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The Ultimate Guide to OKRs

Leverage OKRs to execute your strategy, drive business agility, and build an outcome focused culture.



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Getting **Started** With OKRs

The concept of Objective and Key Results (OKRs) was originally developed in Silicon Valley.

Today, companies like Google, Airbnb, and Twitter are famously known to use the OKR system to track employee progress and goals. The fundamental difference between traditional goal setting and OKR framework is increased focus on goal achievement as opposed to manual employee data collection.

OKR is a collaborative strategy execution framework used by teams and individuals to set aspiring, purpose-driven objectives that provide measurable outcomes. Adopting OKRs is a transformative process that enables bridging the gap between outcomes and efforts by highlighting **'what' needs to be achieved and by 'whom'**. This provides execution visibility across levels. The OKR framework not only aligns employees with the CEO's annual agenda but also brings about accountability in respect of an individual employee's effort.

But before we get into the development and implementation of the OKR framework from scratch and understand why more companies are leaning towards adopting OKRs, let's understand the basic structure of OKRs with some real-world examples.

UNDERSTANDING OKRs

“OKR Stands for Objective and Key Results.”

A typical OKR plan is composed of 3 to 5 high-level Objectives. Under these objectives are 3-5 Key Results which if achieved, lead to accomplishing objectives. The key results should be measurable through a defined set of standards, results, indicators, or scores.



OBJECTIVES

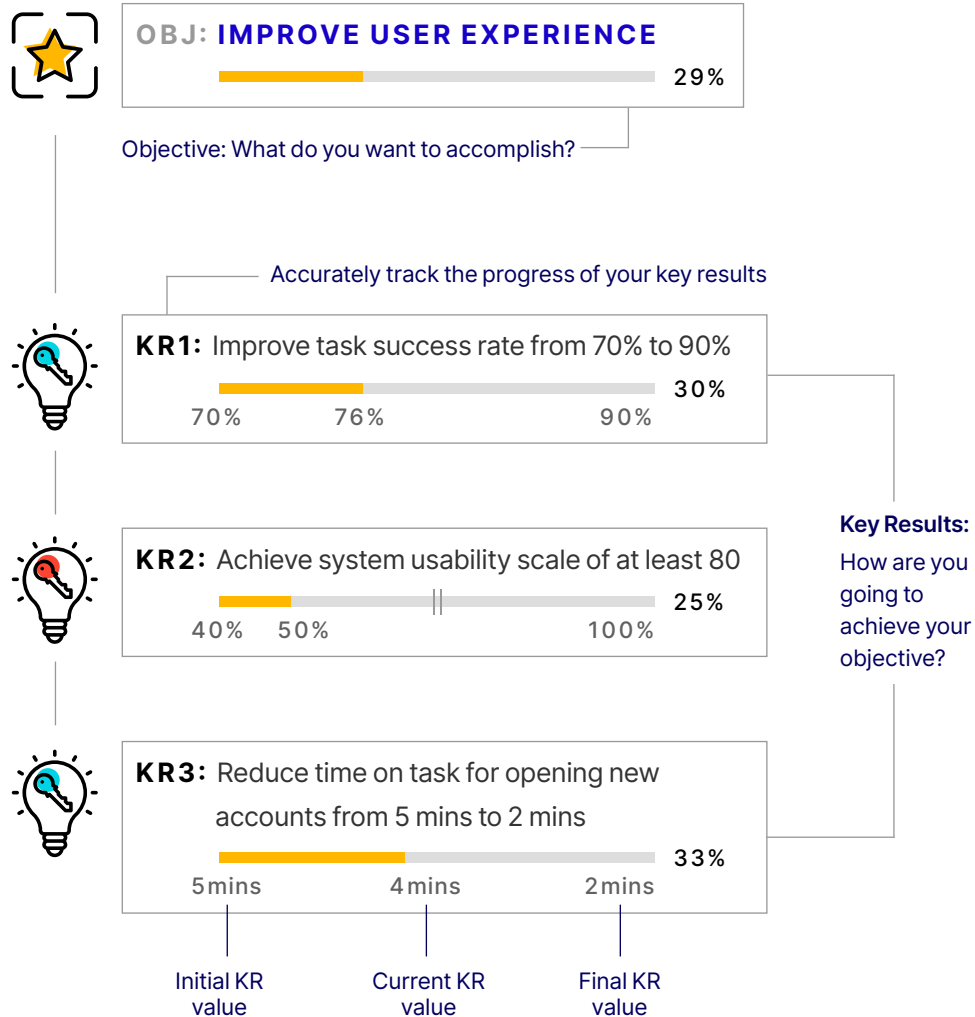
The O in OKR stands for Objective. Objectives define what needs to be achieved. For the company, the whole process of setting OKR starts with creating three to five (3-5) key objectives. These are ambitious goals that can be defined at the organisational, departmental, teams, and/or employee level.



