OKR
PRACTITIONER COURSE

OKRINSTITUTE®

Define 3 Personal Objectives

1. Discuss your personal goals in the group and combine similar or identical objectives, and create new goals.

2. All groups should get together to write down their common objectives on the board.

3. Sort common or relevant group objectives.

OKR is a Goal Setting Framework

It is a simple system to create
Alignment & **Engagement** around **Measurable** & **Dynamic**
Goals.

Advanced Definition of OKRs

A critical thinking framework and ongoing **discipline** that seeks to ensure employees **work together**, focusing effort to make measurable contributions.

5 Super Powers+ of OKRs

Focus and Commit to Priorities

Align and Connect for Teamwork

Empower Team Members – Ownership

Stretch for Amazing

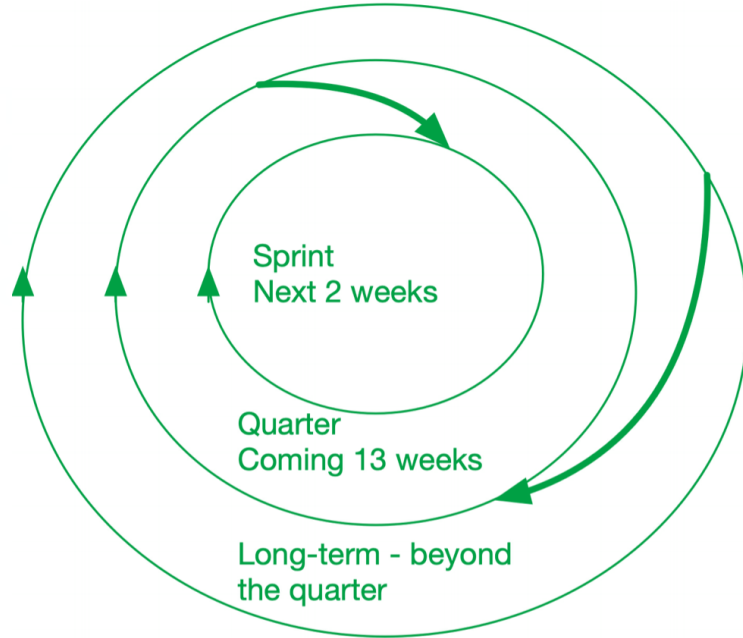**Track** Progress

+ Drives motivation/engagement

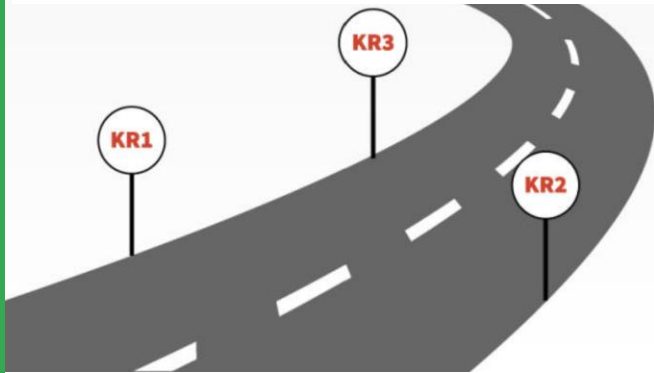+ Clear connection between strategy and operations

+ Drives innovation

OKR CYCLE

Prioritize · Focus · Execute · Review

OKR Planning

Sprint
Next 2 weeks

Quarter
Coming 13 weeks

Long-term - beyond
the quarter

OKRs act as **'planning glue'** between **long-term plans** and **short-term sprints**.

