



Objectives and Key Results

(OKRs)

Connecting Strategy to Execution



Overview:

In today's distributed environment, it can be difficult to determine how team members add value to an organization on a daily basis. Where does my team's work fit into the big picture? Are we really adding value to our customers? Are we really effective and efficient across business units? Are we really doing something meaningful?

As leaders, if we ask these questions of our teams, there is a high probability that we would get some surprising answers. In an ever-changing business environment, it is getting even more challenging to bind multiple teams and individuals to the same goal. There are many pockets of inefficiency that lead to different kinds of waste and result in the dissatisfaction of individuals and teams. No one likes to do something that is not meaningful or does not have clear benefits to customers, the organization, or society at large.



Introduction

As leaders, it is our duty to ensure that we are able to bridge this gap. We need to clearly identify how a small team or an individual can impact the larger picture. In today's world of multiple small Agile teams trying to build large physical cyber systems, it is even more important to ensure that we are doing the right thing and adding value to organizations' long term strategy and short- and medium- term goals.

Objectives and Key Results (OKRs) is a simple framework to ensure that employees or teams are aligned to organization goals and strategies. More importantly, it allows them to measure contributions to the success of the organization on their own. It is a simple process, but it can be difficult to get started or stay on track.

There are many ways to define OKRs. Let's take a look at ways that have proven successful in helping teams, programs and portfolios define OKRs successfully.



Understanding OKR's:

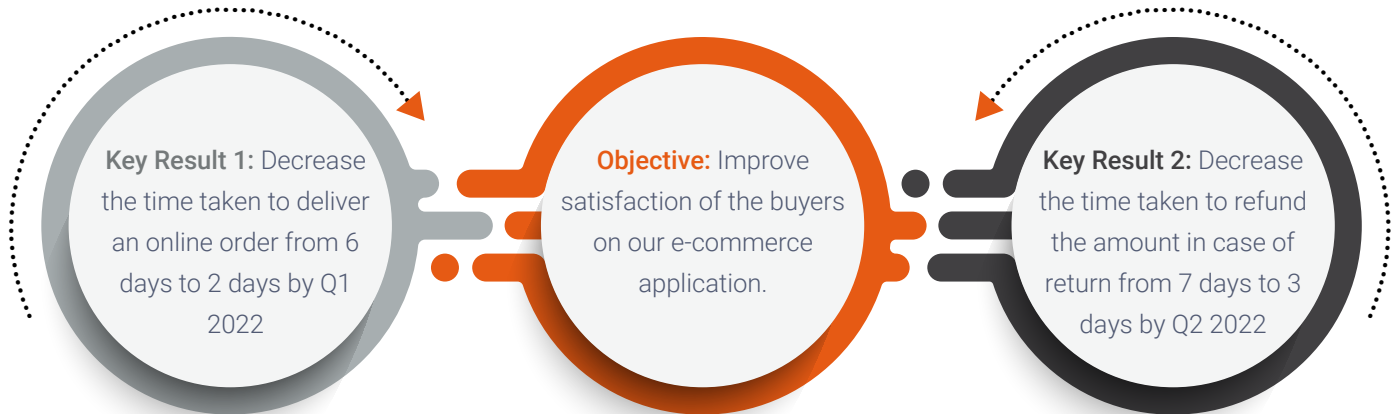
OKRs are made up of "Objectives" and "Key Results." Let's understand what each of these are.



Almost everyone knows what the objectives are. The hard part is to define key results which map to the objectives.

How to Define OKR's:

First, state a clear objective, followed by the results which will help you achieve that objective.



As you can see in above statements the core elements are:

| Element | Description |
|----------------------|--|
| What | The parameter that we are trying to focus on for our customers/consumers |
| Direction | Increase/improve something or decrease/contain something |
| Initial Value | Baseline value |
| Target Value | Target Value |
| Timeline | Time by when we want to achieve it |

It is important that OKRs are solution agnostic. OKRs should be easily understood by all the stakeholders. They give clear direction. Teams should decide on their own how to achieve these objectives.

Now let's revisit:

Key Result 1: Decrease (Direction) the time taken to deliver an online order (What) from 6 days (Initial Value) to 2 days (Target Value) by Q1 2022 (Timeline).

Key Result 2: Decrease (Direction) the time taken to refund the amount in case of return (What) from 7 days (Initial Value) to 3 days (Target Value) by Q2 2022 (Timeline).

It is equally important to identify the key factors – Risk, Assumptions, Issues, and Dependencies, or RAID – impacting each of these OKRs.

| Item | Description |
|---------------------|---|
| Risk | A potential event that may occur and could have negative impact. |
| Assumptions | Anything that we believe to be true without any concrete proof. |
| Issues | Anything that must be addressed to move forward. |
| Dependencies | When output of an activity is dependent on input of another activity. |

The next step is to explore options and create a plan of action to address the established RAID. Tracking RAID is an important part of achieving OKRs.

Common Examples of OKR's

| Objectives | Key Results |
|---------------------------------------|---|
| Provide new connection Quicker | Decrease the time taken to provide new connection from 3 days to 1 day by Q4 2021 |
| Automate Process | Reduce manual steps from 15 to 3 by Q1 2022 |
| Simplify Process | Decrease number forms from 4 to 1 by Q2 2022 |
| Increase Security | Increase the coverage of patched servers from 98% to 99.5% by Q1 2022 |
| Acquire New Customers | Increase market share from 15% to 35% by Q4 2022 |

Common Pitfalls:

- Too Many OKRs without any prioritization.
- Not aligned to the organization or unit OKRs.
- Focusing on activities or vanity metrics.
- Not focusing on customers/consumers.
- Created in silos by management (without involvement of the team working to achieve the OKRs).
- Stale OKRs (they should be reviewed frequently and updated as needed).
- Not reviewed frequently.
- Not visible to all stakeholders.
- RAID not identified.

