OKR
PRACTITIONER COURSE

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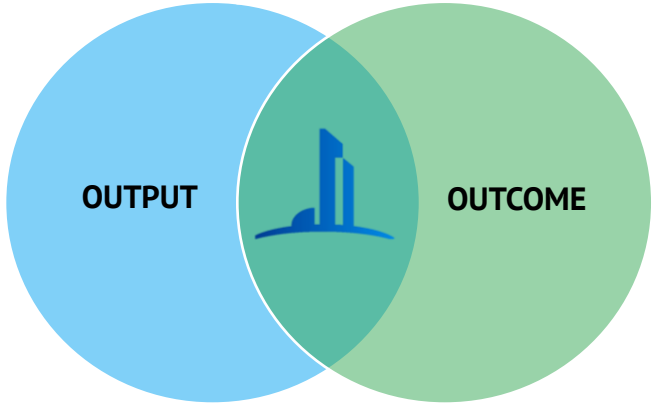
Teams should focus on measuring Outcomes Not Outputs

Focus on time to market

Delivery optimization

Becomes a feature factory: quantity over value



Focus on time to money

Prioritization by value and on product improvement

Product led organization

Why do teams tend to prefer outputs?

- Easier to control and predict
- Clear how to achieve
- Can be tracked in short-term easy

Why should teams prefer outcomes?

- Enables value results comparison and data tracking
- Drives learnings of the team and organization as a whole
- Focus is clearer and narrower than outputs.

Shift focus from Lagging to Leading indicators

Lagging Indicators

- Definitive Results of the past
- Easy to spot
- Unresponsive and hard to change

Leading Indicators

- Responsive to team actions
- Difficult to uncover
- Predictors of future success

Shift focus from lagging to leading Key Results

Rely on metrics that respond to your **actions** as directly and quickly as possible instead of just relying on the results of the past.

Leading vs Lagging Indicators

Lagging Indicators show you if you've achieved the goal. Difficult to change and slow to act on.

Leading Indicators tell you if you are likely to achieve the goal - meaning the team is doing the things most critical to goal achievement—something we can influence. More tactical changes that are easier to make in the present.

Shift focus from Lagging to Leading Key Results

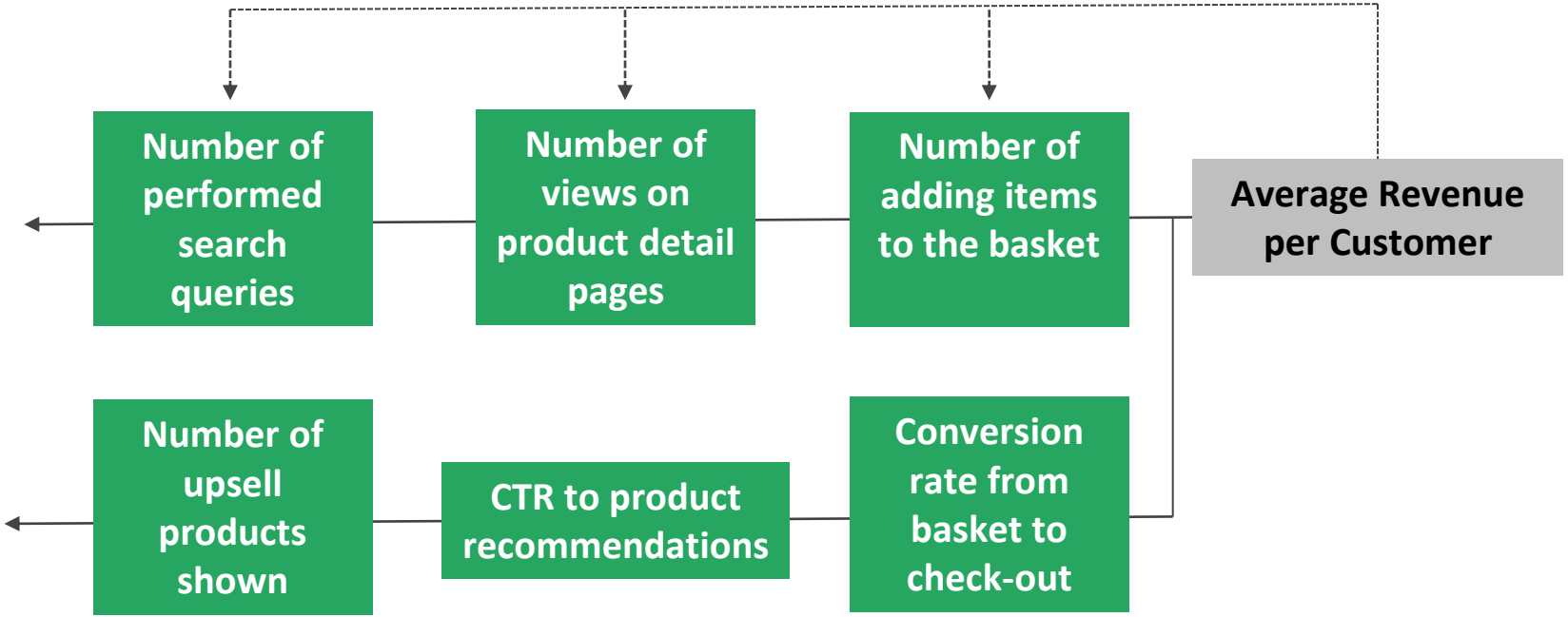
Assumed predictors of future success

Definitive results of the past

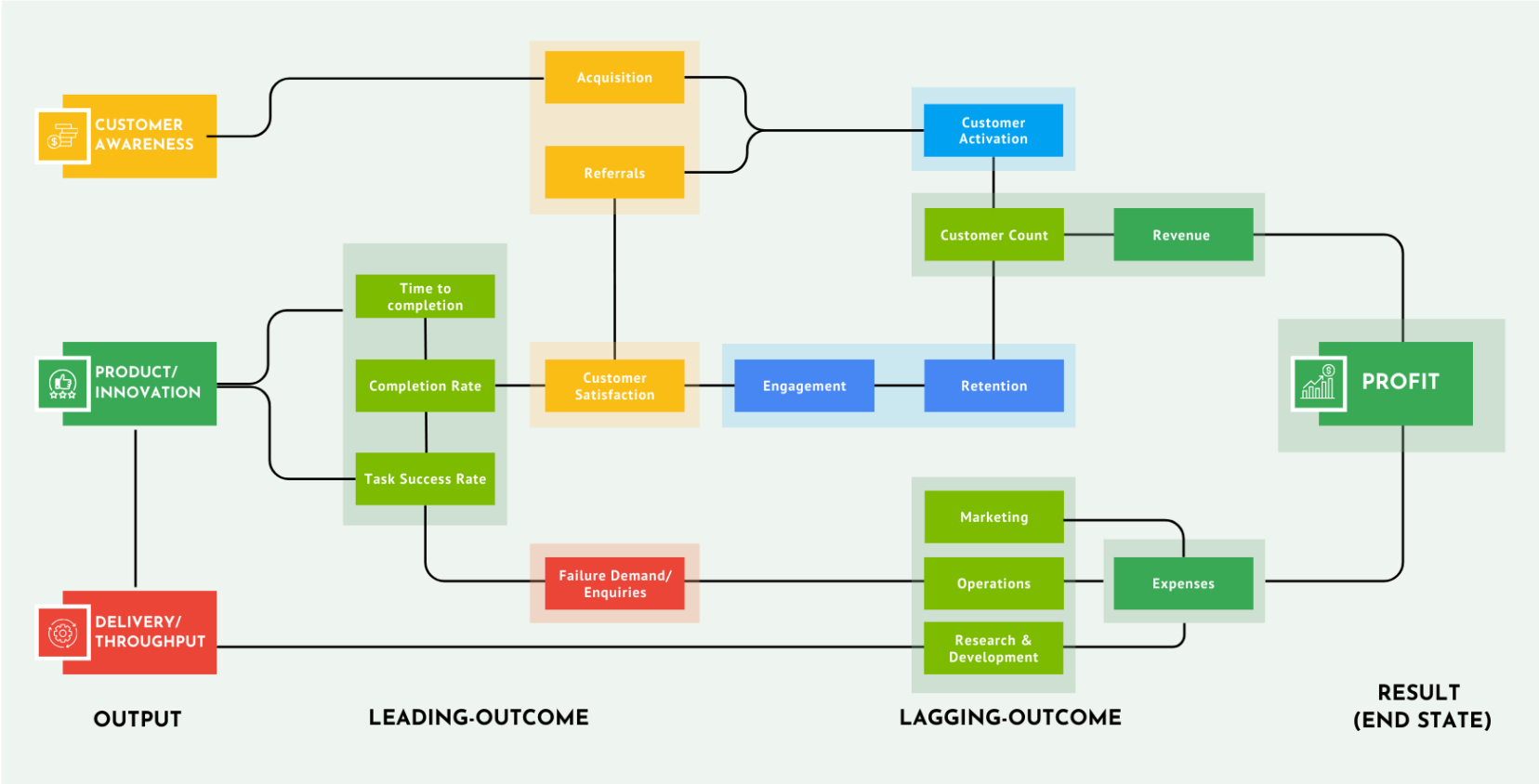
Input	Output	Outcome	Impact
Number of hours spent on creating banners	Number of banners promoting integrations	Number of actively used integrations per user	Total subscription revenue generated

