

The Growth Handbook for CEOs

Deliver the results that matter
and accelerate your growth.

by Henrik-Jan van der Pol



Copyright © 2019 Henrik-Jan van der Pol

All rights reserved. This book or any portion thereof may not be reproduced or used in any manner whatsoever without the express written permission of the author, except for the use of brief quotations in a book review.

Printed by Perdoo GmbH, in Germany.

First printing, 2019.

Perdoo GmbH

Strasse der Pariser Kommune 8

10234 Berlin, Germany

www.perdoo.com

Contents

Why every CEO should read this book	4
A simple process for growth	6
Set your strategy.....	8
Identify what matters.....	10
Achieve your goals.....	17
Growth is an ongoing process.....	20
How to get started with Perdoo	22



Why every CEO should read this book

Growth is not something that magically happens. It's the result of carefully designed strategies that are being successfully implemented.

As the CEO, you're not just responsible for setting the strategy, you're also accountable for the successful implementation of it. After all, a well-designed strategy has little value if it isn't delivered on time. The reality is that **9 out of 10 organizations** fail to fully implement their strategies. In **70% of these failed cases**, the problem isn't bad strategy, it's bad execution. As it turns out, implementing strategy (and realizing growth) is complex.

Perdoo makes it simple. This book contains everything you need to know to accelerate your growth and deliver the results that matter, starting today.

The book is supported by the **Perdoo software** which brings together the three ingredients for growth: strategy, goals, and people. It's an easy-to-use platform where CEOs communicate the strategy in real-time, enabling managers and employees to align their efforts to drive the results that matter—using KPIs & OKRs.

You'll have a better overview, less stress, and more time to figure out where the next growth opportunities will be. But most importantly: you'll see stronger growth.



Henrik-Jan van der Pol
CEO of Perdoo

A simple process for growth

I've developed a simple process that any organization—big and small—can follow to drive growth and successfully implement strategy. The details of each step are explained in the following chapters.



Set your strategy

There are many definitions of strategy, but they all boil down to this: strategy is your long term plan for how to drive sustainable growth and realize your mission & vision. This long term plan is required to identify what matters.

Identify what matters

Once your strategy is set, you need to figure out which results matter for the successful implementation of that strategy. What matters needs to be written down as KPIs & OKRs. KPIs (Key Performance Indicators) and OKRs (Objectives & Key Results) are the two types of goals that you need to implement your strategy.

Achieve your goals

Once you've successfully identified what matters, your people need to start working towards those goals. Achieving goals is the hardest part, which is why you first want to make sure that you've identified the right goals to work on (step 2). To know that you're working on the right goals, you need to have a clear strategy in place (step 1).

Set your strategy

Step 1

Unless you're a one-person company, you're not going to implement the strategy (all by) yourself. You need resources to do so: capital and people. If you want your people to work towards the implementation of your strategy, you need to share that strategy with them and make sure they understand it. Therefore, your strategy needs to be clear and measurable, as well as easily accessible.

According to research by [WillisTowersWatson](#), 90% of general employees and 40% of managers do not know or understand their organization's strategy. Fix this, and you'll be miles ahead of your competition.

Once your strategy is set, you enable everyone across the organization to identify what matters most for the upcoming period.

Making your strategy clear and measurable

Too often strategies are vague and ambiguous. While it may be comforting to have a vague strategy (you cannot really fail that way), it simply doesn't work. So if you really care about your strategy being delivered on time, your strategy needs to be crystal clear and measurable. That way, it's easy to understand by the people responsible for implementing it: managers and general employees.

The solution here is simple: convert your strategy into Strategic OKRs. Strategic OKRs also enable you to track progress on the implementation of your strategy.

What are Strategic OKRs?

Your strategy is your long term plan for how to realize your mission & vision, so your Strategic OKRs are your long term OKRs that will help the organization move closer to its ultimate goal. As such, Strategic OKRs provide direction. They enable everyone across your organization to successfully identify what matters at any point in time.

By converting your strategy into Strategic OKRs, the Key Results force you to make your strategy specific. What does it mean to become a thought leader in your industry, to dominate a certain market, or to shift your focus from hardware to services? Which results do you need to accomplish to consider your strategy successfully implemented?

(OKRs are explained in more detail in the next chapter)

Time span of Strategic OKRs

Most strategies take several years to implement. To become a thought leader will probably take more than a year. To dominate a specific customer segment, to enter new markets or to shift your organization's focus from hardware to services are all strategies that often require several years to fully implement. Strategic OKRs, therefore, usually use a 3-5 year cadence.

