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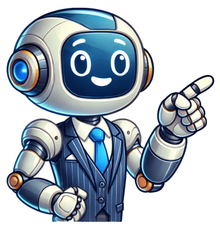

Okr best practices

If you lead a team, you've probably heard about Objectives and Key Results (OKRs). You may even be getting into an OKR mindset and using it to set company goals and monitor performance.But are you using them to their full potential? OKRs will have little effect on improving team performance and business outcomes if you use them as a “command and control” mechanism to bring order into a chaotic organization without direction. To get the most out of objectives and key results, it's essential to learn the difference between good and bad OKRs and understand how to use them correctly.This article covers: A Quick Overview of OKRsOKRs aren't individual to-do lists. OKR is a strategy execution and goal-setting framework that individuals, teams, and companies can use to align strategies, initiatives, and monitor progress. OKRs are all about taking a focused approach to setting and monitoring measurable goals (objectives, key results and initiatives, and expected outcomes). Important to keep in mind: "An OKR framework is designed for strategy execution at short intervals, usually on a quarterly basis." - Emad Ghattas, Regional Director at ProServ and Balanced Scorecard Professional There are two components to OKRs: Objectives and Key Results. Objectives are the "what" that you want to achieve in the future. They are actionable, time-bound, and ambitious. For example, "Transform my lifestyle," "Improve our customer retention," or "Double our online store’s conversion rate."Key results are the metrics by which you’ll determine if an outcome is successful. They are clear-cut, measurable, and multi-faceted. For example, "Reduce cholesterol to a normal level," "Reduce our response time by 50%," or "150 online testimonials from happy customers."Recommended reading: The OKR framework: How to implement it & mistakes to avoid Want to get the most out of your OKRs? In our podcast episode, Laura and Devina discuss how to effectively implement OKRs, avoid common pitfalls, and foster a culture of agility and continuous improvement. What Does a Good OKR Look Like?Develop good objectivesWhat makes an objective good? According to the author of Measure What Matters (one of the most popular books on the OKR framework), John Doerr, you can boil it down to three questions.Is it meaningful? Will your objective significantly impact your business, or are you just kicking the can down the road? Is it audacious? Do you get a pang of insecurity or uncertainty when you read it?Is it inspiring? Do you look at it and think, "I need to get started today," or is a tiny part of you saying, "We'll be fine if this never becomes a reality"? If you answer yes to all of these questions, then you’ve got a winning objective.Assign impactful key resultsYour key results help you to bring your vision to reality. Here are three questions you should ask yourself when creating key results.Are they specific and time-bound?Are they aggressive yet realistic?Are they measurable and verifiable?Combine these two components and you've got an OKR that will help your team perform and lead to results.An example of a good OKRObjective: Double sales over the next two years.Key Result: Identify a new ICP to target by October 2022.Key Result: Boost engagement on our digital platforms by 25% each quarter. Key Result: Expand our sales team by 30% over the next year.What makes it a good OKR? It has an objective that is meaningful, audacious, and inspiring. Increasing your sales is no mean feat and will significantly impact your business. The key results are also clear, focused, and actionable. They provide distinct goals to aspire towards and clear metrics by which you'll be able to benchmark success.What Does a Bad OKR Look Like?The last thing any leader wants to do is send their team down a rabbit hole of vague task allocations and arbitrary goals. Bad OKRs are great if you want to foster frustration and waste time. They can also lead to slow strategy execution and, in worst cases, bad organizational results.It's often the “how” of OKR goal setting that people struggle to produce. Most OKRs fall short when it comes to outlining key results that are clear and measurable.Here's an example of a bad OKR: Objective: Better customer experience.Key Result: Make our clients feel good when they do business with us.Key Result: Motivate employees to enhance customer service.What makes it bad? While this OKR has an achievable and somewhat compelling objective, the key results are vague and difficult to measure. They also don't break down the objective into actionable outcomes for your team."A great objective with poorly defined key results won't help achieve your outcomes. And the same is true for poor outcomes and great key results." - Brandon Bett, Director of GTM Enablement at CascadeCould you tell if your team has achieved a key result? If the answer is no, then you have a bad OKR. A better way to approach this OKR would be:Objective: Provide a level of customer service no other big company can.Key Result: Compile a report identifying problems in our current customer service processes by the end of the quarter.Key Result: Cut our response time for customer complaints and queries by 50%.Key Result: Get feedback from 25 customers on how to improve our customer service. Key Result: Develop a comprehensive customer service playbook over the next three months.Key Result: Celebrate and reward team members who help customers best each month.Best Practices To Write Effective OKRsGet strategic clarity OKRs don’t