

OKRS AND KPIS

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Learn more about goal setting and OKRs
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INTRODUCTION

OKRS and KPIS

John and I have been inspired by the stories we've heard from leaders from all walks of life, both for-profit and non-profit, that are using Objective and Key Results (OKRs) to reach for their most audacious goals.

In addition to stories, there have been questions about putting OKRs to practice. These questions are coming in from new managers to CEOs of Fortune 100 companies. We thought it would be helpful if we shared some of the more frequently asked ones.

- What is the difference between an OKR and a KPI?
- How long should an OKR last?
- Is it okay to introduce an OKR mid-cycle to address an urgent issue?
- If I have questions, where should I send them?

What's the difference between an OKR and a KPI?

Key Performance Indicators, also known as KPIs, are measures used to track the operation of your organization.

It is quite healthy to track a lot of measurable things, but it is important to pick a subset that are "key" to your team or project's success. A strong KPI contains meaningful information that helps shape the decisions you need to make. Like the revenue of a product line or the uptime of a key service.

OKRs have a soul and directionality to them. Your *objective* is what you want to accomplish. Your *key results* are how you get there. Since KPIs are measures, they make great key results.

For example, a museum collects data on the *number of visitors* and *number of donors* and those serve as some of its KPIs. This museum in particular has an objective to: *make the museum more relevant to the community*. A good pair of key results would be: *grow number of monthly visitors from the local area 30% by next quarter* and *host 2 community events focused on attracting local donors*. Both KR's happen to incorporate the museum's KPIs.

There is no competition, KPIs and OKRs complement each other. They both have their place in a well-functioning organization.

How long should an OKR last?

We've seen some objectives last for years, with the key results adjusting to match the ambition of the team. For example, in the book, the Google Chrome team had an objective to build the next generation web browser and they set the key result in 2008 to reach 20 million daily active users. They kept the objective year after year, but up'd the KR to 50 million in 2009 and then 100 million in 2010.

When you run your OKR cycle on a quarterly cadence, you have an opportunity every 3 months to tweak, improve, or stop pursuing an objective and/or its key results.

In some cases, you will realize very quickly (like in the manner of weeks) that an objective or key result is wrong and needs to be changed.

You should only keep an OKR around as long as it makes sense.

Is it okay to introduce an OKR mid-cycle to address an urgent issue?

Absolutely. That's what OKRs are for, they are designed to rally your team towards a common goal. Make sure you pick an objective that is urgent and concrete. You pair those with key results that are specific, aggressive, and measurable.

This new OKR can live for a period of time shorter than a quarter. If it is around longer than a quarter, you should roll it into your quarterly company-level ones.

If I have more questions, where should I send them?

Keep the questions coming! Also, if you are using OKRs, tell us. We'd love to hear from you:

hello@whatmatters.com.



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