[🔗 How to configure your cadences in Perdo](#)

Often, organizations also use an annual cadence for Strategic OKRs. These annual OKRs are breaking down the 3-5 year strategy into a specific focus for each year.

Can my strategy really be converted into OKRs?

Yes. No matter how elaborate or complicated your strategy is in the background, you should articulate your strategy in the simplest and most focused way possible. And that's what Strategic OKRs force you to do. Keep the document with all the details and rationale of your strategic choices, and attach it to your Strategic OKR in Perdo for those employees who'd like more context.

Making your strategy easily accessible

Your strategy may change over time. New employees may have joined after you explained the strategy at an all-hands. And, in general, people need to be constantly reminded of the strategy—especially when they're deciding what to focus on next. This is why you need to make your strategy easily accessible. With [Perdo](#), we make it really simple for you to do so.

The **Perdoo Roadmap** presents your strategy in a simple, intuitive way. Because strategy is your long term plan for how to realize your mission & vision, we put that at the top of your roadmap.

The screenshot displays the Perdoo Roadmap interface. At the top, there is a search bar and navigation icons. The main content is organized into three time-based sections: Mission and Vision, Annual (2019), and Quarterly (Q3 2019). Each section contains several goal cards with titles, progress percentages, and counts.

Mission and Vision

- Help organizations realize their ambitions

3 year < 2019 - 2021 >

- Build a mission-critical product: 0% (1 items)
- Become market leader in EU & US: 0% (2 items)
- Become seen as thought leader: 0% (0 items)

Annual < 2019 >

- Validate our 2 big hypotheses: 49% (0 items)
- Increase our footprint in US, UK and Germany: 53% (5 items)
- Get more News Coverage than Donald Trump: 86% (0 items)

Quarterly < Q3 2019 >

- Have Operations run Smoother than a Kenny G Song: 0% (0 items)
- Make Resolution times so quick that even the Flash couldn't keep...: 50% (0 items)
- Make sure we acquire the right type of leads: 20% (0 items)
- Scale up content marketing to acquire more leads: 64% (0 items)
- Find the optimum demo experience for prospects: 92% (0 items)

Identify what matters

Step 2

With a clear strategy in place that is easily accessible, you enable everyone—at every level—to successfully identify what matters most to deliver that strategy.

Once everyone has identified what will matter most for the upcoming period, they can start working towards achieving those goals. And you can rest assured that they're working on the right ones.

What matters?

When it comes to the implementation of strategy, achieving results (e.g. closing a new customer) matters more than the completion of tasks (e.g. calling a prospect). In other words: for strategy implementation it's [outcomes over outputs](#).

Figuring out what matters is not always easy, simply because most people are—by nature—quite output-oriented. To successfully identify what matters, keep in mind that what matters is almost never a means to an end. Let's say you want to learn Italian. Most people will start thinking about all the things they should do: listen to an Italian podcast every day, watch their favorite Netflix series in Italian, and complete Duolingo's Italian course. However, all these things are a means to an end (i.e. something that is not valued or important in itself but is useful in achieving an aim). What if you completed these tasks but you still cannot order a pizza in Italian, would you consider yourself successful? Probably not. What really matters to you is almost never a means to an end—it's the end itself.

Measuring what matters

KPIs and OKRs are both designed to measure outcomes. They are two different types of goals, each with their own purpose

The purpose of KPIs

KPI stands for Key Performance Indicator. It's an indicator for how a key area of your business is performing. Such a key area of your business is also called your business as usual. Hence, a KPI defines what your business as usual is, and enables you to easily monitor if it's performing well. (It's important to [not confuse KPIs with metrics or Key Results.](#))

The purpose of OKRs

OKR stands for Objectives & Key Results. OKRs enable you to build a roadmap towards your mission & vision.

There are two types of OKRs, each with their own purpose:

- Strategic OKRs are long term and provide direction. They make your strategy clear and measurable, as we've seen in the previous chapter). You'll find these at the top of your [roadmap in Perdoo](#) (see page 8).
- Tactical OKRs are short term and actionable. They help everyone [build, improve or innovate](#) important parts of the business in order to implement the organization's strategy. You'll find these at the bottom of the [Perdoo Roadmap](#) (see page 8).

