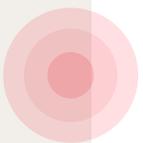


betterworks®



GETTING STARTED WITH OBJECTIVES & KEY RESULTS

Best Practices for Implementing
OKRs in Your Business





Ideas are precious,
but they're
relatively easy.
It's execution that's
everything.

*John Doerr, Partner at Kleiner
Perkins Caufield & Byers*

TABLE OF CONTENTS

04	Introduction
05	The Basics: What are OKRs?
08	The Right Fit: Organizations That Benefit from OKRs
10	Setting OKRs: Where to Start?
12	How John Doerr Explains OKRs
13	More OKR Examples
15	Cadence: How Often Should OKRs Be Set?
17	Engaging a Multi-Generational Workforce with OKRs
20	Measurement: How Should OKRs Be Scored (or Should They)?
21	Human Resources: How OKRs Work with Performance Management
23	Potential Issues and How to Address Them
25	OKR Input and Tracking
26	Next Steps: Extending OKRs
28	About Betterworks

INTRODUCTION

Since the 1950s, business leaders have embraced a variety of management techniques designed to improve employee performance. Peter Drucker introduced Management by Objectives (MBOs), a process during which management and employees define and agree upon objectives and what they need to do to achieve them. In the early 1980s, S.M.A.R.T. goals and Key Performance Indicators (KPIs) became popular methods for organizations to set objectives. Then in 1999, John Doerr introduced Objectives and Key Results (OKRs) to Google, revolutionizing their business and cementing OKRs as the de facto standard for aligning company and individual goals.

A management methodology that helps businesses focus effort on the same important issues throughout their organization, OKRs have been cornerstones to improving operational excellence for industry leaders such as Intel, Oracle, Google and others. As employees leave these companies for start-ups and other ventures of their own, they are bringing OKRs with them as a way to drive organizational alignment.

**This guide
will help your
organization:**

- Understand the value of OKRs
- Begin to effectively set OKRs
- Choose the right OKR software

MBOs

The Effective Executive
by Peter Drucker

S.M.A.R.T.

S.M.A.R.T. Way
by George Doran's

KPIs

OKRs

John Doerr introduces
OKRs to Google

1967

1981

1999

2020

The Basics:

WHAT ARE OKRs?

OKRs are a management methodology that helps companies focus efforts on the same important issues throughout their organization. When championed by management and implemented throughout a business, OKRs help organizations:

-  Impose disciplined thinking so major goals surface
-  Inform everyone about what's important
-  Enable more accurate communication
-  Establish indicators for measuring progress
-  Focus effort and ensure alignment

Because they are visible to everyone across the organization, OKRs ensure everyone is working toward the same result.



Key Concepts

What is an objective?

What I want to accomplish

Objectives should be significant, ambitious and aligned to company, departmental or cross-functional goals.

Example:



Launch a new employee engagement program by end of March

What are key results?

How I will accomplish the objective

Key results should be measurable, limited in number (3-5 key results) and have a deadline.

Example:



Send employee engagement survey by January 15



Present a strategy for increasing employee engagement by February 20



Execute two employee events by end of March

John Doerr, the godfather of OKRs, talks about goals for the enterprise.

[Watch the video](#)

[Read the Q&A >](#)



