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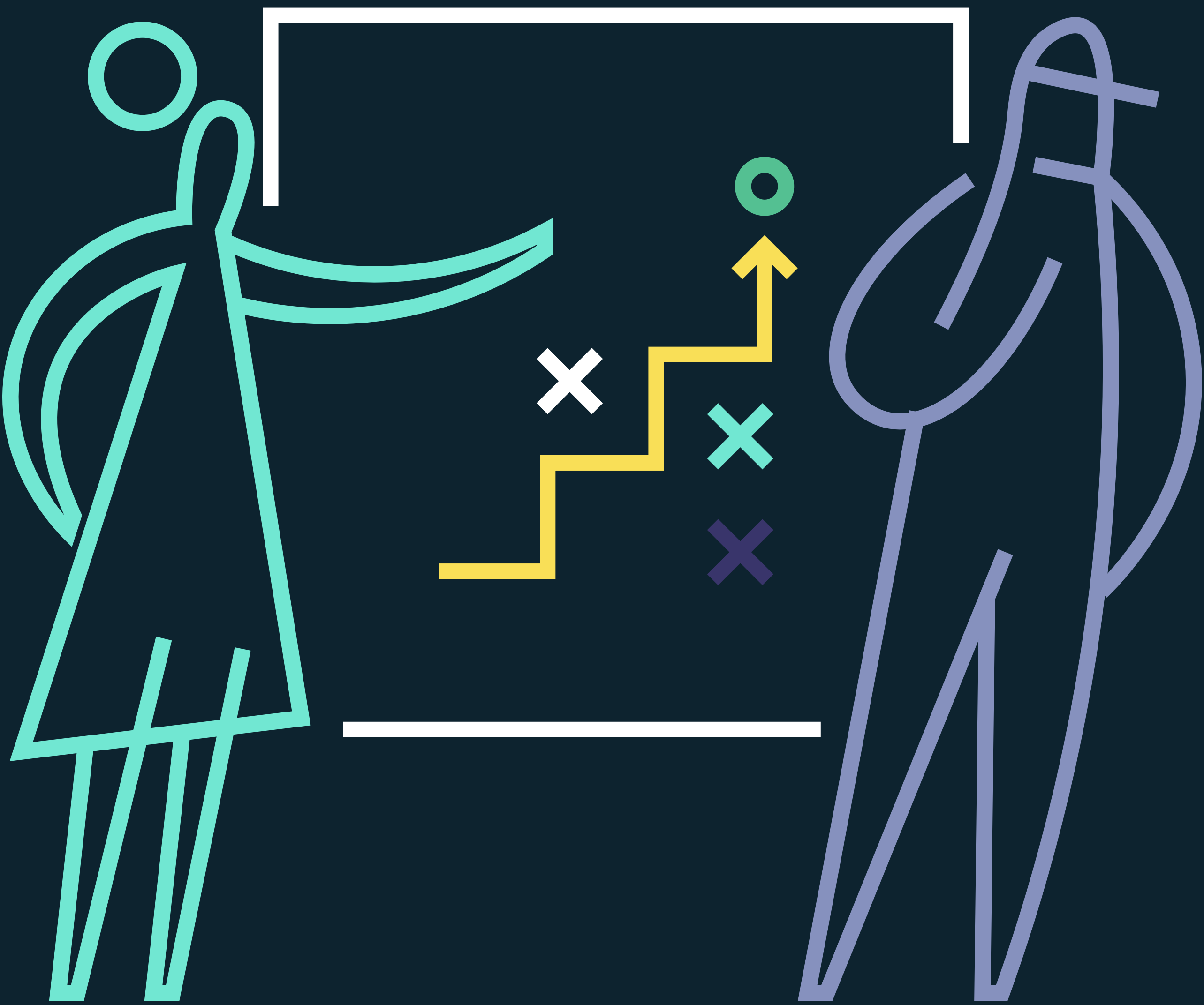

The Ultimate OKRs playbook

The Road to Agile Business
Best Practices For Adopting Objectives and Key Results (OKRs)

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Step 1:
Understand why you want to adopt OKRs

OKRs bring many benefits to a business.
Some of the more common ones are:

- **Focus**
- **Alignment**
- **Engagement**
- **Transparency**
- **Accountability**

We have helped dozens of high-growth companies successfully implement OKRs and we have learned that organizational **focus** is by far the most important benefit, followed by **accountability**. Other benefits are **engagement**, **alignment** and **transparency**.

