

How to set effective OKRs



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Aims



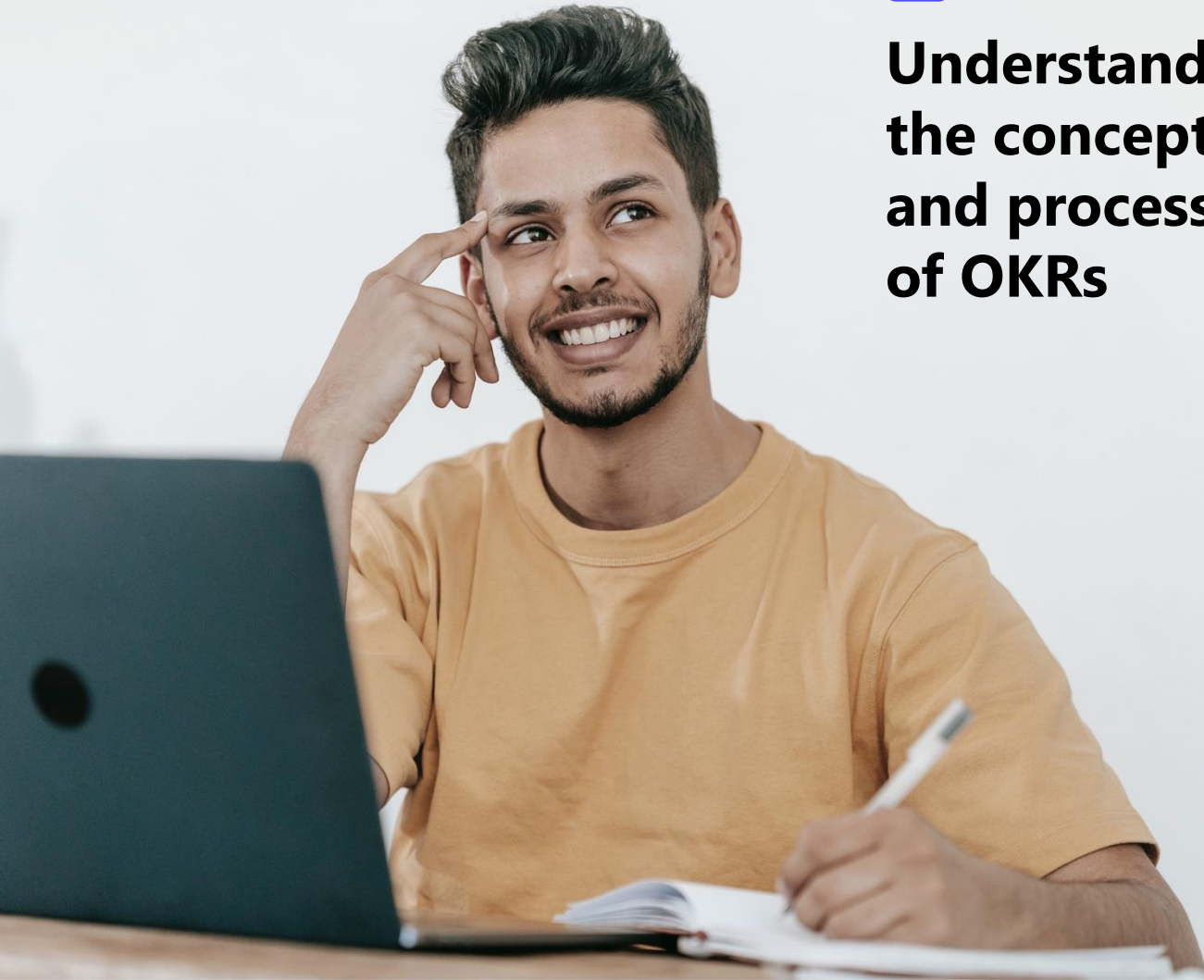
**Understand
the concept
and process
of OKRs**



**How to set
OKRs
effectively**



**Take away
best
practices
and a
framework
for using
OKRs**





Foundations

- ✔ **FACTS**

- ✔ **A brief history of OKRs**

Foundations: FACTS

Focus

Because of this inherent necessity to limit the number of things to focus on, OKRs really force upfront choice-making

Alignment

According to the Harvard Business Review, companies with highly-aligned employees are more than twice as likely to be top performers.

