PROFIT.CO

Good vs Bad OKRs

How to set Great OKRs?

Your ultimate guide to writing great OKRs and properly setting them in your business! Inside, find real examples of the dos and don'ts of creating OKRs so you can prioritize your business strategy and outcomes.
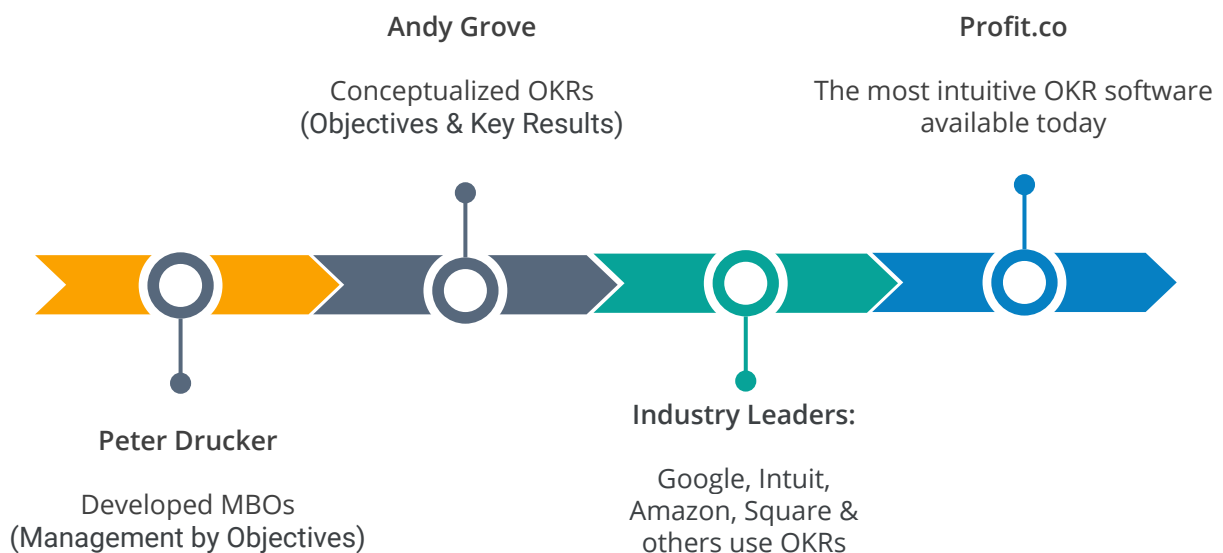
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A Brief History of OKRs

Even though most startups and organizations have heard about OKRs, they are a relatively new organizational and management concept.

The concept of OKRs was first introduced by **Andy Grove**, former CEO of Intel, who is often considered the father of management science.

Andy Grove joined Intel as their third employee and later climbed to the ranks of CEO. He took inspiration from Peter Drucker, who conceptualized the MBO or "*Management by Objectives*" back in the 1950s. MBO is a management method focused on results and the overall picture instead of individual targets.

Andy Grove

Conceptualized OKRs
(Objectives & Key Results)

Profit.co

The most intuitive OKR software
available today

Peter Drucker

Developed MBOs
(Management by Objectives)

Industry Leaders:

Google, Intuit,
Amazon, Square &
others use OKRs

Grove's OKR was a breath of fresh air in a time where people had grand ideas but had an unclear path to making them come true. Aside from churning these grand ideas into a clearer path to reality, the OKR system also fostered an environment where the importance is placed on the execution of work and aligning the results of this work to the company's overall goal.

Introduction

We live in an increasingly complex, interconnected, and dynamic world. While this globalized world's developments have allowed individuals and businesses to achieve beyond their potential, it also demands people and firms to keep up to succeed.

Thus, in this era, focusing on one goal will not give you the edge over your competition and is often not the road to success. Individuals and businesses must evolve and learn how to juggle ideas, organize thoughts and handle multiple goals simultaneously.

Looking at successful companies such as Youtube, Google, Intel, and The Gates Foundation, one of the secrets behind their success is their efficient system to organizing their targets. They all use a framework called [OKRs](#).
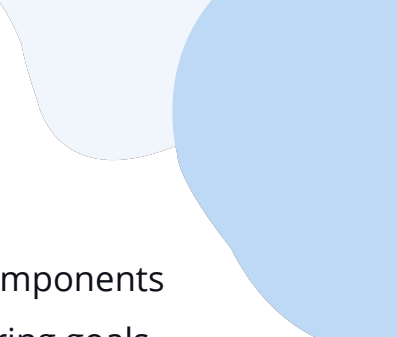
This e-book aims to discuss the system or management framework called "OKR"., Thriving firms and organizations are using OKRs to manage multiple goals and targets at the same time.

Among other things, this e-book will discuss an overview of the OKR framework, its importance, an explanation of what it is, and how to use it. You will also learn tips on good and bad OKRs with specific examples and illustrations. Finally, you will also learn how to create OKRs and apply them in your business.

Getting to
Know OKRs

Andy Grove's system helps companies with more complicated components such as tech and organizations with new, innovative, and pioneering goals. Intel encountered several large competitors like Motorola as they pivoted from being a memory vendor to a microprocessor vendor. The company had to battle against larger rivals in a highly competitive market.

OKRs provided an excellent framework for Andy Grove to communicate his goals to the teams across the world. Teams agreed on stretch targets and executed them with great focus and alignment.

Andy Grove reviewed progress every week, and early feedback helped teams on quick course corrections. The results were spectacular. Intel beat every other competitor to become the world's leading CPU vendor and, along with Microsoft, has been dominating the IT industry through the Wintel duopoly.

During Grove's time at Intel, its revenue soared from $1.9 billion to $26 billion and became increasingly attractive to other companies. One of Grove's hires and employees, John Doerr, became a great believer in OKRs.

John Doerr moved on from Intel and became a prominent Venture Capitalist with his investments and mentorship to companies like Google, Intuit, Amazon, Square, Uber, and Zynga.

In 1999 he introduced OKRs to Google when they were just 60 employees. Google has publicly credited OKRs for their phenomenal success. From Google, OKRs spread like wildfire across companies in Silicon Valley and beyond. Today, OKR is being used extensively across different countries and industries and has been improved for many other purposes.

What Exactly Are OKRs?

OKRs are simple yet powerful as they are useful for startups and large corporations to execute their strategy with focus and alignment.

OKRs stands for **"Objectives and Key Results"**.

As its name represents, OKR is a framework that breaks down a company, organization, or individual's goal into clear objectives and attainable results. These two vital parts are what make this system so effective

Often, goal-setting for a business consists of an overarching target for everyone to work towards one and drivers why the company or organization should achieve the goal.

OKRs flip this process around.

Instead of focusing on big goal, the OKR framework breaks this goal into an overall objective with corresponding concrete and measurable items (Key Results) to reach this Objective.

Objectives are qualitative with inspirational, and time-bound goals to be executed by a company, team, or individual. The most common time-frame used by companies for OKRs is quarterly.

Objectives define what you want to achieve in a set timeframe. These are the goals that everyone should be aware of, and everyone should work on. These objectives are actionable statements that align with the company's mission and vision. They set the standard and tone by which business is done.

In determining the objectives for OKRs, it is advisable to look back to the company's mission and vision. Y can look at it this way: the company's objective is the destination and the vehicle to get to the destination is the OKR.

Here are a few examples of Objectives:

- Build a high-performance Sales team.
- Increase ARR from $1,000,000 to $2,500,000.
- Launch news "OKR for dummies" course.

Key Results **(KR)** quantify the Objectives and break them down to specific metrics that can be used to measure the Objectives' achievement. If the objective is the company's destination, then Key Results are

the main paths you cross to reach the goal. Key Results measure the progress of the company in achieving its goals. These serve as milestones that would bring you closer to the goals. Key Results should be clear, concise, specific, and easily measurable.

Here are a few examples of Key Results:

- Hire a new Vice President of Sales.
- Finalize and introduce the new pricing model.
- Hire Videographer for news course creation.

Usually, a company sets 3 to 5 Objectives per quarter. Or sometimes, a department sets 3 to 5 Department Objectives per quarter. Each of these Objectives usually has 3 to 5 corresponding Key Results. Let's illustrate with an example Objective.

Objective: "Build a fully high-performance Sales team" for Q2 2021.

This particular Objective will then include 3 Key Results to help track and achieve this Objective.

Build a fully high-performance Sales team" for Q2 2021

21%

Finalize and allocate budget for the sales team **9%**

0% 100%

%

0.09

Create and approve a detailed Sales team compensation plan

22%

0% 100%

%

0.22

Hire a seasoned Vice President of Sales

31%

0% 100%

%

0.31

The 5 Key Elements of OKR

John Doerr evangelized OKRs across Silicon Valley. He believed that it must include five key elements for the OKR framework to be effective. Companies and teams that implement OKRs need to ensure that these five elements or pillars are not ignored during implementation and adoption:

Focus
Exceptional focus

Align
Better alignment because of transparency

Commitment
Achieve uncommon degree commitment

Tracking
Tracks progress through the course

Stretching
Stretching OKRs within the org and across BU's in an org

Focus

Companies today, both large and small, grapple with a universal problem, i.e., wanting to accomplish a lot with limited time and resources. The problem is not the lack of goal-setting. Most companies and teams have ambitious goals that they want to accomplish this quarter or this year. However, the biggest mistake is trying to do too much too fast in too little time. Then at the end of the quarter, the teams are often met with the disappointment that they didn't accomplish everything.