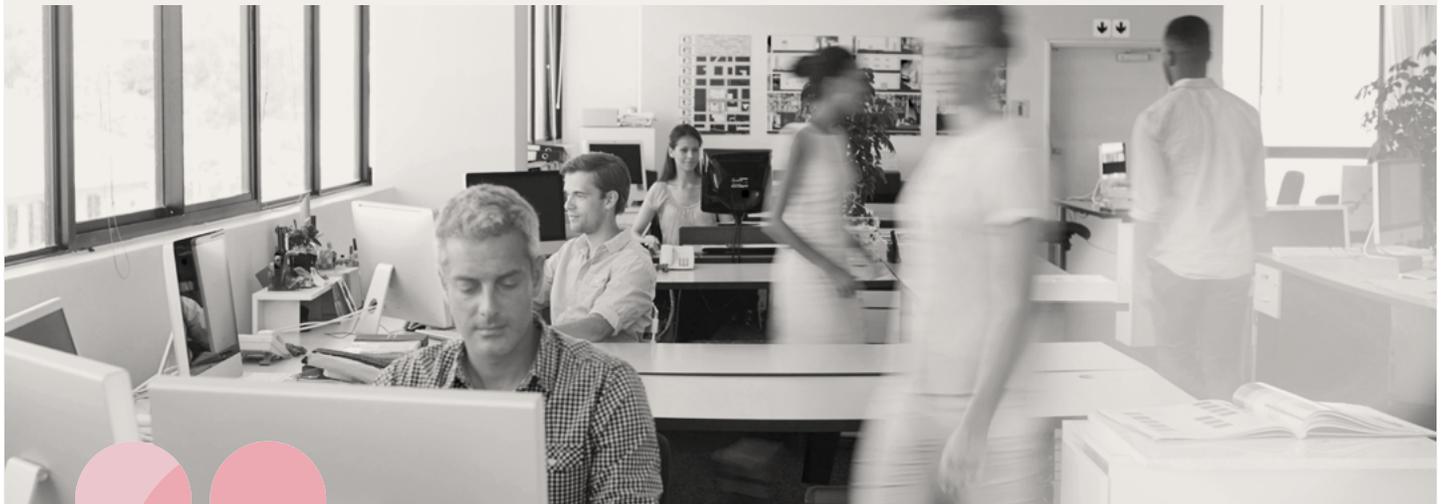
Common Questions

? How many OKRs are ideal?

Best practices encourage setting three to five key results for each objective.

? How should OKRs be communicated?

Organizations foster clarity and transparency by hosting Q1, Q2, Q3, and Q4 company-wide meetings and/or enabling OKR dashboards that show individual, team, and corporate-level goals with associated performance metrics.



Once-a-year or every six-months feedback is not frequent enough to meet the ever-changing pace of business.¹

*Paul D. Hamerman and Claire Schooley,
Forrester Research*

The Right Fit:

ORGANIZATIONS THAT BENEFIT FROM OKRs

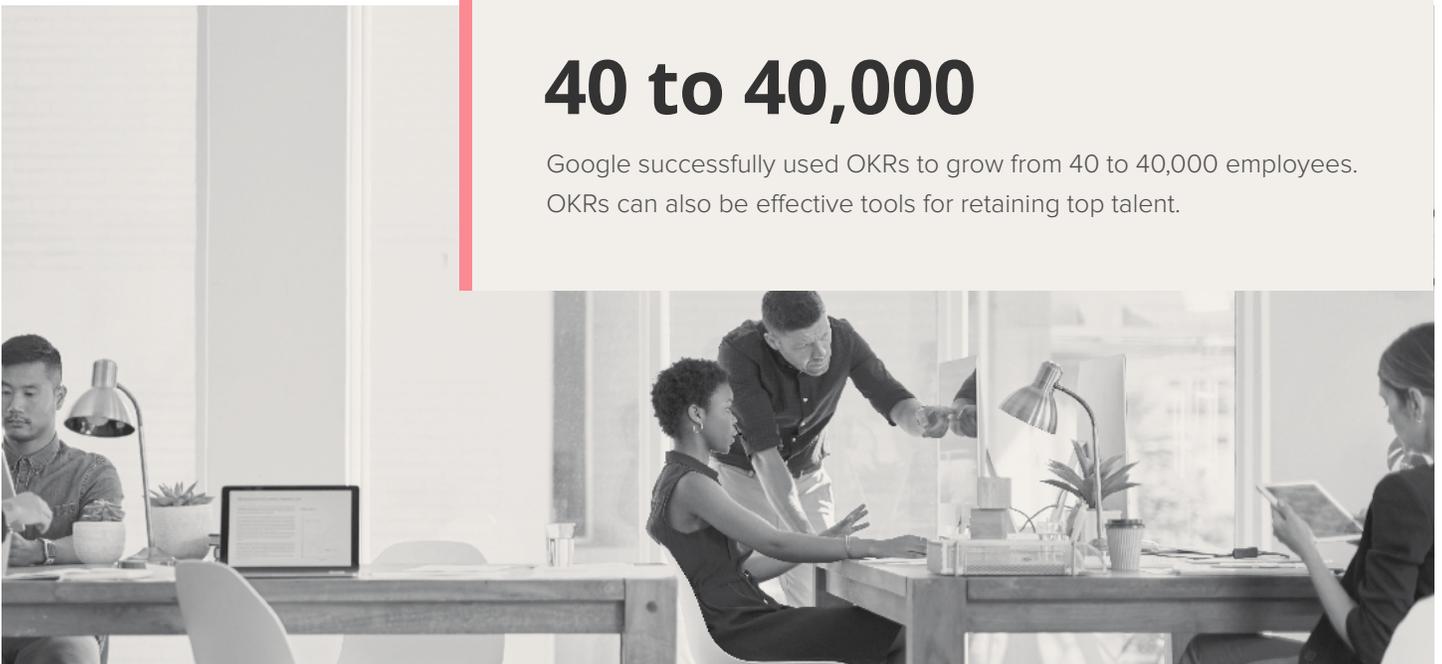
OKRs are a good fit for all types and sizes of organizations because they lead to the organizational alignment that drives operational excellence.