Commitment

Commitments are OKRs that all have agreed will be achieved, and schedules and resources will be adjusted to ensure that they are delivered

Tracking

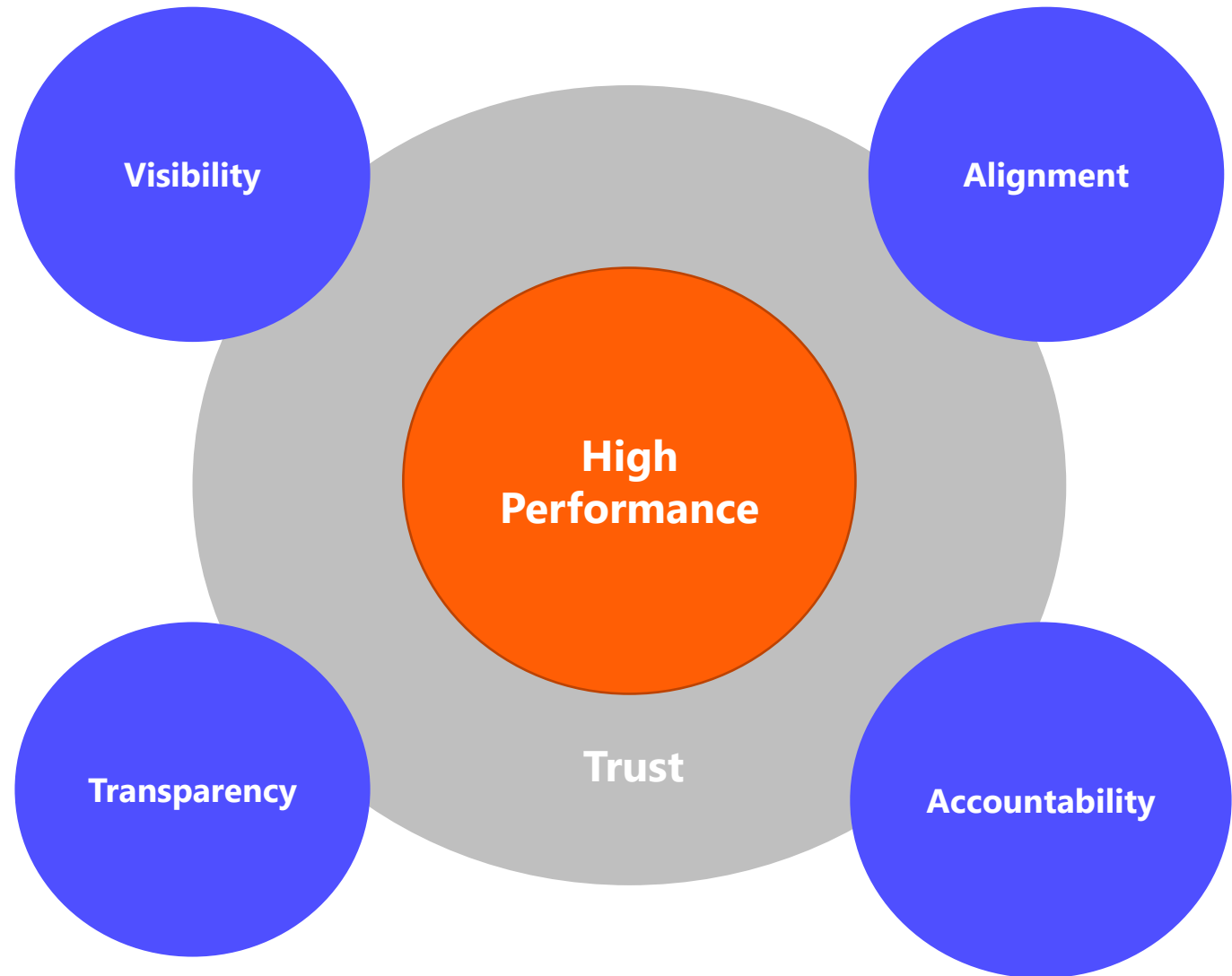
Every OKR should be able to be tracked via the metrics established when they were written

Stretching

OKRs inherently push organizations to strive further, to eke out a little more than what they thought was possible.