Why you need both KPIs & OKRs

Imagine you're driving a car towards a certain destination, that destination would ultimately be your mission & vision. The Tactical OKRs are mapping out your path towards that point (hence the name Roadmap in Perdoo). But as you're driving towards your destination, you also need to keep an eye on your car's dashboard to make sure that you don't run out of gas and that the engine doesn't overheat. The things on your car dashboard are your KPIs: the things that you'll constantly have to watch (your business as usual).

If you'd focus just on KPIs, you wouldn't get to your destination. Alternatively, if you focus just on Tactical OKRs, you'll run out of gas and also won't get to where you want to be.

Put differently: KPIs keep the engine running so that you can continue your journey towards your destination. Without a running engine, you won't get anywhere—so KPIs always come first.



Setting KPIs

Setting KPIs is relatively simple. First of all, they've been around for ages so certain standards have been developed. Second, they don't change very often, so you'll only have to set them once (revisit them once in a while to ensure you're still focusing on the right KPIs—especially when your organization is growing).

When setting up KPIs, keep in mind that those KPIs not only measure how key areas of your business are performing, they also define what the key areas of your business are.

Who should set them?

Some KPIs will be relevant for the entire organization (i.e. a Company KPI), and some KPIs will only be relevant for a specific team (i.e. a Team KPI).

Company KPIs

As the CEO, you're responsible for setting the Company KPIs together with your fellow executives (you may even want to involve your shareholders). Company KPIs usually cover the following four things:

- Revenue (e.g. Turnover)
- Profit (e.g. EBIT)
- Customer satisfaction (e.g. NPS)
- Employee happiness (e.g. eNPS)

Team KPIs

Each executive is responsible for setting the KPIs for the teams that report to them. Ideally they do this together with the team leads, to ensure buy-in.

As the CEO, I'd recommend you to review and approve all the Team KPIs as well—at least for the next level down.

Framework for setting KPIs

Go to a specific group (i.e. company, department or team) in Perdoos and answer the questions below. See [Appendix A](#) for more details on each question.

1. What is a key area of this group?
e.g. lead acquisition
2. What is the best metric to measure performance of this key area?
e.g. MQLs acquired
3. How do we calculate the current value?
e.g. The amount of leads that achieved MQL-status or higher this quarter
4. What is the target or threshold value?
e.g. 500 MQLs

Make sure to store the answer for each question on the KPI in Perdoos: you want to be sure that everyone in your organization or team, including future hires, has a solid understanding of each KPI.

[*🔗 How to add a company or team KPI in Perdoos*](#)

Setting Tactical OKRs

With your strategy and KPIs in place, everyone in your organization will have all the context they need to create good Tactical OKRs.

What are Tactical OKRs?

Tactical OKRs—as opposed to Strategic OKRs—are the OKRs that your people will actually work on. Together with KPIs, they drive the implementation of your strategy.

You can use Tactical OKRs to **build, improve or innovate** an area of your business, either to fix a KPI or to help bring the business to the next level.



Setting Tactical OKRs is the hardest part. First of all, Tactical OKRs are very unique to each company. So your organization really has to figure out themselves what are the right Tactical OKRs to work on. Second, Tactical OKRs have a relatively short time span, so they frequently change. Several times a year, you'll have to go through the process of defining what Tactical OKRs you should work on next.

Time span of Tactical OKRs

Tactical OKRs are usually quarterly. A quarter gives everyone enough time to make a real impact in a certain area, whilst keeping the organization agile enough to rapidly respond to changing circumstances.

Who should set them?

Setting Tactical OKRs is the responsibility of team leads. They know exactly what's going on in their teams and what their priorities should be.

