

A Quick Guide to OKR

What is an OKR

Leadership Tribe



Acronym OKR

- The acronym OKR stands for **Objectives and Key Results**, it is a popular goal management framework that helps companies to implement the strategy.
- The OKR framework enables companies to improve focus, increase transparency, and facilitates better alignment by organising employees and their work around achieving common objectives.



An OKR consists of an **Objective**, which defines a goal to be achieved, and up to 5 **Key Results**, which measure progress towards the **Objective**. Each OKR can also have **Initiatives**, which describe the work required to drive progress on the **Key Results**. The framework includes a number of rules which help employees prioritize, align, focus and measure the outcome of the work they do. OKR helps the entire company to communicate company strategy to employees in an actionable, measurable way. It also helps companies to move from an output to an outcome-based approach to work.

- Objective

An Objective is a description of a goal to be achieved in the future.

i.e. "Where do I want to go?"

An Objective sets a clear direction and provides motivation. Think of it as a destination on a map.

- Key Result

A Key Result is a metric with a starting value and a target value that measures progress towards an Objective.

i.e. "How do I know if I'm getting there?"

It is like a signpost with a distance marker that shows how close you are to your destination.

- Initiative

An Initiative is a description of the work you'll do to influence a Key Result.

i.e. "What will I do to get there?"

If an Objective is your destination and a Key Result shows the distance to go, an Initiative describes what you'll do to get there, such as drive a car, row a boat, etc.



Key Characteristics of Objectives, Key Results, and Initiatives

	OBJECTIVE	KEY RESULT	INITIATIVES
Directional	✓		
Aligned	✓		
High Impact	✓	✓	
Ambitious		✓	
Measurable		✓	✓
Inspirational	✓		
Understandable	✓		
Specific		✓	✓
Within Control			✓
Within Circle of Influence	✓	✓	✓
Time Bound	✓	✓	✓
Amount	1-4	1-5	min. 1

Example Objectives, Key Results, and Initiatives

- Example Objectives
 - Pioneer reusable rockets
 - Become market leader
 - Launch the most popular new iPhone App
 - Generate more revenue than last year
 - Become internationally recognised as an innovator

- Example Key Results
 - Engine tests have a 99% success rate
 - Achieve a market valuation of £150,000,000
 - Get featured by Apple on the App Store
 - Close 10 deals over £100,000 each
 - Gain 3 national newspaper mentions in 10 countries

- Example Initiatives
 - Design and build a new turbopump
 - Run interviews with 5 CMO candidates
 - Hire an app store optimization agency
 - Create new Sales collateral
 - Run 5 PR campaigns



The Benefits of OKR

- Business Impact

Comparative studies pointed out that the groups of employees used OKR are proved to be much more effective at their jobs, resulting in better performance and increased sales.

- Cultural Benefits

For organisations who merely focus on metrics and KPIs or those without goal management, using OKR represents a cultural shift from output to outcomes. OKR creates focus, transparency, and alignment for all the work in an organisation, which leads to increased employee engagement.

- *Focused Execution*

OKR keeps focussing on what matters the most by prioritising only the work that has the biggest business impact.

- *Strategic Alignment*

OKR helps managers and employees to align the work they do, ensuring everyone in the organisation is moving in the same direction.

- *Engaged employees*

OKR enables the communication and execution of strategy in the manner which everyone understands and engages people with a purpose and promotes them to achieve remarkable results.



Getting started

Preparing for OKR

Before one starts using OKR, it's important to have a clear understanding of the challenges one wants to solve, or to put it another way, the Business Objective that one wants to achieve with the help of OKR.

For most organisations, OKR solves the challenge of executing business strategy in a way that's clear to all employees, transparent and measurable. For it to be successful, an owner within the organisation should be defined for the implementation and management of OKR, who is also known as the "Ambassador", to ensure the impacted audience are trained, engaged and has ongoing support and guidance.

OKR is a framework as well as a learning process which often involves a fundamental shift in the way people think about and measure the work they do, moving the focus away from output to outcome.

Setting the Right OKR Cadence

The OKR framework provides flexibility for all kinds of organisations, regardless of their size and maturity. It is common practice for OKRs to have multiple rhythms customized around the particular organisational setting, and finding the right rhythms is key to succeed with OKR.

Company Objectives run in annual cycles coincide with most companies' yearly strategic reviews, which makes it easy to take the organisational strategy and translate it into Company Objectives. Group OKRs owned by departments may follow a quarterly cadence, while teams may choose a monthly rhythm depending on the context, they operate in. A shorter review cycle makes it easier for organisations to course correct if tactics are not driving progress towards the Company OKRs.



Creating Company OKRs

Company level OKRs represent its strategy. These are the 3 or 4 things your organisation decides it must achieve in the next 12 months, and it's important that everyone in the organisation has the chance to give their input.

It is recommended to start with an OKR workshop where all key stakeholders responsible for company strategy request and collate input from employees on the organisation's top priorities. The input can then be then discussed in relation to the existing company strategy to extract 3 to 5 OKRs. This can be done using post-it notes, collaborative documents or even a whiteboard. The exercise aims to agree on what the organisation should have achieved by the beginning of the following year.

OKR Example Spreadsheet

There are several ways to manage OKRs, such as using a spreadsheet or dedicated software tools, or even pen and paper. Please see attached a basic template that allows you to create OKRs for small teams with less than 25 employees.