OKRs helps with this universal problem. Companies set a few important goals. Then, they pull all the teams and resources together in that direction. OKRs help companies stay focused on the most-pressing projects or initiatives that will have the maximum impact.

Hence, companies should define not more than 3 to 5 Objectives and less than 3 to 5 Key Results per Objective. In doing so, companies and teams can focus only on the most critical targets rather than diluting their efforts all over the place.

OKRs typically are set towards the end of a quarter or year. Occasionally, they are set at the beginning of a new quarter or year.

Alignment

Another challenge that companies face is a disconnect between the company's overall vision and the day-to-day operations of a set department. For instance, a CEO might have clear guidelines from the Board on what he/she wants to be accomplished for that year or term. However, the individual departments are busy working on tasks/projects that do not align with the CEO's vision.

For a company to effectively hit its targets, there must be alignment from the top (C-suite) to the individual contributors (employees). A system like OKR clarifies the company's goals, teams & individuals will be more aware of how their daily actions will help with the collective goal. If all departments are aligned to the overall company goal or OKR, then there is a higher probability the company will be more successful in attaining its goals.

Commitment

Here's another common scenario -- at the annual town-hall or Sales kick-off meetings, the CEO discusses his/her compelling vision for that year. It is often met with cheers, enthusiasm, and support from all Department leaders and even employees. However, as days and weeks pass, people forget the vision or Big Hairy Audacious Goal (BHAG) -- snow, they're focused on their daily task management.

OKRs helps solve this accountability and commitment problem. Once the leadership decides on the Objectives -- they require appropriate Key Results, which can only be achieved with each team's and employee's contributions.

Once the OKRs are set up at the company, department, team, and individual [levels](), it creates a commitment and accountability culture. Because of the system's transparency, everyone is aware of what they are working towards and how their actions add to the overall objective.

Tracking

Peter Drucker is often credited for his famous management quote, *"What gets measured, gets improved"*. Companies are not new to the concept of measurement and tracking. Almost every company has some type of measurement in place. Publicly traded companies need to report their results quarterly. Startups have to report their performance dashboards to their investors and the Board. Sales teams use CRMs to track their performance. Likewise, Marketing teams use Marketing Automation Platforms to track performance and ROI.

However, most of the measurements are on lag indicators, i.e., results. Too often, the lead indicators, i.e., the activities, are hardly tracked or measured. Also, most of the reporting discussed above are for day-to-day or quarterly performance. They do not usually involve ambitious projects or goals.

The OKR system ensures proactive tracking, reporting, and course correction to help the teams reach the set Objectives. Even though the Objectives are set quarterly, the actions/tasks are measured and tracked every week. At the beginning of the period, teams agree on the Key Results that must be met every week and then decide to track them. Tracking helps everyone be aware of the scoreboard and facilitates members helping those who need assistance in completing their commitments by sharing resources and expertise as require.

Stretching

Another common problem is that companies set too many achievable goals using the SMART framework. SMART stands for Specific, Measurable, Attainable, Relevant, and Time-bound goals. Achieving these goals does provide a sense of relief and accomplishment for everyone involved; however, it doesn't help the company make giant leaps. Let's take the example of YouTube's Objective of "Reaching 1 Billion hours of watch time". This Objective is different from a traditional company goal of 20% annualized growth. By setting such a goal, the YouTube team realized they could make the platform a ubiquitous and integral part of users' daily or weekly habits.

If they had set the usual 20%-growth goal, YouTube still might be relevant today, but may not be as ubiquitous and omnipresent. Does this mean every company or team should set goals such as YouTube? Not necessarily. There is nothing wrong with setting SMART Goals. But it's also essential to set goals that stretch the limits of what the company or team thinks is possible in that time frame.

OKRs should help the company and team elevate their performance beyond what they thought "was possible." If the Objectives are easily attainable, then it shows that the company is not stretching enough. If the Objectives are too ambitious, they will discourage morale. The goals are ambitious, and a 70% achievement is generally considered as "strong performance."

Who Can Use OKRs?

People in leadership or managerial positions are in the best position to formulate and use OKRs to achieve goals efficiently. OKRs attribute the team's performance to Key Results, thereby enabling managers to make precise operation changes to achieve their Objectives. For example, the CEO and the C-suite decide that one of the Objectives is to acquire 1 Million new trial users. It will then assist the various departments -- Engineering, Marketing, Product, Customer Support -- to develop the corresponding Key Results to help the company achieve this Objective.

Famous companies such as Google, LinkedIn, Amazon, Microsoft, Netflix, The Gates Foundation, and Spotify are all known users of the OKR method.

But while high-level managers in large companies generally use OKRs to streamline their operations, OKRs can usually be used by anyone who manages a team and aims to keep everyone's efforts moving in the right direction and get things done.

Hence, OKRs are also popularly used in startups, small businesses, non-profits, and even in the Public sector.

5 Reasons Why You Should Use OKRs

OKR adoption continues to increase over the last two decades. The trend continues in the 2020s to grow as we head into a post-pandemic world and a world of business and economic uncertainty. It is evident by the sheer number of tools, consultants, and resources available in the industry on OKRs.

Here are five of the common reasons why companies today use OKRs.

Increase in Efficiency

Clarity on the Overall Picture

Boosts Employee Morale

Ease of Collaboration

Enhanced Productivity

1. Increase in Efficiency

Often, people get lost in their jobs when they become overwhelmed by a large volume of tasks. If the workload is heavy, the natural tendency is to finish all the tasks without understanding if the work being done contributes to the overarching goal. OKR increases efficiency by allowing people to realign and prioritize their efforts proportionate to a goal. It streamlines their work, thereby increasing overall efficiency.

2. Clarity on the Overall Picture

The two-part system of having high-level Objectives and actionable Key Results allows people to zoom in and zoom out of every project.

Sometimes, being hyper-focused on individual tasks blurs everything out of sight, including the main goal as to why the task should be done in the first place. On the other hand, when you have a big goal, people tend to be excited about achieving that goal without knowing the nitty-gritty of getting to that destination.

Since the OKR system defines both, team members can see the overall picture at any time of the project on time and keep everyone on track.

3. Boosts Employee Morale

Assigning one specific task to a department or an individual may be efficient, but it can also cause burnout for the team, especially if they see their task as an endless cycle.

With the OKR system, work can be viewed as an upward spiral instead of a cycle. Team members are given a chance to see how their task contributes to the organization's overall progress to achieve its goal. They become aware of their task, thereby giving them a sense of purpose and a renewed drive in their work.

4. Ease of Collaboration

Since everyone is aware of the company's overarching Objective and the Key Results needed to achieve the goal, team members become aware of each individual's development and progress. This kind of awareness breeds natural collaboration and cooperation among team players.

Even though everyone has a different part to play, having a common goal opens doors to ideas on helping each other out.

5. Enhanced Productivity

The number of hours spent just trying to prioritize and make sense of work is a concern for any team. So being organized is a sought-after quality for a good reason. Trying to remember if you forgot something takes up a good chunk of thinking space and mental load and wastes your time every day, causing you to work that much harder.

OKR is not only an inspirational goal-setting and goal-management system; it is also a high-level organizational tool that puts everyone's concerted effort on one board and sorts them under the proper goal. It allows the entire company to be a well-oiled machine. It will enable staff and team members to spend time only on things that matter.

OKRs are not KPIs

Teams commonly use Key Performance Indicators (KPIs) to ensure they are making progress on what's important.

However, KPIs and OKRs are not the same. While both are used in goal-setting activities, OKRs and KPIs differ at great lengths. KPIs are measurable metrics that are usually used to monitor progress under a specific task or goal. KPIs vary depending on which industry you are operating in.

For example, hospitals and healthcare centers' usual KPIs include average patient waiting time and average treatment time. On the other hand, KPIs for the hotel and tourism industry include revenue per available room and occupancy rate.

Here are a few more examples of commonly used KPIs:

- EBITDA
- Operational Cash flow
- Net Profit Margin
- The number of qualified leads
- Cost per lead by channel
- Shopping cart abandonment rate
- Average order value
- Return on Investment (ROI)
- Retention rate

As you can see, these are not unique to a specific company or team. They are universally known, accepted, and used. Since these indicators are measurable, setting goals around KPIs, usually involve numerical targets.

OKRs, on the other hand, are actionable statements that form an entire system of objectives broken down into specific, actionable goals. Not all aspects of the OKR system are quantifiable or measurable. OKR starts with an ambitious goal or target for the company that is usually inspirational. Then, this is broken down into small quantifiable milestones. KPIs focus on goal-setting quantitative aspect, while OKRs balance the process's both quantitative and qualitative aspects.

It's not uncommon for companies to use both KPIs and OKRs. To summarize, KPIs are lag indicators of performance, while OKRs set and achieve meaningful company goals.