Shift focus from Lagging to Leading Key Results

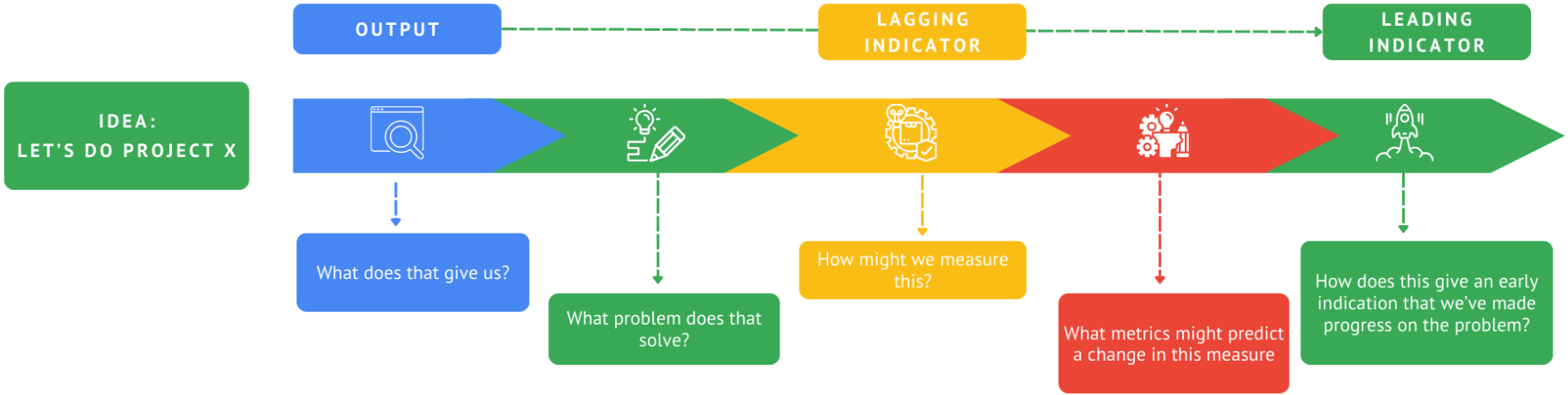
Which behaviors? What actions? Get us closer to the KR and Objective?