Foundations

High Performance Culture



Foundations

The OKR Story

1954



Peter Drucker
Invents MBO
(Management by
Objectives)

1968



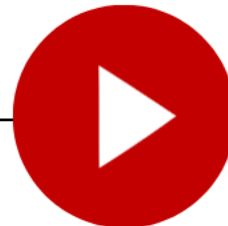
Andrew Grove
Invents OKR at Intel
(based on MBO)

1999



John Doerr
Introduce OKR to Google

2013



Youtube video gets
released
"How Google set
goals: OKRs"

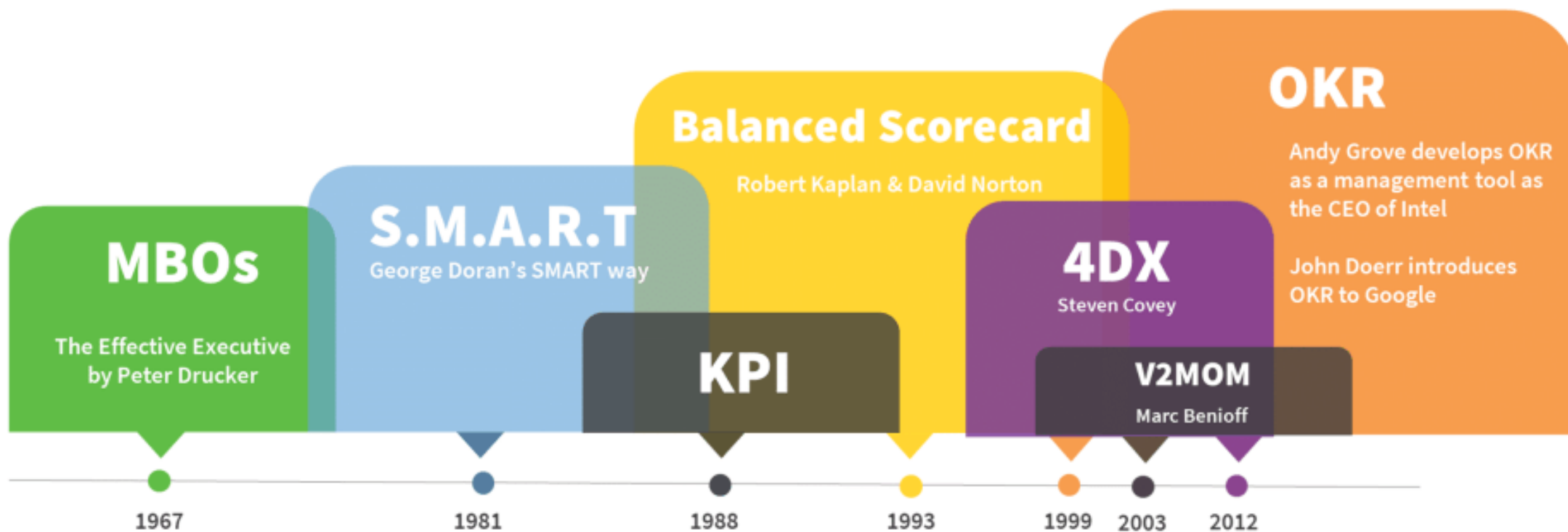
TODAY



Since then, more and
more companies, mostly
within tech, has started
to work with the OKR
model.

Foundations

The OKR Story





OKR Basics

- Structure
- Alignment
- Framework



Expert OKRs



OKRs in practice

OKRs

What are OKRs?



A simple tool to create alignment and engagement around measurable goals.

“Focus on what matters”

OKRs

What are OKRs?

I will (Objective) as measured by
(this set of Key Results).

Objectives are memorable qualitative descriptions of what you want to achieve. Objectives should be short, inspirational and engaging. An Objective should motivate and challenge the team

Key Results are a set of metrics that measure your progress towards the Objective. For each Objective, you should have a set of 2 to 5 Key Results. More than that and no one will remember them.



OKRs

Example

Objective

Create an Awesome Customer Experience

Key Results

- Implement new loyalty scheme
- Increase customer support to 24/7



Improved Example

Objective

Create an Awesome Customer Experience

Key Results

- Improve Net Promoter Score (NPS) from 50 to 60
- Increase Repurchase Rate from 10% to 15%
- Increase Trustpilot rating from 4 to 4.5*

- Short, one sentence phrase
- Start with a verb
- Have impact
- Be aspirational
- Qualitative - no numbers! (where possible)

- Start with a verb
- Quantitative – need to be measurable
- Define success for the related Objective

Another great example

Objective

Increase sales in Q4 by 15%

Key Results

- Increase sales calls to an average of 20 per day
- Increase PPC spend to £30k per month
- Revamp website

- Short, one sentence phrase
- Start with a verb
- Have impact
- Be aspirational
- Qualitative - no numbers! (where possible)

- Start with a verb
- Quantitative – need to be measurable
- Define success for the related Objective

Activity vs Value

When setting your OKRs, try to evaluate

- Do you measure effort or results?
- Are your OKRs focused on your objective or on the means to get there?

