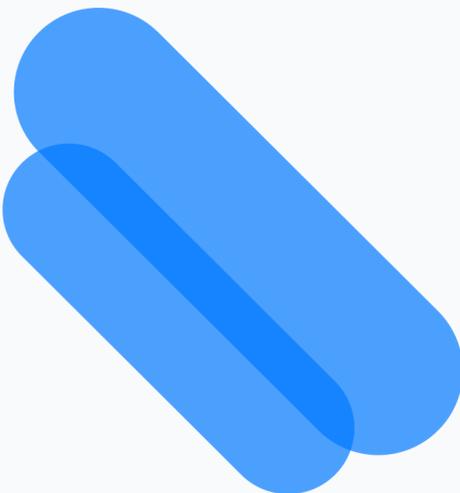




# The Ultimate OKR Starter Guide

from [Plai](#)

How to start with OKRs and make  
OKRs work for your company





# Table of contents

What is OKR?	3
OKR principles	5
Benefits of OKRs	8
OKR examples	10
How to get started with OKRs	13
Common OKR mistakes	15
Summary	17



# What is OKR?

## Intro

OKR stands for Objectives and Key Results, a goal management framework that helps companies implement the strategy.

OKR's started from Andy Grove at Intel and spread to other Silicon Valley companies thanks to John Doerr. Google adopted OKR in 1999, and it supported Google's growth from 40 employees to 100,000+.

Some of the companies that use OKRs include LinkedIn, Airbnb, Spotify, Dropbox, Amazon, Twitter, Booking. But it's not only for tech startups. OKRs are widely used in other industries, for example, Dun and Bradstreet, OpenX, Adept Media, etc.

## Structure

OKR formula (according to John Doerr) is:

I will \_\_\_\_\_ (Objective), as measured by \_\_\_\_\_ (Key Results).

**Objective** — is a memorable description of a goal to be achieved in the future. It's short, aspirational, engaging, designed to give direction, provide motivation and challenge the team.

**Key Results** — are metrics that measure progress towards an Objective. For each Objective, you should have 2 to 5 Key Results. This is not a step or a plan, it's only the



most important metric that would signify you've successfully achieved your Objective.

Key Results are scored 0.0 to 1.0 (or 0% to 100%). The Objective progress is the average of the KRs progress.

The specific steps you'll make to influence your OKR are beyond the OKR framework and are called **Tasks** or **Initiatives**. OKRs are not about listing all your steps or plans. It's about setting the direction and measurable metrics about your progress towards that direction!

## Example

**Objective:** Successfully launch version 3 of the product

**Key Results:**

1. Get over 10,000 new signups
2. Achieve a trial to sign-up Conversion Rate (CR) of over 25%
3. Achieve a trial to paid Conversion Rate (CR) of over 50%

Even though launching a product would require a lot of tasks and activities, the team decided to focus only on the key metrics - signups and conversion rates.



# OKR principles

OKRs have several principals that make it a unique approach.

## Ambitious goals. Moonshots and Roofshots

The idea behind OKRs is to set bold, stretch goals, something that is a little beyond team abilities. Moonshots. And a good OKR completion score is 60-70%. If the team is always reaching 100% of the Objectives, then they are too easy!

When setting such ambitious goals and trying to achieve them, the team starts syncing creatively, searching for new creative and more efficient ways to work. This results in increased productivity.

*Warning: it does not apply to all OKRs. Some goals should be achieved by 100% (ex: some sales numbers, or release date). They are Rooftops. It's important to know the difference and apply them correctly.*

## Measurable

"If it does not have a number, it is not a Key Result." - said Marissa Mayer, former Google VP.

Key Results should be measurable and tied to tangible milestones.



## Transparency

All the OKRs, CEO to the front-line employee, should be visible to all team members. So that anyone can check it and have a holistic view of how the company goals cascade.

It also gives a sense of social accountability when your goals are always visible to everyone.

## Simplicity

OKRs are straightforward, easy to understand. They do not list all the everyday activities or routine tasks. They display only the most important focus of the organization at any given moment!

## Bidirectional goal setting

The traditional top-down goals cascading is not about OKRs.