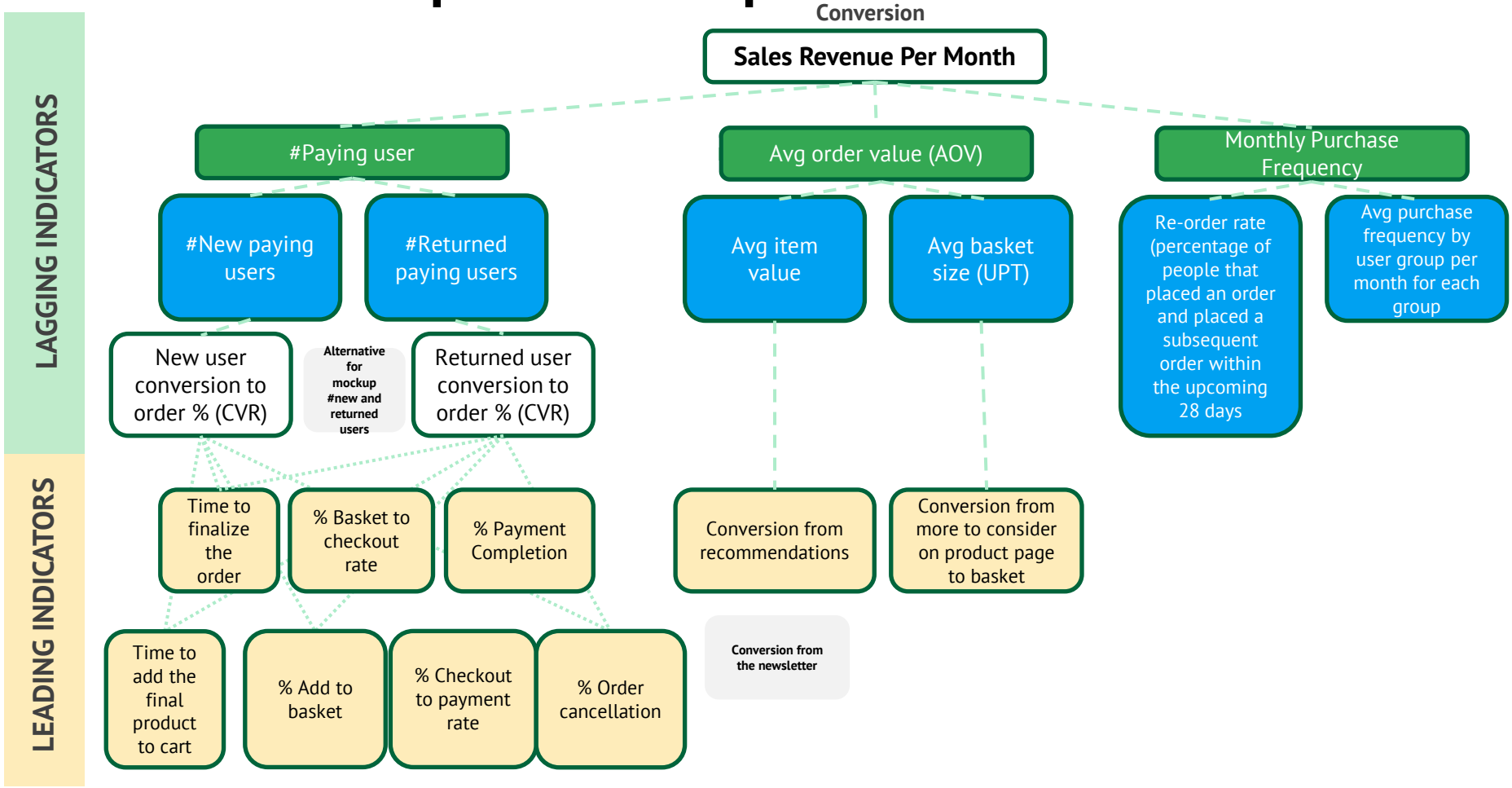
Aligning OKRs with High Impact Metrics



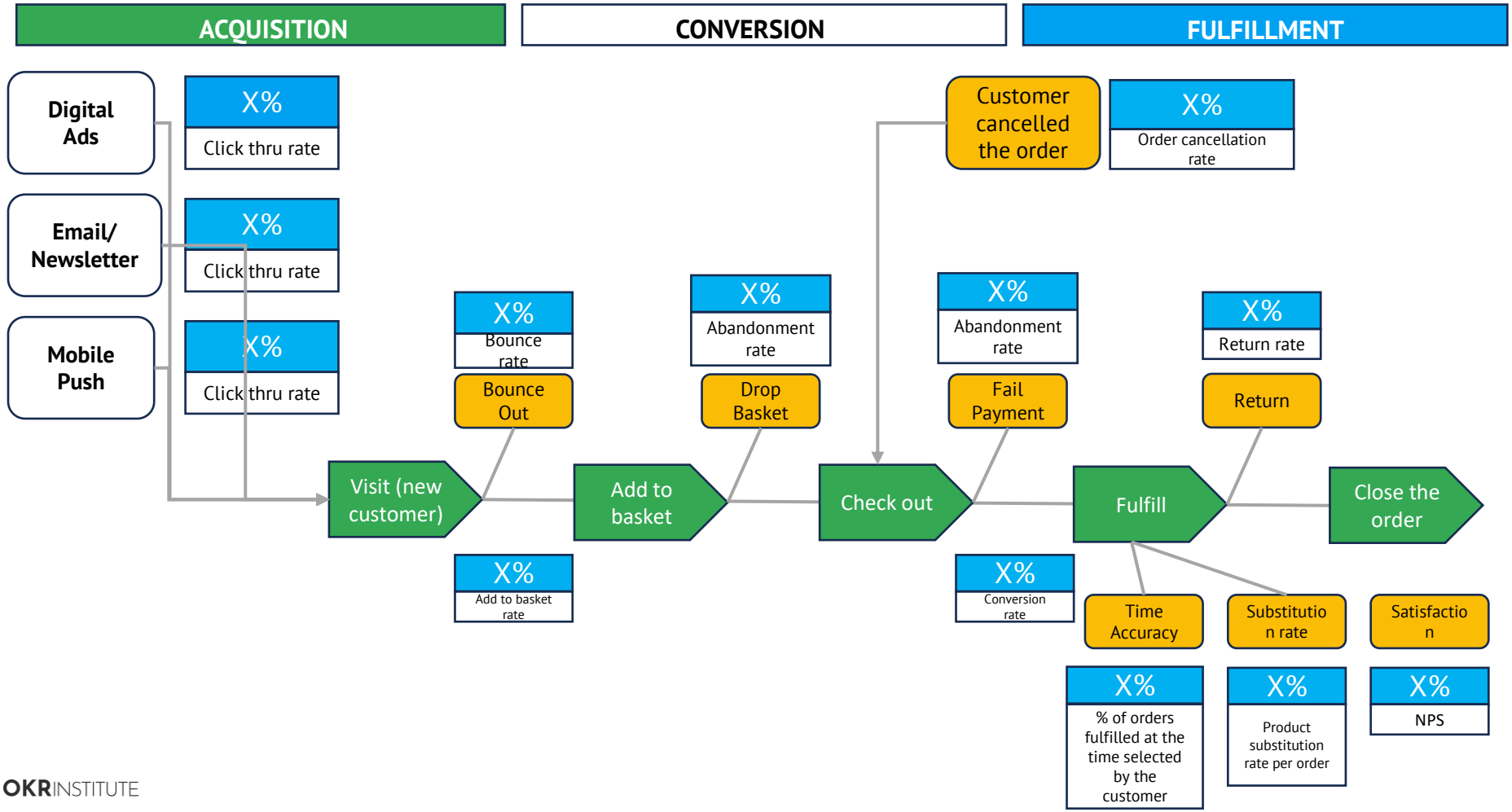
Getting from Idea to Outcome



KPI Trees helps to come up with Outcome-driven KRs



Customer Journey to identify Bottlenecks and KRs



Based on Opportunities, the following OKRs were drafted

Digital Ads Team

Objective: Achieve an increase in New User CRV by Implementing Highly Specific Audience Segmentation and Personalization

Key results:

- Decrease the bounce rate of new users by a minimum of 10% by improving and personalizing the website content
- Achieve a CTR increase of at least 12% on personalized social media marketing campaigns targeted at new users.
- Improve the CSAT score for new users by a minimum of 15 points as a result of improved shopping experiences enabled by personalization and tailored content.

Check Out Team

Objective: Enhance Product Discovery and Basket Addition to increase new users CVR

Key results:

- Increase the click-through rate (CTR) from the product listings to the product detail page by 15%
- Achieve a minimum of 20% improvement in the "Add to Basket" button click-through rate (CTR) on the product detail page
- Implement A/B testing for the "Add to Basket" button to identify the most effective UX, with the goal of achieving a higher conversion rate compared to the current design

Leading Indicator Statement

If we _____,
(do something)

we should see _____,
(leading indicator)

resulting in _____.
(lagging indicator / end result)

Leading Indicator Statement

If we improve the registration flow,
(do something)

we should see an increased conversion rate of 20%,
(leading indicator)

resulting in 10,000 additional users.
(lagging indicator / end result)

Shift focus from Lagging to Leading Key Results

Lagging Indicator

Reduce 6 kg body weight

Leading Indicator

Consume 20% less calories

Leading Indicators enable a team to work smarter by concentrating their energy on the actions that yield the greatest return.

Shift focus from Lagging to Leading indicators

Leading or Lagging Indicator?

Win 500 new client via cold calls

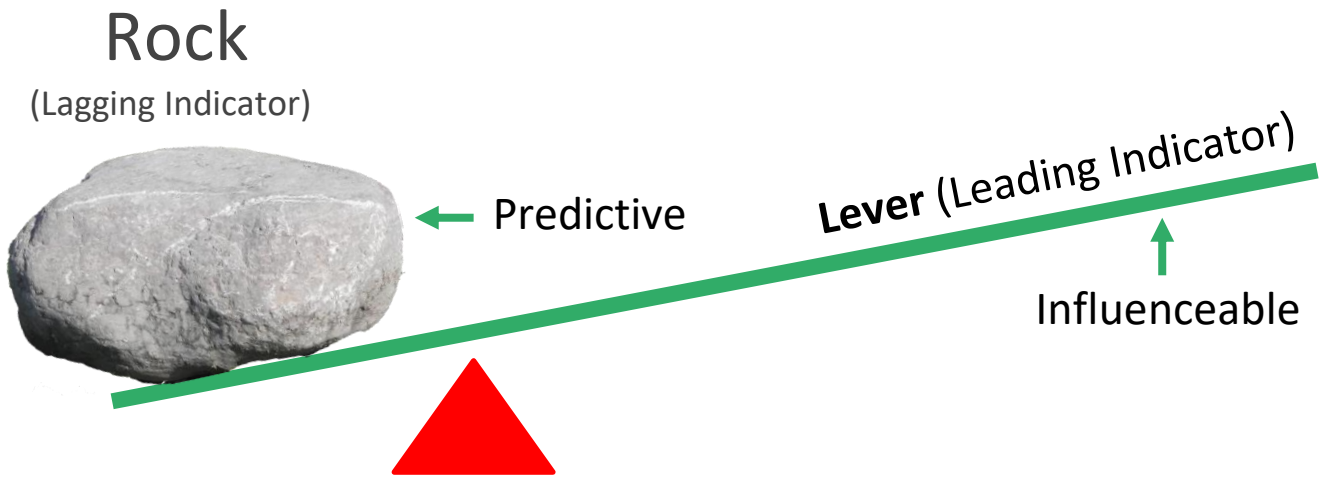
Lagging

Leading or Lagging Indicator?

Call referrals with criteria A,B,C and generate 500 new clients

Leading + Lagging

Finding the Leverage



OKR
Exercise (Homework)

Key Results

How do I know I get closer to my destination?

Examples

Objective: ? 2-3 Key Anchors – Outcome Driven

Key Result: ? min 1 Leading Key Result

Key Result: ?

Key Result: ?

Objective Criteria

Must Have:

• Directional	Tells you where to go
• Aligned	Right direction (Strategies, Vision, Mission)
• Impact	A substantial step towards that direction
• Outcome	Benefit & Impact for Stakeholder(s)
• Key Anchors	For Key Results
• Why?	Answers the Why question
• Time Bound	Due date
• Not too many	Less is more

Nice to Have:

• Inspirational & Understandable	Using inspiring language – i.e. best, most robust, steepest Simple and short language – allows one to connect with it