Objectives and Key Results   VS   OKR Key Performance Indicators KPI

Qualitative Objectives

Quantitative Key Results

Time-bound Goals

Actionable Targets

Execute Strategy

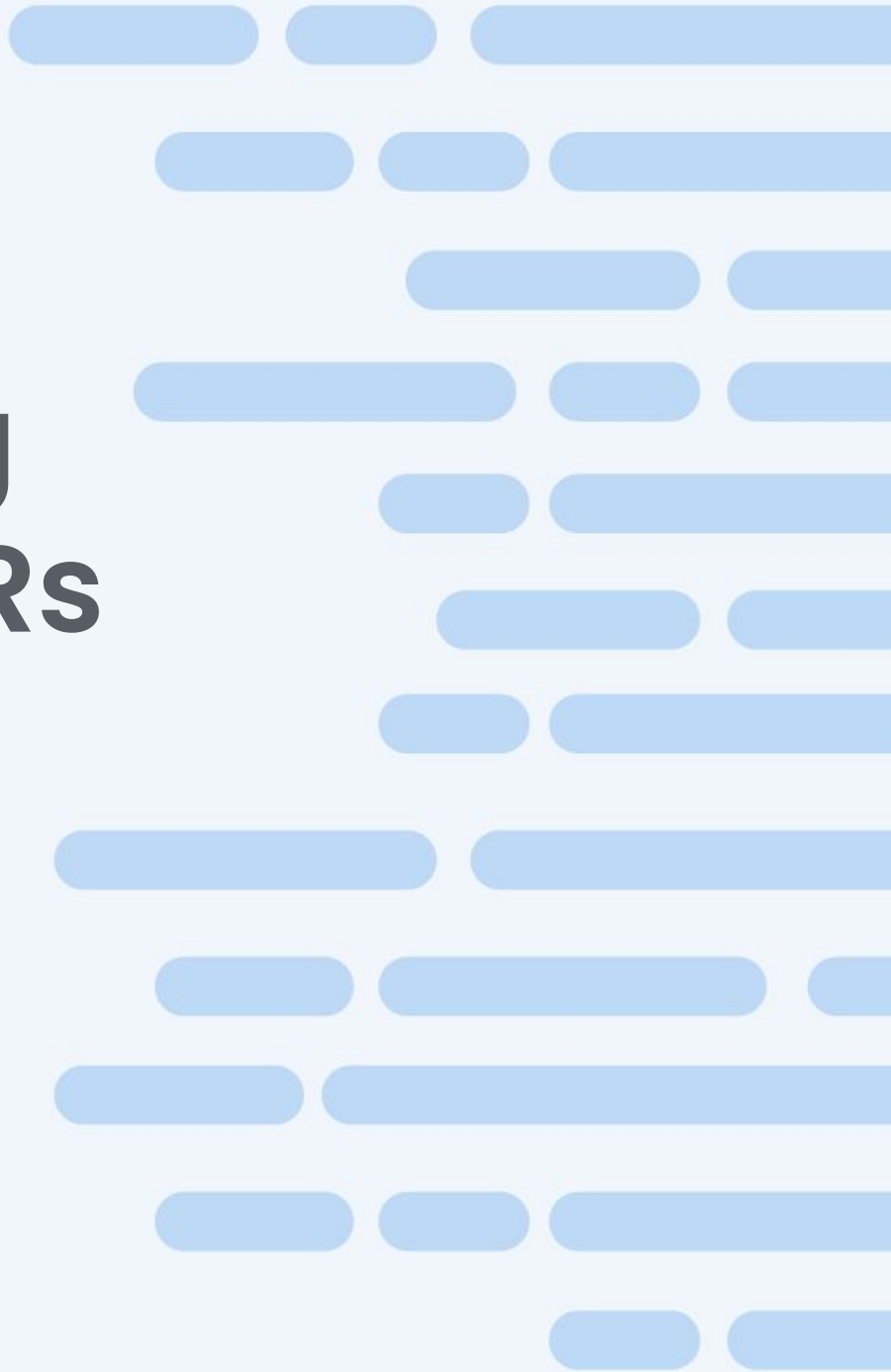Unbiased Measurements

Metric-based Targets

Indicate Progress Over Time

Direct Strategy

Creating your OKRs

The Characteristics of Good Objectives

Good Objectives must be three things: motivational, forward-looking, and time-bound.

Before determining your Objective, here are some questions to ask:

- Is the Objective aligned with the goals of the company/organization?
- Will the company want to work toward this Objective?
- Is it ambitious enough to push the team a little harder?
- Will it advance the company or organization overall?
- Does the Objective serve to guide the team, or would it make things more confusing?

While Objectives must be ambitious, motivational, and with a given time-frame, it is crucial that they should also be realistic. Leaders should balance the formulation of Objectives to push the team and be attainable for everyone.

The Characteristics of Good Key Results

Key Results should be three things: **measurable, specific, and actionable**. These serve as metrics for progress towards achieving the organization's chosen Objectives. Key Results must be translated numerically; thus, it is easy to track progress and evaluate. Being specific in setting Key Results also saves time and effort for the team.

Good Key Results organize, direct and orchestrate the entire team's efforts towards a specific Objective.

Before setting up KRs, ask the following questions:

Does the Key Result lead to achieving your Objective?

Is this possible, considering budgetary matters?

Is this Key Result the most efficient way toward achieving your Objective, or is there a more appropriate one?

Is this possible with the current staff capacity?

Does it complement the capabilities of the company?

Do you have a system in place to periodically track and measure the Key Results

When making Key Results, it is advisable to choose 3 to 5 for each Objective. Having too many KRs will push the team to do too many things and usually result in mediocre work and sloppy execution. On the other hand, having too few KRs would limit your scope and water down the working Objective.

Overall, good OKRs have Key Results aligned with the Objective. Achieving the proper equilibrium between aspirational Objectives and achievable KRs make for a good OKR. It ensures that the whole system is cohesive, which, in turn, motivates the entire team to work together effectively.

# 4 Steps for Creating and Implementing OKRs

Now that you have a high-level understanding of OKRs let's review how to set up and implement OKRs properly. Here's a simple 5-step framework that will guide you through the process:

1. Prepare
2. Brainstorm
3. Designate
4. Align and Track

1. Prepare

One of the most overlooked yet most important phases in creating OKRs is the preparation phase. Setting new OKRs requires preparation even before sitting down and listing Objectives and Key Results one by one.
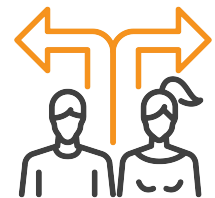
One of the most important things to prepare for is researching what the company or organization needs, what it has learned from past experiences, accomplishments, and challenges. It is usually up to the company or team leadership to research and reflect on past reports, documents, and references to better grasp strategic long-term goals. Planning requires time and preparation, so it is essential to dedicate time before the actual formation of OKRs.

2. Brainstorm

Once the research phase is done and the foundation for the company's needs and long-term goals are set and grasped, leaders can set up a designated time and place for formulating their OKRs. It is essential to get the right people involved in setting up your team and your company's goals.

Know who are the relevant players in the planning process and what insight they can bring to the table. It is essential to invite various people from different backgrounds to get a holistic perspective on everyone's goals.

If you are handling various departments, also make sure that each department is well-represented in the meeting. It will ensure that your OKRs will be realistic and inclusive for all. Also, allot ample time before the meeting so participants can prepare their ideas and proposals for the goal-setting activity.

On the day of the meeting, create an environment that is open to discussion and propositions. Allow everyone to speak and listen. The first step is determining how many Objectives you need for a given time frame. For example, you can decide that you need three main Objectives for the next three months. Once you have decided on that, draft the actual Objectives. Keep in mind the characteristics of Objectives as earlier discussed, such as aspirational, realistic, and grounded in the company's overall goals.
For inspiration, here are some examples of real Objectives set by well-known companies:

- **YouTube** — *"Reach 1 billion hours of watch time per day (by 2016)"*
- **Google** — *"We should make the web as fast as flipping through a magazine."*
- **MyFitnessPal** — *"Help more people around the world."*
- **The Gates Foundation** — *"Global eradication of Malaria by 2040".*

It is also important to know the company's capacity and the staff's competencies in creating an objective. Objectives must be ambitious to push the team to their potential and be grounded in reality to be achievable.

Once you have a working Objective, you can move on to craft Key Results. Just as with Objectives, KRs should also possess all the good characteristics such as being measurable, specific, achievable, and aligned with the Objective.

You can also refer to valuable sources such as earlier company reports, annual reports, previous company performance metrics, staff performance and capacities, and other existing indicators in the brainstorming step. These past reports are vital so that you can have a baseline on where to start. It can also help you determine the team's strengths, weaknesses, capacities, and areas of improvement.

Aside from internal capacities, an important point of discussion for OKRs is external factors. You can keep your OKRs in check by asking questions such as:

- Is this possible given the current situation of the company?
- Are these aligned with the overall direction of the company 3 to 5 years from now?
- Are there other unaccounted external threats that could make achieving these KRs impossible?
- Is it wise to pursue these Objectives, especially considering other competitors' track records, or should you focus your energies elsewhere?

Another thing to consider is your time frame. Companies usually set standard time frames such as monthly, quarterly, semi-annually, or annually. Setting time frames is vital to creating accountability for the staff.

