOUR COMPANY?

Alignment models:

- ◯ Vertical
- ◯ Flexible

DECISION 3: WHAT CADENCE WORKS FOR YOUR COMPANY?

Cadence:

- ◯ Monthly
- ◯ Quarterly
- ◯ Annually

DECISION 4: COMMUNICATE THE ROLLOUT ORDER

- ◯ Setting company OKRs
- ◯ Setting department OKRs
- ◯ Communicating OKRs company-wide
- ◯ Setting individual OKRs

DECISION 5: HOW SHOULD OKRS BE REVIEWED?

- ◯ Based on achievements
- ◯ Based on preset expectations (self assessment)

DECISION 6: WHAT HAPPENS IF OKRS ARE NOT COMPLETED BUT STILL RELEVANT?

- ◯ No longer a priority
- ◯ Update key results with better strategy