Large Enterprises

In organizations with many departments, it's critical for all members of the organization to be able to provide feedback and input into the goal-setting process. By making everyone's goals transparent and visible, organizations can attain and maintain alignment. The process of recording operational goals (e.g., grow revenue, hire employees, etc.) and aspirational goals (e.g., how an individual will help the company move into a completely different space, revolutionize a market, etc.) drives operational excellence.

40 to 40,000

Google successfully used OKRs to grow from 40 to 40,000 employees. OKRs can also be effective tools for retaining top talent.



Small and medium-sized organizations

As organizations try to determine market fit or maintain competitive advantage, OKRs keep employees driving toward the same goals. SMBs may set and evaluate goals more often than enterprises.

Service Firms

In more fluid reporting structures, such as highly projectized consulting organizations where individuals move between projects, it's important to provide a way for employees to see and support the work being done by other team members — onsite and offsite.



Activity does not always equal progress. Vision without operational excellence just becomes a dream. Great enterprises marry a huge sense of purpose with amazing operational excellence.

Deep Nishar,
*former Senior Vice President of Products
and User Experience at LinkedIn*

Watch the video



Setting OKRs

WHERE TO START?

The most difficult step for many organizations is committing to the OKR process. Businesses should identify an OKR Executive Sponsor who fully understands the benefits of the approach and can help teams that may be having difficulty getting started or staying on track. This person is often a chief executive, line-of-business leader, operating officer, or human resources professional.

OKRs are a multi-step process. Businesses may choose to roll out the entire OKR process at once or simply one step at a time. To help ensure success, follow these best practices:

OKR best practices

- Ask employees to individually set OKRs.
- Establish a time frame after goals are set (one day, one week, etc.) during which managers meet 1:1 with employees to review OKRs.
- Establish a time frame after goals are negotiated for a larger group (e.g., all employees in a group) to review and collectively negotiate departmental OKRs.
- Establish a time frame after goals are negotiated by the group to present OKRs to everyone in the company during an all-hands meeting.

It is important to start with and keep teams centered on three to five objectives at a time with five or fewer key results for each objective. Focus will yield the best results for employees at every level.

From a practical standpoint, OKRs typically fall into two large buckets:

Two types of OKRs



Operational Goals

These goals have to do with a company's metrics, such as product releases, bookings, hiring, number of customers, etc. They are the organization's operating drumbeat. Management will typically set these at the company level while employees set goals at departmental levels.



