

The
HR INNOVATOR'S
GUIDE



to
OKRs



Introduction to OKRs

As companies grow and markets shift, getting teams executing in alignment may feel like a moving target. OKRs, or Objectives and Key Results, are an organizational system originated at Intel that is widely adopted by some of the most high-performing companies in the market. Its effectiveness lies in its simplicity and specificity: By identifying and committing to clear goals, OKRs help create team alignment and business clarity. Here is a breakdown of how OKRs work.



Objectives Are Set as 4-6 Quarterly Stretch Goals

Getting to high-impact results requires the creation of specific objectives that feel just a little bit out of reach. At Google, the philosophy is: “It is recommended to always shoot for stretch objectives. If you are consistently hitting your goals you are undershooting your capabilities. At Google, we strive to achieve a 0.7 score of our stated Objectives.”

Unlike traditional goal-setting, the OKR system is designed to be quarterly so that pivots and updates can be made as teams progress. The goal of setting this objective is to be able to determine at a later time (ideally by next quarter) whether or not the company and team has been making progress in the right direction. It also needs to be broad enough to allow for all potentially pertinent key results to roll up into it.

Example objective: Get validation that Quorum is useful from users





Key Results Are Specific, Actionable Tasks That Ladder Up

Once the objective is set, the set of key results that roll up into the objective will help the team determine whether or not it has been reached. It is crucial that these key results are clear and specific enough for the team to take action and begin planning tactics for achieving those results. At the same time, key results need to be flexible so that a variety of solutions can be presented towards achieving those key results. Key results should contain measurable benchmarks so that it is easy to quantify whether or not they have been achieved during the OKR quarterly review.

Poorly designed key results fail to include calculable outcomes, which can result in a lack of focus amongst the team and ultimately, difficulty measuring whether or not the team effectively spent their time moving towards the larger objective. Calculating and choosing the correct metrics to optimize for varies by business and should be carefully and thoughtfully set to avoid unintended consequences and skewed incentives.

Example key results:

- Increase upgrade conversion rate to 10 percent
- Increase MAU (assumed to be flawed) to 30 percent using our analytics
- 70 percent of newly acquired users answer questions at least 100 times

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OKRs Are Graded Quarterly on a Scale

After the team has completed the quarterly sprint towards the OKR, a phase of grading helps to quantify the level of progress made towards the OKRs. Google uses a 0-1 scale to help rate progress. However, instead of aiming for a 1, the goal is actually to land within the 0.6-0.7 range. As Google Ventures partner, Rick Klau states, "If you get 1s, you're not crushing it, you're sandbagging." Of course, scoring too low is a concern and if a team or individual receives a 0.4 or below, an internal evaluation should be conducted to understand where things are going wrong.

OKRs are ultimately one of the most effective communication frameworks for mobilizing and aligning teams to work towards key business results that feed into the vision and culture of the company. By thoughtfully setting and monitoring OKRs, companies can create a culture of transparency and focus that leads to strong quarterly performance.