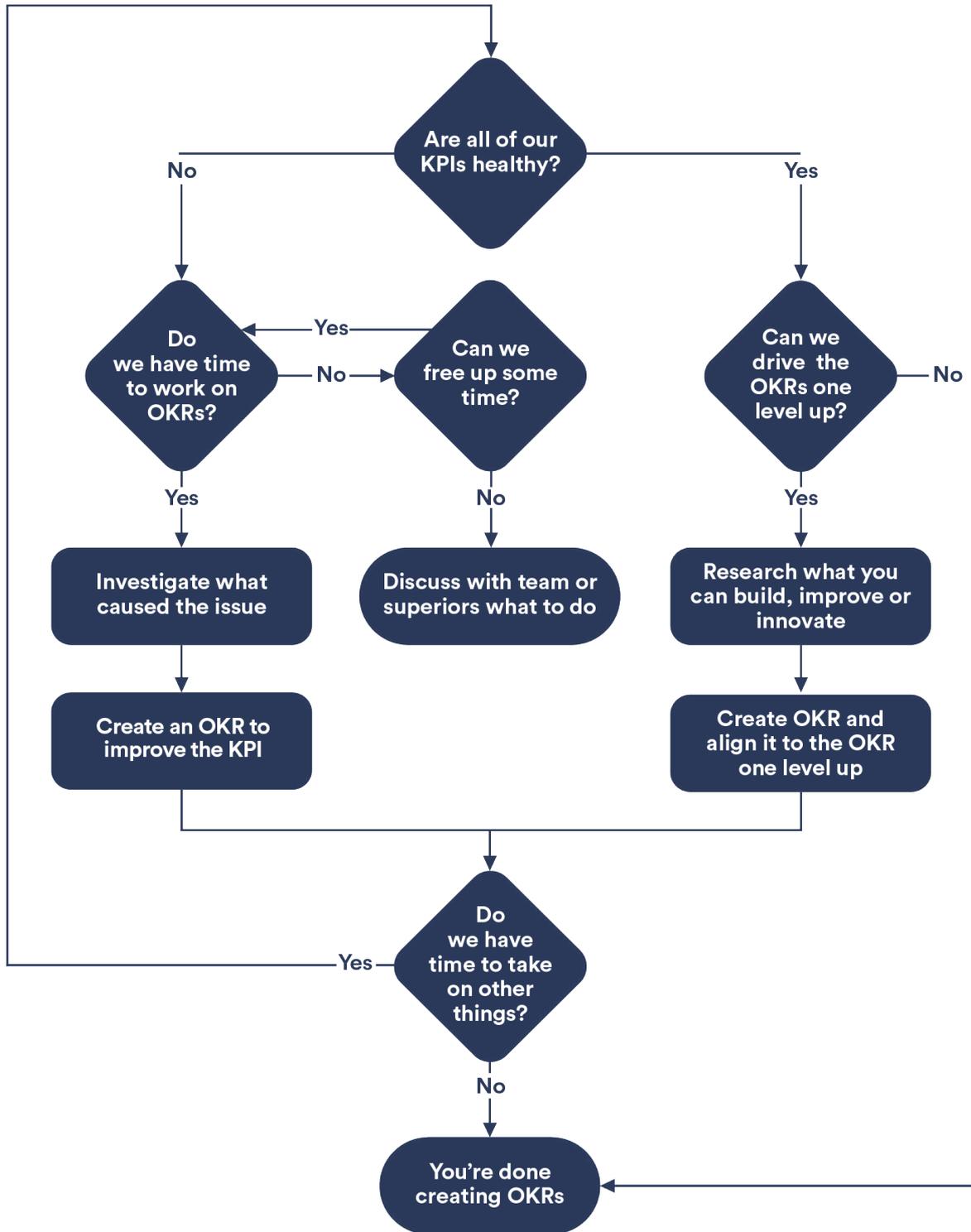
Nonetheless, the executive should review and approve the Tactical OKRs of the teams that report to them. This is to ensure that everyone is on the same page.

As the CEO, you should also review all the Tactical OKRs, at least for the next level down. You want to be sure the Tactical OKRs are aligned with your strategy.

Framework for setting Tactical OKRs

Team leads can use the following framework to create good Tactical OKRs for their team. The easiest place to add Tactical OKRs is the [Perdoo Roadmap](#), as the roadmap gives you all the required strategic context.

Creating tactical OKRs can be difficult. See [Appendix B](#) for a few examples. To help your team leads create good Tactical OKRs, let them [read this article](#).



[🔗 How to add a team OKR in Perdo](#)

Goal-setting best practices

Put KPIs over OKRs

Remember the analogy? KPIs keep the engine running so that you can continue your journey towards your destination. Without a running engine, you'll never get to where you want to be. Make sure the engine is always running and put KPIs first.

Estimate how much time there is to work on Tactical OKRs

For some teams, maintaining KPIs will require a significant amount of time. A Support or Sales team are teams that typically have a lot of KPI-related work: closing deals / resolving incoming support tickets. Every now and then, it can happen that they don't have time to work on any Tactical OKRs—and that's ok.

When setting Tactical OKRs, it's important to estimate how much time everyone will have to work on them. Our Sales team at Perdoos estimates that they spend 70% of their time working on their KPIs. That means that they only have 30% of their time available to work on other things such as OKRs. The question then is how they are going to spend that time, and that's what their (Tactical) OKRs should define.