Setting a time frame also sets the scope of operations. It helps determine if the budgetary requirements are sufficient, if it is possible to scale up operations or if the company should divert more sources to a different part of operations.

3. Designate

After establishing your OKR on paper or your company's chosen OKR software, it is time to delegate the work to achieve your goals.

In designating tasks for the team, emphasize that each Objective is a common goal for everyone. It will be more efficient and motivating for the team to designate each individual or team to a specific Key Result, rather than having one Objective per individual or team.

For example, you have three Objectives for the next quarter, and each of those Objectives has four KRs. Instead of assigning one entire OKR set to one team and have them do everything on that particular goal, scatter the KRs to various teams or individuals. This way, the whole team can create a collaborative environment that is conducive to motivation and progress.

In this stage, it is also important to know your team's strengths, weaknesses, capabilities, and limits to efficiently designate each key result to the right group of people.

4. Align and Track

Once everything is in place -- Objectives and Key Results are determined, and tasks are designated -- everything is expected to roll out naturally.

You can do this by conducting constant monitoring and opening your lines of communication to your team. It would be best if you kept the OKR progress board open to the public for transparency and team motivation.

To align and track your team's progress, you can either conduct periodic group meetings to check progress or one-on-one sessions for updates. There is no template for a monitoring process, and it boils down to what works for your team.
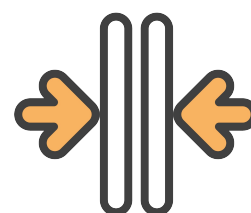
Whatever mechanism you use, make sure that it delivers the goal of capturing your team's progress, knowing how they feel about the goals, and ensuring that the staff has not lost sight of what they should be doing and what they should work toward.

Guidelines for Creating Your First OKRs -- An OKR Checklist

Are you OKR-ready?

You now have an understanding of OKRs, their significance, and how to implement them. But, before you are ready to embark on this journey, you have to cask yourself-- are you OKR-ready? Is your company or team ready team ready to roll out its first OKR for this quarter or year? Here are a few questions to ensure you are ready before your first OKR rollout:

Is it Ambitious?

We've covered the differences between SMART Goals and OKRs. We've also covered the differences between KPIs and OKRs. It's not uncommon for companies/teams to set attainable goals that they can accomplish. If the goal is not ambitious and will not stretch your team -- then it's time to reconsider the goal.

Do You Have Leadership Buy-In?

One of the essential elements of OKRs is alignment. That means your leadership team must be involved in defining and setting up the Objectives. If they are not convinced of the merits of the OKR methodology, and if they view it as just another management principle -- then your chances of success are slim to none. It's vital to get support and buy-in from leadership.

Have You Communicated to the Entire Team?

As mentioned earlier, OKRs help everyone in the team and company stay focused on what's important. It helps provide clarity of purpose to employees. They realize that their daily actions will connect to the larger company

purpose. However, you can only accomplish this if there is clear communication between leaders and employees. Both company leadership and department heads must take time to discuss the merits of OKRs, and why everyone needs to get on board.

Do You Have a System to Track and Measure?

You can only accomplish the chosen Objectives if there are relevant and corresponding Key Results, which will be tracked periodically.

You need to ensure that you have a system to measure and track these Key Results and contribute to the Objective's progress. We cover more in detail about how to track your OKR progress in an upcoming section. Once you know that you are ready to implement OKRs at your company, the next step is to correctly set up Objectives and Key Results.

A Checklist for Creating The Right Objectives

To further check and confirm that you are choosing the right Objectives, you can use this ABC-OKR checklist:

- A — Are these Objectives Appropriate?
- B — Are these Objectives Balanced?
- C — Are these Objectives Cohesive?

Here are a few questions that you can ask yourself and your team:

A — Are these Objectives Appropriate?

- Is this the right time for focusing on these Objectives?
- Are these Objectives appropriate to the overarching goal of the company?
- Are these Objectives suitable with the current budget of the company?

- Are these Objectives right fit with the already existing goals of the company?
- Are these Objectives appropriate with the work culture and ethics of the company

B — Are the Objectives Balanced?e

- Are the number of Objectives balanced with the timeframe allotted?
- Is this Objective balanced with other tasks/projects already existing in the company?
- Are we setting the right number of Objectives to focus on during this timeframe?
- Are the Objectives over-focused on one certain metric/KPI?
- Are the Objectives over-focused on one particular department?

C — Are the Objectives Cohesive?

- Are the Objectives cohesive with the bigger plan of the company?
- Are the Objectives cohesive with the team's values?
- Is there a company-wide understanding of these Objectives?
- Do employees understand why these Objectives are important?
- Do the team members understand the potential impact of achieving these Objectives?
- Will there be company-wide alignment on the chosen Objectives?

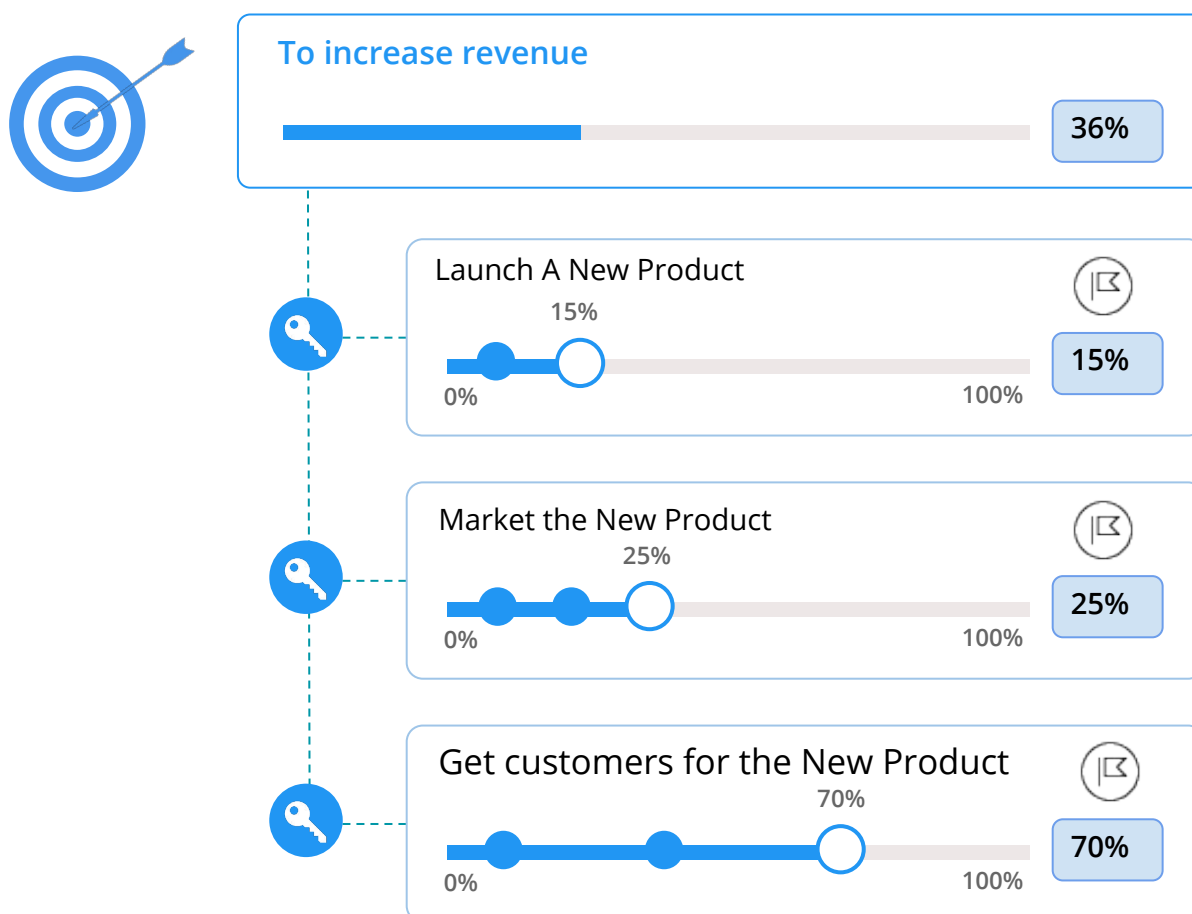# Tips and Tricks For Creating Effective OKRs
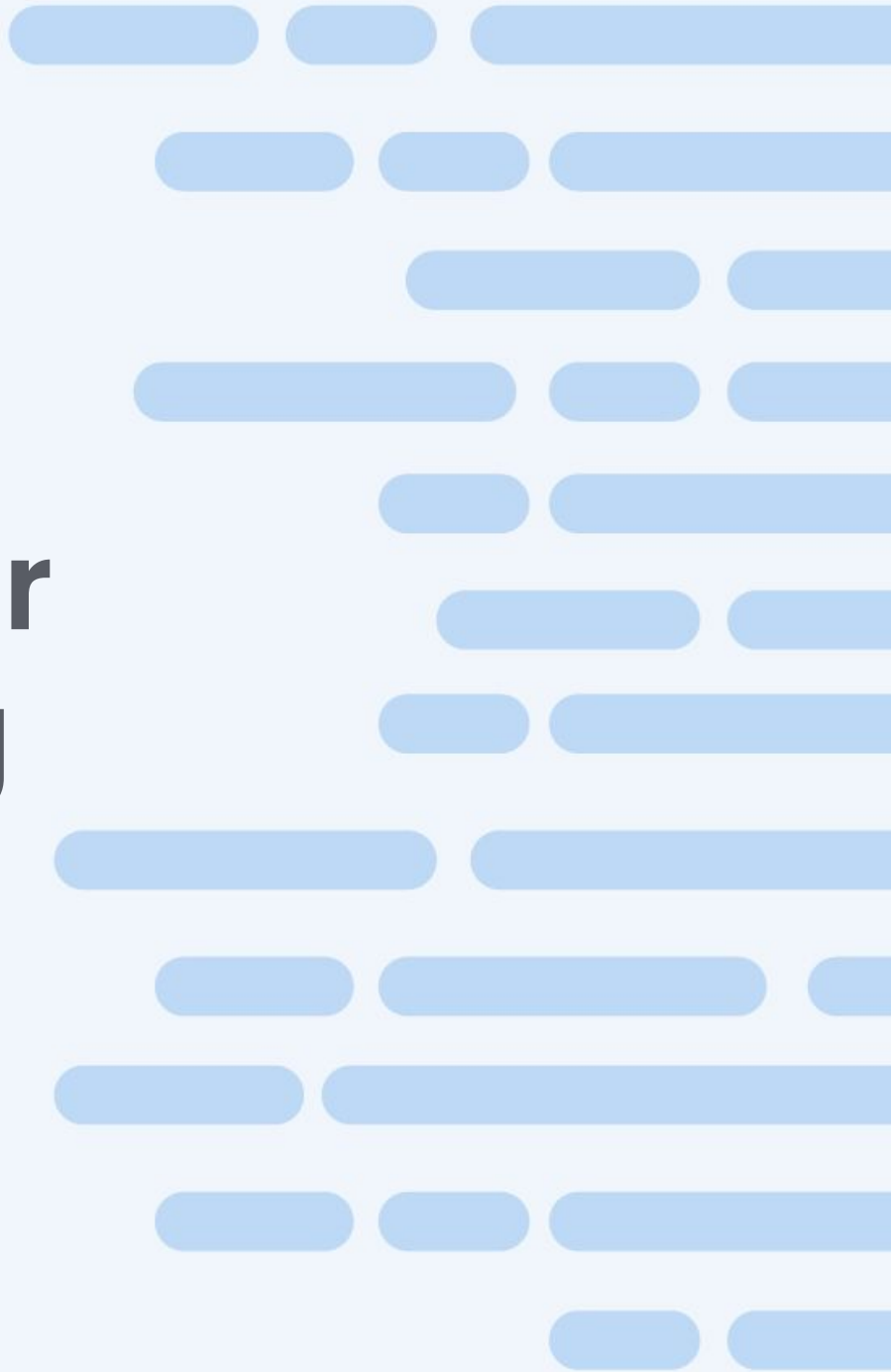
Examples of Good and Bad OKRs

