



Objectives and Key Results (OKRs)

The “objectives and key results” (OKRs) methodology to setting goals encourages your team to reach beyond your comfort zone and clear away the obstacles in your path. All teams can do OKRs – not just leadership teams!

USE THIS PLAY TO...

Set big, hairy, audacious goals and strategize ways to reach them.

If you're struggling with shared understanding or value and metrics on your Health Monitor, running this play might help.



PEOPLE

7 - 9



DIFFICULTY

Hard



PREP TIME

30 min



TIME

120 min

RUNNING THE PLAY

The OKR play covers a lot of ground. Ask your team to come equipped with ideas on which objectives and supporting key results the team could tackle in the quarter ahead.

UNDERSTANDING OKRS (30 MIN)

The OKRs play involves 3 sessions with your team:

- Setting OKRs (120 min)
- Scoring OKRs (30 min)
- OKRs retrospective (60 min)

Before the OKR setting session, make sure the team understands the terminology.

Objectives – A qualitative, far-reaching statement of what you're trying to achieve.

Key results – A quantitative, measurable outcome that states the impact you'll have in reaching your objective.

Scores – A sliding scale between 0 and 1 that indicates whether you missed, came close to, or hit your stated target for the KR. For example:

.3 = you missed the mark by quite a lot

.7 = you didn't hit your target, but made great progress

1 = you hit your stretch target (awwwwww yeah...)

That's right: **scoring .7 on a key result is considered a success!** You should set crazy stretch goals and not feel like a failure if you end the quarter without a perfect score.

STEP 1

Setting OKRs: set the stage (5 min)

Re-introduce your team to the terminology and scoring system above. Remind them that OKRs are supposed to be “uncomfortable”. They won't be fired for setting an ambitious goal and missing it.

Does the whole concept make your team nervous? Good.

That means you're outside your comfort zone – the only place real growth can happen!

PRO TIP: Here's your OKRs cheat-sheet checklist:

- Put the customer first
- Don't skimp on ambition
- Tie OKRs to larger company goals
- Just enough Os and KRs is enough
- If you can't measure it, it's not a good KR
- KRs are outcomes – not tasks
- Assign KR owners

STEP 2

Setting OKRs: choose your objectives (30 min)

Pose the question “What are the most important impacts we need to make in the coming quarter?”

Spend a few minutes brainstorming ideas on sticky notes and posting them on a whiteboard or wall. Group similar ideas together. From there, distill your ideas down into 3 to 5 aspirational objectives.

Objectives should be high-level, qualitative statements that are aspirational – not tasks or granular outcomes.

STEP 3

Setting OKRs: identify your key results (60 mins)

How do you measure progress toward a qualitative goal that is inherently unmeasurable? You identify measurable outcomes that indicate you've achieved your objective.

For each objective, think about the results you would see (and can measure) if you reached it. Again, these are not tasks. These are results.

OKRs Play Handout

Wrong: “Ship feature X by the end of the quarter.”

Right: “Shipping feature X increases new user sign-ups by 10% this quarter.”

Assign each KR an owner on the team. If a KR will require collaboration with another team, great! Follow up with them afterwards and make sure they're on board.

STEP 4

Setting OKRs: amp up your ambition (15 min)

Review the objectives and key results you've built out and ask whether they're ambitious enough. If you feel totally confident you can hit a KR, increase the target by ~30% and create a plan to try and hit it. If you're not at all sure you'll hit a KR's target, it's probably set just right.

Make sure the KRs are articulated such that they can be scored on a sliding scale. Hard numbers and percentages work great here.

Also consider whether you have too many or too few Os and KRs. We've found that for a single team of 7-9 people, three objectives with 2-3 ambitious key results each is about right.

STEP 5

Setting OKRs: agree on next steps (10 mins)

Whew! Big session! Ask your team if there are any loose ends to tie up before you go into execution mode. Any placeholder numbers to firm up? Objectives you should share with other teams? Or people from other teams to recruit as co-owners of a KR?

If you end this session with a lot of open questions, that's ok. Schedule a follow-up session in a few days and task each KR owner with updating their KRs prior to the session, so you leave that session with your OKRs baked and blessed.

STEP 6

Scoring OKRs: monthly checkpoints (30 min)

At the end of each month, check in on how you're tracking on your OKRs and give each key result a predicted end-of-quarter score. I.e., if you predict you'll end the quarter with a score of .7 on a KR, then that's your score for this month.

For example, let's say your stretch KR is “a 10% increase in new user sign-ups this quarter”. Here's how you'd score it based on how you're tracking:

if you're tracking toward an 7% increase, you'd predict a score of 0.7

if you're tracking toward an 10% increase, you'd predict a score of 1.0

Include a bit of commentary as to how you came to that prediction and/or why it's changed since last month.

Take the average score for all KRs to get your score for the corresponding objective.

Remember the idea behind scoring at regular intervals is to catch warning signs early and course-correct. This is not an exercise in arse-covering or justification. Most importantly, low-scoring OKRs are not punishable. Learn from them, and feed that wisdom into the coming month or next quarter's OKRs.

STEP 7

Reviewing OKRs: retrospective (60 min)

End the quarter by giving each KR a final score, and reflecting on your OKRs as a whole. Using a retrospective approach, pose some (or all) of these questions to your team:

- Were our objectives ambitious enough?
- Were our key results measurable?
- Did we know what our baseline was at the start of the quarter?
- Did we “set 'em and forget 'em”? If so, why?
- Were our OKRs aligned with the company's broader strategies?
- Did they keep us focused on delivering value to customers?
- Did we feel connected to our OKRs?
- What have we learnt from this quarter?
- How do we lift the bar moving into the coming quarter?