ALIGNING STRATEGY TO EXECUTION:

OKRs at the highest level must be aligned to our long term vision and strategy. As we get to the next level below, OKRs must be aligned to the OKRs a level above. It is necessary that key results are measured and learnings are fed back to the level above. In most cases, a formal quarterly review and feedback is appropriate.

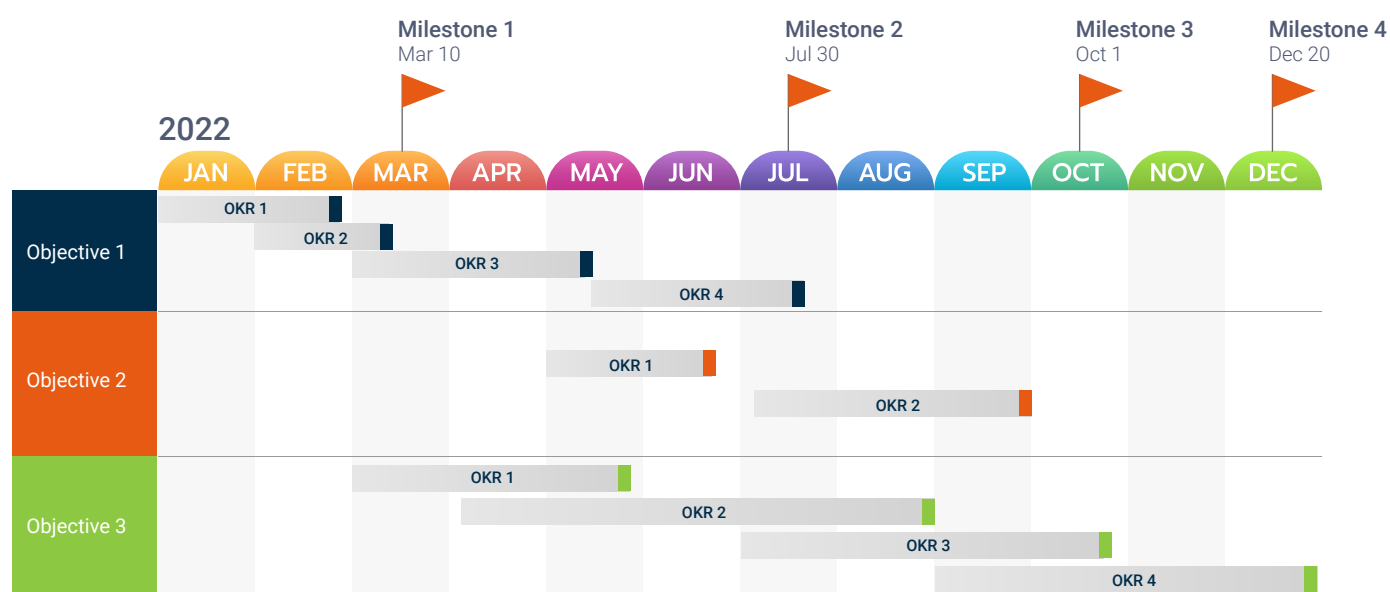
To illustrate, we have strategic themes at the top level. As we come down to the portfolio level, we have to align our portfolio initiatives to these strategic themes. At the program level, features defined should align to these portfolio initiatives. Every quarter, feature progress is fed back to initiatives and eventually to the strategy themes.



Visualizing OKR's:

It is important to make OKRs visible to all stake holders. OKRs can be easily represented and tracked in roadmap format. Sometimes, we create roadmaps with too many details that are difficult to decipher and track. The key is to keep the OKR roadmap simple by depicting key milestones along with OKR timelines. Quarterly review and update of OKRs roadmap are necessary to ensure that all stakeholders are aligned and the roadmap is staying true to the emerging realities.

OKR Roadmap 2022



OKR Benefits:

Focus: It changes the focus at all levels from outputs to outcomes. It brings focus back to what matters to the organization.

Empowerment: OKRs help recognize what is needed without directing how to achieve it. Teams are empowered and encouraged to decide how to achieve. If key results are not helping achieve objectives, teams are empowered to adjust or discard them.

Alignment: Creating OKRs is a collaborative effort. It aligns teams, programs and portfolios to a larger goal and removes ambiguity.

Transparency: OKRs are visible to all, at each level. Transparency creates ownership.

Collaboration & Communication: OKRs are not cleared in silos. It encourages collaboration at all levels. It clearly communicates what matters most.

Learning & Agility: Reflecting on what is working and what is not at regular intervals results in continuous learning environment. Learning helps the business to pivot to emerging challenges and market situations.



Getting Started:

Introducing OKRs in your organization is a fundamental change. It changes how you approach establishing plans and workflows. It's vital that a deep understanding of OKRs is propagated across all levels. Before starting on this journey, baselining your current performance is equally important.

OKRs will also usher in a cultural shift. Any cultural shift requires strong management support and leading by example. It may seem simple, but who said simple things are easy. Simplicity, especially in the case of OKRs, demands discipline and grit.





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