A tip from the trenches

If your company is a young one, you may have issues with focus. It is a common struggle of highly motivated teams. Setting your first OKRs may very well be a painful exercise, but don't let that discourage you. Remember that setting your first OKRs will be a learning experience. There is just as much value in deciding what doesn't work as there is in deciding what does.

Busy, productive, and innovative teams often lack focus due to what is known as "shiny object syndrome". There is always something new to be done and lack of motivation is rarely a problem. OKRs provide a framework that does not inhibit that motivation, but rather channels it towards accomplishing prioritized goals.

Somewhat related to lack of focus, is lack of accountability. It is rarely a case that your teammates will deliberately sabotage business initiatives, but as the saying goes: "The road to hell is paved with good intentions." Getting individuals to own objectives and be responsible for them provides an all-too-important accountability in companies big and small.

Ultimately, a shared understanding of why OKRs are being adopted will be critical down the road when glitches and obstacles occur. In our experience, focus on its own is the most powerful, though somewhat tricky, benefit to embrace.

Now, over to you!

- Define the single most important reason you want to adopt OKRs.
- Be ready to explain how OKRs will help improve your business.

Step 2:
Understanding the basics of OKRs

OKRs stand for **Objectives and Key Results**. An Objective is what you want to achieve, and a Key Result is how you plan to measure that you have achieved your objective.

An example...

Objective: I want to get fit.

Key result: Lose 5 lbs.

The interplay between objective and key result is very clear. After all, what it means to get fit will be different for every person. A skinny person may want to put on 10 lbs. of muscle, while an overweight person may want to drop 5 lbs. of fat.

Objectives are… always qualitative and aspirational. They are something that you, your team, or your organization aim to achieve (and should not contain numbers!)

Key Results are… always quantitative. They will tell you if you have achieved your objective, so they should be measurable to avoid any doubt. Even a Yes / No key result is (really) numeric since the outcome is binary. For example, “Pass an exam” is a valid numeric key result which can have for values either Yes (1) or No (0).

The Hyper-Condensed Explanation of OKRs →

Who should own OKRs?

OKRs can be owned by an **individual** or by a **team**. A **business itself** should have its own OKRs. Depending on the size and maturity of your company you may want to **consider assigning OKRs only to teams** in your first planning period. This will greatly simplify the process of adopting OKRs, as you won’t need to get every single employee onboard.

Who should own OKRs: person, team or both? →

How many objectives?

A person or a team should have up to 3 objectives per planning period (for example, quarter).

A tip from the trenches

When just starting out, having everyone own just one single objective has proven very successful. First, the team will quickly learn the value of focus, by going extreme. Second, you will not overwhelm the team with learning a new process and full-blown planning at the same time.

How many key results?

While there is no hard rule on how many key results an objective should have, one should use common sense. It should obviously be more than zero, otherwise we don't a have definition of success. At the same time, we have found in practice that objectives with 5 or more key results are hard to maintain.

Typically, well defined OKRs have 3 key results.

Now, over to you!

- Explain what objectives and key results are.
- Create a sample objective and a few supporting key results relevant to your business.

Step 3:
Select a pilot group

Unless your team is comprised of five or less people, it is always a good idea to select a few people to be your pilot group.

There are two basic approaches that companies employ when choosing a pilot group: **management** or **one function** (e.g. engineering). Both approaches have benefits and you should decide for yourself what makes more sense.

Selecting the management team as your pilot group usually works very well, because management is used to working against objectives. The objectives will be more strategic and the alignment benefit of OKRs will shine. The downside of this approach are that convincing entire management team to participate in a pilot may not always be an option.