Activity-based Key Results

- Create engagement program
- Develop 3 new landing pages
- Launch new product

Value-based Key Results

- Improve employee engagement from X to Y
- Generate Y MQLs (Marketing Qualified Leads).
- Increase lead conversion from X to Y.
- Reduce CAC (Customer Acquisition Cost) from X to Y
- Reach Y Daily Active Users of the free version.
- Achieve Y% conversion rate from free to paid users.
- Achieve a Net Promoter Score of Y%.

OKRs

OKRs vs SMART

OKRs

- Quarterly
- Value (and output) based
- Not directly tied to compensation
- Encourages risk taking
- Strategic – what's important
- Leading measures
- Top-down and bottom-up

SMART

- Annual
- Effort (and activity) based
- Directly linked to compensation
- Stresses accountability
- Linked to Financial, Customer, Internal, Development
- Lagging measures
- Cascading and laddering

OKRs

OKRs should be value based (where possible)

Success is not checking a box

Success is having an impact

If you complete all tasks and nothing ever gets better, that's
not success

Separate OKRs from initiatives or activities

OKRs are:

- Ambitious stretch targets
- Typically set quarterly
- Public to everyone in the org
- Easy to access





OKRs are NOT:

- A to-do list



OKRs Expert

- Initiatives
- Counter measures (and pairing)
- Alignment
- Lifecycle

Initiatives

Objectives

What we want to achieve.

Key Results

How are we going to measure our progress?



Initiatives

- What we are going to do to reach our OKR?
- Projects, tasks or activities
- We still need to track the delivery of the initiatives
- Without them, we will not achieve our OKRs
- OKRs do not measure the delivery of a project, but measure the indicators that motivated it in the first place.



OKR - Expert

Counter Measure

Objective

Create an Awesome Customer Experience

Key Results

- Improve Net Promoter Score (NPS) from 50 to 60
- Increase Repurchase Rate from 10% to 15%
- Increase Trustpilot rating from 4 to 4.5*



Key Results

- Improve Net Promoter Score (NPS) from 50 to 60
- Increase Repurchase Rate from 10% to 15%
- **Maintain Customer Acquisition cost under \$1.50**





OKR - Expert

Alignment

OKRs can be set at different levels of an organization

OKRs link to the Objective, not the KRs

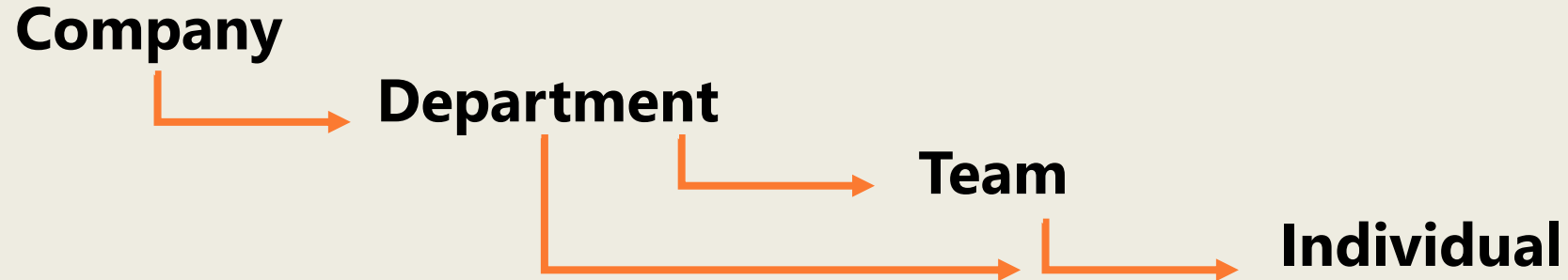
Everyone should know what the company Objectives are

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Alignment

Nested Cadences

- A strategic cadence with high-level, longer term OKRs for the company (usually annual).
- A tactical cadence with shorter term OKRs for departments and teams (usually quarterly).
- An operational cadence for OKR tracking results and initiatives (usually weekly).



