

# THE ULTIMATE GUIDE TO OKR

Everything you need to know to get started  
with Objectives & Key Results.



# Contents

<b>Introduction</b>	<b>3</b>
<b>A brief history of OKR</b>	<b>6</b>
<b>Benefits of OKR</b>	<b>7</b>
<b>Getting started</b>	<b>8</b>
<b>What are Initiatives?</b>	<b>14</b>
<b>OKR Software</b>	<b>15</b>

# Introduction

## What is an OKR?

The acronym OKR stands for Objectives and Key Results, a popular goal management framework that helps companies implement and execute strategy. The benefits of the framework include a better focus on results that matter, increased transparency, and better (strategic) alignment. OKR achieves this by organizing employees and the work they do around achieving common Objectives.

An OKR consists of an **Objective**, which tells you where to go, and several **Key Results**, which are the results you need to achieve to get to your Objective. **Initiatives** are all the projects and tasks that will help you achieve your Key Results.

The framework includes a number of rules which help employees prioritize, align, and measure the outcome of their efforts. OKR helps companies bridge the gap between strategy and execution and move from an output- to an outcome-based approach to work.

## What is an Objective?

An Objective is a description of something that you'd like to achieve in the future. An Objective sets the direction — like a destination on a map. Objectives shouldn't be technical and shouldn't contain a metric, so that everyone understands where to go.

## What is a Key Result?

A Key Result is a measurable outcome required to achieve the Objective. It contains a metric with a start and target value. Key Results measure progress towards the Objective — like a signpost that shows how close you are to your Objective.

## What is an Initiative?

Initiatives are all the projects and tasks that will help you achieve a Key Result. Imagine your organization is a car. The Objective is your destination, the Key Results show if you're heading in the right direction, and the Initiatives are what you'll do to get your car moving.

### Objective

#### **“Where do I want to go?”**

An Objective describes where you want to go and sets a clear direction. Think of it as a point on a map, a destination like New York.

### Key Result

#### **“How do I know if I'm getting there?”**

A Key Result shows you how you're progressing towards your Objective. Think of it as a signpost with a distance marker.

### Initiative

#### **“What will I do to get there?”**

An Initiative describes what you'll do to achieve your Key Results. Think of it as a description of what you'll do to get to your destination.

	Objective	Key Result	Initiative
Aligned	✓		
Ambitious		✓	
Directional	✓		
High Impact	✓	✓	
Inspirational	✓		
Measurable		✓	✓
Specific		✓	✓
Time Bound	✓	✓	✓
Understandable	✓		
Within Circle of Influence	✓	✓	
Within Control			✓

### Example Objectives

- ✓ Crush the competition through acquisitions
- ✓ Be a top place to work in the U.S.
- ✓ Optimize the sales funnel to close more deals in less time
- ✓ Create a more goal-oriented culture
- ✓ Empower our support team to be more self-sufficient

### Example Key Results

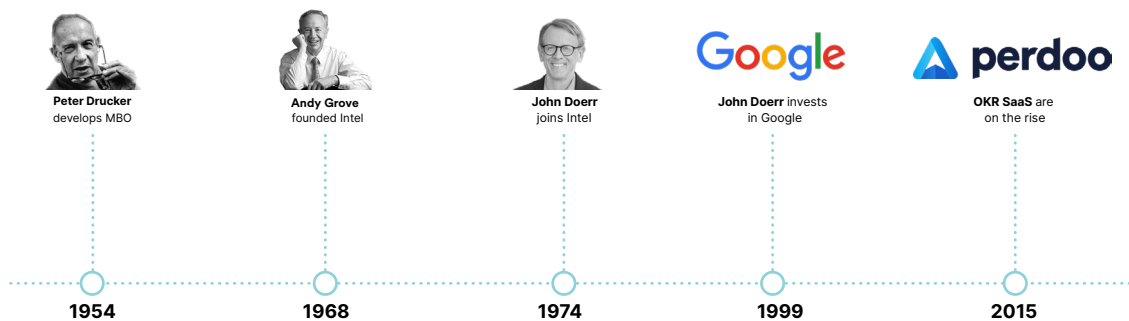
- ✓ Acquire 3 small players in our industry
- ✓ Reach top 10 in Fortune 100 best places to work
- ✓ Increase opportunity win rate from 12% to 20%
- ✓ 100% of employees are contributing to an OKR
- ✓ Reduce ticket escalation by 15%

### Example Initiatives

- ✓ Secure budget approval from shareholders
- ✓ Hire a People & Culture Manager
- ✓ Launch a new discounting model
- ✓ Invite all employees to Perdo
- ✓ Create Q&A document for top 20 escalated issues

# A brief history of OKR

OKR has a long history that can be traced back to 1954 when [Peter Drucker](#) invented MBO or [Management by Objectives](#). In 1968, Andrew Grove co-founded Intel and — while CEO at Intel — he further developed MBO into the OKR framework as we know it today. In 1974, [John Doerr](#) joined Intel and learned OKR during his time there. Doerr went on to join Kleiner Perkins Caufield & Byers — one of the first major investors in Google — and became an adviser to Google in its very early days. Doer introduced OKR to Google’s founders, Larry Page and Sergey Brin, who then implemented OKR at Google (which still uses it today).



