What are OKRs?

FAST goals with a higher velocity

✔ Frequently discussed
✔ Aligned
✔ Stretchy
✔ Transparent

OBJECTIVES:

Strategic, ambitious, and typically qualitative

KEY RESULTS:

Specific and measurable outcomes that show progress on the Objective

Shift from Output to Outcome thinking
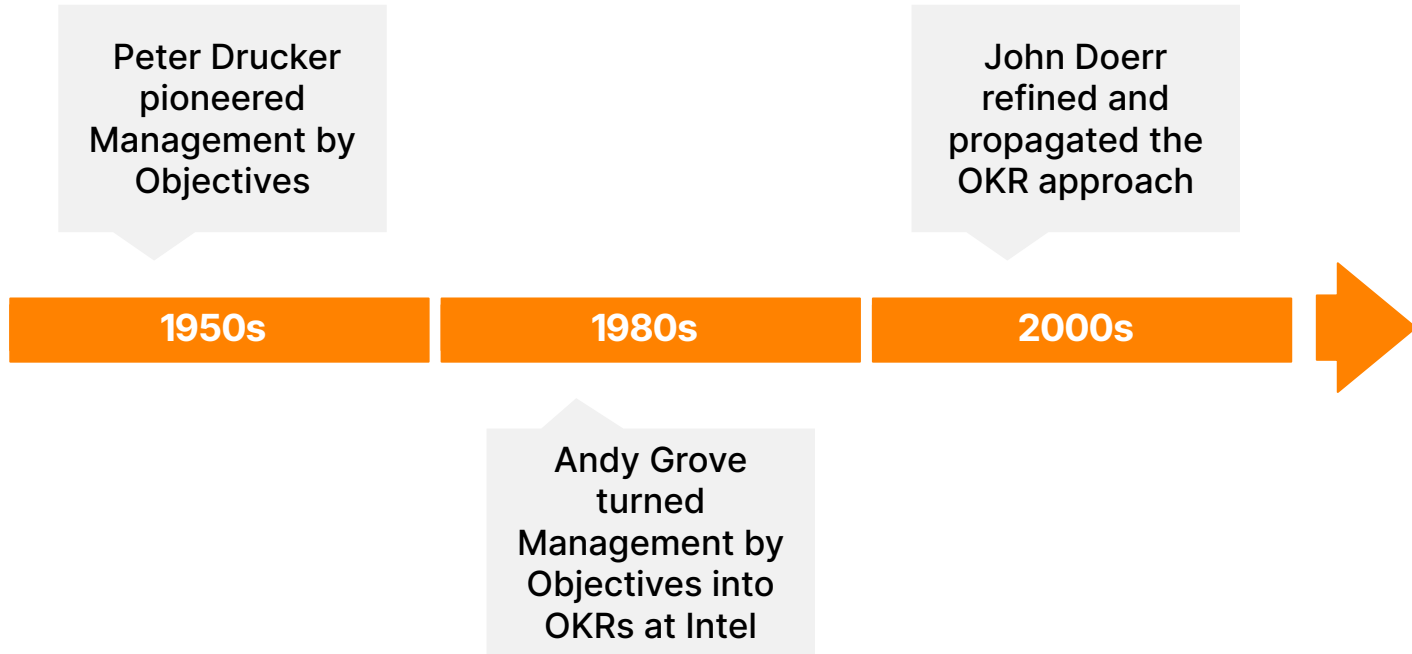
FROM