Good OKRs provide a clear picture of where the company is going in a set timeframe and how it will get there. On the other hand, bad OKRs don't do a lot to improve a company's efficiency. Often, team players with OKRs that are not correctly implemented become stuck in a loop of unrealistic expectations and sluggish performance.

Here are some examples of good and bad OKRs:

Example #1: Revenue-focused OKR

The Wrong Way to Set Revenue-focused OKRs:

To increase revenue — 36%

Launch A New Product — 15%
15%
0%   100%

Market the New Product — 25%
25%
0%   100%

Get customers for the New Product — 70%
70%
0%   100%

This OKR is vague from beginning to end. For its Objective, to merely state that your goal is to increase is not motivational and not time-bound. It does not spark actionable progress among staff members. The same is valid with its Key Results. They are not specific with what they want to convey, nor are they timebound. This set of KRs will likely cause more confusion to the team than motivation, as it does not give clear instructions. When an OKR is not clear enough, it can cause frustration among team members and decrease overall productivity and morale.

The Right Way to Set Revenue-focused OKRs.

Increase revenue by 35% next quarter

21%

Increase revenue from $100K to $300K

$133.04

$100 $300

17%

Increase individual sales quotas by $25000

$4129.84

$0 $25K
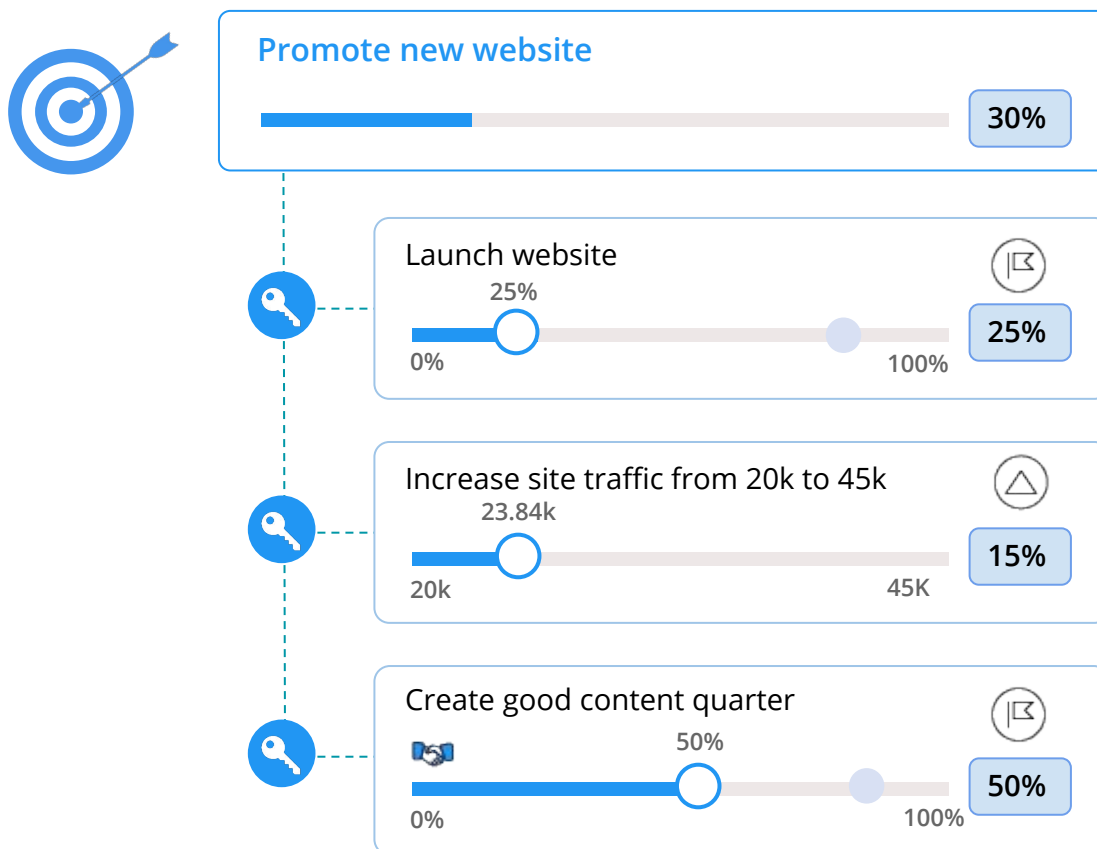
17%

Increase marketing budget by 10% for this quarter

3%

0%   10%

30%

Example #2: OKR for Launching New Website

The Wrong Way to Set OKRs for New Websites

Promote new website — 30%

Launch website
25%
0% — 100% — **25%**

Increase site traffic from 20k to 45k
23.84k
20k — 45K — **15%**

Create good content quarter
50%
0% — 100% — **50%**

This OKR is not recommended because the Objective is non-specific, and its KRs are not measurable. While these are reasonable goals and strategies, they are mere ideas that aren't actionable and helpful. When it comes to goal-setting for a team -- ideas aren't worth anything if you can't translate them into actions. OKRs are meant to convey ideas more quickly to the entire team without wasting time figuring out the goal.
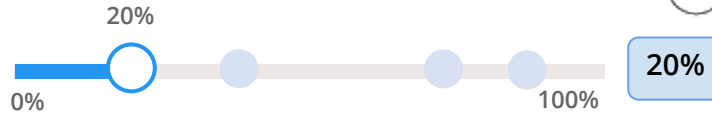
The Right Way to Set OKRs for New Websites:

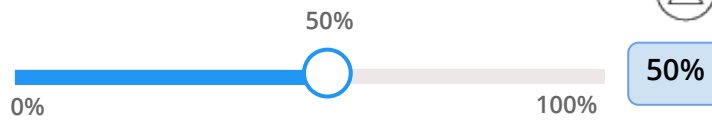**Generate an increase in organic search traffic by the end of Q2**