KEY RESULTS

Key Results are signifiers that an objective is accomplished. Ideally, each objective comprises 3-4 measurable Key Results. This enables each employee to evaluate objectives using key results as driving factors. The key results are linked to an outcome (Key KPI) and effort that will help achieve that outcome.

BUT HOW DOES IT LOOK STRUCTURALLY?



UNDERSTANDING OUTCOMES & EFFORTS

Outcomes are the Metrics / KPIs / Measures of success. **Efforts** on the other hand, refer to tasks & initiatives that lead to those outcomes.

For example, if you are a coach and want to win a sports championship, your “effort” will be spent towards recruiting talented players, conducting player training sessions, and enhancing the effectiveness of different coaches. The outcome on the other hand, will be winning the championship.

OUTCOME (KEY KPIs)	EFFORT (ACTION PLAN)
Your sales target	Sales and marketing plans to achieve your sales numbers
Your CSAT score target	Plans that will help you enhance your customer satisfaction/experience
Your cost target	Plans to cut down cost

Why Do You **Need** OKRs?

If you're looking to improve your company's execution velocity, drive accountability in teams and build a culture of high performance, OKR is the framework for you. OKRs equip you with data points making it simple to evaluate the return. For example, Hanu improved its bottom-line by 6% and increased employee engagement by 90% with PeopleStrong Performance.

The OKR process not only helps transform good ideas into great execution but also helps in improving employee engagement and driving high performing teams.

“ Ideas are easy,
execution is
everything”

JOHN DOERR

If the question “why use OKRs?” is still on your mind, here are the **top 4 reasons** why they work:

1. OKRs help articulate and align goals

- Encourages company-wide collaboration
- Boosts system transparency and efficiency

2. OKRs help track and measure progress

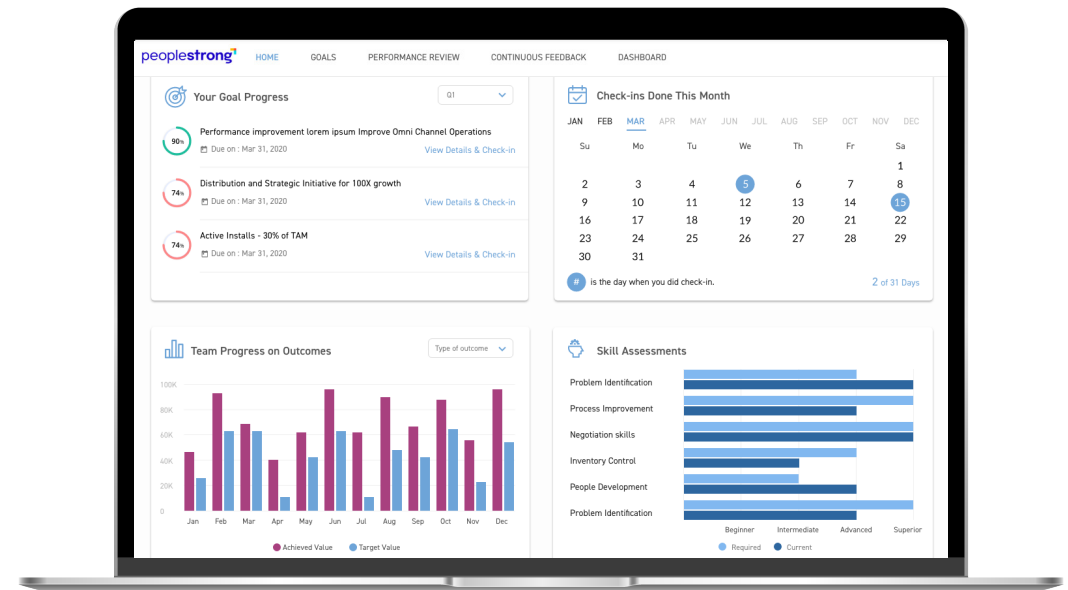
- Encourages company-wide collaboration
- Boosts system transparency and efficiency