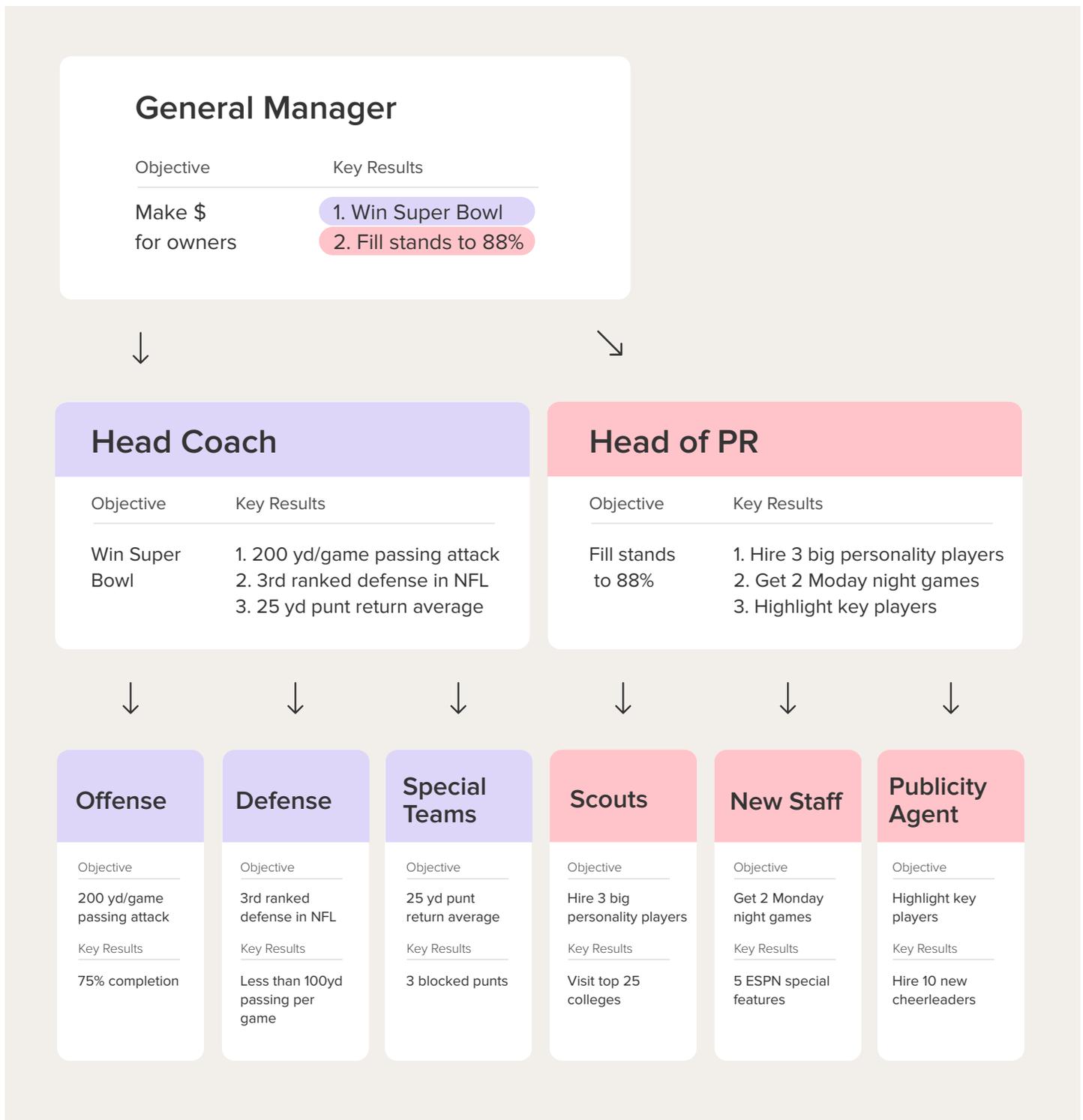
Aspirational Goals

In contrast to operational goals, aspirational goals are big-picture ideas about how a company will change the world. These goals set the scene and are designed to help all employees figure out how they can contribute to the aspirational ideas. Aspirational goals can come from any level in the organization.

Both sets of represented goals must be as measurable as possible and measurement should be linked. For example, "I will accomplish this goal by doing X, Y, and Z." When both operational and aspirational goals are visible, all employees know how a company is oriented and also understand that thinking big is required. Additionally, some operational goals may be aspirational because one size does not fit all.

HOW JOHN DOERR EXPLAINS OKRs

John Doerr used a football analogy to explain OKRs to Google executives:



MORE OKR EXAMPLES

Table 1 (previous page) is an example of OKRs that a senior executive might set. Because employee goals typically cascade from management goals, Table 2 provides examples of line-of-business manager OKRs from various departments across the business.

Senior Executive OKRs

Operational Goals



OBJECTIVES

KEY RESULTS

Improve Financial Performance

- Close three deals over \$10M

Increase Customer Satisfaction

- Increase upgrade conversions to 10%
- Engage customers through features voting (see “innovation” objective)

Measure Employee Engagement

- Institute bi-annual, company-wide NPS survey

Aspirational Goals



OBJECTIVES

KEY RESULTS

Increase Market Leadership

- Move into the “Challengers” category of the Gartner Magic Quadrants (MQs)

Innovation

- Institute “suggest your own feature” within product by 2/15

Accelerate Strategic Growth

- Sign partner agreement to expand into Latin America by Q2

Manager OKRs (Various Departments)

Operational Goals



OBJECTIVES

KEY RESULTS

Improve Financial Performance

- Enable digital signatures for purchase orders
- Add a systems engineer to each proof of concept

Increase Customer Satisfaction

- Grow per day views to 10,000 by personalizing content
- Run quarterly phone blitz campaign targeting top 100 customers

Measure Employee Engagement

- Develop NPS survey by 1/20
- Automate survey distribution and results collection by 2/15
- Read out results within 30 days

Aspirational Goals



OBJECTIVES

KEY RESULTS

Increase Market Leadership

- Meet with Gartner analysts publishing relevant MQs
- Get three reference customers to speak with Gartner analyst

Innovation

- Trial three new similar product features per quarter, enable users to vote
- Collect results and solicit other ideas
- Build most popular features into Q2 product release

Accelerate Strategic Growth

- Engage with five possible partners
- Conduct due diligence by Q1
- Work closely with legal to develop contract terms by Q2

Well-developed OKRs are very powerful tools

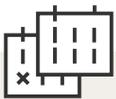
Employees across the company, even those located globally, can link their goals to the corporate goals, knowing that their work is having a direct impact on the success of the business. Moreover, corporate goals should be inclusive of ideas that are created at the individual contributor level. This keeps senior leadership in tune with the organization.