28%

Increase digital advertising spending by 20% in the next three months

15%

0%   20%

15%
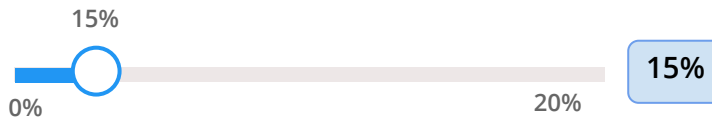
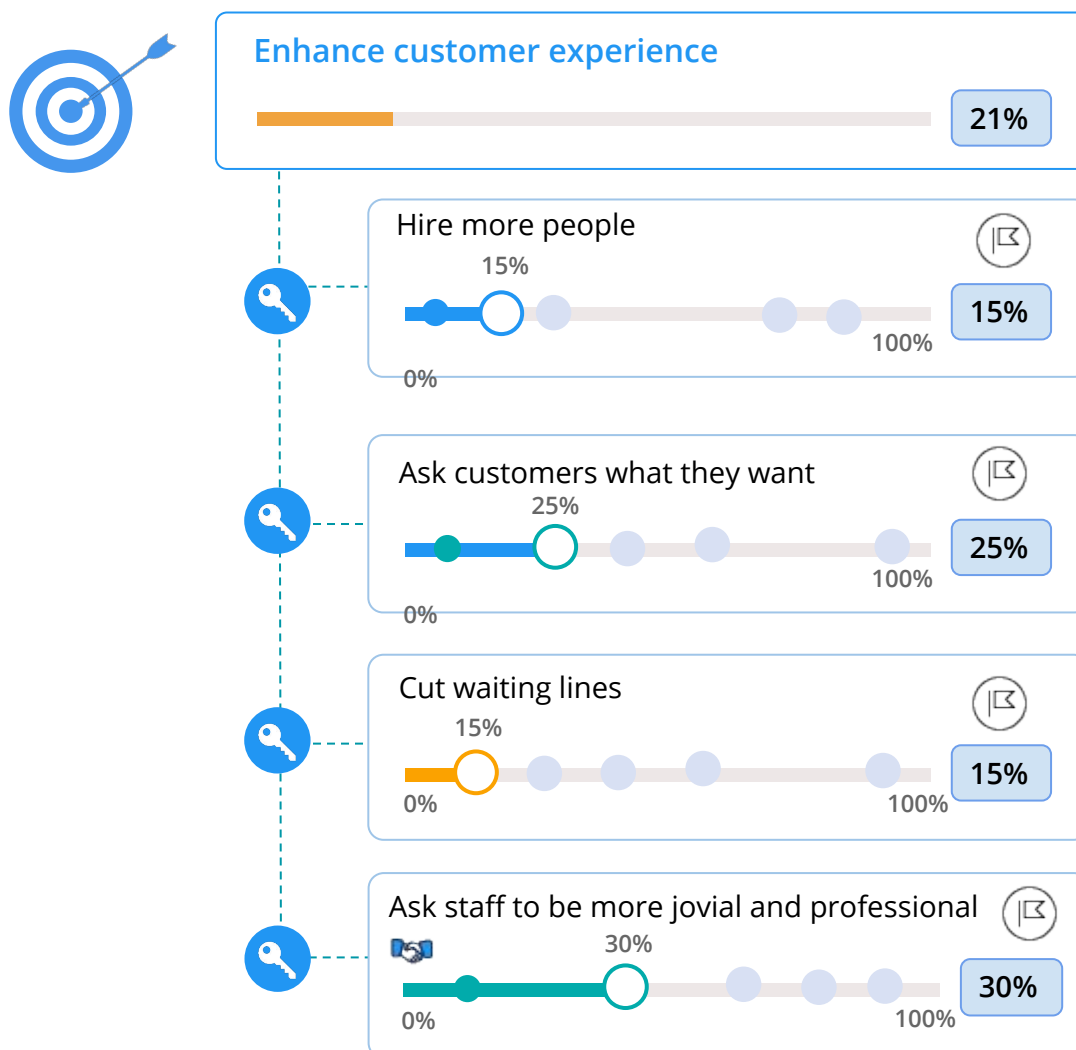Complete an SEO audit of existing content

20%

0%   100%

20%

Create guest posts on ten new websites

50%

0%   100%

50%

Example #3: Customer Service OKRs

The Wrong Way to Set Customer Service OKR:

Enhance customer experience — 21%

Hire more people — 15% — 0% ... 100% — 15%

Ask customers what they want — 25% — 0% ... 100% — 25%

Cut waiting lines — 15% — 0% ... 100% — 15%

Ask staff to be more jovial and professional — 30% — 0% ... 100% — 30%

Once again, this is a vague OKR. Yes, customer experience is important. But OKRs must be straightforward and easy to understand.Customer experience can mean many things, which can lead to confusion among staff and managers.

Vague OKRs like this are usually the result of unclear alignment to the company's goal. To avoid this, make sure to include details and specifics about what you want to achieve. Please provide a description and time frame to ensure that they are realistic.

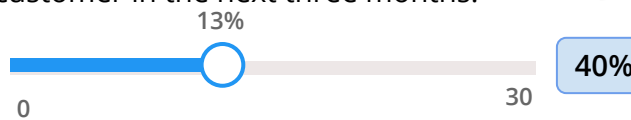**The Right Way to Set Customer Service OKRs:**
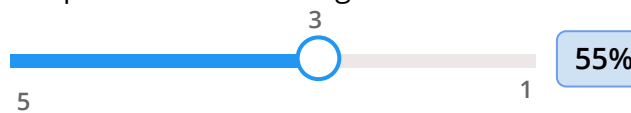
Improve Net Promoter Score (NPS) score

38%

Allot 30% of personnel to customer service frontlines by the end of the year.

%

20%

0%   20%   100%

20%

Gather 30 feedback forms from customer in the next three months.
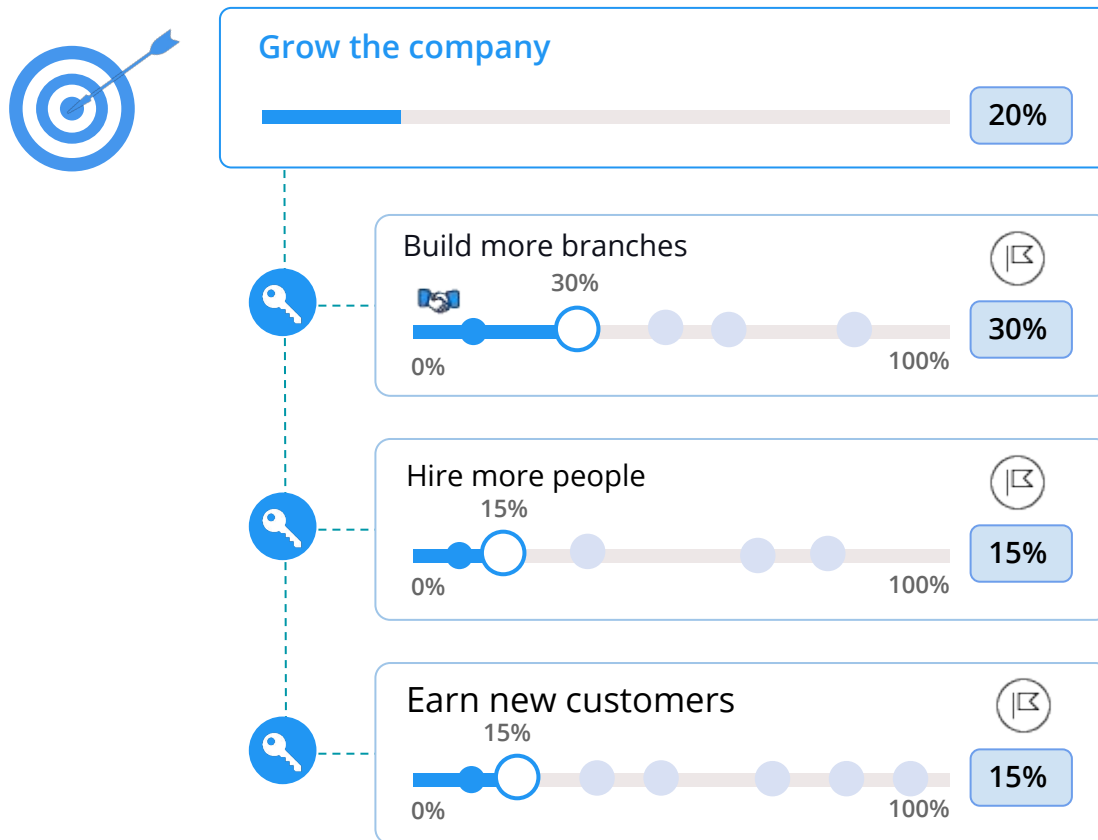
13%

0   30

40%

Reduce product friction on the back-end to improve customer usage.

3

5   1

55%

Example #4: Company Growth OKRs

The Wrong Way to Set Company Growth OKRs

Grow the company — 20%

Build more branches — 30% — 0% ... 100% — 30%

Hire more people — 15% — 0% ... 100% — 15%

Earn new customers — 15% — 0% ... 100% — 15%

It is an example of an OKR that is too general for the team. Remember that the goal of the OKR is to give everyone an idea of the specific steps needed to reach an achievable goal.

