OKRs

The Need of **OKRs** for Every **Organization**
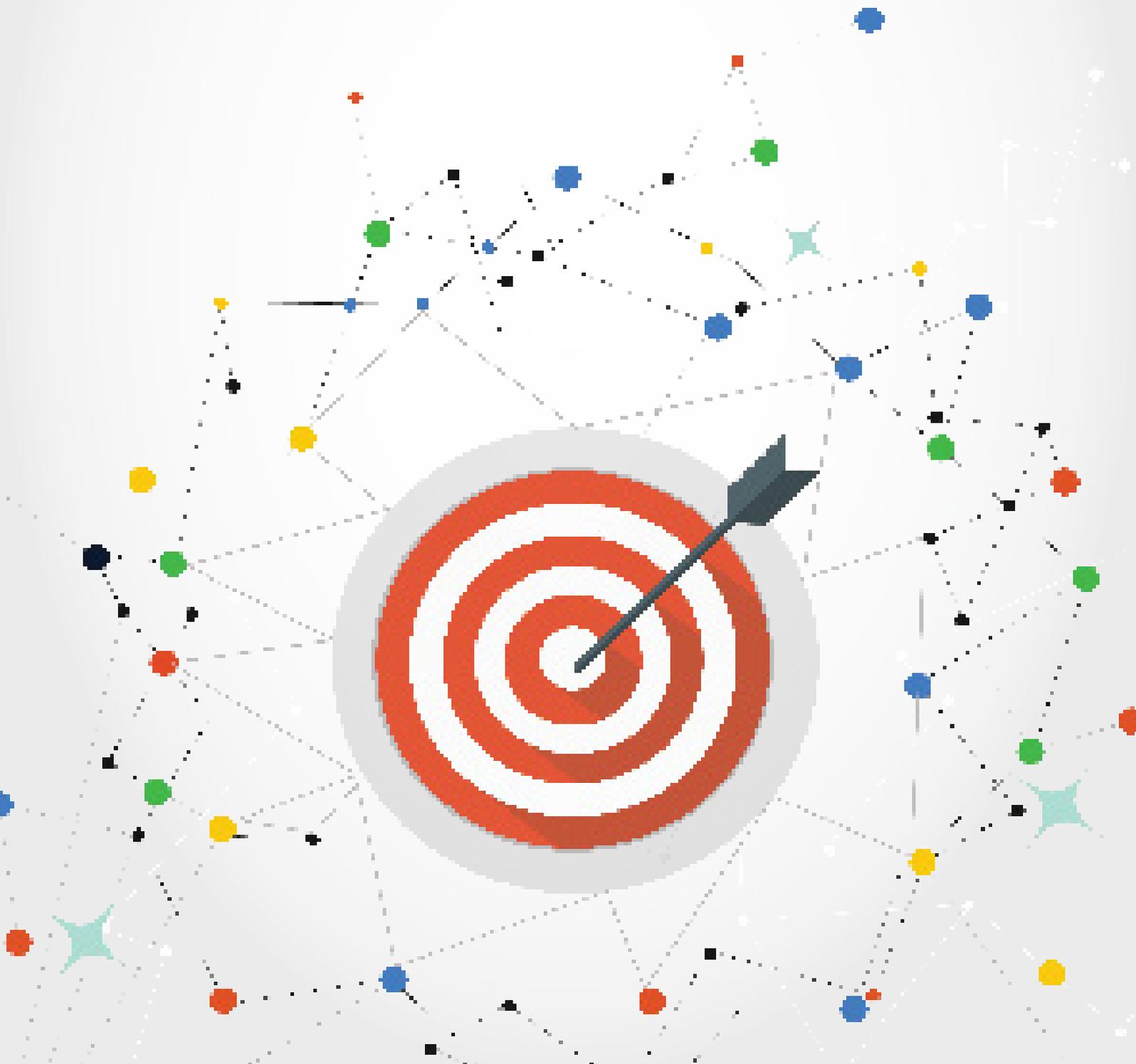
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Introduction

The business world has witnessed a massive shift in the working culture post-pandemic. With the introduction of new working cultures like remote working and hybrid working, businesses need to find a way to adapt to these changes. While many business leaders were able to adopt and grow their businesses, many others failed to run their businesses.

Goal setting is the most important component of any business. Whether you are a small start-up looking to grow your business or a large enterprise, implementing a proven goal-setting method is the best way to ensure success. However, the problem is that many organizations tend to set goals but do not have a clear way of measuring the results. Many leaders come up with ideas to grow their businesses, but they struggle to track the results along the way. As a result, they fail to align their employee's efforts towards the bigger goals.