Agile Goal-Setting

1. Vision

3. Strategies

5. Key Results

2 . Mission

4. Objectives

R. Action Plan

1 3 5
N
2 4 R

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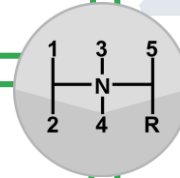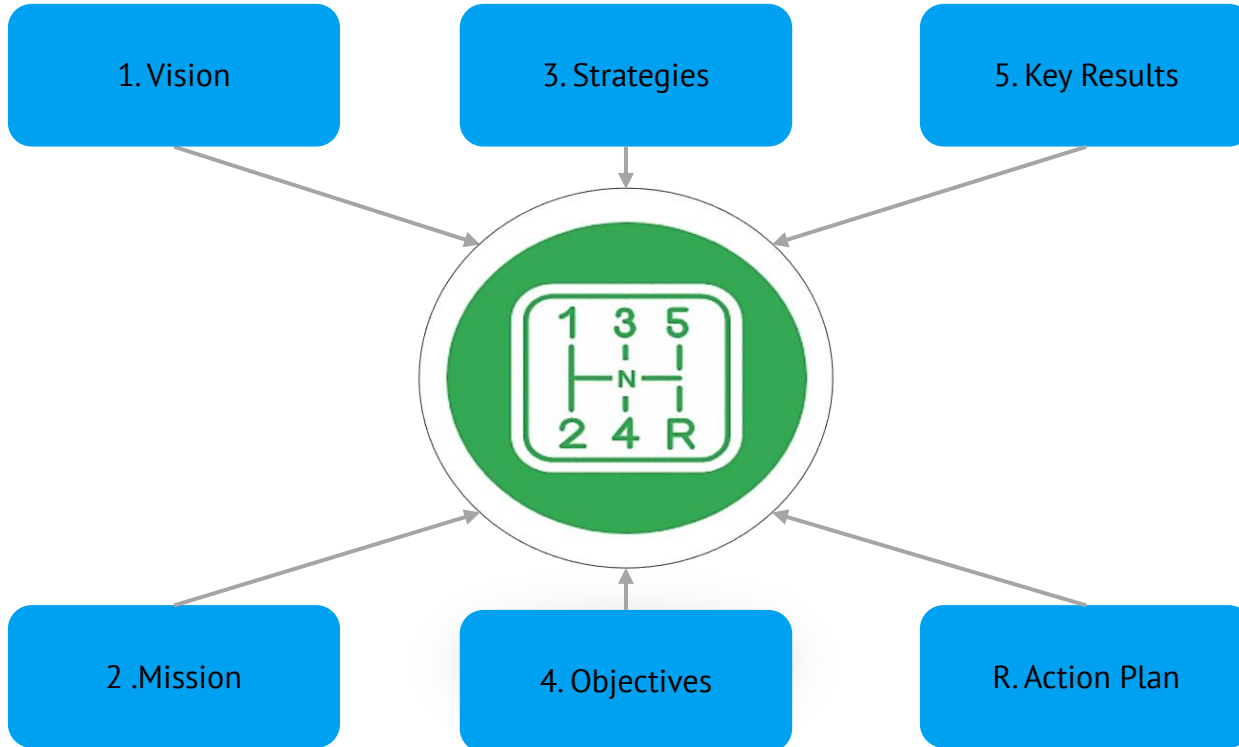
Fundamental Questions of OKRs

for Objective

Where do we want to **focus** on improving and making measurable progress in the near term? **Why?** Why now?

for Key Results

At the end of the OKR Cycle, how do we know we have **achieved** the objective? What Key activities do we do to achieve the Key Result / Objective?

O

KR

A

I want to achieve X …

…as measured by Key Metrics

…and I will do x things to achieve these Key Results

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Introduce OKRs as Vegetable

OKRA

Levels of OKRs

Strategic OKR	Tactical / Operational OKR	Can include if they are part of Team OKR
Organization or Management OKR	**Team OKR**	**(Individual OKR)**

Cons of individual OKRs

- **Too complex**

- **Too much focus on Me vs We**

- **They narrow employees down on the "how"**

OKR Levels

		Leads
Organization OKR	**O**: Become the **Market Leader** in Germany	CEO
	KR 1: **Increase outlets** from 4 to 10 in area A,B,C	Head of Business Development
	KR 2: Increase **conversion rate** from 25 to 40% in area A,B,C	Head of Sales & Marketing
Team OKR	**O**: Become Market Leader in area B	Head of Region B
	KR 1: Increase **Brand awareness** from 30% to 45% for persona C	Head of BD Region B
	KR 2: **Increase marketing campaigns** from 3 to 5 based on the best campaign from the last quarter	Head of Marketing Region B

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Influence

OKR asks everyone
"What can YOU do to help?"