OKRs use a simultaneous top-down and bottom-up approach. The company (usually C-level) sets the strategic OKRs (top-down) that each department and individual team member should use to draft their own OKRs (bottom-up).

A good rule of thumb is that at least 60% of the OKRs should be created bottom-up. It gives autonomy and personal responsibility for them.

## Regular cadence

OKRs are not about “set and forget until the end of the year”.

To leverage the strategic and tactical approach, OKRs have typical rhythm:

1. **Strategic** OKRs for company and departments (usually annually).
2. **Tactical** OKRs for company and department for (usually quarterly).



3. **Monthly/weekly** check-ins to update the progress and sync initiatives.

At the end of each period, teams grade the OKRs update strategic if needed and set the next cycle OKRs. It's usually done during the strategic sessions.



# Benefits of OKRs

OKRs help organizations in many ways

## Alignment

This is the main goal and benefit of OKRs. They connect the team and individual goals and activities towards the company strategic mission. So that everyone is moving in the same direction.

## Flexibility

Short goal cycles allow teams to adjust and adapt to change, reducing risks and waste. It also reduces the time for planning, since team members don't need to guess what will be in 2-5 years.

## Focus

Simplicity and reduced number of Objectives and Key Results create the focus of every team member. Anything that is not about the current Objectives can be freely moved to the next cycle.

## Autonomy and accountability

Bottom-up goal setting allows teams to leverage their frontline expertise of the problems to make improvements. Everyone has personal accountability for their Objectives.



## Engagement

Transparency, alignment and bi-directional gives a sense of contributing personally to the higher purpose, which increases the engagement and motivation of team members.

## Achieving beyond expected

Moonshot OKRs encourage teams to think beyond the threshold of what seems possible, find creative and innovative solutions and achieve remarkable results.



# OKR examples

In practice, there are usually 3 levels of OKRs:

1. Company-wide
2. Department (team)
3. Individual

Each level has 2-4 Objectives.

Some companies drop individual OKRs and decide to focus just on the company- and department-level OKRs (e. g. read why Spotify decided to [ditch individual OKRs](#)).

It's important to align your OKRs between levels, but don't overthink and overcomplicate it. OKRs are transparent, you should trust your team members to sync with each other if something needs to be adjusted along the way!

“Having goals improves performance. Spending hours cascading goals up and down the company, however, does not. It takes way too much time and it's too hard to make sure all the goals line up.” — said Laszlo Bock, former Google VP.

Here are some examples of the OKRs you might use for inspiration:

## Company-wide

**Objective 1:** Achieve record financial results

**Key Results:**

1. Increase quarterly revenue from \$250,000 to \$370,000
2. Increase operational profit margins from 43% to 60%
3. Start sales in 1 new country and achieve a first-quarter revenue of \$40,000
4. Reduce monthly user churn rate from 4.5% to 3.5%



**Objective 2:** Improve culture and employee engagement

**Key Results:**

1. Increase eNPS from 63 to 80
2. Conduct 20 1:1s and create a list of internal improvements
3. Increase Wellness score from 7.7 to 8.5

## Sales

**Objective:** Increase recurring revenues

**Key Results:**

1. Increase MRR from \$7.4M to \$9M
2. Decrease sales cycle from 21 to 15 days
3. Increase the average contract size from \$1,550/month to \$1,800/month

## Marketing

**Objective:** Spread the word about our product:

**Key Results:**

1. Increase Monthly Visits from 1,7M users to 2.5M
2. Receive 50,000 sign ups after the app launch
3. Achieve 15% visitor to sign-up Conversion rate

## Product

**Objective:** Implement robust user-testing of our product

**Key Results:**

1. Conduct 15 live usability testing interviews
2. Receive 10 video interviews from Usertesting.com



3. Integrate user testing into the pre-launch plan

## Customer Support

**Objective:** Improve customer satisfaction with our support team's work

**Key Results:**

1. Conduct 30 phone interviews with customers and prepare a list of improvements
2. Increase satisfaction score from 7.7 to 8.5
3. Reduce the average number of requests per user per month from 1.8 to 1.0

## People Operations (HR)

**Objective:** Implement regular training and education program for each department

**Key Results:**

1. Get manager approval for the training program for their team
2. Achieve 80% attendance of the scheduled training program for each team
3. Achieve a 90% satisfaction rate of the training program
4. Investigate and integrate training feedback system



# How to get started with OKRs

Even though the OKR framework looks simple, it's easy to implement it wrong and not achieve the benefits.