Less is more

As with many things in life, less is more. The less goals you have, the more focused you are. With (too) many goals you're avoiding the hard question: what has priority?

KPIs especially are often misused by organizations, where some have hundreds of KPIs in place. When that happens, you're not looking at KPIs anymore—you're looking at PIs (Performance indicators). In Perdoos, we restrict you to a maximum of 4 KPIs for the company and each team. This forces you to focus on these few performance indicators that are really key.

Take your time setting goals

Your goals will define how everyone in your organization will be spending their time. Hence, setting goals is pretty much the same as deciding how to invest a significant amount of money. You don't want to rush this.

Make sure your organization structure supports your goals

Every now and then, you may want to review how your organization is structured to ensure your structure supports the completion of your most important goals (remember: structure follows strategy). [This article](#) explains the most popular organizational structures and how you can figure out the right structure for your organization.

Achieve your goals

Step 3

You've put your strategy in place, made it clear and measurable, and shared it with the organization. That enabled everyone at every level to identify what goals they should be working on to help deliver that strategy. Never before did your organization have such a good understanding of your strategy, and never before did everyone have it so clear what they should be working on. As the CEO, you have reviewed and approved these goals—so on top of that your organization is now also perfectly aligned. There's only one thing left to do: achieve your goals.

Achieving goals is the hardest part and will take, by far, the most time. Hence, you first want to make sure that you're working on the right goals, which is why this step comes last.

To ensure that the goals that you and your team(s) have identified in step 2 will be achieved, you need to do two things: (i) make someone responsible, and (ii) keep that person accountable.

Make someone responsible

When you have identified an important goal for your organization, you need someone to look after it. In other words: you need to make someone responsible.

As the CEO (or manager), you should not be responsible for all the goals of the company (or team). You simply don't have the time. Instead, you should delegate responsibility and act as a coach (i.e. help your direct reports achieve their goals).

In the Perdo software, we call the person who is responsible for a goal, the lead. Only one person can lead a goal (the adagium goes: "if multiple people are responsible, no one is").

Responsibility should equal ownership

It's important that the responsible person also has ownership over the goal. Ownership is your ability to influence the outcome. First of all, it's frustrating to be responsible for something when every decision or effort that could positively influence the outcome of that goal has to be approved by someone else. Second, if responsibility doesn't match ownership, you simply reduce the chances that the goal will be achieved.

Obviously, the responsible person must work towards the goal whilst staying aligned with the company's strategy and company values. And some decisions or efforts will have to be approved (e.g. when a certain budget is required). But give as much ownership of the goal as possible, to the person who you've made responsible for it.

Regularly update progress

There are [many reasons](#) why the lead should regularly update progress. The most important one is by Benjamin Harkin (Ph.D. of the University of Sheffield; he conducted a meta-analysis of 138 studies comprising in total 19,951 participants) who found that prompting participants to monitor their progress increased the likelihood that the participants would achieve that goal. The more frequent the monitoring, the more likely they were to succeed. Harkin: "Monitoring goal progress is a crucial process that comes into play between setting and attaining a goal."

Regularly updating progress also keeps other stakeholders, such as yourself, in the loop. The goal is important, so you want to be able to see how it's progressing.

Sometimes a progress update requires more context, which is why you can add a note to a goal as well. For example, when a KPI turned unhealthy, you want the lead to research the issue and explain why it turned unhealthy. Ideally, he or she also has some ideas for how to get it on track again, and for when this should be a priority. These answers you want to have logged on the KPI in Perdoo so that you keep a good historical record and the organization informed.

Weekly check-in

At Perdoo, we've developed a [Check-in feature](#), which makes it really simple for leads to update their goals once per week. It will only take 3-4 minutes (per week), which is—considering the importance of those goals—not too much to ask (if it is too much to ask, you may want to find a different lead for that goal).

When goals are not progressing well, it's important that the lead adds context when checking in. This forces the lead to analyze the problem and find a solution. It also builds a good historical record and keeps the organization up to date. Everyone should be able to look at a goal and see exactly what's going on.

The lead should answer the following questions, and log the answers in Perdoo:

- Why is the goal off track?
- What is your plan to get it on track again?
- How can the organization help? (The lead can [@-mention colleagues](#) who he or she needs help from. The colleague will then automatically be notified.)