Going with one function as a pilot group has the benefit of seeing how the process will work vertically, from the most junior to the most senior person in that function. Additionally, other functions will be more eager to adopt OKRs if they see it working in a peer team, than if it comes "down" from management.

Regardless of the approach you take, we always recommend a gradual approach in a controlled environment. In our experience, companies that jump straight in spend 3-6 months managing the process itself and learn on an unnecessarily large scale.

Now, over to you!

- Select a group of people that will pilot the adoption of OKRs in your company.
- Define the length of the OKR pilot.
- Define the criteria that will make the pilot successful (remember to use OKR best practices!)

Step 4:
Get buy-in from your teammates

It goes without saying that securing buy-in from teammates is critical for adoption of any new process or practice, and OKRs are no different.

We have found that including your teammates early in the process and shaping of the OKRs implementation is most successful.

Now, over to you!

- Acquaint a few colleagues with OKRs and get their support before taking the plunge.
- Put a few people in charge of deciding on the rules and practices of your OKRs implementation.

Step 5:
Set the basic rules

You will find many “rules” when it comes to OKRs, but in practice – everyone will tweak things at least a bit. In our experience, tweaking is great as long as everyone is aware of it. Here we list some of the most important aspects that will define your OKRs process.

Cadence

For what time period will the OKRs be set? Typically, companies use quarters, but for organizations where things move and change rapidly, we recommend opting for 4, 6, or 8 weeks instead.

Check-ins

How often should OKR owners update their key results? Generally acceptable practice is once a week and, for whatever reason, most companies choose Friday.

Maximum number of objectives

What is the maximum number of objectives a team or individual may own? While, general practice is three, in the beginning we advise that this number is set to one.

Maximum number of Key Results

For each objective, what is the maximum number of key results? Some companies don't limit those, but in our experience three works best, while five is still acceptable. If an objective seems to require more than five, try breaking it up into two objectives instead.

Retrospective meeting cadence

How often should teams meet to discuss progress on OKRs? Typically, this is a short weekly meeting.

How will OKRs be set?

There are three fundamental ways in which OKRs can be set:

Top-down: All objectives are set by a manager or a supervisor. In some cases, CEO sets the OKRs for the entire organization.

Bottom-up: Employees set their own OKRs based on what they think should get accomplished. To make this work, company OKRs, mission and vision should be clearly defined.

Negotiation: Manager or supervisor and employee negotiate OKRs. Typically, manager will say something like "I need to achieve X and Y in this quarter, how can you help me?".

A tip from the trenches

Most companies will end up using some hybrid of the three approaches since it is ideal to strike a balance between the need for managers to drive their teams, and the need of individuals to own their journeys.

Regardless of which method you choose for setting OKRs, it is important to bear in mind the pros and cons of each approach:

Top-down: Fosters alignment, quick planning

Bottom-up: Fosters engagement and motivation, requires little coordination

Negotiation: Middle ground between Top-down and Bottom-up

Now, over to you!

– Define your chosen OKRs planning cadence.
– Determine how frequently OKRs should be updated.
– Decide on the maximum number of objectives a person or team can own.
– Select the maximum number of key results that should be attached to an objective.
– Decide on how often teams should meet to discuss the progress on their OKRs.
– Nominate who will be setting OKRs for teams and individuals.

Step 6:
Appoint OKRs master

It is said that when something is everyone's responsibility, then it is no one's responsibility. OKRs master is a person on your team that is in charge of making sure the OKRs are implemented flawlessly.

A tip from the trenches

Appointing an OKRs master is one of the most important things to do when adopting OKRs. Teams that have ignored this step have had a dismal rate of success when it comes to adopting OKRs.

So, who would fit the role? In searching for an OKR Master of your very own, keep in mind that the characteristics of a great OKRs Master are…

- They are an employee, not a consultant
- An operational guru (we advise against having executives holding this role)
- Enthusiastic about OKRs
- Enjoys mentoring and coaching
- Organized and committed

Process analogy...