Asking the Right Questions

While setting Objectives

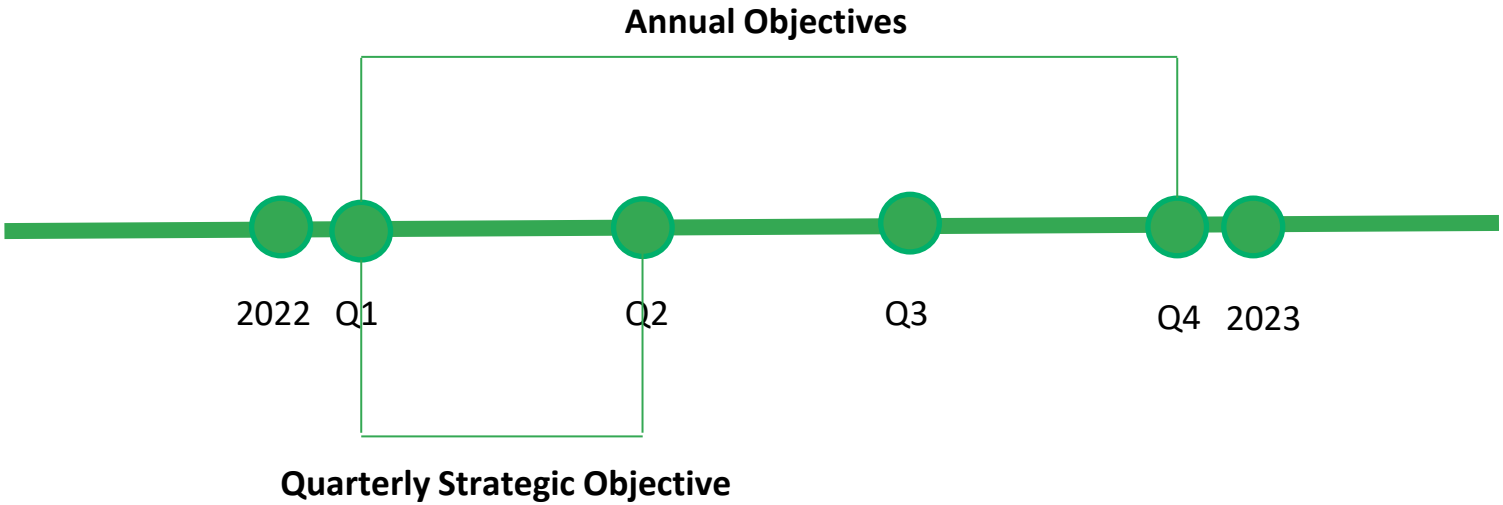
- Does this feel like it has a finish line?
- Is this feasible within our timeframe?
- Is there a more straightforward way to say this?
- Is this describing the problem to solve or the solution we'll try?

Objectives define the Purpose

Objective - Why Now?

“Why now?” should educate & motivate team members as well as clarify how the objective is aligned.

Objectives



- Larger Organizations typically set annual Objectives
- While start ups prefer quarterly strategic Objectives

Annual Objectives

Annual objectives are specific, measurable statements of what a business is expected to achieve yearly.

- Objective has a span of a year
- Key Results end in 90 days

Visualize it as a **marathon that is broken down into 90 days of sprints**

Example: Be the preferred Productivity & Performance Software for the Top Fortune 500 Companies

Write Annual Objectives

- Choose a company (your own or an industry of your choice)
- Write 1-5 annual strategic objectives for the company
- Discuss in your group

Strategic Objectives

Strategic OKRs are meant to help you carry out and focus on a company-wide goal that the company's executive-level managers usually set.

- Objective has a span of 90 days
- Key Results end in 90 days

Example: Crush the competitors in Bavaria for Productivity and Performance Software

Write Strategic Objectives

- Choose a company (your own, or an industry of your choice)
- Write 1-5 annual strategic objectives for the company
- Discuss in your group

Tactical Objectives

Tactical OKRs, on the other hand, help teams and departments carry out and focus on their own lower-level goals. Tactical goals tie into a bigger picture: the company-wide Strategic Objective.

Squad Teams Precision Operations that are High Impact Time Bound Missions

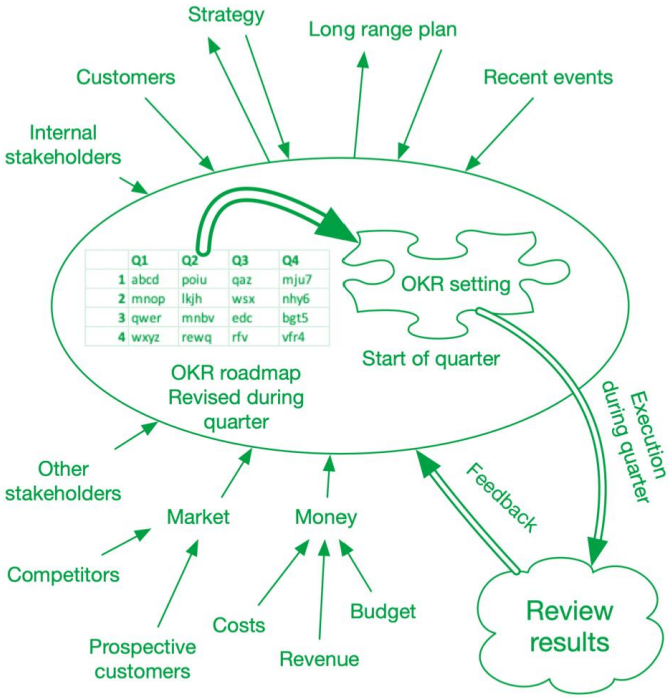
Example: Conquer the Munich payroll software market (for Regional Sale Team)

Write Tactical OKRs

- At the tactical level, your company has three business units: Sales & Marketing, Support and Business Development
- Write 1-2 quarterly objectives for each of the business units that are linked to the strategic OKRs
- Write at least one key result for each objective
- Discuss in a group
- Are the tactical objectives relating to the key strategic results?
- Is it clear what it takes to have achieved the objective at the end of the quarter?
- Incorporate feedback to improve your tactical OKRs

OKR Roadmap

- **OKR roadmaps** can help integrate multiple inputs to create hypotheses about **what the team will work on in future**.
- **OKR roadmaps are discussion documents** that pull multiple plans and opinions into a form that feeds into quarterly planning more easily.
- **List for Prioritizing**



Make an Objective more Value Driven

Objective: Improve the website to facilitate a better experience for clients.

It might be better phrased as Accelerate the check-out process by improving the shopping cart.

Which could still be better stated as Increase UX by accelerating the check-out process.

The old user story technique of applying a "**so that**" to the end of an objective can help reduce the time it takes to complete the client check-out process. Becomes: Reduce the time for the check-out process **so that** customers have more time to shop and reduce the churn rate.

Although the problem with 'so that' is that it comes at the end. Therefore bring the benefit to the front: **Increase UX and decrease churn rate by reducing the time for the check-out process.**

Key Results Criteria

Must-Have:

• Make the Objective achievable	Tells you if you are getting closer
• Ambitious	Uncomfortably excited
• Measurable	Has a number
• Leading	What action is so impactful…

If it is not achieveable it's demotivating. If it's not ambitious it will be ignored

Asking the Right Questions

While Setting Key Results

- Can we get the numbers weekly?
- Do you think these are possible in the timeframe?
- Is this metric fast-moving enough that we'll see it change in our timeframe?
- Is there a more straightforward way to say this?
- Could this metric be confused with a similar one? Do we need to be more specific?
- Is it possible to achieve the objective without hitting the key results?
- Is it possible to hit the key results and still not achieve the objective?

Key Results should be quantifiable

Ask questions such as:

- How will this be measured?
- What is the unit of measurement?
- What is the current value?
- What is the target?

Key Results as Experiments

Phrasing a key result as an experiment makes it safer for the team to take on risk. The development of an experiment is learning: the team has learned something, and learning has value.

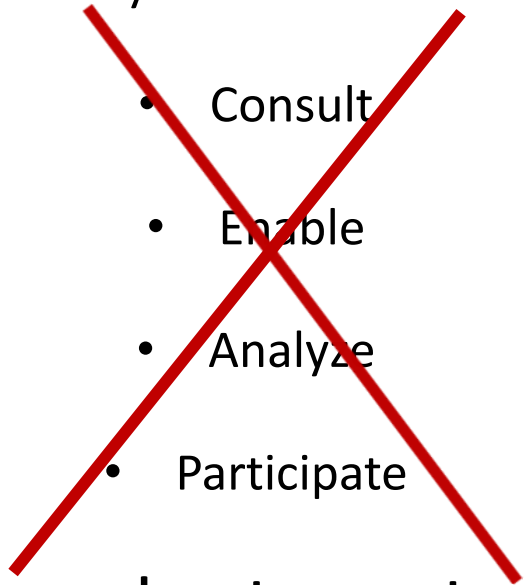
We believe <this capability>
Will result in <this outcome>
We will have the confidence to proceed when <we see a measurable signal>

For example:

- Create and test 1 new feature to increase customer engagement by 5%
- Run 3 experiments to increase to 100 page views

Real Outcome via OKRs

A simple check if your OKRs include words like:



- Consult
- Enable
- Analyze
- Participate

Then you do not own outcomes

Outcome driven Key Results

Teams	Tasks	Average Key Results	Strong Key Results
Logistics	Daily dispatch before 4pm	**95%** deliveries acc. to SOP	**Reduce complaints** from 10 to 2 per day
Marketing	Revise website for new campaign	Collect **80%** of campaign data via website	Increase **conversion rate** of leads via website from 20 to 35%
Sales	Generate 100 leads	Generate **100** leads with criteria ABC	Generate 100 leads with criteria ABC leads to 60% **conversion rate**