3. OKRs drive action

- Focus on achievement
- Build a culture of high performance and drive agility

4. OKRs help reassess and stretch

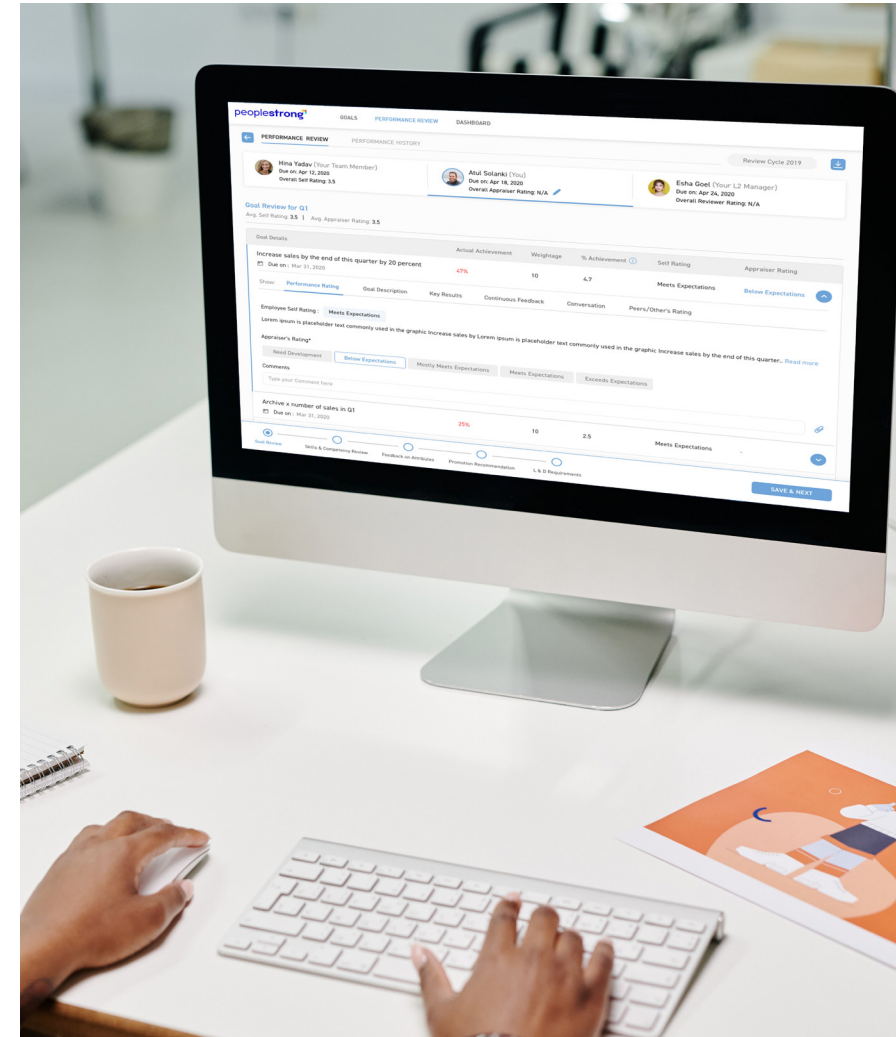
- Recalibrate goals and plans basis business strategy
- Encourage teams to learn from mistakes and grow



Difference Between Traditional Goal-setting Frameworks And OKRs

The major difference between traditional frameworks (such as KRA/KPIs, MBOs, BSC) and OKRs is that OKRs create a company-wide alignment ensuring everyone works in the same direction. Since OKRs are frequently set, tracked, and re-evaluated – usually quarterly, they provide a simple and intuitive process to track employee performance.