Objective and Key Results is a popular goal-setting framework that most successful business leaders use in their organizations. This goal-setting methodology is designed to set ambitious goals for your organization and keep your teams aligned by using measurable targets. Leveraging the OKR framework can help organizations bridge the gap between setting and executing goals while measuring results. The framework helps improve productivity at the workplace, brings transparency in goal-setting, and aligns your team's efforts toward organizational Objectives.

This e-book aims to discuss the benefits of OKR and how organizations of any size can leverage this framework in their business operations to achieve results. In addition, you will also learn about the characteristics of goods Objectives and Key Results, along with examples. Finally, after reading this e-book, you can create OKRs for your business and apply them in your daily business operations.
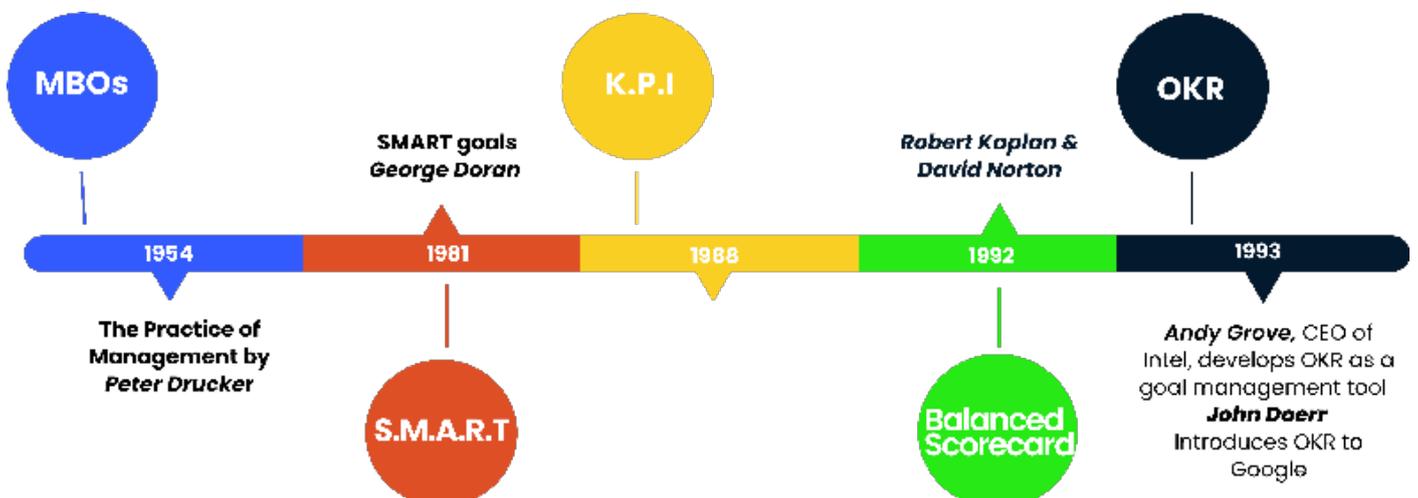
Getting to Know **OKRs**

A Brief History of Goal Management

The history of goal management goes back to 1954, when Peter Drucker first discussed the concept of Management by Objectives (MBO) in his book "The Practice of Management." The MBO approach was quite similar to OKR in some aspects. For example, both strategies talk about defining a company's objectives and taking action to achieve each goal in sequence.

In 1981, George Doran popularized the term "SMART goals." S.M.A.R.T was an acronym for Specific, Measurable, Achievable, Realistic, and Time-Bound. The SMART goal-setting strategy continues to remain popular among marketers. However, some people also consider it too rigid to exercise creativity.

Another goal management strategy that continues to remain popular among marketers even today is KPI. The exact date of KPI or who invented KPI is not known. The concept behind KPI is to measure an employee's productivity through a set of quantifiable values, which is compared against goals. However, one of the major drawbacks of KPIs is that it fails to keep employees accountable for tasks that are not measured by KPI metrics.

Among all the goal-setting strategies, the most popular one is Objectives and Key Results (OKR). Originally conceptualized in 1970 by Andy Grove, many global enterprises like Amazon, Facebook, Airbnb, LinkedIn. and others enterprises use this goal-setting framework. In 1999, John Doerr, an investor in Google, introduced the concept of OKR to Google's founders. Google publicly praised the OKR framework after witnessing growth in their organizations. Over the years, the OKR framework helped many organizations set clear targets, align goals, and build a culture of transparency.