Write Strategic Key Results

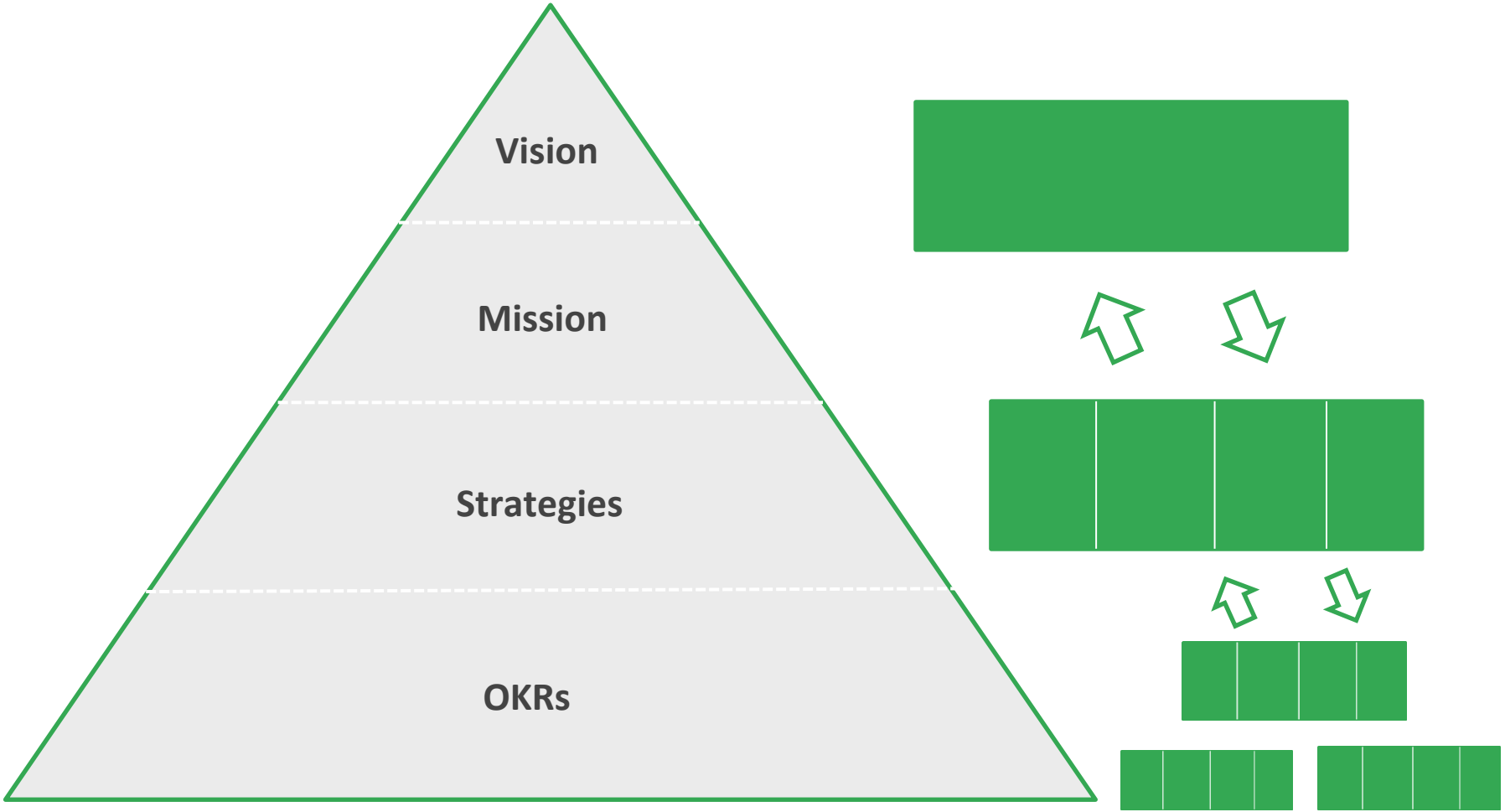
- Write 1-2 key results to your annual strategic objectives
- Present to the group and receive feedback
- Are they measurable?
- If not – what could a measurable key result look like?

Avoid Domino Key Results

Like a domino run, if one falls, so does everything else. So fight against dominos. Don’t accept dependencies until you have tried hard to eliminate them.

MECE

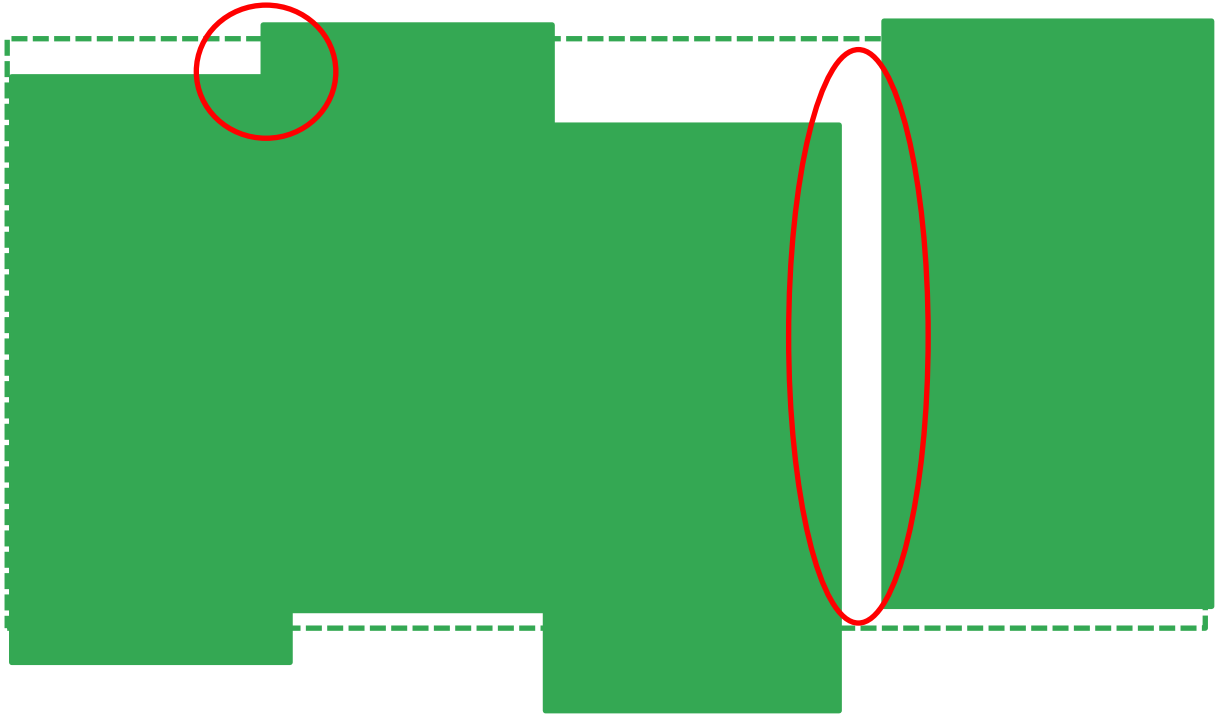
- Mutually
- Exclusive
- Collectively
- Exhaustive


Vision
Mission
Strategies
OKRs

Mutually
Exclusive?
Independent

MECE

Collectively
Exhaustive?
Fit together



MECE

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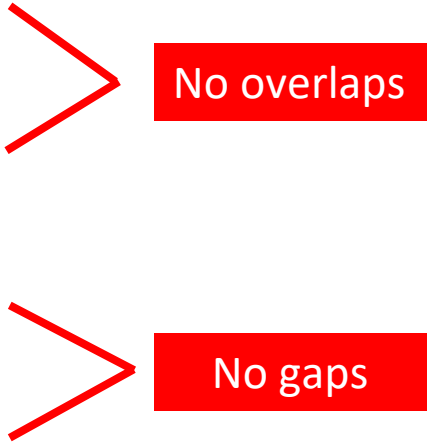


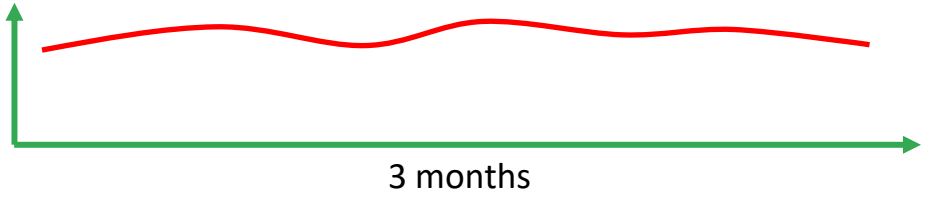
MECE
Mutually Exclusive?