Alignment

Nested Cadences

- A strategic cadence with high-level, longer term OKRs for the company (usually annual).
- A tactical cadence with shorter term OKRs for departments and teams (usually quarterly).
- An operational cadence for OKR tracking results and initiatives (usually weekly).

Company

Objective:

Key Results:

Achieve record revenues while increasing profitability

Hit quarterly revenue of over £1.4m

Start sales in 2 new countries

Increase profit margin from 62% to 55%

Operations

Objective:

Key Results:

Significantly reduce manufacturing costs

Implement new CR project across 4 locations this quarter

Reduce average inventory to 2000 units

Maintain 98% quality yield score

John Doe

Objective:

Key Results:

Introduce new CR project at Riverview Site

Complete factory extension at RV site

Run 7 new lines to CR project standard

Reduce inventory to 1500 at RV site

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Stretching

Comfort Zone

Take you out of your comfort zone

Beyond Plan

Make you go after targets that you think you can't reach (at least not yet)
Average achievement should be 65-70%

Iterate

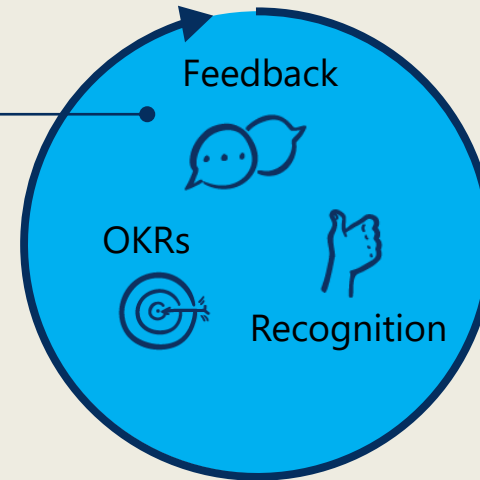
Keep refining the stretch over time to improve your process



Weekly Check-in

1. The Weekly check-in is the heart of the process

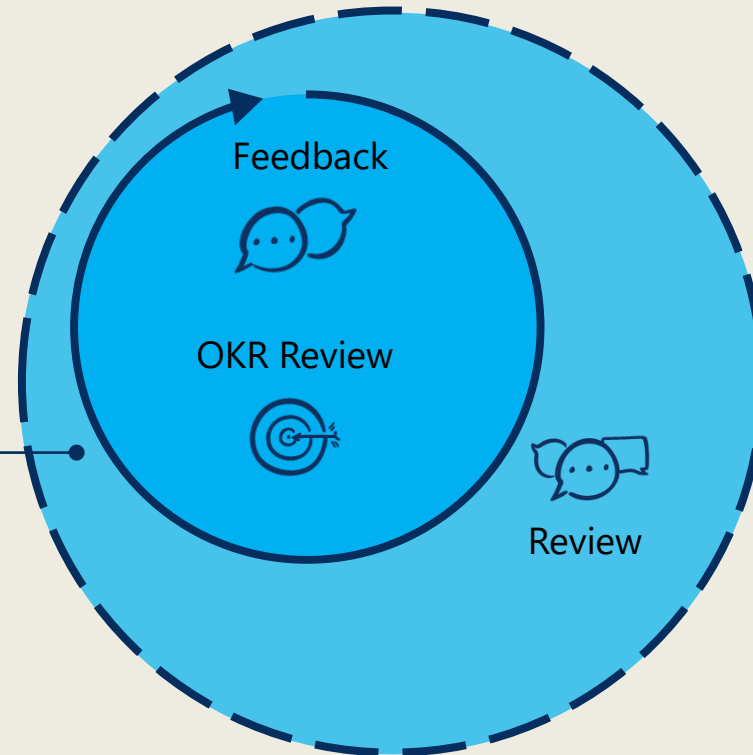
Individuals review progress towards OKRs and how their short term activities and focus aligns to them