Integrations

You can also let Perdoo update progress on your goals automatically through the [integrations that we offer](#).

When using integrations, keep in mind that sometimes more context than just the progress update is required (as explained above).

Keep people accountable

You can't just tell people they're responsible, and then leave them to it. Yes, it may work for some, but not for all. You need to keep them accountable. Accountability means that you judge the person responsible for how well he/she executed on a goal.

Who keeps who accountable?

Keeping people accountable should run along the reporting lines. Everyone who has people reporting to them (e.g. executives, managers) keeps their direct reports accountable.

How do you keep a lead accountable?

You keep a lead accountable by setting up regular review sessions: 1:1s to see how people are doing.

Most managers and executives already have regular 1:1s (i.e. weekly or bi-weekly) with their direct reports. They just have to make a review of goals part of these 1:1s.

This serves three purposes:

- It lets their direct reports know that they are being held accountable for the goals they lead.
- It gives the manager the opportunity to provide support (if needed).
- It offers the manager the opportunity to give praise and encouragement to motivate people to go even further when things are going well.

With Perdoo, we make it super simple to review the goals of your direct reports in a 1:1. First of all, star your direct reports for quick access. In the 1:1, navigate to your direct report's User Page where you'll find all the goals (KPIs, OKRs and Initiatives) that he or she leads. This enables you to review all goals at once. 10-15 minutes per 1 or 2 weeks is all it takes.

The weekly check-in (see above) should happen prior to the 1:1. You can configure Perdoos in such a way that all leads will receive a reminder to do their weekly check-in one day before most managers have their 1:1s with their direct reports.

When a goal is not progressing well, the 1:1 should make the following things clear:

- Why is the goal off track?
- What is the lead's plan to get it on track again?
- How can the organization help?

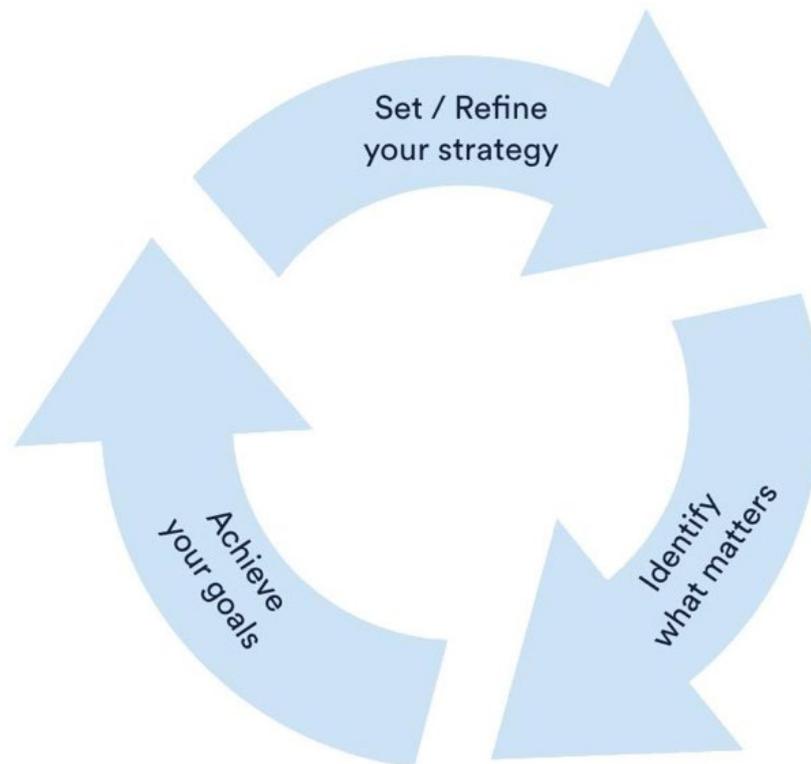
Ideally, the lead has already logged the answers to these questions in Perdoos prior to the 1:1 (see [Weekly Check-in](#)).

Check out [this article](#) for more info on 1:1s & Perdoos.

Growth is an ongoing process

Growth is never permanent. Due to constantly changing circumstances, continuous growth requires constant work. New competitors are entering, the needs of customers are changing, new technologies enable new solutions, and so on.

As a result, you need to regularly refine your strategy and re-evaluate what matters most, before everyone starts working again on achieving their goals. I call this the Circle of Growth.



Perdoo will take care of this process for you, by sending out automated reminders which you can adjust to your preference. We've also built a special report into Perdoo so you can see how your process is going ([more info here](#)).