Objective: Improve onboarding via digital transformation

KR 1:	KR 2:	KR 3:	KR 4:
Shoot 6x30min videos for the topics 1-6	Draft 30 Quizzes and Exercises for each video	…	…

MECE
Mutually Exclusive?

Videos



Quizzes

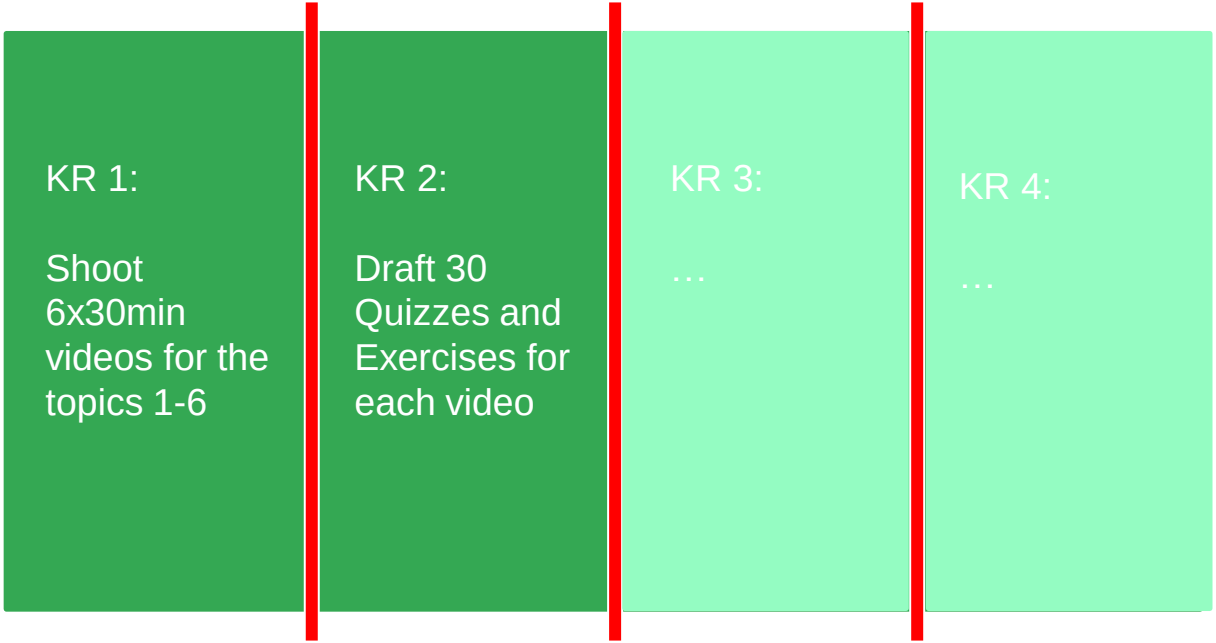
MECE
Mutually Exclusive?

Videos

Quizzes

MECE
Mutually Exclusive?

Objective: Improve onboarding via digital transformation



MECE
Collectively Exhausted?

Objective: New Business shows significant growth in Q2

MECE
Collectively Exhausted?

Objective: New Business shows significant growth in Q2

KR 1:

Increase # of new clients from 15 to 20

KR 2:

Increase client sales from 20 to 80 Mil USD

KR 3:

Increase conversion rate from 20 to 25%

KR 4:

…

Try not to carry forward OKR to the next Cycle with new KRs…

KR:

…

KR:

…

Initiatives / Tasks Criteria (Action Plan)

Must Have:

- Specific

Daily / Weekly actions

Can:

- Milestones

Can be linked to KRs as Milestones

Task/Project or Leading Key Result?

If you spot a task or project listed as a Key Result, ask a few questions:

- Why this task/project?
- Why is it important?
- What will it accomplish?
- What will change?
- How do you know if it’s successful?
- What numbers will move if it works?
- How does that tie into the company’s or team’s Objective?

Tasks or Leading Key Results?

Decrease BMI from 28 to 20%

Lagging KR

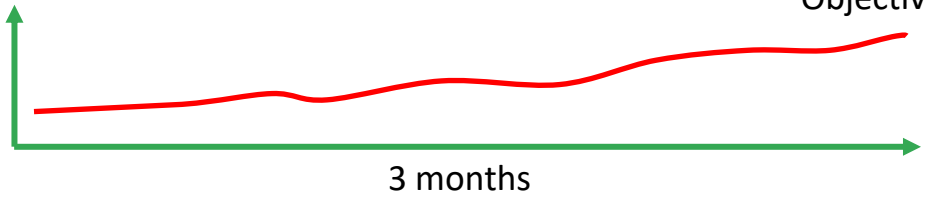
Draft a Diet Plan

Task or Leading KR?

Tasks or Leading Key Results?

Decrease BMI from 28 to 25%

Lagging Key Result



Draft Diet Plan

Task or Leading KR?

Leading Key Result

Exercise

Task

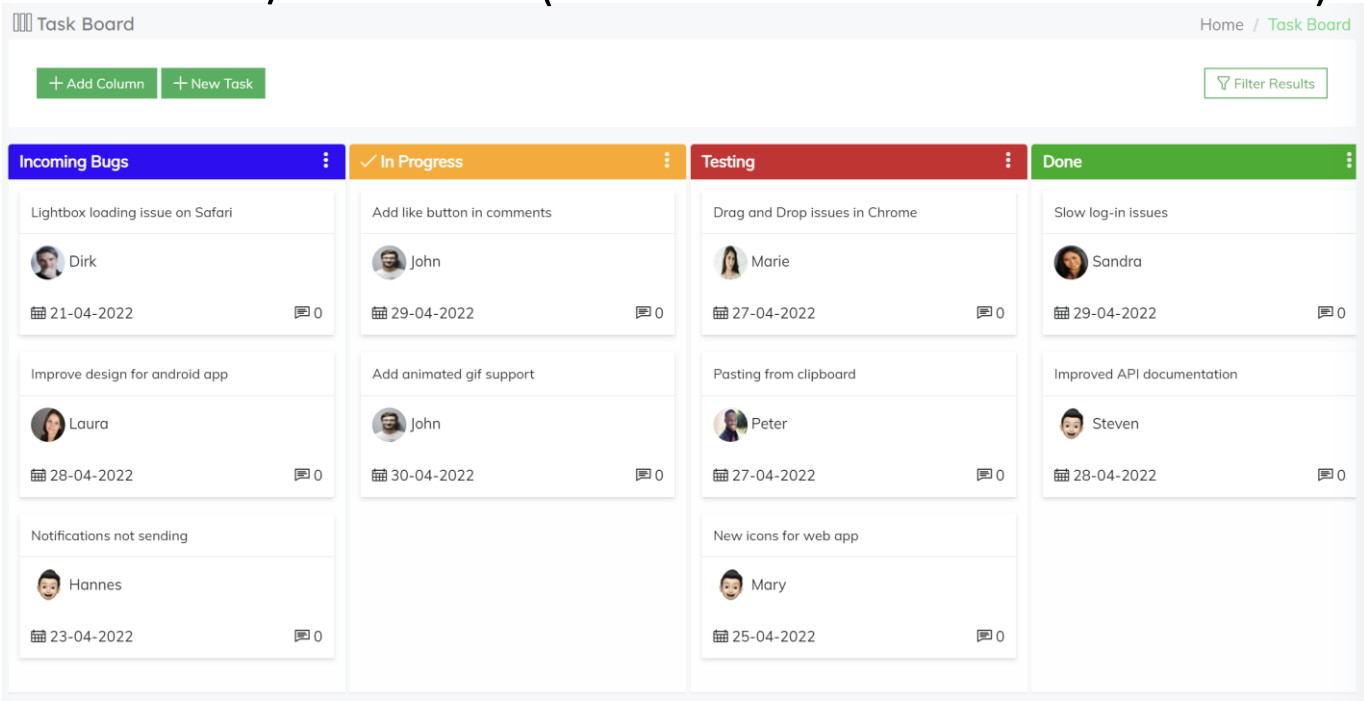
?