# Benefits of OKR

## Business impact

Current research shows that when comparing groups of employees who used OKR against those that don't, those that used it proved much more effective at their jobs, resulting in better performance and increased sales. In fact, the group who didn't use OKR actively asked to be involved in the process in future cycles. A full rundown of the ROI of Goal Management can be found [here](#).

## Cultural benefits

The biggest impact of using OKR in most organizations without goal management already in place, is a cultural shift from output to outcomes. OKR creates focus, accountability, [transparency](#), and [alignment](#) within an organization. The results of all this is an increase in performance and employee engagement.



### Strategic Alignment

OKR helps managers and employees align all their efforts, making sure that everyone in the organization is moving in the same direction.



### Focused Execution

OKR helps focus only on what's most important by [prioritizing](#) only the work that has the biggest business impact.



### Engaged Employees

People achieve remarkable results when they're [engaged](#) with a purpose. OKR helps communicate the bigger picture in a way everyone understands.

# Getting started

## Preparing for OKR

Before you start using OKR it's important to have a clear understanding of the challenge you want it to solve, and the benefits you expect it to bring.

For most organizations, OKR solves the challenge of implementing and executing strategy in a way that's clear to all employees, transparent and measurable. For it to be successful, the implementation and management of OKR should have an owner within the organization. This person is usually called the "[Ambassador](#)". The Ambassador's role is to ensure that everyone who will be using OKR, is properly trained, engaged, and has ongoing help and guidance when they need it.

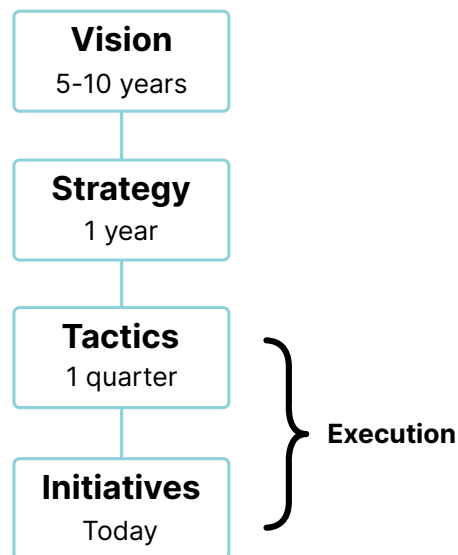
OKR is a framework, but it's also a learning process that often involves a fundamental shift in how people think about and measure the work they do, moving away from a focus on output and towards a focus on outcomes.

## Finding the right OKR cadence

OKRs are usually created on 2 cadences: annual and quarterly. Company Objectives are typically set annually whereas individuals and teams set their OKRs quarterly.



Company OKRs are purely directional and therefore a longer time span makes sense. Team OKRs are tactical and therefore quarterly makes more sense: the corresponding shorter review cycles enable organizations to change direction if tactics are not driving progress towards the Company OKRs for the year. More info on how [to find the right OKR cadence can be found here](#). If you're working at a fast-moving company with shifting goals, this post explains how OKR can [keep you on track when your business goals are shifting](#).



## Creating your ultimate goal

Most organizations have a mission and vision but often these are difficult to understand and can be confused with one and other. We recommend turning your mission and vision into an ultimate goal. Your ultimate goal defines what it's "ultimately" all about for your organization. It's your North Star to which all other goals align.

Your ultimate goal should aim for a point at a considerable distance in the future; 10, 15 even 25 years is reasonable. A good example of an ultimate goal is when [John F Kennedy decided that America should put a man on the moon, and coined the term “Moonshot Goal”](#).

Having a single ultimate goal gives you the focus that your entire organization needs. For example, in 1958 NASA had 8 top-level goals including “The establishment of long-range studies of the potential benefits to be gained from, the opportunities for, and the problems involved in the utilization of aeronautical and space activities for peaceful and scientific purposes.”. By 1961, thanks to Kennedy, NASA had only one ultimate goal; “Before the decade is out, land a man on the moon and return him safely to earth”. [This video](#) explains how to turn mission and vision into your ultimate goal.

## Example of an ultimate goal

### Ultimate goal

- ✓ Make humankind interplanetary (SpaceX)
- ✓ Become be biggest airline of Europe by offering the lowest fare possible (RyanAir)
- ✓ Build the most customer-centric store that sells everything (Amazon)
- ✓ Help ambitious organizations grow faster (Perdoo)

## **Setting company OKRs**

Company OKRs set the direction for the entire organization. Because company OKRs are directional, they usually have a time span of 1 to 3 years. Your company OKRs reflect the 3 or 4 things your organization decides it must achieve in the next 12 months.