How to get started with Perdoo

Go to perdoo.com/get-a-demo or click the button below. During your demo we will set you up with a free trial of our software.

[Get a demo of Perdoo](#)

Questions?

Contact us via hello@perdoo.com and we'll get back to you asap.

Appendix A - Setting KPIs

To set up a KPI, answer the questions below. Make sure to store the answer for each question on the KPI in Perdoo! You definitely want to be sure that everyone in your organization or a team, including future hires, understands each KPI.

Questions for setting KPIs

1. What is a key area of our business or team?
e.g. lead acquisition
2. What is the best metric to measure performance of this key area?
e.g. MQLs acquired
3. How do we calculate the current value?
e.g. The amount of leads that achieved MQL-status or higher this quarter
4. What is the target or threshold value?
e.g. 500 MQLs

Details of each question

1. What is a key area of our business or team?

We've seen above that KPIs and OKRs are the type of goals that you need to implement your strategy. Therefore, to decide what is a key area of your business, you need to look at your organization's strategy. Delivering a great customer experience is clearly not part of Ryanair's (a European low-cost carrier) strategy, so they probably don't have a KPI for it.

Some KPIs are personal to an organization. For example, a self-funded business like Perdoo may decide that cash flow is really important, whereas this may not at all be important for a well-funded scale-up like Uber.

Other key areas are fairly standard. For example, lead acquisition is important for pretty much any organization, same for revenue (growth), customer happiness, and so on. The Balanced Scorecard framework claims that every organization needs a KPI for the areas Financial, Customer, Internal processes, and Organizational Capacity.

2. What is the best metric to measure performance of this key area?

This is a bit trickier, as it depends on things like your business model and processes. Because your processes can change over time, how you measure performance of a certain area can also change (when we change KPIs at Perdo, we usually don't change what the key areas are but how we measure their performance).

Luckily, certain standards have developed (which you can easily research online). For example, most organizations use NPS to track customer satisfaction, and Employee NPS is quickly becoming the standard to measure how happy employees are. Standards have also developed within industries. For example, a B2B/SaaS company will use the metric MRR or ARR (Monthly/Annual Recurring Revenue) to measure revenue.

3. How do we calculate the current value?

Every metric will always have a certain value at any point in time. We call this the current value. You need to decide what the formula is to calculate the current value.

Let's say CSAT (Customer Satisfaction score) is a KPI for your Customer Support team. The current value could be based on all responses from the past 12 months, or you could include only the responses from the past quarter. If you go for 12 months, you'll probably have a more accurate number that is less influenced by a certain event (e.g. a painful bug). However, it will take longer for any trends to appear.

Even for a metric like Monthly Recurring Revenue—where it is clear that it only includes the recurring revenues that you have acquired in any given month—you still have to decide what revenues are classified as recurring. Sometimes that's simple, other times it's not.

Be aware that you want to avoid changing the formula. Changing it would either mean that all your historical data would change as well, or you won't be able anymore to compare current performance with past performance.