- Completion of deliverables, projects, activities

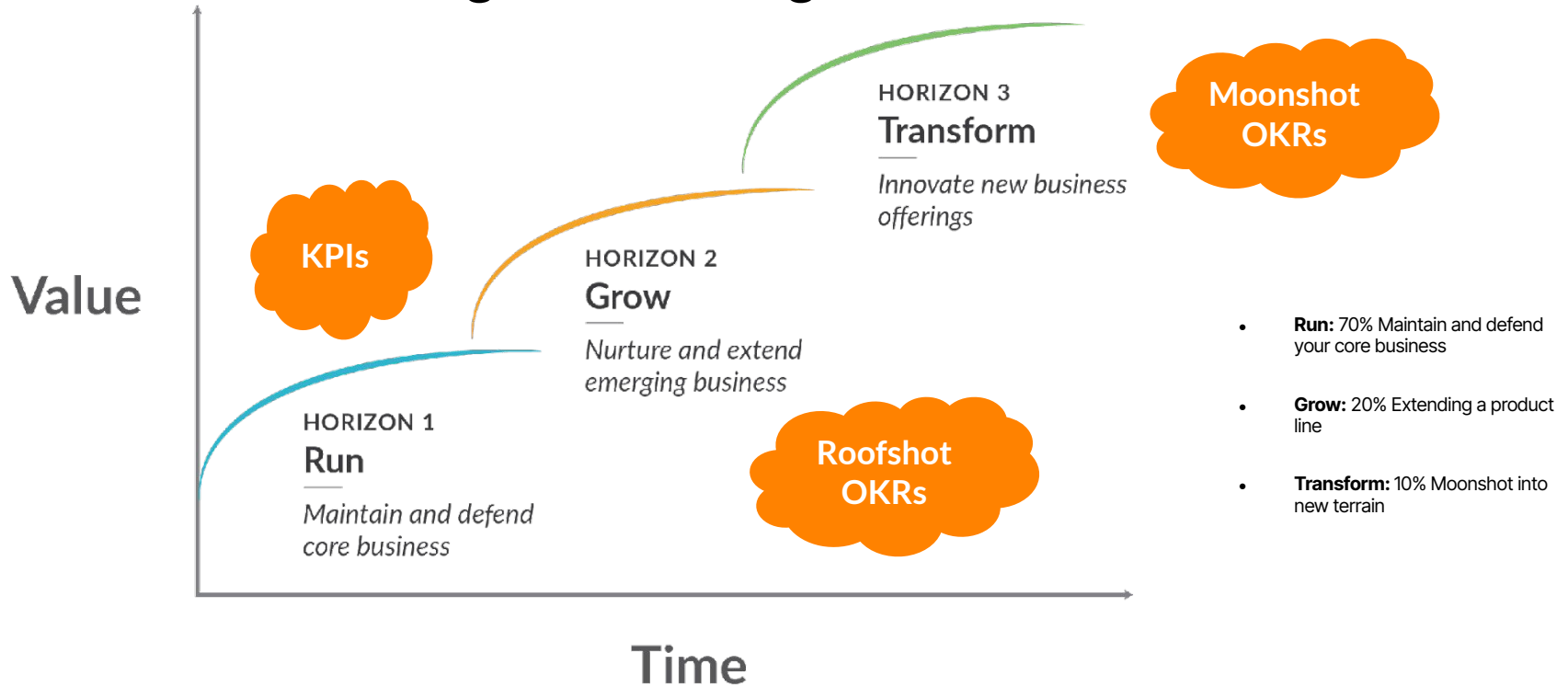- Believed to help us reach some larger goal, but not always explicit

TO

- Focus on delivery of value to customers

- Measurable results

- Flexible ways to get there

How did modern OKRs develop?

Peter Drucker pioneered Management by Objectives

John Doerr refined and propagated the OKR approach

1950s **1980s** **2000s**

Andy Grove turned Management by Objectives into OKRs at Intel

How ambitious should your OKRs be? What share of your resources should go to tackling "moonshot" OKRs?

Value

HORIZON 3
Transform

Innovate new business offerings

Moonshot OKRs

KPIs

HORIZON 2
Grow

Nurture and extend emerging business

HORIZON 1
Run

Maintain and defend core business

Roofshot OKRs

- **Run:** 70% Maintain and defend your core business

- **Grow:** 20% Extending a product line

- **Transform:** 10% Moonshot into new terrain

Time

Modified from: McKinsey & Co.

What's the difference between OKRs, KPIs, and individual performance goals?

OKRs

- Target an ambitious goal

- Require a lot more collaboration and learning

- Have a higher risk of failure

KPIs

- Health metrics

- Monitor the KTLO processes that keep you stable and support your growth

- Stay consistent with established bounds

Individual Goals

- Only meant for an individual to achieve – might be tied to comp

- Not appropriate for OKRs in most cases

- Best used to measure competency, attitude, adherence to values, personal development and team behavior

How does strategy inform (and get informed by) OKRs?

Who are we?

Why do we exist? What is the purpose and vision of our organization? What are our values? Who are our key stakeholders?

How is the landscape changing?

How are we performing for our stakeholders? How are opportunities and disruptions shaping the future for ourselves and our stakeholders?

What is our value proposition?