Leading Key Result

?

Get Things Done

Via Kanban/Task Board (what do we do to achieve our KRs?)



Action Plan

Responsibilities

[Paste in the relevant Objectives and Key Results, you're responsible for]

[Objective]
1. [Key Result] [with team X]
2. [Key Result] [with team Y]
…

Plan

[Organise this, however, makes the most sense in your context. This could be with headings for each KR, metric and areas you're responsible for, sequentially, by order of priority, or with a framework like big rocks, pebbles and BAU - or whatever else you find helpful. Add a short narrative where needed for clarity.]

Action Plan

Big Rocks

[The larger projects that will deliver the OKR]

1. **[Big Rock One] -** [description of main effort here in a sentence or two] [Note on Resources and / or timeline required for this] [Depends on software team A].
2. **[Big Rock Two]** - [description of main effort here in a sentence or two] [Note on Resources and / or time required for this]
3. **[Big Rock Three]** - [description of main effort here in a sentence or two] [Note on Resources and / or time required for this]
4. You probably don't want more than three big rocks for a quarter!

Pebbles

[List of smaller projects that will get done around the Big Rocks to help deliver the OKR - put them in priority order]

- **[Pebble one] -** [bullet note]
- **[Pebble two] -** [bullet note]
- **[Pebble three] -** [bullet note]
- **[Pebble four] -** [bullet note]
- **[Pebble five] -** [bullet note]
- Etc.

Plan example: BAU Processes

- **[Process one] -** [description of process or area you're responsible for] [Note on resources allocated to this]
- **[Process two] -** [description of process or area you're responsible for] [Note on resources allocated to this]

Action Plan

Non-Plan

[As for Plan, but list out the things you won't do that:

- Someone may otherwise expect you will do
- Are good ideas that you've traded off doing to do the things in your plan
- Are good ideas that you would do if you had some extra resources

Resources

[If you have complex resourcing, ensure you summarise this in a table, including hiring / onboarding / ramp up time as needed if you haven't got all the people you need.]

Risks

[List a few (three) key risks - no need for thoroughness, just the things you think require awareness.]

Projections

[If appropriate, list out milestones, metrics and projections that will help you know if you're on track.]

Action Plan – Example

KR: Increase number of clients onboarded per day from 250 to 600.

Plan:

- Hire, onboard and train 3 more people by week 7, increasing operations team size from 5 to 8, and clients onboarded per day from 250 to 400. (estimated hiring effort - included in BAU)
- Increase clients onboarded per day per person from 50 to 75 by:
    - Improving the processing tool to reduce processing time by 10% (Software team A commitment, ETA Week 5 - Q4)
    - Improving our client self-service documentation to reduce support requests from 1.8 per client to 0.5 per client. We'll do this by addressing the top 7 support request types, covering 80% of support requests (internal commitment - estimate 0.5 person effort for 4 weeks)
    - Reviewing our workflow to identify breakpoints where onboarding gets stuck and addressing the best ones (internal commitment - estimate 0.5 person effort for 8 weeks)

Action Plan – Example

Non-Plan:

- We are not tiering our clients - same service for all
- No changes to onboarding requirements

Resources:

- 5+3 operations headcount (approved - **Finance**),
- 0.5 senior client onboarding reduces capacity by 25/day

Risks:

- Hiring has been challenging lately, and 3 people by week 7 is ambitious
- We may not be able to identify enough specific workflow improvements
- 0.5 person effort may be unpredictable and time may not be accurate

Projection:

- Week 6: 330 per day (add processing tool)
- Week 10: 500 per day (add 3 staff)

Imagine You run a coffee place

Input (what is invested in the process)

Beans, Water, Time

Process (process quality, efficiency)

Efficiency of coffee making

Output (what is produced)

Coffee, Quality, Type

Outcome (what you are ultimately trying to influence)

KR 1:

KR 2:

KR 3:

Objective: Have **Happy** Customers who **love** our coffee

What do we need to do to move towards that target?

What are the impactful Drivers?

Imagine You run a coffee store

Input (what is invested in the process)

Process (process quality, efficiency)

Output (what is produced)

Outcome (what you are ultimately trying to influence)

Beans, Water, Time

Efficiency of coffee making

Coffee, Quality, Type

KR1: Source 5 most desired* coffee beans from Indonesia with quality A,B,C

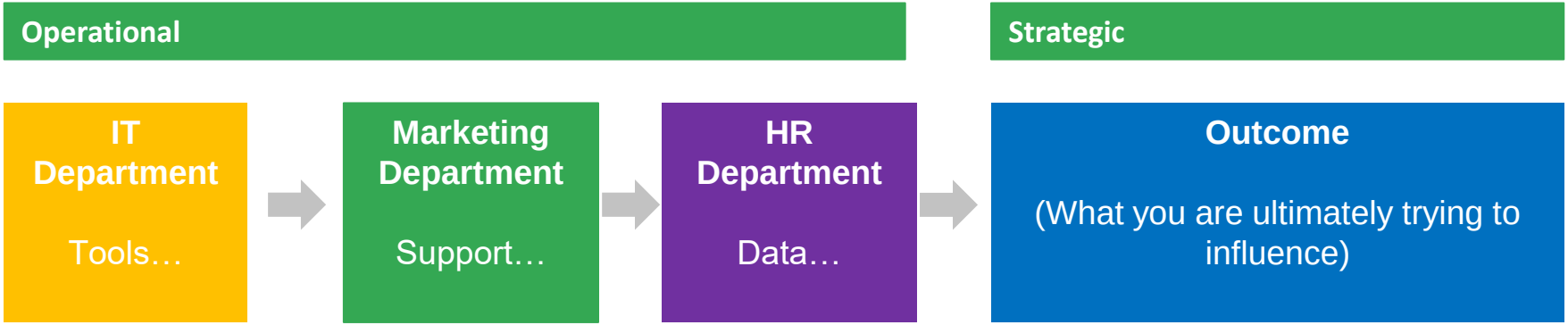
KR2: Improve serving time from 3 to 2 min. via conducting 2 monthly workshops with baristas

KR3: Produce coffee with 3 most desired* flavours

Objective: Have **Happy** Customers who **love** our coffee

What do we need to do to move towards that target? **What are the impactful Drivers?**

#1 Imagine you are working in HR department



KR1: ?

KR2: ?

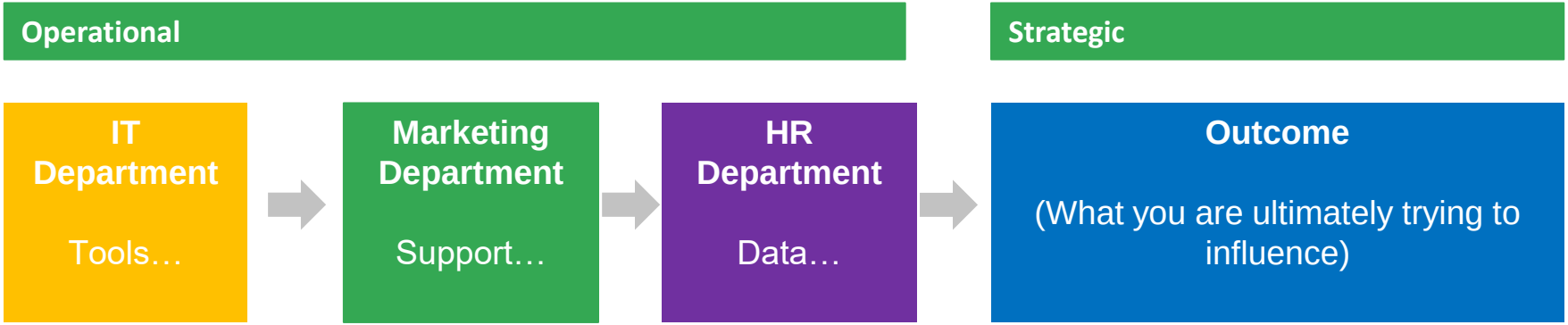
KR3: ?

Objective: We want to increase employee **engagement** & employee **satisfaction**

What do we need to do to move towards that target?

What are the Drivers?

#2 Imagine you are working in the Strategy Team



KR1: ?

KR2: ?

