

EXECUTIVE SUMMARY:

The ABCs of OKRs

How Objectives and Key Results can transform your organization and create strategic value.

Author: Paul Niven

Studies tell us the vast majority of organizations fail to execute their strategies. Estimates vary, but on the low end, it's suggested just 10% of companies achieve the goals in their strategic plans. When implemented well, OKRs can shift those odds dramatically back in your favor.

Key points of this e-book:

1. OKRs are not a fad. They have been around in different forms for decades and are based on the soundest of management thinking and practice.

2. There are at least three reasons you should consider OKRs:

- To improve your strategic focus
- To increase strategic alignment of employees and your organization
- To enhance employees' engagement and increase their knowledge of the strategy

3. What are objectives? These are statements of a qualitative goal designed to propel the organization forward in a desired direction. The word "qualitative" should give you a hint as to whether we think objectives can have numbers. Answer: They shouldn't.

Example of an objective: Reduce mobile app crashes in order to improve the user experience.

4. What are key results? These are quantitative statements that measure achievement of an objective. The key result always provides evidence of whether you've met the objective. There are two types of key results: milestones (the first example below) and metrics (the second example below).

Examples of key results:

- Complete an analysis of mobile app crashes and present to the executive team by Feb. 28.
- Reduce the number of mobile app crashes from 400 to 200.

5. Should you include tasks in OKRs? Yes. A task is something that can typically be accomplished in a relatively short period of time, or an action that would reside comfortably on a to-do list. Tasks are useful in planning your work. Each week (or day), you should review your task list to determine what must be done and when.

6. How do OKRs connect? Two ways: vertically and horizontally. The vertical (or strategic) alignment takes the form of a simple test: Does the OKR you've written align with the organization's strategic direction? Horizontal alignment represents the process of recognizing dependencies necessary to achieve a given OKR and having a governance structure in place to ensure those dependencies are managed.

7. How do you write a good objective? Follow this formula: Verb + what you're going to do/aspire to do + in order to/so that (business impact).

8. How to write a good key result? Follow this formula: Verb + what you're going to track + from x to y. Good key results should be: quantitative, aspirational but attainable, specific, and able to drive the right behavior.

9. The three best ways to get your OKR program on track from the start:

1. Know, and communicate widely, why you're using OKRs.
2. Appoint an OKRs champion (or champions).
3. Invest in upfront training.

10. How often should we create OKRs? There's no correct cadence for every organization. The "standard" advice for setting, monitoring, and evaluating OKRs is 90 days (quarterly). However, other cadences exist, for example, four-month "trimesters" and semiannually.

11. What is the right review cadence for OKRs?

Choose the operating review rhythm that matches your cadence and aligns with the meeting culture in your organization. Here is a possible review cadence, assuming you create OKRs every 90 days:

Weekly: A short meeting during which you discuss priorities for the coming week, assess progress, and gauge the team's ongoing commitment.

Monthly: Similar agenda to what was presented above for a weekly meeting, but with greater emphasis and depth on current progress.

Mid-quarter: Research suggests that the midpoint of any activity is crucial. It's at this juncture we realize time is ticking away and the pressure to achieve begins to mount. Use this review to assess progress and determine where you'll place your focus for the remainder of the quarter.

End of quarter: At the end of the period, you'll score your OKRs and conduct a deeper dive into what occurred.

12. How should you score OKRs? You have choices.

You can average the scores of the individual key results, which requires a scoring "key" to be meaningful. For example, if the combined averages are 0.7 and above, that may be termed "green." Combined averages of 0.5 to 0.7 might be yellow, and anything below 0.5 might be considered red. You'll need to determine your own scale and weigh the averages according to business impact.

Need some help? Just ask us. Our goal is to help you get the most out of your OKRs. We've created a simple and lightweight framework that doesn't need complex software. Organizations have discovered that it can be tough to get OKRs right. There are lots of OKR software options, but it's easy to choose the wrong one, which just helps you make mistakes faster. You'll have to go through it all alone. **Get an get a free feedback session to talk about your OKRs and get our recommendations as an opportunity for improvement.** Just reach out [here](#) and we'll be happy to help.