Cadence:

HOW OFTEN SHOULD OKRs BE SET?

Most organizations work through OKRs quarterly. Others set OKRs in monthly or six-week intervals. It is important to be sure the cadence matches the stage and culture of the business. A quarterly cadence may be too long for a very early stage company trying to determine its market fit. It may also be too long for a unit within a larger company that is working to substantially change its delivery processes.

The interval is important because the relevance of goals diminishes in fast-paced environments. Whether the cadence is six weeks, one month, or quarterly, businesses typically see huge operational wins when they move from annual assessments to more frequent goal setting. Moreover, because agility is a key indicator of business success, companies should consider providing a way for employees to set, show progress, and get feedback on goals daily.



Q1

▶ OKR

Q2

▶ OKR

Q3

▶ OKR

Q4

▶ OKR



In “Start-Up Speed,” Kristen Gil, VP of Business Operations at Google, explains some of the changes Google instituted to help it operate at small business speed, even as it grew.



Creating quarterly OKRs has been part of Google’s culture since board member John Doerr introduced the concept in 1999. More recently, however, we’ve elevated their importance and are using the quarterly OKR all-hands meeting (which is led by Larry Page and other company leaders) as a rallying point for all employees. Team by team, the leaders lay out their objectives and how they’ll measure success. Afterwards, they’re posted for anyone within the company to see.

A recent OKR objective for our search team was to improve the world’s information and make it universally accessible and useful, which restates and reiterates the company’s mission statement. The key results underneath that objective included metrics and projects for the quarter, many of which span a number of teams, ensuring a well-coordinated push toward a shared goal. Having these shared goals also has the benefit of helping prevent the formation of silos—always a concern as companies grow.²

*Kristen Gil, VP of Business
Operations at Google*



ENGAGING A MULTI-GENERATIONAL WORKFORCE WITH OKRs

The workforce is on the cusp of significant change as many older employees will retire in the next 10-15 years. The challenge for businesses is to replace this group that currently holds leadership positions with new talent that keeps innovating.

CEB's Talent Report, based on millions of assessments of employees worldwide, identified six motivational factors that any manager must be aware of to engage and retain a multi-generational workforce.³



In the PWC “Millennials at Work” report, authors offered six suggestions to businesses to help ensure they understand the millennial generation and are acting to attract and inspire the best of them:

Understand this generation	Use metrics to segment the workforce to better understand and address generational differences and tensions
Get the ‘deal’ right	Ensure everyone knows what is expected.
Help millennials grow	Understand personal and professional goals.
Feedback, feedback, and more feedback	Give real-time, honest feedback.
Set them free	Provide flexibility yet clear instruction and concrete targets.
Encourage learning	Deliver continuous training and development.
Allow faster advancement	Value results, not just seniority.
Expect millennials to go	Build churn into business plans. ⁴

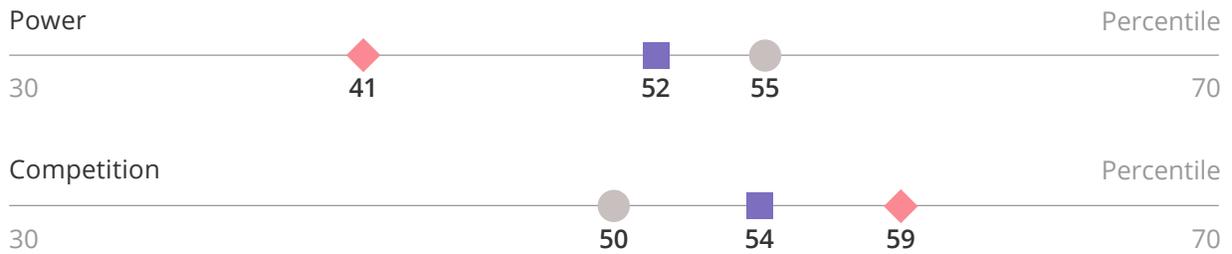
OKRs are an ideal way to help organizations manage and keep generational groups working toward common objectives.

By establishing clear goals and making them visible company wide, everyone on the team gains a better understanding of what tasks are important to whom, how individuals prioritize them, what motivates employees across generations and how the workforce can team to achieve success.