MBOs — 1954 — The Practice of Management by Peter Drucker

SMART goals George Doran — 1981 — S.M.A.R.T

K.P.I — 1988

Robert Kaplan & David Norton — 1992 — Balanced Scorecard

OKR — 1993 — Andy Grove, CEO of Intel, develops OKR as a goal management tool. John Doerr Introduces OKR to Google

What are
OKRs?

OKR is a goal-setting strategy used by organizations of all sizes to set, track, and evaluate their goals. The framework is designed to help organizations achieve their ambitious goals and manage the employee's performance. It is a simple approach that helps teams to focus on important things, increase transparency, build ownership, and align everyone toward organizational objectives.

The essence behind OKR is pretty simple: break down the objectives by assigning clear goals and evaluating them to measure results. It comprises two components - "Objectives" and "Key Results".

OBJECTIVE

The **Objective** part represents the ultimate goals of a company or individual. The objectives are usually qualitative and time-bound, which helps build transparency and alignment between teams.

For example, the Objective of the HR department can be- increase the retention rate by 20%.
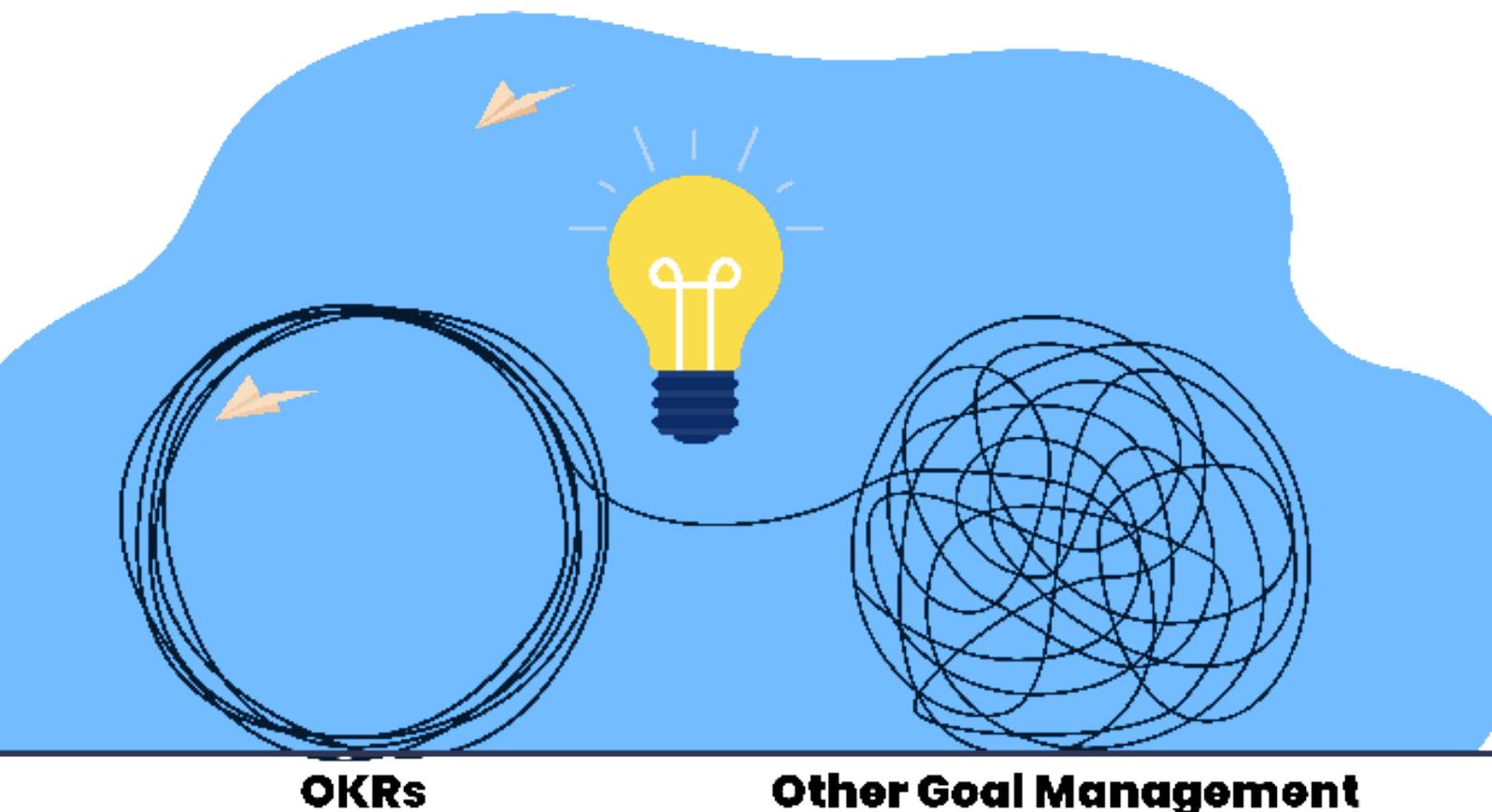
KEY RESULTS