4. What is the target or threshold value?

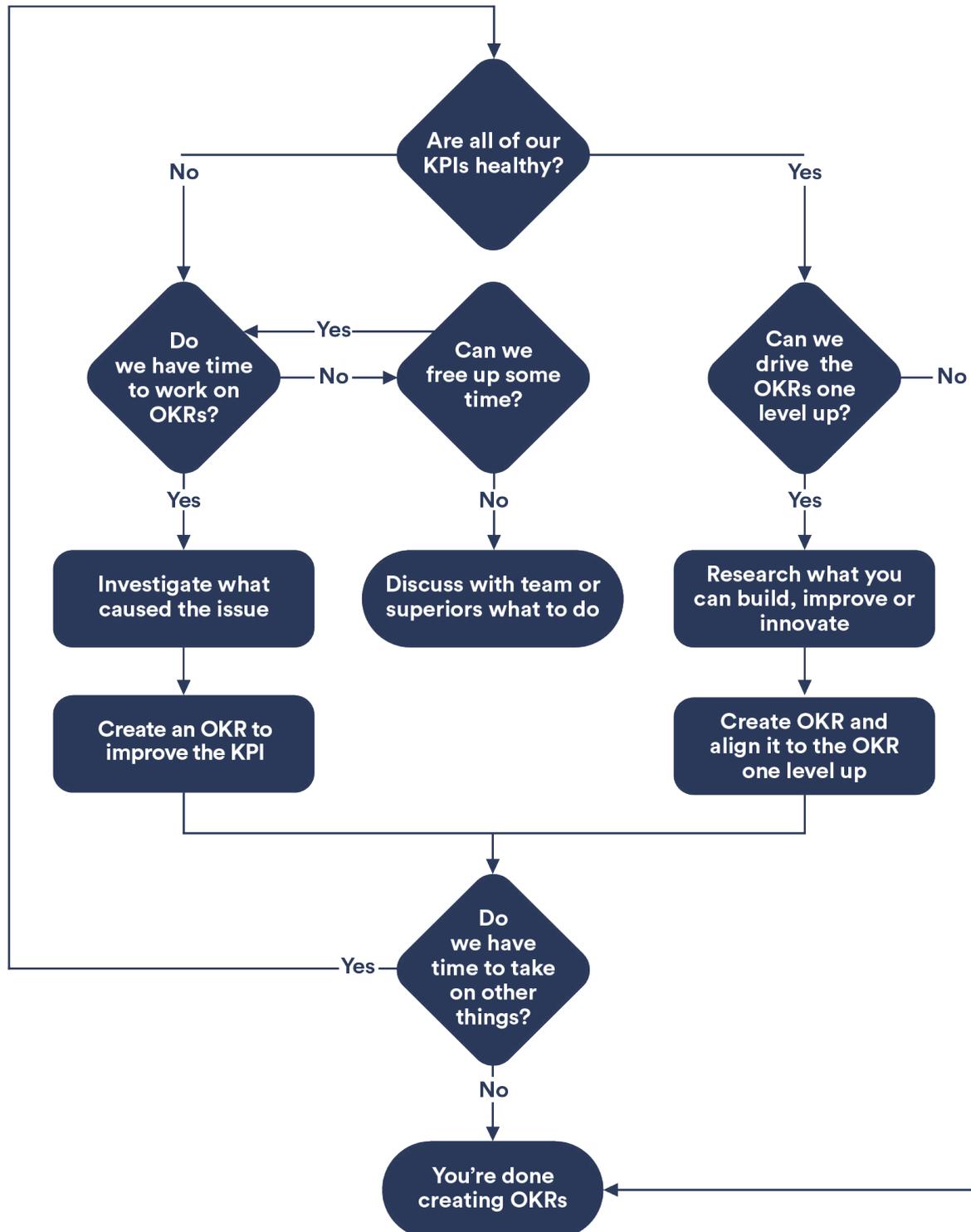
In my opinion, every KPI needs target or threshold value. The target or threshold value enables everyone to see whether or not the KPI is “healthy”. If the KPI is unhealthy, appropriate action needs to be taken.

[Check out our blog](#) for more articles on KPIs.

Appendix B - Setting (Tactical) OKRs

Use the framework below to create Tactical OKRs for your team. The easiest place to add Tactical OKRs is the [Perdoo Roadmap](#), where you'll have strategic context.

[Check out our blog](#) for more. [Read this article](#) to ensure OKRs measure outcomes.



Creating Tactical OKRs is hard, so here are 2 real-life examples from Perdo:

From the Perdo Sales Team:

- When looking at their Team KPIs, they saw that they were doing just fine.
- From previous experience, our Sales team knew that they would have around 30% of their time available to work on OKRs. So the question was how to spend that time.
- When they look at the Company OKRs for the year, they saw Perdo wanted to increase their customer base in the ICP (Ideal Customer Profile) segment.
- The team decided to create an OKR to optimize their sales process for prospects that meet the ICP criteria.

From the Perdo Support Team:

- Perdo had seen a rapid growth in new customers, the number of tickets from users had increased significantly. Because the rapid growth hadn't translated yet into expanding the Support Team, users had to wait longer to receive an answer. This caused our CSAT (Customer Satisfaction score) to drop from 98% to 89%, while we agreed it should be at 95% or higher.
- Due to the increase in tickets, the Support Team had no time to work on OKRs.
- The team didn't feel they had the ability to drop some of their business as usual (e.g. answering incoming tickets), they knew they had a problem. A KPI was not healthy and the team had no time to work on an OKR that would improve it.
- I sat together with the team to discuss how to solve this. We decided to only answer tickets at set times throughout the day. This would make some users wait even longer for their tickets to be answered, which would surely cause an even further drop in our CSAT score. This drop would be temporary, however, as this approach would free up some time to work on OKRs and improve their operations for the future.