Traditional Goal-Setting	OKRs
“What”	“What” and “How”
Annual	Quarterly or Monthly
Private or Siloed	Public and Transparent
Top-down	Bottom-up or Sideways (~50%)
Tied to Compensation	Mostly Divorced from Compensation
Risk-averse	Aggressive and Aspirational



Framing the Big Arrow

The big arrow is the ultimate company goal. Framing the big arrow is crucial and usually takes multiple efforts to get it right. The big arrow is closely linked to Company Objectives defined as themes for achieving the big arrow. They provide directional clarity to team members and most importantly a sense of participation and ownership in the business's growth.

Company Objectives Or Strategic Themes should be defined in a concise and crisp manner.

They should be –

- Short-framed objectives, i.e., achieving 20% growth in the 3rd quarter.
- Easily understood by the leadership team since they will be in charge of OKR implementation across the company.
- Define a few specific things instead of many things at the same time.

The intent is to come up with 3 to 5 Company Objectives that can give the entire company a guiding force and focus. These company objectives should help your team members to define the kind of outcome (Key KPIs) they should chase in the next 12 months. All departmental, team & individual OKRs should be aligned with these company objectives.

Can you decipher which company objectives are more effective and clearly understandable as compared to the other?



- Focus on customers' needs and wants
- Be an industry leader
- Engage our team members
- Provide a return for our investors
- Look at the future



- Integration of Southwest's and AirTran's network and operations
- Fleet modernisation
- Continued incorporation of the larger Boeing 737-800 aircraft into the Southwest fleet
- International capabilities and new reservation system
- Continued growth of Southwest's Rapid Rewards frequent flyer program

1. CEO defines the big arrow & creates a list of all possible company objectives.
2. Get buy-in from all your functional heads and discuss how each function can contribute.
3. All company objectives should be mutually exclusive.
4. Drafting and defining company objectives is about choices. You must make trade-offs when drafting them, i.e. prioritise what's important.

TIP:

Base company objectives on targeted strategic and financial components. That makes it quantifiable & real. They should also not be a detailed 5-to-10-year plan because plans, markets & economies change.

Be agile.



4 WAYS TO GET YOUR BIG ARROW RIGHT



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How to **Define** Individual and Team Based OKRs?

INDIVIDUAL OKRS

Individual OKRs are those where employees need to own and achieve their individual outcomes. It's important to note however that since there could be hundreds and thousands of employees across a company, this may lead to multiplicity of OKRs across the company. Multiplicity could conflict with the ability to leverage the true benefit of OKRs in relation to enhancing team transparency.