The KR or Key results represent the quantitative measurable actionable that one needs to do in order to achieve the larger objective.

For example, if the Objective is to increase the retention rates, the KRs could organize engagement activities at least 4 times every month. Each Key Result should have a number attached to it so that its progress can be measured.

What makes **OKRs** Different from Other **Goal Management** Frameworks?

The majority of goal-setting strategizes only talk about the results or final output. However, they fail to provide any solution for measuring the progress. The OKR framework not only provides a clear direction toward the goals but also offers clear metrics for measuring progress. This enables managers to shift focus from micromanaging tasks to focusing on the end goals while also monitoring the progress. Thus, by implementing OKRs, companies can set goals, track progress, align team's toward goals, and provide continuous feedback for improvement.

OKRs   **Other Goal Management**

Five Reasons
Why Every
Organization
Should Use
OKRs

FOCUS

Team Alignment
and
Direction

Accountability
and
Ownership

Transparency

Goal Tracking

Helps to Focus

One of the major benefits of using the OKRs framework is that it helps to focus by limiting the number of objectives assigned. Based on the roles and responsibilities, an employee is assigned a certain number of objectives. Since employee has only a limited number of things, they are able to focus more on those objectives.

You can start by identifying the most important task for the next three months. This goal-setting method measured in comparison to time is what makes OKRs more successful than other goal-setting methods. Organizations can emphasize a handful of initiatives that actually make a difference in the growth of the company.

Ideally, you should start by setting objectives quarterly. Three months is enough time to assess whether the objectives are contributing to the growth of the company or not. This also gives your the flexibility to change the goals accordingly.

Provides Help in Team Alignment and Direction

The lack of alignment and direction between team goals and organizational goals is one of the major issues that most organizations face. If employees are not working towards the same company goals, they are slowing down the organization. The OKRs framework can help in building team alignment and give direction toward one goal. Managers and leaders set the company-wide objectives, and based on those objectives, each team/department sets their own OKRs. This also enables the teams to collaborate and engage in working towards one larger organizational goal. Thus, as the employee achieves their personal OKRs, the company's objectives are automatically accomplished.

Promotes Accountability and Ownership

The OKRs are set according to the role and responsibilities of an employee. This allows individuals to take ownership of achieving the OKRs to move the company towards growth further. You cannot assign accountability and ownership; it naturally comes when the individual is trusted to do his work. Therefore, it is essential that team members and management should collectively work together in setting up ambitious goals. This ensures that

employees are aware of the role they play in achieving the company's goals. As a result, employees feel more valuable and take ownership of their work.

Bring Transparency

Transparency and team alignment go hand-in-hand. You cannot expect to align your employees if there is no transparency in goal setting. Therefore, transparency is one of the key features of any OKR framework. In most organizations, OKR are visible to everyone in the company regardless of any hierarchy or department. This allows everyone to overview which employee is achieving their targets and which employee needs guidance to meet their goals. Furthermore, it also contributes to communication and engagement across different departments as all employees are aware of their peer's OKR. In addition, it also provides a platform for employee recognition as OKR are updated week after week. Thus, OKR contributes to healthy work relationships by building transparency across the organization.

Ease of Goal Tracking

One of the major reasons why global enterprises rely on the OKRs framework is that it is extremely easy to track and assess your goals. Every Objective has 3-5 "Key Results," which are the measurable outcomes that determine the success of an Objective. By tracking Key results, you can determine the progress of your objective and offer feedback to further improve the process. Although objectives are generally set for the quarter, Key results can be tracked every week to monitor progress. Also, it is important to understand that challenging objectives should be set to assess the performance of employees. Furthermore, it is important to measure the impact your tasks are having on the Key results rather than tracking the task's completion. Thus, by ensuring proactive tracking and reporting OKR offers an easy way to track goals.