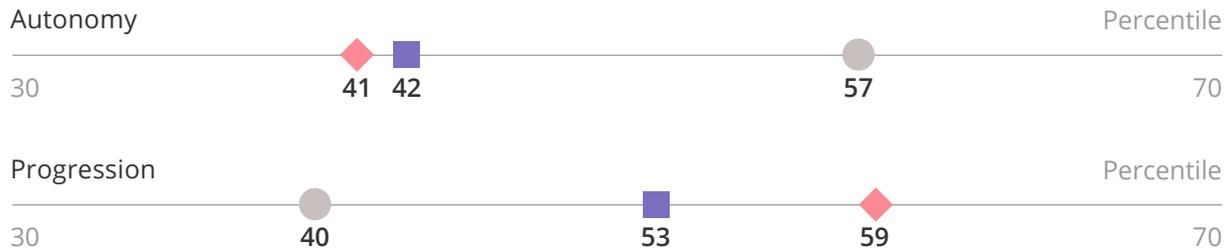
Motivation by Generation Numbers represent percentile ranking

● BOOMERS ■ GEN X'ERS ◆ MILLENNIALS

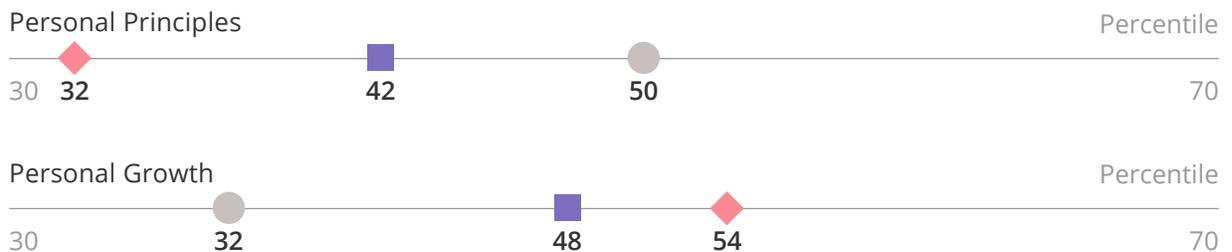
What gets me out of bed in the morning?



What brings me back the next day?



What will make me stick around?



Measurement:

HOW SHOULD OKRs BE SCORED (OR SHOULD THEY)?



[Read about Google's scoring practices, and how OKRs helped Google grow from 40 to 40,000 employees.](#) >

Historically, Google has emphasized the importance of defining scoring criteria for each key result. In fact, the company takes an ambitious approach to measuring OKRs. Executives recommend that employees consistently achieve scores of 60-70%. Individual scores for employee goals are automatically calculated by a proprietary application.

Because the achievement of individual OKRs should not be (and typically isn't) directly related to a performance review or compensation, scoring OKRs may become unnecessary. Depending on your company culture, self-assessment, and peer-assessment models may be as effective in goal measurement strategies. In cases where companies have chosen not to score goals, employees take time for self-reflection. They think deeply about what they achieved and did not achieve before setting a next set of goals.



A retrospective look at how employee skills align with job requirements may be useful, but it doesn't drive the results that the business cares about.”⁵

Paul D. Hamerman and Claire Schooley, Forrester Research

Human Resources:

HOW OKRs WORK WITH PERFORMANCE MANAGEMENT

As a best practice, OKR completion should be decoupled from performance evaluations so individuals feel free to take more innovative risks than they might otherwise. Separating the two also means employees won't spend time trying to game the system to reap rewards. OKRs are designed to bring alignment, focus and better coordination to companies.⁶ That said, the level of engagement you show with OKRs and your impact delivered through OKRs can very well be considered by your manager during performance evaluations.



Refactor your performance process so that you can continuously measure and recognize employees for achievements and outcomes that drive business success.”

*Paul D. Hamerman and Claire Schooley,
Forrester Research*

The question may also arise as to whether human resources (HR) should be responsible for the OKRs process in the organization.

According to Josh Bersin, Principal and Founder of Bersin by Deloitte, Deloitte Consulting LLP, “The HR role is a difficult one today because leaders are being asked to continue to do their job of making sure the business and employee interactions are fair, in compliance, and don’t create risk for the business. HR professionals are also now being asked to be innovators. I think HR teams can be great facilitators to their businesses without having to ‘own’ every domain.”

Although HR may not be the champion for the business, HR staff can actively help to make the transition to the OKRs process and the ongoing adoption of OKRs a smooth process.



What you’re going to find in the really high-performing companies is that HR is really a people-optimization function. They are looking at the way people work. The way they set goals. The way work gets done.