What is our product/market mix? Where do we play? How do we win? What does success look like?
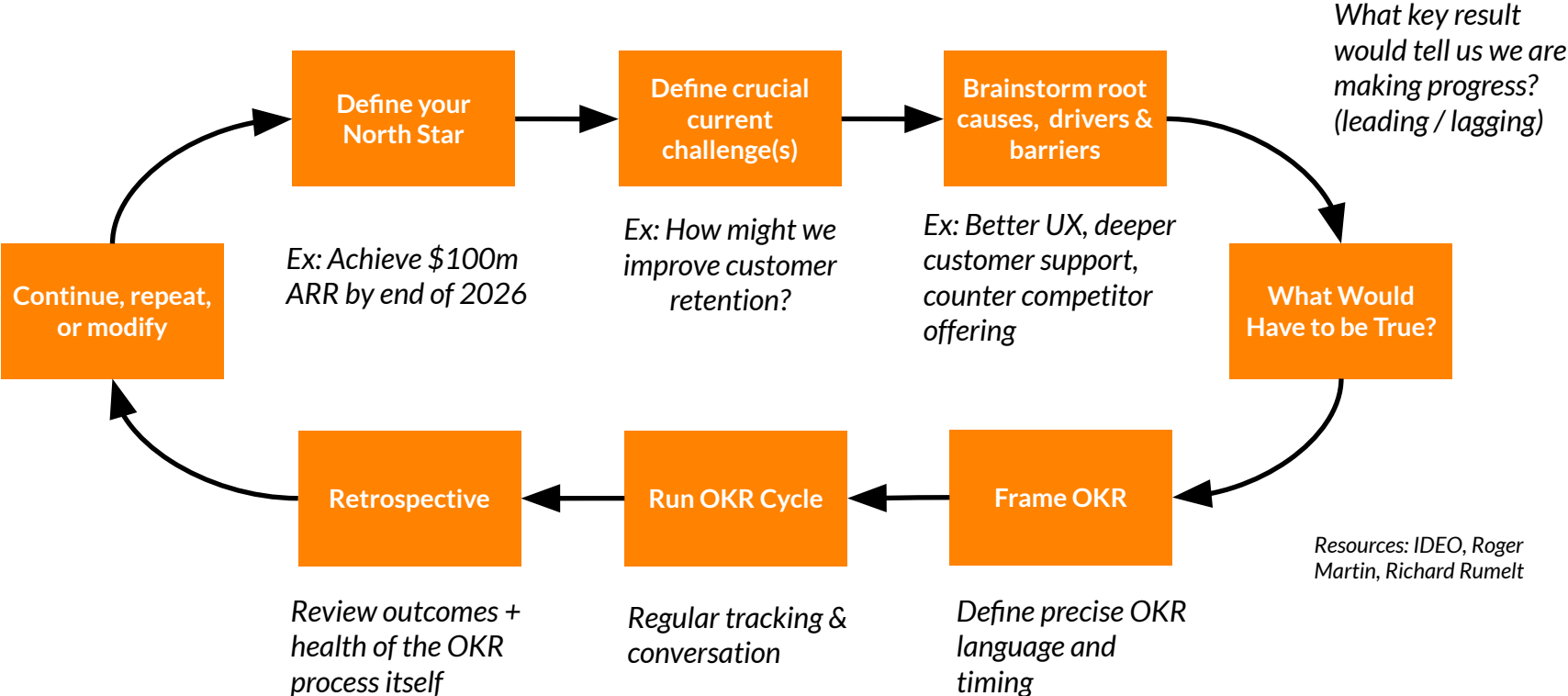
What capabilities do we need?

What capacities do we need (i.e. people, process, technology, financial resources) to enable our success?

What matters RIGHT NOW?

OKRs

Minimum Viable Strategy™ Design Cycle for Startups

Define your North Star

Ex: Achieve $100m ARR by end of 2026

Define crucial current challenge(s)

Ex: How might we improve customer retention?

Brainstorm root causes, drivers & barriers

Ex: Better UX, deeper customer support, counter competitor offering

What key result would tell us we are making progress? (leading / lagging)

What Would Have to be True?

Continue, repeat, or modify

Retrospective

Review outcomes + health of the OKR process itself

Run OKR Cycle

Regular tracking & conversation

Frame OKR

Define precise OKR language and timing

Resources: IDEO, Roger Martin, Richard Rumelt

Getting to Good Objectives

Improve and streamline recruitment process	Build the "A Team"
Onboard two new suppliers	Wow our customers with lovable products
Grow profitability	Invest in our future

Getting to Good Key Results

Launch new website

Increase click-through-rate by 20%

Increase investment by $20M

Secure 2 new long term investors over $10M

Open offices in 2 new geographies

Expand sales by 33%

Weekly OKR Check-in Agenda

1. Owners report tangible progress on Key Results for review in advance

2. Whole team assesses subjective confidence about reaching the target

3. Team discusses progress on and prioritization of tasks to achieve Key Results

4. Team discusses ways to improve how they're working together

What are common pitfalls?

Don't have 'shadow goals'	Too often, companies realize that what they're actually targeting didn't make it into OKRs
Don't set it and forget it	Priorities change mid-quarter and mid-year (e.g. during the pandemic); if your focus shifts, change your OKRs
Don't have too many OKRs	5+ OKRs create too many competing priorities.
Don't take the 'big bang' approach to creation	Don't implement OKRs on a company-wide, functional, and individual basis all at once.

Questions

Additional Slides if Needed

Generating OKR ideas at the Team level

1. Review team purpose and JTBD

2. Who are your team's "customers?" What do they need from you? How well are you delivering that?

3. TOP-DOWN: Review company OKRs and discuss how you can contribute to them

4. BOTTOM-UP AND SIDEWAYS: Identify problems or opportunities unique to your team, including bottlenecks or issues shared with other teams

What are the steps for setting OKRs?

1	Ask the questions to get to a minimum viable strategy

2	Start with cross-functional, company-wide OKRs

3	Once aligned, incorporate function-specific OKRs

4	Establish an actionable cadence for review and assessment

Tracking and Reporting Hierarchy

IC or Board level reporting
Focus on high level performance and strategic challenges

Leadership Team
Cross functional OKRs focused on moving the whole organization forward

Team level OKRs
Focus on improving unique team performance issues, or cross-team issues

Less

More