Let's take an example -



(O) Improvement in designing products

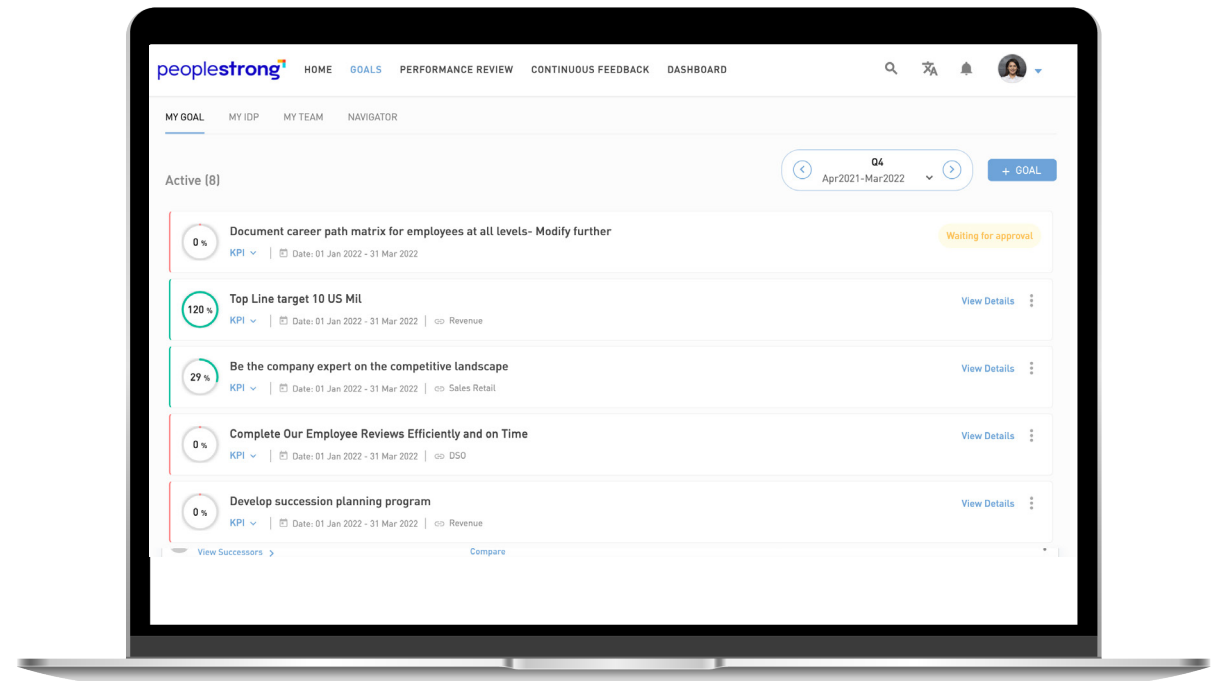


(KR) Taking courses on upskilling and learning new techniques



(KR) Delivering an improved integration experience


Taking this into consideration, here's another example on how to create an individual OKRs on PeopleStrong's Performance Platform:




TEAM-BASED OKRS

Team OKRs are defined where the collective win matters more than individual win. The common goal is owned by the team and individual KRs are divided among contributing members. Within teams, objectives are owned by individuals separately, and the key result is achieved by various individuals within the team collectively. Team OKRs are collaborative efforts that facilitate interpersonal communication.

Let's take an example -

 (O) Designing a product according to a customer's need

 (KR) Getting debriefed and developing concepts as a team

 (KR) Designing a prototype of the product

Taking the above information into consideration, here's another example on how to create a team-based OKRs on Performance Platform:

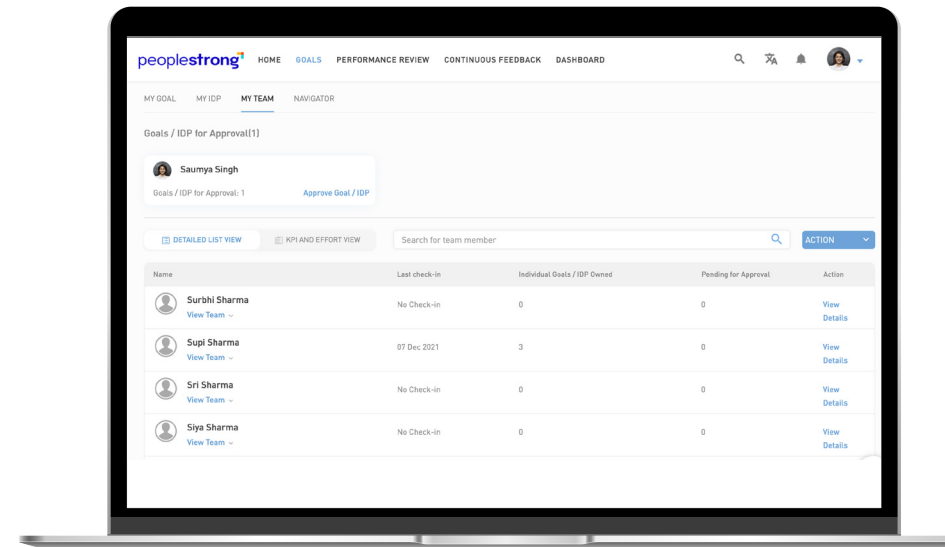
OKRs are simple to understand, implementation not so much!

Download our ready-to-use OKR Templates customised for different teams across your organisation.

It covers:

- Answers to the most-asked OKR terms and definitions.
- Ready-to-implement framework for simplified OKR planning and measurement.
- Real-world sample OKRs for sales, marketing, technology, HR, customer success and more.

GET THE TEMPLATES



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How To **Build** The OKR Implementation Team?

Once the OKR framework makes sense to you, the next step is to define the core team that can successfully implement the OKR strategy across the company. Once this is established, the team is responsible for ensuring the company-wide OKR implementation till it becomes a habitual practice for every employee within the company.