OKRs master is a very similar role to Scrum master. It is a very much role that supports the process, as opposed to a decision-making role. Just as a great Scrum master helps team / scrum to excel at agile software development, great OKRs master helps teams get most out of OKRs.

The role of the OKR Master is to...

- Ensure that team follows agreed upon OKRs practices
- Mentors and coaches team on OKRs process
- Facilitates OKRs adoption
- Helps team come up with great objectives and key results
- Administrates OKRs tools

OKRs master should be appointed early on in the process of adopting OKRs, as this will be the key person in successful OKRs launch.

Now, over to you!

- Select and announce a person that will be OKRs master. Then celebrate!

Step 7:
Set the OKRs cadence

When adopting the OKRs, one thing you need to decide is the length of the planning period – or how often you will be setting objectives.

The most common cadence is quarters. First, most businesses already operate on the business or fiscal quarters, so often it feels natural. Secondly, many people claim that three months is an optimum time in which an ambitious objective could be accomplished.

That being said, high-growth and smaller companies tend to move with a higher velocity and things tend to change fast. To reflect this, many will go with a shorter cadence. We have found that a six or eight week cadence works best in a fast-moving environment.

Now, over to you!

– Define the OKRs planning cadence and communicate it to the team.

Step 8:
Define Mission & Vision

While every company should have a mission and vision, it is absolutely necessary to have those defined and well-known to everyone in companies that adopt OKRs. Without mission and vision, your team will have a hard time coming up with meaningful objectives.

Mission

Mission is the reason your company exists.

Here are few examples:

“To produce cars and trucks that people will want to buy, will enjoy driving and will want to buy again.”
Daimler

“Make better food so that people live a better life.”
Nestlé

“We help businesses grow by aligning strategy and execution.”
Gtmhub

You can think of mission as the lasting overarching objective of your company. All goals and objectives need to derive from it.

Vision

Vision builds on mission, by taking into account where the company is at the moment and where it wishes to go. It provides a more practical direction on how to achieve the mission.

Here are few examples:

"Is a globally leading producer of premium passenger cars and the largest manufacturer of commercial vehicles in the world."
Daimler

"To bring consumers foods that are safe, of high quality and provide optimal nutrition to meet physiological needs. In addition to Nutrition, Health and Wellness, Nestlé products bring consumers the vital ingredients of taste and pleasure."
Nestlé

"To become the nervous systems of fast growing companies, where the feedback loop between strategy and execution happens in real time. Gtmhub allows employees to understand strategy and management to observe execution – all in real-time – thus, providing strategic advantage to its customers."
Gtmhub

Now, over to you!

- Agree and define a company mission.
- Agree and define a company vision.

Step 9:
Define Company OKRs

Before you and your team can start setting individual and team objectives, company objectives need to be set. Employees and teams are there to help company achieve its objectives.

A fairly common approach is for company to set both annual and quarterly objectives and we advise high-growth and early stage companies to do the same.

Annual objectives

The annual company objectives should be the most important and ambitious objectives that will help company achieve its mission and execute against its vision.

To define those, think if there are only three things you could achieve for the year, what would they be?

Examples:

- Drive more upsell and cross-sell
- Become a thought leader in our industry
- Grow faster than market

Note, that depending on the size of your company you may very well have more than 3 annual objectives – however, keep in mind that OKRs are all about focus. We highly advise having anywhere between 3 and 5 annual objectives.

Quarterly objectives

Once you have your mission, vision and annual objectives in place – defining the objectives for your first quarter should be pretty straightforward.

Quarterly objectives should be aligned to annual objectives, but more tactical.

For example:

- Improve upsell of our entry level customers
- Get media coverage
- Deliver a new vertical solution

Now, over to you!

- Define annual company objective.
- Define quarterly company objectives.

Step 10:
Derive Team & People OKRs

At this point, you have done the lion share of work. You have set the mission and vision of the company. You have also defined the annual and quarterly objectives for your company.