Josh Bersin

[Watch the video](#)

[Read the Q&A >](#)

POTENTIAL ISSUES AND HOW TO ADDRESS THEM

Inevitably, there will be some trial and error as executives, managers, and employees adopt the OKRs process. Because one size does not fit all, the OKR sponsor and program lead should be aware of individuals and teams finding the most success and those having the least success with OKRs, and work to understand why. Critical assessment, especially in the first few quarters of a roll out, and modifications to the process will be keys to on-going success.

As adoption grows, OKR champion John Doerr and others recommend addressing the following potential issues early:

Lack of support across the entire organization

For OKRs to be effective, goals must be supported by the entire organization. Every team and working group should agree on goals and priorities.

Lack of accountability

Just setting goals isn't enough. Goals must be measurable or have quantifiable targets. From shipping a certain number of products to hitting a release schedule, teams have to be able to track and measure the goals they set.

Lack of reality, especially timing

Goals should be aggressive yet realistic. Individuals and teams should stretch, but not to the point of breaking.

Lack of risk

OKRs should not be tied to bonus payments. Organizations should think about using OKRs to build a bold, risk-taking culture.



“Leaders must evaluate employees holistically by discussing with employees how they have met their goals, their contributions to the team, how they have worked collaboratively to drive business value, and how they have embraced the organizational culture.”⁷

*Paul D. Hamerman and Claire Schooley,
Forrester Research*

OKR INPUT AND TRACKING

As a business grows, it requires a more robust enterprise goal-management platform to capture, share, and track progress toward key objectives and results.

Any business evaluating software to track OKRs or manage goal setting should ask a potential provider whether its offering includes the following critical goal management capabilities:

Critical goal management capabilities:

- 1 Does the software support both bottoms-up origination of OKRs with individuals, as well as top-down, cascading processes where managers define OKRs for their direct reports?
- 2 Can OKRs cross teams to enable horizontal alignment and flag dependencies, or must they be set up separately for each team as dictated by the organizational chart?
- 3 How easy is it to access updated OKRs? Are there mobility options?
- 4 Can anyone see a history of how OKRs change over time? Is charting available?
- 5 How does the software encourage behaviors, such as frequent check-ins, to keep goals and progress fresh?
- 6 How easy is it for colleagues to support, collaborate, encourage, and comment on one another's goals?
- 7 What engagement techniques exist in the software to drive adoption, usage, and re-engagement? Are there notifications, social gestures, and feedback loops?
- 8 What dashboard capabilities exist to serve as an early warning system for the company? At the executive level, the manager level, and individual level, what types of notifications are available?
- 9 What examples of enterprise-scale deployments has the software served?
- 10 Does the software try to combine many other features, or does it really solve the OKRs problem deeply? And most importantly, will employees actually want to use the tool, rather than it being forced on them?

Next Steps:

EXTENDING OKRs TO FURTHER OPERATIONAL EXCELLENCE

Today's best practices for managing and tracking business objectives include modern Goal Science™ thinking based on five pillars:

**Connected**

Vertical/horizontal alignment and clarity

**Supported**

Working transparently with praise and recognition

**Progress-Based**

Frequent, measurable feedback and frequent wins

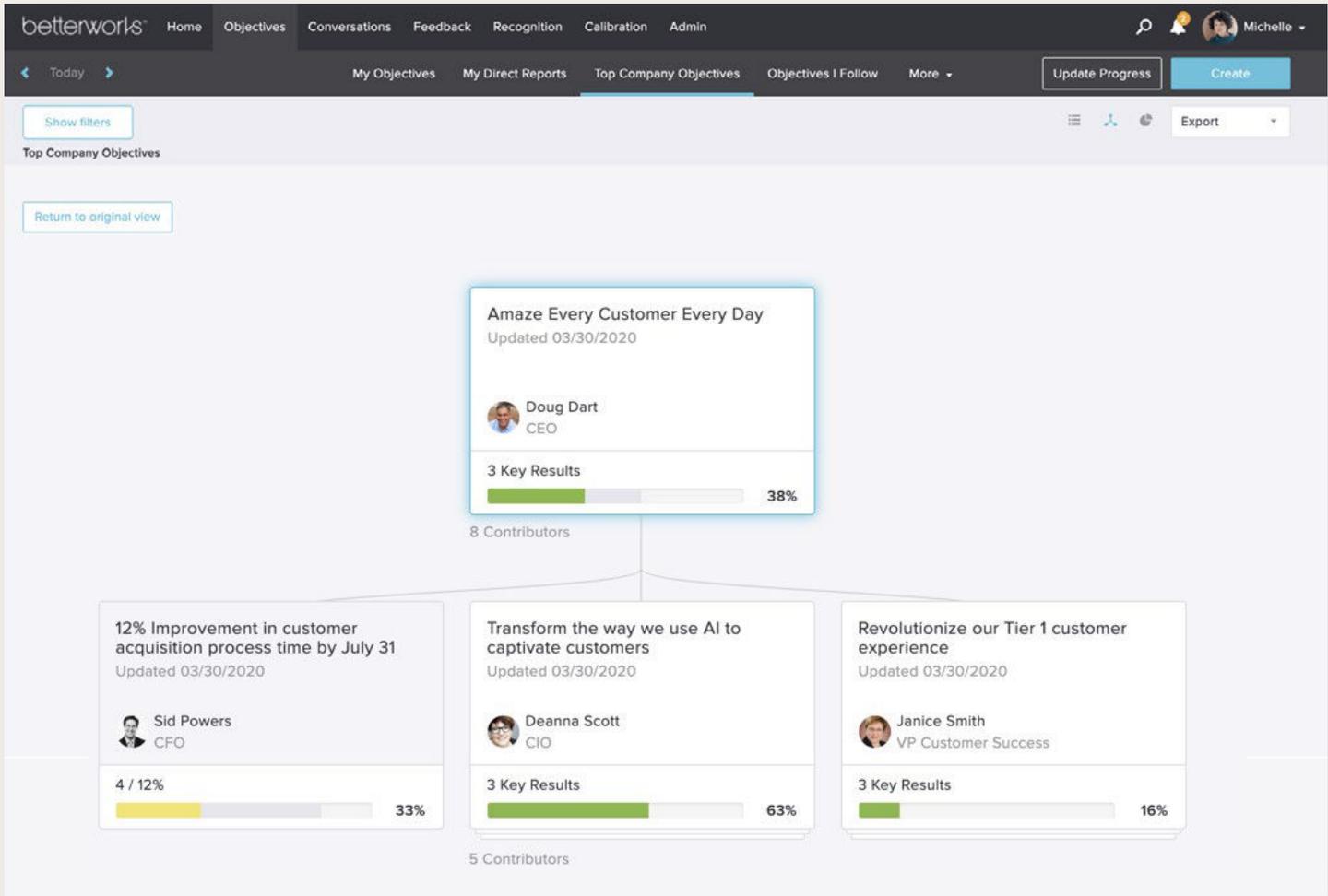
**Adaptable**

Flexibility to respond to changing goals and business needs

**Aspirational**

Greater achievement and encourage excellence

Modern goal-setting platforms support these practices by ensuring goals are easy to set, manage, track, and see throughout an organization.



Sources:

- ¹ Forrester Research. "Disrupt the Employee Performance Process to Align with Business and Customer Outcomes," Paul D. Hamerman and Claire Schooley, July 2, 2014.
- ² Think with Google. "Start-Up Speed," January 2012.
- ³ CEB. "The CEB Talent Report: Big Data Insight and Analysis of the Global Workforce." SHL Talent Measurement, June 2014.
- ⁴ PWC. "Millennials at Work. Reshaping the Workplace," 2011.
- ⁵ Forrester Research. "Disrupt the Employee Performance Process to Align with Business and Customer Outcomes," Paul D. Hamerman and Claire Schooley, July 2, 2014.
- ⁶ Forrester Research. "Disrupt the Employee Performance Process to Align with Business and Customer Outcomes," Paul D. Hamerman and Claire Schooley, July 2, 2014.
- ⁷ Forrester Research. "Disrupt the Employee Performance Process to Align with Business and Customer Outcomes," Paul D. Hamerman and Claire Schooley, July 2, 2014.

ABOUT BETTERWORKS



Goals and Alignment

Align teams and individual goals to the organization's top priorities



Conversations, Feedback, Recognition

Facilitate continuous coaching, skill development, goal progress



Calibration

Up-to-date, real time insights into employee performance



Insights and Analytics

Actionable program and workforce insights, at a glance



Engage

Listen to employees at all stages in their lifecycle and take action



Integrations

Meeting teams where they work

Betterworks helps companies execute with agility on their business objectives through OKR alignment, commitment and transparency, empowering people to perform at the highest level, from anywhere.

Our combined OKR, Continuous Performance Management® and Engagement solution delivers the critical insights, conversations, feedback and recognition needed to engage and develop today's workforce. With Betterworks, organizations can ensure alignment and accountability across the enterprise for sustained competitive advantage. The formula for Better

Based in Redwood City, CA Betterworks has received more than \$65M in funding and is used daily by employees and managers from 119 countries in more than 20 languages.

[Click here for more resources around OKRs](#), and for more information about the latest people management strategies and best practices visit our [resources library](#).



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