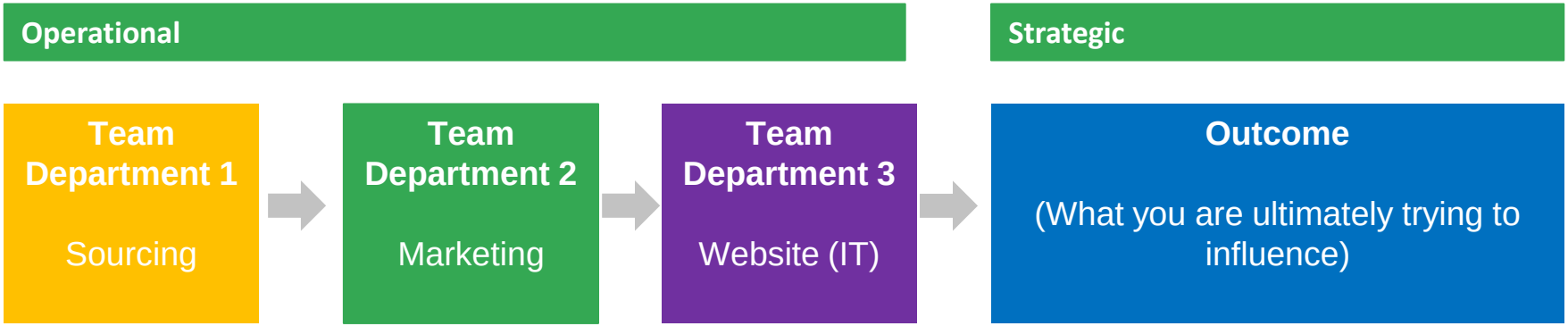
KR3: ?

Objective: We want to **align** every employee towards our vision & mission

What do we need to do to move towards that target?

What are the Drivers?

#3 Imagine you are a sports equipment manufacturer with an online shop and sales are declining



KR1: ?

KR2: ?

KR3: ?

Objective: We want to have **a better customer experience** on website and **increase sales**

What do we need to do to move towards that target?

What are the Drivers?

We aim for...

1-3 Objectives
per team

2-5 Key Result
per Objective

Set
1-12 months

Review Weekly

Transparent &
Online

Leave Comfort Zone
(Aspirational
OKRs...)

Tool Not
a Weapon

Alignment:
Bottom-up,
Top-down,
Horizontal

Convert a weak OKR into a strong one

Before

O: Launch a new website

KR 1: Design new website

KR 2: Find a developer

KR 3: Release new website

After

O: Launch a higher-converting website that attracts more quality leads

KR 1: Improve visitor-to-lead conversion rate from 4 to 5%

KR 2: Find 2 developers with UI skills ABC (i.e. ENABLER)

KR 3: Test 1 feature per week, which leads to min X leads with X ABC criteria

O: Why do we want to build this website?

Launch a website to enable increase of online sales

Convert a weak OKR into a strong one

Before

O: New self-serve help area on website

KR 1: Better search function

KR 2: New FAQ page

KR 3: Forum page

After

O: Our company **helps our customers online** to succeed **when they need help**

KR 1: Conduct 1 A/B testing per week for 2 search functions with outcome X

KR 2: Increase DAU on FAQ side from 2000 to 3000

KR 3: Decrease DAU on the help forum from 10 to 2K

O: Why do we want a new help area?

Convert a weak OKR into a strong one

Before

O: Launch a new product

KR 1: Hire Product Manager

KR 2: Conduct a Survey

KR 3: Release new product

After

O:

KR 1:

KR 2:

KR 3:

O: Why do we pursue this objective?

How to make a stronger OKR

This objective fails the “Why?” test

Objective: Make virtual training available for all courses.

Objective: Enable people to learn from **wherever they are**, **whenever they need.**

This objective fails the “Why?” test

Objective: We want to deliver features to our clients faster.

Objective: We want to deliver features our **customers love faster** and more **reliably**.

How to make a stronger OKR

Objective: Better customer experience

Key Result (Intent): Make our clients feel good when they do business with us.

Key Result (Intent): Motivate employees to enhance customer service.

Objective: Provide a level of customer service no other big company can.

Key Result: Compile a report identifying problems in our current customer service processes. (KR Milestones)

Key Result: Cut our response time for customer complaints and queries from 60% to 50%.

Key Result: Get feedback from 25 customers on how to improve our customer service.

Key Result: Develop a comprehensive customer service playbook (KR Milestones)

Key Result: Celebrate and reward team members who help customers best each month. (KR Milestones)

How to make a stronger OKR

Objective: Improve customer service

Key Result (Intent): Provide Sales training

Key Result (Intent): Improve phone system

Key Result (Intent): Improve call scrip

Objective: Improve customer experience to reduce the time they take to solve their problems.

Key Result: Ensure each Sale Team has had a least 2 coaching sessions to review recent problematic calls by Team 1.

Key Result: Upgrade the phone system to version 4.5 and hold 2 webinars with staff to review the new functions.

Key Result: Research and identify the top 10 service complaints and develop one-page call scripts to diagnose each issue. (KR Milestones)

Quality & Quantity OKR (Key Result)

Quantity

Create 3 new features

Quality

Create 3 new features with fewer 5 bugs per feature

Results

Developers will write cleaner codes…

Quality & Quantity OKR (Key Result) Exercise

Quantity

Launch a Customer Survey

Quality

?

Results

?

Quality & Quantity OKR (Key Result) Exercise

Quantity

Hire 2 Product Developers

Quality

?

Results

?

Weak to strong OKR

Weak

Objective: Win a Formula 1 Race

KR 1: Increase lap speed
KR 2: Reduce pit stop time

Average

Objective: Win a Formula 1 Race

KR 1: Increase average lap speed by 2%
KR 2: Reduce average pit stop by 1 sec

Strong

Objective: Win a Formula 1 Race

KR 1: Increase average lap speed by 2%
KR 2: Reduce intermediate pit stop by 1 sec
KR 3: Reduce pit stop errors by 50%
KR 4: Practise pit stop 1 h per day
KR 5: Test 10X at wind tunnel

Sum up for Strong OKRs

1. **Outcome-Driven** Objective and Key Results
2. **Lagging** and **Leading** Indicators
3. **No Gaps** (too ambitious) and **Overlaps** (dependencies)

Fitness Studio – Build up your OKR Muscle

OKR
Exercise – Round 1

Objective: **Establish a Best Practice Idea Process**

Key Result 1: Generate 50 new ideas

Key Result 2: Prioritizing 5 new ideas according to criteria

Key Result 3: Conduct client tests on the prioritized ideas

- Why does this OKR not work?
- Which method wasn't taken into account?
- What should be improved?

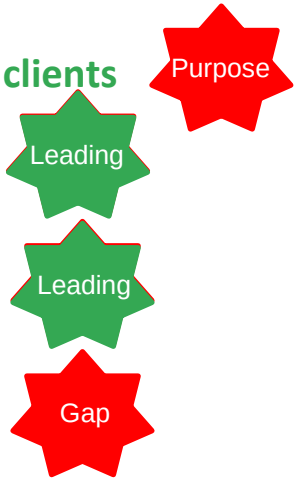
OKR
Exercise – Round 2

Objective: **Increase company visibility for potential new clients**

Key Result 1: Increase weekly blog posts from 2 to 5

Key Result 2: Conduct 2 daily client interviews

Key Result 3: Increase newsletter signups by 250%



OKR
Exercise – Round 3

Objective: **Reduce CO2 company footprint**

Key Result 1: 2 x monthly meetings with the material provider to achieve 100% target

Key Result 2: Include a Milestone Key Result 1-100%

Key Result 3: E-bikes for every employee

OKR
Exercise – Round 4

Objective: Increase awareness that we are a world market leader

Key Result 1: Include a Milestone Key Result 1-100%

Key Result 2: Increase NPS from 8 to 9.5

Key Result 3: Upload 2 client testimonials per week

Key Result 4: Include a Milestone Key Result 1-100% or own Objective

3 Types of OKRs

Aspirational OKRs – Big Picture Ideas - **working on the business**

Operational OKRs (Committed) **–** Company Metrics: Product Launch, No of Customers…Management typically sets these at the company level, while employees set goals at department levels - **working in the business.**

Learning OKR - Encourages teams to **test a hypothesis** or study a new approach by exploring an unproven theory or strategy. They help define success when the outcome is uncertain or undefined.

Types of OKRs Exercise

Aspirational Objective (OKR)?

Operational Objective (OKR)?

Learning Objective (OKR)?

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LEADING IN OKR EDUCATION, RESEARCH & CERTIFICATION