What is now left is to see how your team will help your company achieve its objectives.

Now, over to you!

- Set the due date by which OKRs should be defined

Step 11:
Set up regular OKRs review meetings

One of the biggest traps when adopting OKRs is to set them and forget them. This is by far the simplest way to fail with OKRs.

To drive performance and accountability, the progress on OKRs needs to be reviewed regularly. Most companies set up short meetings every week (typically Friday) to discuss the progress against objectives and set priorities for next week.

It is important to note that those meetings should not be all-hands meetings, but rather each team should have their own meeting. If the teams are not formed, a good alternative is to have meetings with a manager and his/her reports.

A tip from the trenches

Bi-weekly meetings are fine as well, especially in the beginning, as you want to keep the overhead to the minimum.

Now, over to you!

- Decide on when and how often OKRs review meetings should take place
- Send recurring invitations to team members

Step 12:
Review your first OKRs session

Once the planning period finishes, you should organize an all-hands meeting to discuss the results. This is often overlooked in companies which tend to move quickly and always look forward. The all-hands review of the past OKRs session is tremendously important for several reasons:

- It demonstrates how serious a company is about OKRs. If things get done and no one notices, it doesn't really matter.
- It is a chance to give credit to people that excelled at their OKRs
- It is a learning opportunity for people and company as a whole, to see where things didn't go well and how they could be improved

Now, over to you!

- Schedule an all-hands OKRs session review meeting

Appendix 1:
Adopting OKRs checklist

- Appoint OKRs master →
- Decide on the OKRs cadence →
- Set up regular review meetings →
- Schedule an all-hands meeting to review your first OKRs session →

Appendix 2:
OKRs examples

Company OKRs

- **Objective:** Make company profitable
  - **Key result 1:** Increase MRR by $20k
  - **Key result 2:** Keep churn below 5%
  - **Key result 3:** Lower expenses by 5%

CEO OKRs

- **Objective:** Build a world class team
  - **Key result 1:** Hire 3 inside sales reps
  - **Key result 2:** Increase employee retention to 95%
  - **Key result 3:** Achieve employee NPS of +50

Sales OKRs

- **Objective:** Reduce sales lifecycle
  - **Key result 1:** Sales lifecycle for entry level edition below 5 days
  - **Key result 2:** Sales lifecycle for mid-level edition below 30 days
  - **Key result 3:** Sales lifecycle for enterprise edition below 90 days

Marketing OKRs

- **Objective:** Nail the value proposition on the homepage
  - **Key result 1:** Reduce bounce rate of homepage below 40%
  - **Key result 2:** Achieve 3% click rate on the main call-to-action
  - **Key result 3:** Achieve 5% watch rate of explainer video

Product OKRs

- **Objective:** Make the app fly
  - **Key result 1:** Reduce loading time of initial screen by 2 seconds
  - **Key result 2:** Achieve filtering of 5000 items to take less than 1 second
  - **Key result 3:** Number of support tickets complaining about sluggishness to be 0

Finance OKRs

- **Objective:** Improve annual budgeting process
  - **Key result 1:** Create online training for all 12 managers and have them attend it
  - **Key result 2:** Get budget proposals 30 days earlier than last year
  - **Key result 3:** Close the final budget 15 days earlier than last year

Operations OKRs

- **Objective:** Become a data-driven company
  - **Key result 1:** Have 20 most important KPIs available in real-time to stakeholders
  - **Key result 2:** Adopt OKRs
  - **Key result 3:** Train 1 person from each division on Tableau

HR OKRs

- **Objective:** Make the life of employees more pleasurable
  - **Key result 1:** Introduce online system for managing leaves
  - **Key result 2:** Form a personal assistant team
  - **Key result 3:** Find top 5 grievances employees have and schedule to deal with them next quarter

Appendix 3: Common mistakes

Too many objectives

Setting too many objectives for a company or individual is a typical mistake when just starting out.

Why is it a mistake?