Characteristics of **Good Objectives** and **Key Results**

Characteristics of **Good Objectives**

Objectives are the long-term goal that your organization is aiming to accomplish. Generally, a good objective must be challenging, clear, and time-bound.

Here are some questions to ask before creating an objective:
- Is it challenging enough to push the team?
- Is the Objective aligned with the overall organizational goals?
- Is it simple and easy to understand for everyone?
- Will it serve the purpose of advancing the company toward growth?

While setting challenging objectives within a specific time frame is important, you should keep them realistic. You should create objectives that are attainable in the specific time frame.

Characteristics of **Good Key Results**

Key results are the metrics that help in tracking the progress of organizational objectives. Key results must be quantifiable and easy to evaluate. By setting good key results, you can align your team's efforts and give them a direction toward the organizational goals. A good key result should be: specific, actionable, and measurable.

Here are some questions to ask before setting up Key results:

- Does the Key results help in achieving the Objectives?
- Can you measure the Key results with simple quantifiable metrics?
- Is the current Key result the most effective way to achieve the Objective?
- Is it simple to execute, or would it make your business operations more confusing?

When setting up Key results for your objectives, it is important to choose 3 to 5 specific key results. Having too many Key results can lead to confusion regarding prioritizing the tasks.

Thus, the characteristics of good OKR are when the Key Results are aligned with the Objectives. You should create a balance between challenging objectives and achievable KRs.

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Examples of
OKRs

Company OKRs Examples

Company OKRs are the broad annual objectives and goals that an organization aspires to achieve in the next 12 months. Generally, company's OKRs are filtered down to individual OKRs, so it is important to set a target that aligns with every department's workforce.

Example- 01

Company OKRs	
🎯 **Objective 1**	Increase annual revenue
🔑 **Key result 1** **Key result 2** **Key result 3**	**Sales Team:** Increase monthly sales revenue by 20% **Customer Service Team:** Increase the customer retention rates to 20% **Product Team:** Develop advanced features so that revenues can be increased.

Example- 02

Company OKRs	
🎯 **Objective 1**	Increase annual revenue
🔑 **Key result 1** **Key result 2** **Key result 3**	**Sales Team:** Increase monthly sales revenue by 20% **Customer Service Team:** Increase the customer retention rates to 20% **Product Team:** Develop advanced features so that revenues can be increased.

Marketing OKRs Examples:

Marketing teams play one of the most crucial roles in the growth of any organization. The primary responsibility of marketing teams is to generate quality leads. By setting up OKR for the marketing team, you can ensure to set up of ambitious goals with measurable results for the marketing teams. Here are some examples of marketing OKRs.

Example- 01

Marketing team OKRs	
Objective 1	Increase brand awareness
Key result 1	Increase the number of blog posts from 4 to 6 to increase unique visitors
Key result 2	Increase the number of followers on social media from 10K to 25K
Key result 3	Increase web traffic by 10% every month..

Example- 02

Marketing team OKRs	
Objective 1	Generate marketing-qualified leads/ Increase the number of leads generated
Key result 1	Review the content marketing strategy to increase the form submission by 20%
Key result 2	Increase the ad spend on social media from $5K to $10k to generate new leads
Key result 3	Improve the conversion rate from email marketing from 10% to 20%

Sales OKRs Examples:

Sales teams create a direct impact on the revenue of an organization. There are multiple activities that a sales team undertakes, such as giving product demos, talking to clients over sales calls, meeting with clients, and many more. The OKRs set for the sales team determines a large part of the organizational goal. Therefore, it is important to set challenging OKRs with measurables to track the progress. Here are some examples of Sales OKRs.

Example- 01

Sales team OKRs	
Objective 1	Increase monthly sales revenue
Key result 1	Increase the number of sales deals closed from 40% to 60%
Key result 2	Improve the demo to close rates by 20%
Key result 3	Improve the annual subscription renewals by 20%

Example- 02

Sales team OKRs	
Objective 1	Increase the Customer user-base
Key result 1	Increase the number of paid users from 4K to 8K
Key result 2	Increase lead conversion from 100 to 150
Key result 3	Increase the number of outbound leads from 40 to 50

HR OKRs Examples:

HR professionals are often the most underappreciated employees in the organization. But, the truth is that HRs have multiple responsibilities that help in an organization's growth. From recruiting skilled professionals to engaging employees, HR needs to take care of everything. By using an OKR framework for HR, you can make the goal-setting process more effective and easy. Here are some examples of OKR for HR.