“The minute we make OKR implementation an HR task, the ownership depletes. Companies should look at the formation of a guiding team (necessarily a Cross-Functional Team) which should then decide and check the pros and cons of implementing the tool.”



Saurabh Gupta
Director,
AI-Fence Products Company.

Bridge The Gap Between People
Performance And Business Outcomes
With OKRs

BOOK A STRATEGY SESSION

Typically, an OKR Program Management team will comprise the following -

ROLE	KEY RESPONSIBILITY
OKR Sponsor	<ul style="list-style-type: none">Define Big-Arrow & Company Goals for 12 months before the start of the new business yearGet Executive buy-in on the big-arrow & company wide goals to be achieved in next 12 monthsHelp & guide OKR leader in making things happen across the team to achieve the big-arrow
OKR Leader	<ul style="list-style-type: none">Host the full business review per defined scheduleUpdate to CEO and functional Head on the progress of company goalsDrive OKR implementation per define scheduleEnsure timely issue escalation
OKR Team Member	<ul style="list-style-type: none">Ultimate accountability for the success of the initiative/objectiveMake key decisions for advancing the initiatives/objective and ensure KR's are achievedReview the progress on initiatives/objective & refine the action plan each week/fortnight/month

The 4 Pillars Of Successful OKR Implementation



1. Defining and refining objectives

Companies need to define objectives every quarter or half-yearly, to ensure that they are aligned with priorities.



2. Defining Key Results to achieve the objectives

Since KR's are essentially either outcomes or efforts to achieve outcomes, they need to be carefully defined.



3. Marrying business reviews and KR's

A blend of KR's and reviews (being undertaken quarterly or half-yearly) help in managing a company more effectively as this blend provides actual data that contributes towards increasing efficiency.



4. Enhancing managerial effectiveness

OKR's are defined at a managerial level – thus having clearer OKR's enables a stronger managerial system. Based on OKR's defined by the managerial level, team goals become easier to understand and execute.

THIS IS HOW A TYPICAL QUARTERLY OKR TIMELINE SHOULD LOOK LIKE -



The 4 Common **Pitfalls And Tips** To Combat Them



Some common mistakes that most teams and their leadership make when defining OKRs

1. Confusing OKRs with operational tasks

OKRs add value; tasks help in achieving action – that’s the fundamental difference between the two.

Identify and differentiate between OKRs and operational tasks at the drafting stage before sharing them with employees.

2. More OKRs than a company can handle

Setting OKRs is great, but it’s important to know how to set them. The items that form the top of your priority are your OKRs and thus should be few in number.

Create a priority based OKR lists and discuss priorities with your team members to execute objectives and achieve outcomes more efficiently.

2. Misalignment of OKRs

OKRs are holistic tools that need to align with the company, as well as all the departments and teams within a company.

When drafting OKRs, keep in mind whether each of the objectives and key results are in line with the company’s strategic vision and mission.

2. Not following through with OKRs

Unlike New Year Resolutions, OKRs actually help in achieving company goals and thus should be followed through for maximum results.

Leverage platforms which automate the OKR journey with constant update and reminders to achieve individual and company-wide targets in a scheduled manner.



AND MANY MORE

Find out how we can make OKRs work for you.

Let's Talk

WE HELP 400+ ORGANISATIONS DRIVE AGILITY & KPI DRIVEN BEHAVIOURS WITH OKRS.

PeopleStrong is Asia Pacific's leading, and the most comprehensive Human Capital Management SaaS platform. Our technology focuses on delivering a unique employee experience, drives data-driven decisions and agility for businesses.

We have simplified worklife for over 400 large enterprises across the emerging economies of Asia Pacific. Today, PeopleStrong empowers the lives of 2M+ employees with a mobile-first, AI and ML-powered talent operating system. Our tech capabilities span across the lifecycle from hire to exit, including Human Capital Management, Payroll, Talent Acquisition & Management, and Collaboration.

We are rated among the Top 5 in the Asia Pacific on Gartner's Peer Insights and voted as Asia Pacific's Choice of HR Tech in Gartner Voice of Customers Report for 1000+ employee enterprises.