No Control /
No Influence

Influence

Control
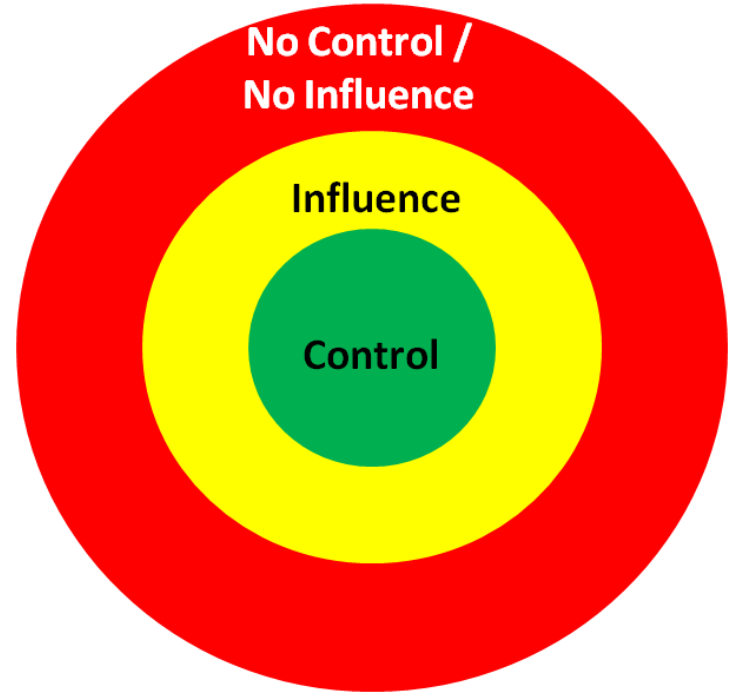
Top Objectives address these 6 topics

- Growth

- Customer

- People/Culture

- Optimization

- Excellence

- Innovation

Objectives

Objectives

Where do I need to go?

Examples

Objective: **Conquer** the German market

Objective: Become a **great place** to work

Objective: Make customers **love** our product

Internal – External Objectives

External Objective

- Win the German market
- Successfully launch product X

Internal Objective

- Increase employee engagement
- Increase employee job recommendation

Internal – External Objective Exercise

External OKR (Financial #, Products, Processes)?

Internal OKR (Company & Team Culture)?

The ultimate objective of any OKR is to produce an outcome that creates value and benefits for customers, employees and stakeholders.

How are Objectives written?

Verb + **What would you like to accomplish** +...

Example:

Grow + **through partnerships** + ...

Objectives Exercise

Objectives

Where do I need to go?

Examples

Objective: ?

Objective: ?

Objective: ?

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Weak – Strong Objectives

Weak Objectives:

- Increase Sales (from x to z)
- Double our userbase (from x to z)

Strong Objectives:

- Increase engagement on the website, which leads to more high-quality leads
- Launch an awesome MVP that delights first adopters

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30%

on average more likely to achieve goals with Outcome Management

*Business Impact Report results from analyzing +40k goals (3 years, 3.360 teams)

OUTCOME

An outcome refers to the (ideally desired) impact, change, or result that emerges from initiative. It represents the meaningful difference or value created by achieving specific objectives. Achieving positive outcomes is generally fulfilling to those who experience them, and also those who enabled them.

Outcomes are often associated with shifts in behavior, attitudes, or conditions that reflect progress towards a more desirable state. There is significance of change can generally be sensed and sometimes be measurable.

OUTPUT

An output represents the tangible deliverables, artifacts, (by-) products that are produced through specific activities or tasks. They may be concrete and observable results of work, typically expressed as completed tasks, reports, designs, or other measurable deliverables.

Outputs are often managed for tracking and increasing productivity. That said, outputs may not result in valuable outcomes, they may also be wasteful. They may not inherently represent the ultimate impact or significance of the endeavor.

We are trained to think output-driven

The output tells you what you have done, not the effect it had...

✕ **I have studied for my science test**
→ How long? Well enough to pass the test?

✕ **We have decided to buy a car**
→ Why? Do you need it as a status symbol?

✕ **We have started using AI**
→ But why? What is the value AI creates?

The outcome tells you what value you have created and the effect your actions/project had...

✓ **I passed my science test with the highest grade in order to become a doctor**

✓ **Buying a car allows us to be 100 % flexible wherever and whenever we need to go somewhere**

✓ **Using AI allows us to automate our better customer support in order to be more efficient**

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Cobra Effect

THE COBRA STORY

The story originates from an alleged historical event in British-occupied India. There was a severe cobra plague in Delhi at the time, which the British governor wanted to combat by offering a bounty on each cobra killed. Any resident who brought a dead cobra would receive a small reward.

At first, the concept worked very successfully as numerous cobras were killed.

What do imagine happened next?

When the inhabitants of India realized that this could be a very lucrative business, they started to breed cobras at home to collect more bounty.

When the British governor found out about this, he decided to cancel the bounty, which led to the breeders releasing their cobras, as they had no more use for the animals. In the end, there were even more cobras in the city than before.