Example- 01

HR team OKRs	
Objective 1	Improve the corporate culture
Key result 1	Increase the number of employee engagement and fun activities by 10%
Key result 2	Increase the satisfaction level of employees from 60% to 75%
Key result 3	Organize one feedback initiative every month

Example- 02

HR team OKRs	
Objective 1	Improve employee retention
Key result 1	Improve employee engagement and satisfaction by 20%
Key result 2	Improve the employee benefits and incentives plan by 20%
Key result 3	Offer 2-3 training and skill advancement programs every quarter

Product team OKRs Examples

The product team is one of the most important departments in every organization. They are the people behind the development and implementation of products. By implementing OKR for your product team, you can assist them in setting goals with measurable results. Here are some examples of OKR for the product team.

Example- 01

Product team OKRs	
Objective 1	Launch the new product
Key result 1	Conduct 20-30 customer development interviews
Key result 2	Organize 2-4 training sessions with the marketing and sales team every month
Key result 3	Review 100-200 ideal customer profiles and demand for the product

Example- 02

Product team OKRs	
Objective 1	Improve customer satisfaction
Key result 1	Increase the NPI score from 7.0 to 9.5
Key result 2	Conduct 20 interviews to get feedback from churned clients
Key result 3	Decrease the number of bugs by 20%

Common Mistakes That One Should Avoid While Setting **OKRs**

Too Many Objectives

Setting Too High
or
Too Low Objectives

Setting OKR Without
Involving Teams

Setting Vague OKRs

Not Monitoring OKRs

Too Many Objectives

One of the most common mistakes that many organizations make is they set too many Objectives for employees. If you set too many Objectives, employees might feel confused about priorities and lose interest in achieving them. Instead, it is recommended to focus on only 2-3 Key Objectives per employee and measure them with Key Results quarterly. Similarly, you should avoid setting more than 3-5 Key Results per Objective. This will enable your team to focus on important tasks and contribute to the growth of the organization.

Setting Too High or Too Low Objectives

While it is important to set ambitious Objectives, you should avoid setting unrealistic Objectives for your team. Setting unachievable Objectives demotivates the employees instead of challenging them. Likewise, setting too low Objectives slow down the growth of the organization as the employees are not able to utilize their full potential. In both cases, OKR loses its purpose as the goals are not clearly set. You should start by creating realistic and challenging goals for your teams. Monitor the performance of the team and set goals accordingly.

Setting OKRs Without Involving Teams

While setting OKRs, it is essential to involve everyone in the goal-setting process. If you do not involve the team members in the decisions that directly impact them, no one would like to adopt the idea. On the flip side, if you involve everyone in the OKR goal-setting process, you can assign accountability to employees for each Objective.

Setting Vague OKRs

It is important that the OKRs are designed in such a way that they align with the overall organizational goals. Setting unclear Objectives and Key Results can impact the entire OKRsww process. While setting Objectives, you should ensure that the goals are ambitious enough and achievable in the given time frame. Similarly, for the Key Results, make sure to attach a measurable figure to monitor whether or not the Objective has been achieved. For instance, just saying increasing the number of social media followers is not enough, you should make it specific to increase the number from 5K to 8K.

Not Monitoring OKRs

Your job is not finished just by implementing the OKR methodology; it is also important to regularly track your goals. You should start by defining the time frame for monitoring the progress of each Objective. While the company wide Objectives can be measured annually, OKRs for teams and individuals should be monitored quarterly. Regular check-ins and one-on-one can be set up to monitor the progress and offer feedback for improvement. Additionally, you can also consider using the OKR tracking software to monitor your goals.

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Summing Up

In this e-book, we discussed the concept of OKR and how it can help every organization to achieve its business goals. Furthermore, we also highlighted characteristics of good Objectives and Key Results with some examples. Lastly, we discussed some common mistakes that organizations should avoid while implementing the OKR framework.

With this information, you are ready to start implementing the OKR methodology in your business operation. Remember, it is crucial to take your time while setting up the OKR process. You should begin by setting ambitious Objectives and measurable Key Results to track your goals. As you begin the process, you might encounter many problems. You can avoid wasting your time on mistakes by investing in OKR software.

The OKR software can help in aligning your teams and focusing on important tasks while allowing you to measure the results. Zimyo OKR software is a robust tool that helps you grow your business by enabling you to focus on most important tasks. Start your OKR journey at no cost by scheduling a demo.

Schedule a demo