Growing the company may mean different things for everyone; thus,
it will reflect various efforts being made by teams and individuals. Varying interpretations of Objectives and Key Results will scatter the direction of workload and not lead to an efficient action towards the goal.
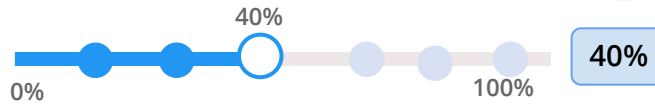
The Right Way to Set Company Growth OKRs

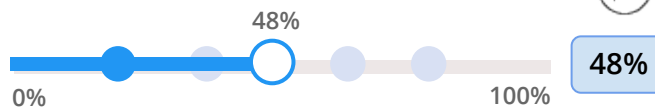**Expand the company's reach and network by 25% in the next three months**

32%

Hire fifteen new employees in the next quarter, five per new branch established

40%

40%

0%   100%

Establish one new branch per month

1

10%

0   2

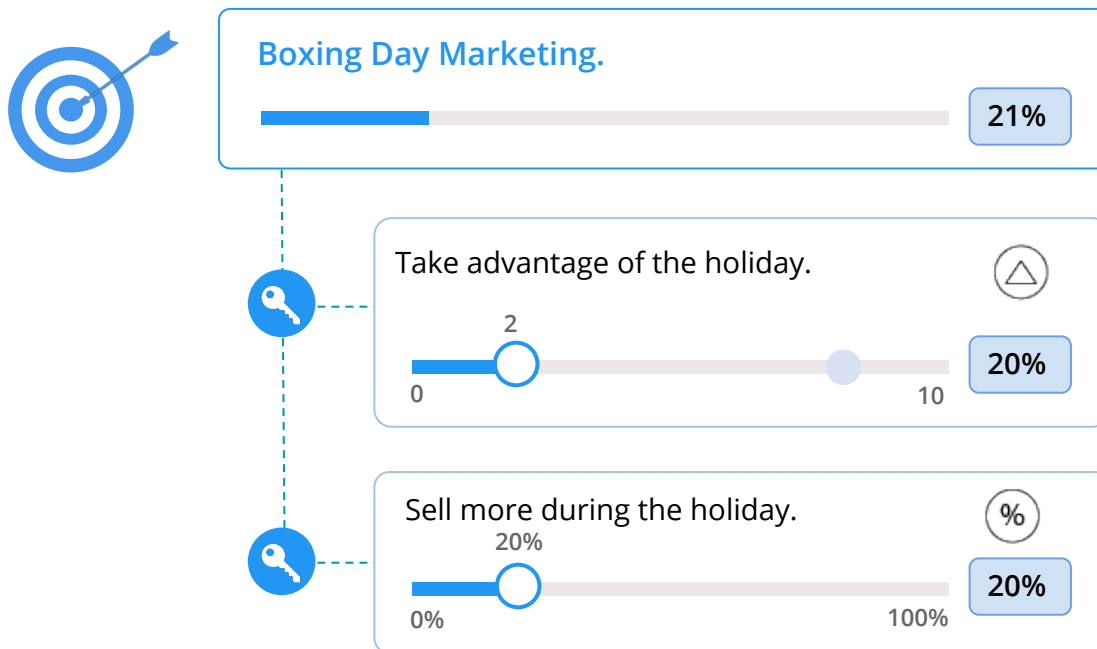Hire a VP of Facilities Management

48%

48%

0%   100%

Example#5: Example of Marketing OKR

The Wrong Way to Set Marketing OKRs

Objective: Boxing Day Marketing.

Key Result 1: Take advantage of the holiday.
Key Result 2: Sell more during the holiday.

Boxing Day Marketing.

21%

Take advantage of the holiday.

2

0   10

20%

Sell more during the holiday.

20%

0%   100%

20%

OKRs are not themes or schemes for the company. They are specific, actionable plans that consist of a clear mandate and definite milestones to achieve that mandate. When planning for a seasonal campaign or project, it is easy to get carried away or hyper-focused on the theme and forget to build pathways to achieve your goal within that theme. If a company wants to take advantage of Boxing Day to boost sales, it is essential to take that idea further to create your OKR. Define what you want to happen and build the steps specific to that goal.
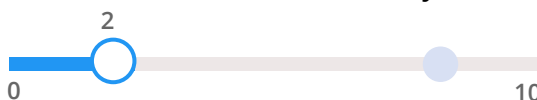
The Right Way to Set Marketing OKRs

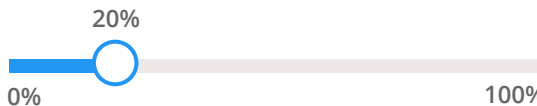**Launch a month-long Black Friday Promotional Program**

21%

Find ten companies to cross- promote or collaborate to boost Black Friday efforts.

2

0   10

20%

Increase site traffic from 20k to 45k

20%

0%   100%

20%

Create good content quarter

25%

0%   100%

25%

7 Mistakes to Avoid When Setting OKRs

Before you are ready to roll out your first OKRs, here are a few things to keep in mind. Here are some common mistakes that teams new to OKR usually make.

1. Too many OKRs:

Learn how to prioritize and be concise in OKRs. They are not just targets you want to achieve but actionable strategies that show you how to move forward. However, setting up too many OKRs on your first go might confuse your team on which Objectives to focus on and where to prioritize their efforts. We recommend not more than 3 OKRs on your first attempt.

2. Setting Overly Challenging OKRs:

As discussed in earlier sections, one must maintain balance when coming up with OKRs that are inspiring and challenging at the same time.

For example, if your team has grown the business by 20% year-over-year, setting up an Objective to increase revenues by 100% next year might spook your team members. It will discourage them right off the bat. If you do set up challenging OKRs, then make sure you set the right time frame. For example, The Gates Foundation set up a goal in the 2000s to eradicate Malaria by 2040. Since they have the research, connections with health organizations & governments -- the team set up a time frame that's stretchable but attainable.

3. Vague Key Results:

KRs must be simple, clear, actionable, and measurable. They should be easy to measure, track, and report on. And all the team members involved must be able to tie back to their daily or weekly tasks. Please note that Key Results are not tasks, but they could include a series of tasks

4. Disjointed Key Results and Objectives:

Having misaligned Key Results and Objectives should be avoided at all costs because it would negatively impact your company.

5. Not Measuring Properly:

This is the number one thing you should avoid when making KR and KPIs. Their sole purpose for existence is to measure progress. Not being able to gauge if you met your target or not is inefficient. It could cause confusion, which makes operations difficult and makes planning an arduous task..

6. Not doing periodic Check-ins:

Most employees have a series of tasks in their day-to-day roles. If they are not informed continuously or reminded of the OKRs and the impact of their activities on the overall Objectives -- it is easy to lose momentum. Conduct periodic check-ins to discuss and measure your OKR journey.

7. Not Documenting Learnings:

Through your quarter, you will come across various lessons both internally and externally. Companies often make the mistake of not documenting the lessons learned or waiting until it's too late. Consistently documenting and sharing learning will help the team stay on track and make course corrections when necessary.
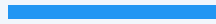
Tracking Your OKR Progress
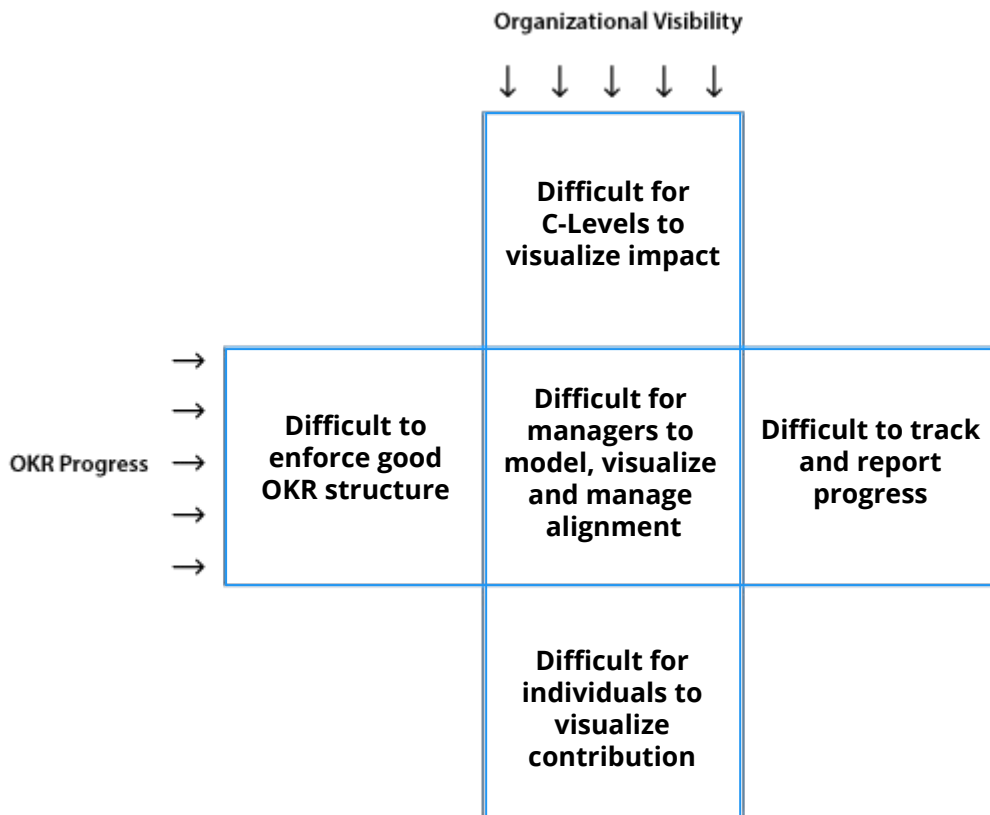
How Measure OKR Success?