It's important that everyone in your organization has a chance to give their input when you're deciding what you want to achieve in the next 12 months. We recommend starting with an OKR workshop where all key stakeholders responsible for company strategy first ask for and then gather, input from employees on what they think top priorities should be. This input can then be then discussed in relation to existing company strategy and broken down into 3 to 5 OKRs. This can be done using post-it notes, collaborative documents, or even a whiteboard. The objective of the exercise is to come to an agreement on what the organization should have achieved by the beginning of the following year.

## **Setting team and individual OKRs**

Team and individual OKRs express what tactics the teams and individuals will deploy, and what results they will need to achieve in order to help the organization realize its long-term Objectives. Everyone has a busy schedule and urgent things will constantly pop up, but whatever is reflected in your OKRs deserves priority over everything else. This is also why it's crucial to update OKRs regularly to see how you're progressing on what you've agreed is most important. That's why it's so important to always bring up your team OKRs in your weekly or bi-weekly team meetings.

OKRs give every team and individual a sense of direction and accomplishment. But they are also a reason to say “No” to things that fall outside of the scope of the OKRs. If every team creates their OKRs as if these were the only things they will be working on that quarter, it will ensure a successful OKR program whilst helping the organization realize its strategy.

## **Key characteristics of Objectives**

### **Aligned**

Group Objectives should always align to the Company Objectives and support your organization’s Ultimate Goal. Group Objectives should always be created once Company OKRs have been agreed upon.

### **High impact**

Group Objectives should always be the things that, if you achieve them, will have a huge positive effect on your entire organization. Achieving Group Objectives, just like Company Objectives, should be cause for a celebration!

### **Time bound**

Keeping Group Objectives within a short and strict time frame, encourages focus and allows you to review them in cycles. This not only helps you quickly identify what’s working and what isn’t, it also allows you to change course in a new cycle if your Group Objectives are not contributing to your Company OKRs.

## Key characteristics of Key Results

### High impact

Group Key Results should reflect a big change, something that, if you achieve 70% to 80% of your target, the rest of your organization will notice. Make them tough. If they're easy to achieve they're not challenging enough.

### Specific

Group Key Results should be focused and have a clearly defined scope. While Company Key Results cover broad metrics, Group Key Results should measure more granular progress, like sales of a specific product.

### Within influence

Group Key Results should always be things you measure that you don't do, but you can influence. Writing 10 blog posts is a bad Key Result, it's something you do. Achieving 1000 views on a blog post you wrote is a good Key Result, as it's something you can't control but you can influence.

# Key characteristics of Initiatives

## Specific

An Initiative must always be specific. Its scope must be clearly defined, and the owner of the Initiative must know what to do. It cannot be vague like an Objective can be. An Initiative must, therefore, contain verbs which are unambiguous, such as establish, write, launch, visit, release, etc. Objectives can contain less specific verbs, such as improve, increase, and so on.

## Within control

You should have full control over your Initiatives, which means that it will be in your power to complete them. This means there should be no dependencies on something or someone else. It also means that you can be held accountable for not completing your Initiatives; it will be more difficult to hold someone accountable for not achieving his or her OKRs (as they will not have full control over the latter).

### Example Objectives

- ✓ Develop a lighter engine
- ✓ Make search more responsive
- ✓ Increase sales of non-fiction books

### Example Key Results

- ✓ Reduce fuel pump weight by 10%
- ✓ Reduce page load speed to 1 second
- ✓ Sell \$1 million worth of educational books

### Example Initiatives

- ✓ Build fuel pump prototype
- ✓ Run a regular performance report
- ✓ Add 10,000 books to our online store

# What are Initiatives?

[Initiatives](#) describe the work required to move the needle for your Key Results. In contrast to Key Results, which clearly measure progress toward an Objective, [Initiatives are just hypotheses](#) for what work might deliver the biggest impact.

Initiatives are tasks, projects, or similar activities related to an OKR without impacting the Objective's progress. Regularly checking in with your Key Results will help you decide whether your Initiatives have delivered the desired results or not. If they haven't, you should think about changing your Initiatives.

The benefit of setting OKRs and Initiatives is that there is a clear separation between outcomes (Key Results: what did we achieve?) and outputs (Initiatives: what did we do?). You can commit to the same OKR while staying agile on an operational level by using Initiatives.

# OKR Software

## Get started for free

At Perdoo, we believe in truly democratizing the concept of OKR and want to liberate companies from the hassle of tracking OKRs in spreadsheets. We already offer most of our content for free. Now we've decided to go even a step further and offer our software for free as well.

Go to [perdoo.com](https://perdoo.com) to sign up for a free account!

Our free account includes all core functionality and allows you to track an unlimited number of goals.

[Get your free Perdoo account](#)

## Questions?

Contact us via [hello@perdoo.com](mailto:hello@perdoo.com) and we'll get back to you asap.