Do you also have a Cobra story?
When did the incentive back-fire?
(4 minutes)
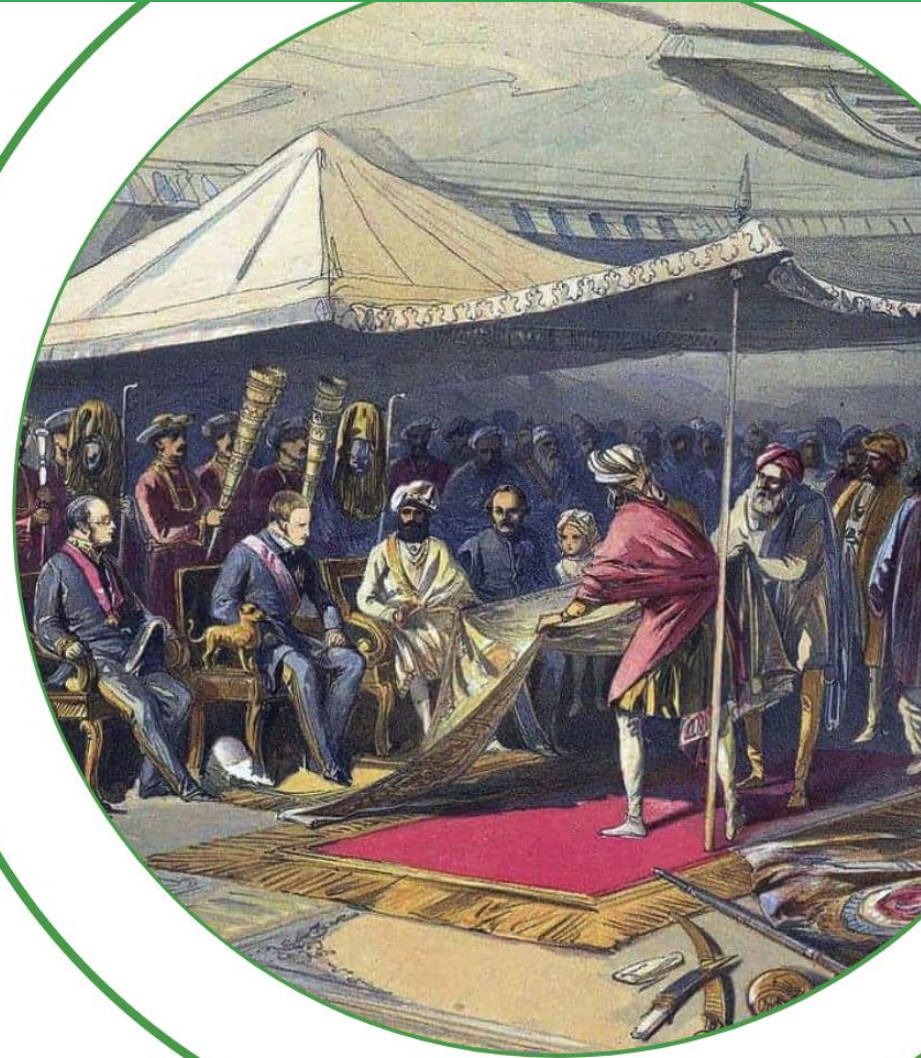
Exercise
Examples

Weak Objective?

Strong Objective?

Good Team Objectives

Sales

O: Have a smooth buying process via sales automation

Marketing

O: Drive brand awareness that we are category leader

HR

O: Attract talents and foster their skills

Software Development

O: Increase UI and say good by to bugs

Outcome-driven + Key Anchors for KRs

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How are Objectives written?

Verb + **What would you like to accomplish** + **What Impact / Value do you want to create**

Example:

Grow + **through partnerships** + **to acquire customers in new markets**

Objectives
Exercise

Objectives

Where do I need to go?

Examples

Objective: ?

Objective: ?

Objective: ?

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Objective & Key Results

Objectives	Key Results
Where do I need to go?	**How** do I know I get closer to my destination?
Become the **market leader** in my industry	Increase monthly active users from 700k to **1M**

Key Results

Key Results

How do I know I get closer to my destination?

Examples

Objective: Make customers **love** our product

Key Result 1: Increase **NPS** from 8.3 to 9.2

Key Result 2: Increase **review rating** from 4.0 to 4.5

Key Result 3: Reduce support **reply time** from 40 to 30 min

"Key Result is not a Key Result unless it has a number."
Marissa Mayer
(former VP of Google)

Key Result has a number but...

