

Factsheet: Objectives and Key Results (OKRs)

What are OKRs?

OKRs is the acronym for Objectives and Key Results.

Objectives and Key Results are a goal setting tool to assist individuals and teams to define goals and plan how to measure achievement of them.

Brief OKR History

While there are organisations only starting to incorporate OKRs into their strategic planning approach, the OKR goal setting framework dates back to the 1970s. It was first implemented by Intel to compete in, and dominate, the microprocessor market. It is a commonly used framework used by many well-known brands including Telstra, Google, Woolworths, Amazon and Commonwealth Bank of Australia.

How do OKRs Fit In?

A strategic plan is often a vision established by an organisation and shelved – made only aware to the select few involved in development of the plan.

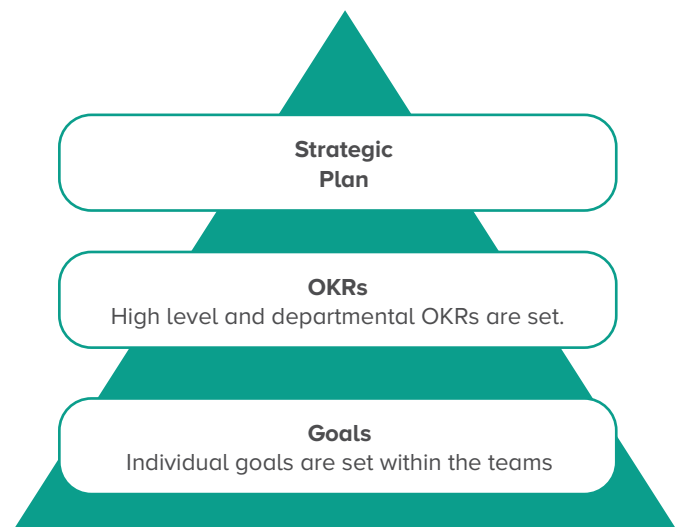
OKRs can assist as a tool to bring greater awareness of the strategic plan to all levels of the business and ultimately achievement of the ‘grand plan’.

OKRs can exist as mantras, residing at the forefront of people’s mind in everything employees see and do in the organisation.

The Objectives can serve as a great communication piece to define the goal and direction intended for the organisation, like an address entered in a GPS. On the other hand, the Key Results allow everyone to be accountable and to determine how they choose to get to the ‘destination’. This can be an empowering process for employees as they establish the ‘sign-posts’ and goals to assure things are tracking as planned.

While OKRs may appear quite daunting and a venture into the unknown, the key thing to realise is that OKRs need not be perfectly established – they assist to identify areas of improvement and allow for corrections. So, establishing, monitoring and updating OKRs when goals are off course is really important.

This OKR approach can be shown diagrammatically:



O = Objective

What do I want to achieve?

Example – I want to sail from Sydney to New York

- › Intended to remain relevant over the next 6–12 months
- › Describes the desired outcome and is qualitative (Non-numeric)

OKRs are aspirational goals that are intended to evoke excitement within the business

KR = Key Results

How do I know I'm on track?

Example – I will reach Japan by day 8 of sailing

- › Need to be Specific, Measurable, Achievable, Relevant and Time-bound (SMART)
- › Includes a baseline measurement to track progress

Why have OKRs?

An OKR is like a mission statement to be achieved in a set timeframe or 'stretched goals' – they push boundaries and encourage teams to strive to reach beyond their usual capabilities.

OKRs set a clear destination for everyone in the organisation so resources are efficiently utilised for the right reasons, at the right time, and time is not wasted.

They are used to assist communication toward desired outcomes of the entire organisation and to ensure everyone is aligned towards the same goal, irrespective of which team or department they belong to.

OKRs identify what is most important by prioritising achievements that potentially have the biggest business impact or benefit.

OKRs versus KPIs (Key Performance Indicators)

While both OKRs and KPIs reflect an organisation's performance, OKRs inform everyone about what is important in achieving the organisation goals. They are also adaptive and frequently altered to reflect areas of improvement.

KPIs are a metric to measure the level of desired performance and do not generally change on a regular basis.

Setting OKRs

1. Prioritising is an important step
Establishing only 3-5 Objectives assists everyone to focus on what is most important to achieve in the organisation.
2. OKRs need to be simple and clear
The greater the clarity, the greater the chance of success – it is more likely for OKRs to be achieved if they are understood by everyone.
3. OKRs need to be aspirational to encourage everyone to be curious and think differently
A great objective inspires the team to deviate from the status quo and rise to the occasion. OKRs should be challenging, though feasible. If teams are easily completing 100% of their goals, there may be a need to re-evaluate the OKRs as the goals may not be adequately set or 'stretch targets'.
4. OKRs should be visible and shared so everyone can understand how their contribution assists in the success and achievement of the goal
Teams will be able to see their part in the 'bigger picture' which fosters continued motivation and engagement.
5. OKRs must be monitored
Progress towards goals should be regularly discussed and there should be continuous feedback. This helps everyone to stay on track and people prioritise their work in the most effective way.

OKR Checklist

- › Are the objectives ambitious enough?
- › Are the objectives achievable?
- › Do the objectives link to the strategic plan?
- › Do the objectives keep the organisation focused on customer value?
- › Do the teams feel connected to the objectives?
- › Is there ongoing review and 'tweaking' of goals?
- › Is there confidence on how Key Results are tracked and results reported?

Acknowledgement

The content of this Factsheet has been informed by Sara Nguyen, Chief Internal Auditor at Teachers Mutual Bank in Sydney, Australia. It builds on concepts published by John Doerr.

Useful References

- Doerr, J. E., 2018. Measure What Matters: OKRs: The Simple Idea that Drives 10x Growth. New York: Portfolio / Penguin.
- Doerr, J. E., 2018. Why the secret to success is setting the right goals. [Online]
Available at: <https://www.youtube.com/watch?v=L4N1q4RNi9I>
- What Matters , n.d. What Matters. [Online]
Available at: <https://www.whatmatters.com/>