As with any system or strategy, gauging the system's effectiveness is important to ensure its efficiency. After the intensive process of creating OKRs the right way, measuring their success, is the least of your worries.

It is why much time is spent on ensuring that the Key Results are measurable, specific, and time-bound. Since each KR is measurable, they can quickly tell whether your team is going in the right direction or progressing parallel to the time set for finishing the milestone. Meanwhile, you can gauge the overall progress of your OKR by checking if each KR is being fulfilled. You can do this manually by setting a bar that fills up to 100% under your Objective.

Next, Divide 100% with the number of KRs you have assigned for the Objective. Say you have four KRs, divide 100 by four, and you get 25. It means that for every Key Result accomplished; you fulfill 25% of your overall goal to achieve the Objective. While programs are not always perfect, a good gauge is to score at least 70% towards your Objective. It means that your Objective is ambitious enough for the team and leaves room for future improvement.
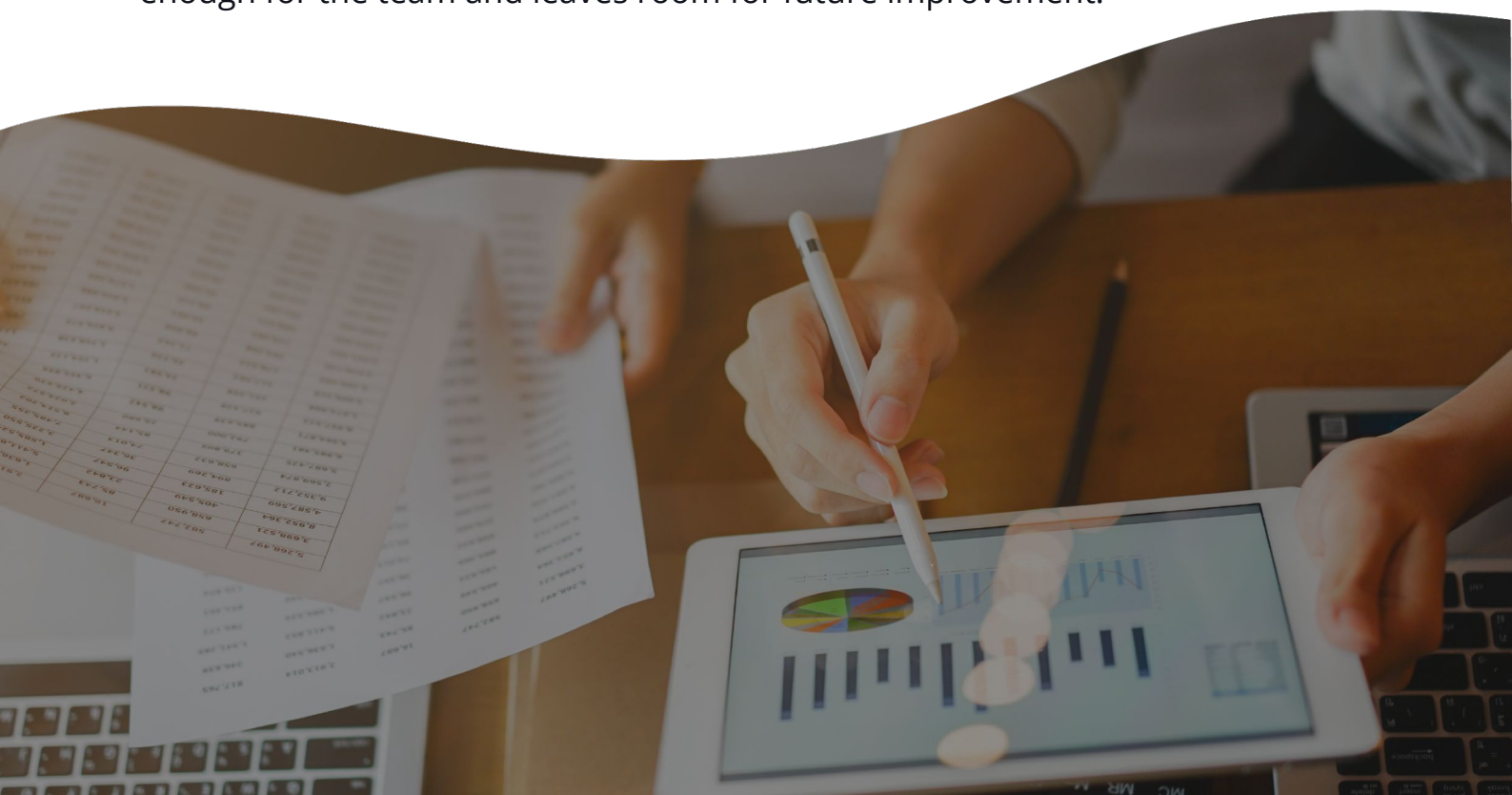
Manually gauging the success of the OKR is simple and very doable but may not always be accurate. You can start with a simple spreadsheet (Excel or Google Sheet). In some cases, you can easily measure your Key Results in your CRM or Marketing Automation. In the beginning, use the tools at your disposal until your team is comfortable and confident with OKRs.

Organizational Visibility

↓ ↓ ↓ ↓ ↓

Difficult for C-Levels to visualize impact

OKR Progress →

Difficult to enforce good OKR structure	Difficult for managers to model, visualize and manage alignment	Difficult to track and report progress

Difficult for individuals to visualize contribution

As you progress through multiple quarters, it is advisable to use various software and tools to measure the team's performance as it happens. Keeping an accurate and transparent system for everyone to see -- creates a motivating environment for the team to function as one in achieving a common goal.

How to use a Software/Tool to Create and Measure OKRs

Thankfully, due to the popularity of OKRs, there is a myriad of software and tools to choose from. The OKR tool or software you choose should be simple to use across all departments and teams and easy to collaborate on

How easy is it to set up the OKR software?

How easy and straightforward is it to collaborate across various teams?

How easy is it to set up and update Objectives and Key Results?

Does the OKR software integrate with my existing operational platforms?

What is the learning curve required?

Can I easily create reports and dashboards?

What do the onboarding and training look like?

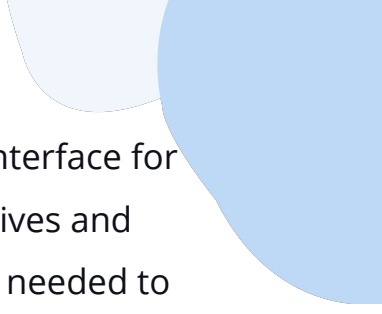Can I communicate the status of the Key Results within the OKR software?

How can I incorporate periodic Check-ins?

Is the OKR software cost-effective?

What are the reviews from existing customers who have used the OKR software?

OKR software usually allows you to manage several OKRs in one interface for the entire organization. Set up your OKR by indicating your Objectives and setting the timeline of that Objective. Then, put in each Key Result needed to achieve your result.

The software will have a readily available percentage tracker to adjust to the progress your team is creating. Each Key Result will have its tracker. Every adjustment made to each tracker will reflect on how much you are progressing towards your overall Objective.

Having a tool or software that tracks your OKR is not only useful for accurately measuring your progress. It also helps you and your team visualize the work you have already done and the work that still needs pushing. Visualizing progress creates an environment of motivation and drive for the team, thereby increasing overall productivity towards the goal.

Our Final Thoughts:

Setting up OKRs is not just done on a whim or "just to see if it works". OKRs should not be trial experiments. They require dedication and much effort, requires tons of data gathering and preparation, and several people with technical and managerial expertise.

However, despite the difficulty in creating the system, you will reap exponential rewards. The benefits of using OKR have been seen through the success of several start-up companies that turned out to be today's tech giants. If you are looking to improve the company, want more organization in your work life, and want to make operations more streamlined and efficient, you cannot go wrong with OKR.

Conclusion

In this eBook, we introduced you to the concept of OKRs. We broke down the two distinct parts and also the various elements that make successful OKRs. You also reviewed some examples of bad and good OKRs. Finally, we also discussed how you could choose the right OKR software for maximum effectiveness.

With this information and knowledge, you are now ready to embark on your OKR journey. Our team at Profit. co wishes you success in your OKR implementation. Feel free to reach out to our team should you have any specific questions.

Remember:

➔ OKRs are about breaking down a goal into an overall objective with corresponding concrete and measurable items.

➔ To implement OKRs: **prepare** by researching the needs of the company, **brainstorm** your most important goals with your top people, **designate** OKRs to different team members, and **align and track** these goals in your organization.

➔ Use the ABC checklist:
  ◆ 1. Are these Objectives **Appropriate?**
  ◆ 2. Are these Objectives **Balanced?**
  ◆ 3. Are these Objectives **Cohesive?**

➔ Invest in the right software for you and your organization.

If you'd like a software that helps guide you through your OKR program and grows with your business, look no further than Profit.co!

Try it for Free   **Schedule Demo**