Increase Engagement Rate from x to z by...

- Delivering 100% of my tasks

- Publishing 5 blog posts

Why do we include this KR?

What is the added value, impact, or benefit?

Non-measurable Key Results

- Focus on hiring managers and leaders

- Ensuring ongoing mentoring and coaching program

- Implementing an effective project management tool

How do we migrate?

Key Result Intent (Key Anchor)	Qualitative Key Result	Quantitative Key Result
• **Reduce admin costs**	• 100% migration of all HR staff from offline to online	• **Decrease cost** for onboarding for employees from 1k to 500 USD
• **Improve employee experience**	• Publish an employee culture book	• 60% of new hires are via **employee referrals**

How are Key Results written?

Verb + **what impact/value we want to create** + **X to Z** + **Project/Initiative/Action**

Example:

Objective

Grow + **through partnerships** + **to acquire customers in new markets**

Key Result

Reduce + **partner onboarding time** + **from 30 to 15 days** + **through implementing software**

Key Results
Exercise

Key Results

How do I know I get closer to my destination?

Examples

Objective: Insert your drafted Objective (from 1st Exercise)

Key Result 1: ?

Key Result 2: ?

Key Result 3: ?

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Types of Key Results

Quantitative KR

Measures the numerical outcome of successful activities

Structure of a Quantitative KR:

Increase / Reduce ABC-metric from X to Z

Qualitative KR

Indicates the activities or outputs

Structure of a Qualitative KR:

Launch / Create / Deliver
Build / Make / Implement

Examples Key Results

Quantitative KR

- Improve Conversion Rate from 40 to 50%

- Increase NPS from 8.5 to 9.7

- Decrease Churn Rate from 5 to 4%

Qualitative KR

- Implement a performance management system

- Create an HR campaign

- Develop a new marketing campaign

Make Qualitative KR measurable

Quantitative KR	Qualitative KR
Action Plan completed successfully so what number did we change / outcome?	Your Action Plan / Tasks / Projects / Output / Enabler

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Milestones for Qualitative Key Results

Objective: Go live as a **trusted** property developer

Key Result: 100% compliance via **ISO 9001 certification**

% of progress assigned to milestone

Milestone 1: Prepare for certification

20% — 20%

Milestone 2: Implement controlling

20% 40% — 20%

Milestone 3: Complete internal audit

20% 60% — 20%

Milestone 4: Receive ISO 9001 certification

40% 100% — 40%

Must Have

COMMITTED

Roof-Shots
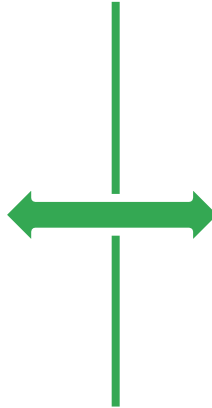
100%

Output Driven

Business as Usual

KPIs

ASPIRATIONAL

Moon-Shots

±70%

Outcome Driven

Future Ambitions

OKRs

OKRs

- Goal Execution Framework

- Top Down, Bottom Up, Horizontal

- Outcome

- Future

- Inspiring toward Vision, Mission, and Strategies

- Has a set time period (OKR Cycle), OKRs changes

KPIs

- # that measure the health of your business

- Top Down

- Output

- Past

- Controlling, Provides benchmarks

- Measured on an ongoing basis

OKR or KPI ?

Ask yourself:

Are you doing anything differently?   **OKR**

Is there already an established process?   **KPI**

Are we building, improving, or innovating?   **OKR**

Will we continue to do what we already do?   **KPI**

Purpose of OKRs

Build
Create something that didn't exist before

Improve
Make something that already exists better

Innovate
Reinvent something that already exists

Objective or KPI?

- Increase Sales ?   Pimped up **KPI**

- Double User Base ?   Pimped up **KPI**

- Launch a new product which brings happiness to our customers ?   **OKR**

- Improve check-out process for better UX ?   **OKR**

- Improve internal process for less admin work ?   **OKR**

- Create a High Performing Culture in our organization ?   **OKR**

Relationship KPIs & OKRs

- Turn an **unhealthy KPI** into a healthy one with the help of OKRs (i.e. Declining Sales, Decreasing Conversion Rate…)

- An **achieved OKR (KR)** can turn into a KPI (i.e. Engagement Rate, NPS…)