## Define the company purpose and vision

OKRs help companies achieve their goals, but OKRs would be useless if team members don't know where the company is going. It should be not only about money. Having a higher purpose would allow each team member to align their efforts in the same direction.

*Recommended reading: "[Start with WHY](#)", Simon Sinek*

## Establish trust and psychological safety

OKRs won't work unless you have a healthy culture inside the organization. Team members should trust that everyone is working towards common objectives, and not to get the biggest piece of the pie for themselves. Healthy culture would allow team members to give and accept constructive feedback, would encourage collaboration between team members and departments to achieve higher team OKRs (and not just individual).

*Recommended reading: Google's [Project Aristotle](#)*

## Top-management buy-in

OKRs won't work if the organization doesn't have the top-management (Board Members and all C-level) buy-in. The strategic OKRs and overall company direction



come from them. And if they don't give it enough focus and priority, the OKRs would be forgotten soon.

## Conduct strategic session

To set and align the first OKRs it's best to conduct strategic sessions among the company key people (up to 10 max). We also recommend to conduct it regularly every year and shorter version every cycle (quarter). During the strategic session you:

1. Review previous OKR progress;
2. Discuss important issues/questions/important decisions, brainstorm strategy;
3. Finalize and align the next cycle OKRs;

*Recommended reading: [HBR on Strategic meeting](#)*

## Assign an OKRs master

When something is everyone's responsibility, it is no one's responsibility. The OKRs master would be responsible for making sure the OKRs are implemented correctly. Think about him/her as a Scrum Master for agile teams.

The role of the OKRs master is to:

1. Ensure the team follows OKRs format and best practices;
2. Mentors team members on OKR process;
3. Helps team members set and sync OKRs;
4. Monitor the process, reminds about the most important activities.

## Communicate regularly

Set up regular OKRs review meetings and communicate OKRs regularly. Weekly or bi-weekly meetings are just fine to sync about OKRs and resolve blockers. They



should be quick and effective (like scrum stand-ups). Not all team members should be required to participate in such meetings (but recommended).

## Common OKR mistakes

### Too many Objectives or Key Results

OKRs are not for everything you do in the organization. Routine everyday tasks should not be included in the OKRs. They are about the most important focus where the extra effort is needed. Too many Objectives or Key Results does not allow to focus and make it hard to align.

### Key Results as tasks

Key results are about measuring how far you're from your destination, from your Objective. Key Result should be a metric. They should not be treated as tasks or To-Do list. Even though Key Results might include some activity-based tasks (e. g. conduct a speech at the conference), but this is rather an exception than a rule.

### Creating OKRs in silos or top-down

OKRs should be created bi-directionally, to leverage personal accountability. Don't set them silently behind the closed door. Set them together and communicate openly.



## Setting and forgetting OKRs

It's a very common mistake. Review and update OKRs regularly, to monitor if the team progress is on track. Without getting back to OKRs it's easy to lose focus.

## Performance review based on OKRs

OKRs can be one of the sources of information for performance reviews, but they should not be the main or only source for evaluation. If you'll directly connect OKR results with compensation, the team members would just set less ambitious goals to make sure to achieve them. Team performance would suffer significantly from such an approach.



## Summary

Goal setting is an important part of running a business, and it takes time and effort to master. Don't try to make it perfect from the first quarter. Try, make mistakes, conduct retrospectives, learn from your mistakes and improve/adjust with every cycle.

Keep in mind that polishing an effective OKR process might take several quarters. Don't be discouraged after the first mistakes.

Once the "Aha" moment comes to you and your team feels all the benefits of OKRs, it will become a fun and interesting regular habit of your team!

Here is some recommended reading about OKRs you might want to review:

1. "[Measure What Matters](#)", John Doerr
2. "[Radical Focus](#)", Christina Wodtke
3. "[How Google Works](#)", Eric Schmidt
4. "[Work Rules](#)", Laszlo Bock

**We'd love to help you get started with our free OKR tool.**

**Learn more at <http://plai.team>**