Quarterly Review/Retro

2. Quarterly Review

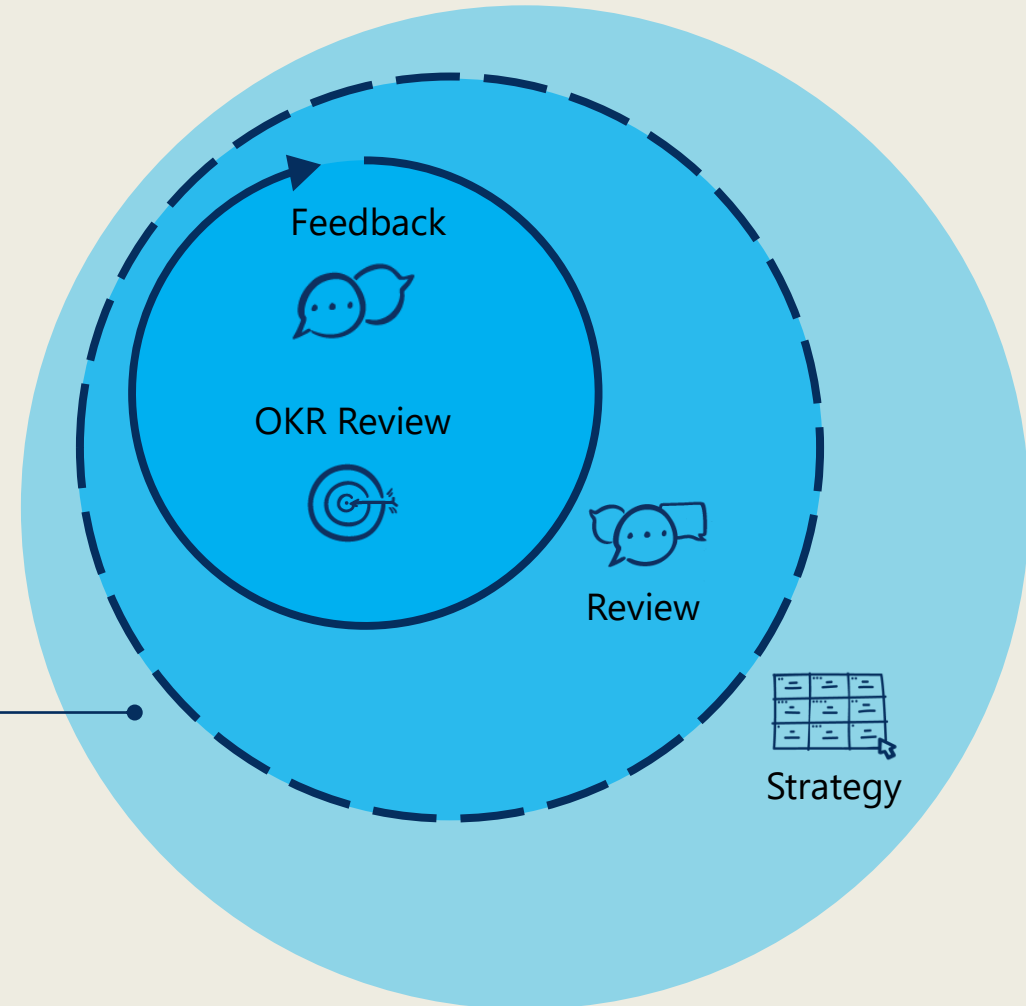
Quarterly OKR reviews help reflect on the past quarter and reset for the next



Quarterly Review

Annual Strategic Alignment

Long term Objectives of the organisation are created to set the scene for the year ahead



Key Benefits

Agility

Shorter goal cycles enable faster adjustments and better adaptation to change, increasing innovation and reducing risks and waste.

Alignment

The use of shared OKRs improves collaboration among different teams, solving interdependencies and unifying competing initiatives.

Clear communication

Transparency and simplicity enable the team to understand the goals and priorities of the organization as well as how each individual can contribute.

Employee engagement

Connects the employees with the company's objectives, increasing engagement.

Autonomy and accountability

Teams receive a clear direction and are free to choose how to achieve their OKRs. They become responsible for their objectives, with clear success criteria known to the whole company, creating mutual obligations.

OKR - Expert

Key Benefits

Focus and discipline

The reduced number of goals creates focus in the organization and disciplines efforts and initiatives.

Bolder goals

Decoupling OKRs from compensation and using stretch goals, even partially, enable the team to set bolder, challenging goals.

Watch Outs!

Setting non-measurable Key Results

Every Key Result has to be measurable

Too many OKRs or Key Results

OKRs are not a laundry list of everything you do. It is a representation of your top priorities. Less is more here.

Including tasks as Key Results

A Key Result is not something that you do. It is the successful outcome of what you did.

Creating OKRs in silos

Teams have to talk to each other when setting OKRs, otherwise achieving alignment will be impossible.

“Set it and Forget it”

Don't treat your OKRs as new year's resolutions. OKR has to be part of the culture of your company and has to be tracked at a regular cadence.



Questions



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