Companies that embrace OKRs are looking to improve their focus and accountability. By setting too many objectives, both of these benefits will be hindered. In our experience, when there are too many objectives none tend to be accomplished and people get demotivated, while the company as a whole concludes that OKRs are not the right approach.

How to fix it?

The obvious answer is not to have too many objectives, keep them to 3 or less. In practice, however, you may encounter pushback from your peers and employees. What we have found is a good approach to dealing with this is following: tell everyone that, of course, they may do as many things as they want – but that you want only the most important 2-3 objectives defined as OKRs. This is a good compromise to get the ball rolling and reality will kick-in soon enough and take care of the rest.

Quantitative objectives

Objectives should be inspirational; they should motivate your team.

Why is it a mistake?

There are several reasons why this is a problem.

The purely technical reason is that you will have trouble defining key results for an objective that is already quantitative and you may end up running in circles.

Second problem is more profound. Increasing your sales by 20% is hardly inspirational to anyone. “Make upsell highest growing source of revenue” just sounds much more exciting.

Third problem is that you are setting only one number. Here is an example of how this is problematic:

- **Objective:** Increase sales by 20% (How? What are the constraints?)
- **Objective:** Make upsell highest growing source of revenue
    - **Key result 1:** Close 30 upsell deals
    - **Key result 2:** Add $200k in upsell revenue
    - **Key result 3:** Identify 200 upsell opportunities

How to fix it?

The fix is very simple. Do not make your objectives quantitative.

Qualitative Key Results

Qualitative key results defy the basic methodology. Remember, objective is something aspirational that you want to achieve (e.g. "Become a market leader"), whereas key results are quantitative metrics that define success. If your key results are qualitative, everything is left to subjective interpretation of the person owning the OKRs.

Why is it a mistake?

It is a mistake because you will not have unbiased way of measuring whether you are achieving your objective or not.

How to fix it?

To fix it, make sure all your key results are quantitative in nature and have a well-known way of calculating them.

Everyday work as OKRs

OKRs are about changing status quo. Objectives are meant to be aspirational and ambitious.

Why is it a mistake?

A typical example here is an accountant in the company. Every month accountant needs to do the payroll. That, however, is not an objective – that is just simply something that needs to happen.

How to fix it?

To continue our example with the accountant, a good objective would be to shorten the time needed to do the payroll. That is a worthy and ambitious objective.

OKRs as a TO-DO list

When just starting out, teams tend to make objectives that have tasks as key results.

Why is it a mistake?

Unfortunately, effort is not always rewarded with results. Sometimes, we may work very hard only to see in the end that our effort was misguided and we have not achieved whatever it is that we've hoped to do.

Tasks do have a place in OKRs, but it is not in objectives or key results.

How to fix it?

Let us start by defining the terms:

- **Objective:** What do we want to achieve?
    - **Key results:** How are we going to know that we have achieved it; definition of success
    - **Tasks:** What are we going to do in order to achieve our objective

Now, armed with this definition we can see how OKRs should not be tasks. Let us examine following examples:

Bad objective: Release new version of the software. The reason this is a bad objective, because no one actually releases software for the sake of it. Perhaps we are releasing it to make software more stable or more engaging. Both “Make software more stable” and “Make software more engaging” are good objectives, because they are qualitative and communicate well our intention.

Bad key result: Release new version of the software. This is a bad key result, because the fact that we have released a new version of the software in no way measures that our software has become more engaging or more stable. A better key result would be “Decrease the bug reports by 20%” or “Increase average logins by 10%” – as those would be good measures of our progress towards the objective

Now, releasing a new version of the software is a good task that supports our objective and will hopefully have an effect on our key results.

Did you know Gtmhub is completely free to take for a test drive?

Sign up for an account in seconds (no credit card, no catches).
It’s the only OKRs management platform that integrates more than 100 data sources to automate your key results tracking, so that you can focus on the stuff that matters most.

It’s also a beautifully designed platform experience that you’ll actually love to use.

We’ve also built in templates into the product so setting up has never been easier.

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