work if they’re disconnected from business strategy. You need to have a clear understanding of the company’s overall strategy and long-term vision. This is the only way you and your team can start setting OKRs that will deliver on desired business objectives. Understand what you want to achieve To create excellent key results, you need a good grasp of what it takes to reach an objective and how to measure your success.For example, let’s say you want to drive more traffic to your website. This will mean creating key results for metrics such as CPC, ROAS, domain authority, bounce rate, and impressions. Collaborate with your team If you are a team manager, you must co-create OKRs with those who will be responsible for them. Forget the top-down approach. The only way to ensure buy-in and strengthen ownership of assigned OKRs is through collaboration.Recommended reading: The right way to set team goals Are OKRs the right choice for your team? OKRs should empower and not limit your teams. Therefore, you need to figure out if OKRs are right for your organization before you start using them. If your people come back to you with negative feedback, don’t be afraid to revise, refine, adapt, or discard OKRs altogether. Create your own OKRs based on your own goals and priorities, using these examples as inspiration. Marketing OKR ExamplesObjective: Become a top resource on LinkedIn for Accounting content.Key Result: Identify 20 new content ideas and topics by 01/31.Key Result: Get 2000 organic followers by the end of Q4.Key Result: Build a marketing team dedicated to our LinkedIn channel by the start of Q1 next year.Key Result: Increase engagement rate by 2.2% every month.Key results: Increase brand awareness by partnering with 3 LinkedIn influencersObjective: Double organic traffic to our website.Key Result: Improve our website's speed by 10% by the end of the year.Key Result: Lower bounce rate by 12% over the next four months.Key Result: Produce seven SEO-optimized content pieces each month.Key Result: Design new landing pages for our three verticals by the end of Q2.Key Result: Redesign blog for better user experience by the end of Q4.Objective: Get our brand on the market’s radar (brand awareness).Key Result: 100,000 organic visitors to our website this quarter.Key Result: Market our brand at ten national events, conferences, or roadshows this year.Key Result: Generate 2,000 MQLs over the next 12 months.Key Result: Achieve a conversion rate of 13% on our MQLs this year.Sales OKR ExamplesObjective: Increase sales of our high-end products.Key Result: New sales incentives structure for high-end range in January.Key Result: Establish a new partnership in the US market by the end of Q1. Key Result: Full revamp of sales materials by the middle of March 2023. Objective: Increase sales in the enterprise segment.Key Result: Close ten new customers (average deal size > $50,000) by the end of the year.Key Result: Hire 3 salespeople with enterprise sales experience in Q1 and Q2.Key Result: Showcase our company at six major industry events this year.Finance OKR ExamplesObjective: Optimize budgeting processesKey Result: Hire an accountant by the start of next quarter. Key Result: Ensure financials are up-to-date each month.Key Result: Implement accounting software by the end of this quarter.Objective: Streamline the company’s cost-competitive advantageKey Result: Identify the top three areas costing the business money each quarter.Key Result: Operating Expense Ratio below 60% by the end of 2023.Key Result: Review budget allocations every six months based on revenue generation.HR OKR ExamplesObjective: Make onboarding stress-free for new employees.Key Result: Document all SOPs (videos, walkthroughs, and training sessions) by the end of Q2. Key Result: Develop onboarding guidelines and templates for all five divisions by the end of April. Key Result: Assign ownership of onboarding to one human resources manager before the next intake period.Objective: Make employees never want to leave (employee retention).Key Result: Run an internal survey about employee benefits between January and February.Key Result: Employee churn rate under 5% for the year. Key Result: Run monthly pulse surveys to monitor employee satisfaction and employee engagement. Key Result: Compensation structure audit for all six divisions before March 31st.Objective: Improve our organizational knowledge and abilities. Key Result: Conduct a quarterly skills gap analysis.Key Result: Hiring plan to fill knowledge gaps in the organization. Key Result: Continuous learning platform used by 60% of our people.Customer Success Team OKR ExamplesObjective: Make our clients want to do more business with us (increase customer satisfaction).Key Result: Improve our User Retention Score (URS) by 25%.Key Result: Reduce average response time for customer queries by 33%.Key Result: Increase customer satisfaction through monthly check-ins and quarterly surveys.Key Result: Improve Net Promoter Score (NPS) by 50%.Objective: Empower businesses to make the most of our solution.Key Result: Publish ten in-depth customer support documents and guides before the start of Q2.Key Result: Create a video series for all five product lines by the end of the year.Key Result: All customer support team members pass customer service testing with a 75% score in Q3.OKR Examples for OperationsObjective: Improve our company’s IT resilience.Key Result: Identify ten pressing IT infrastructure weaknesses.Key Result: 5% improvement in each quarterly stress test over the next 16 months. Key Result: Reduce server downtime by 75% over the next ten months.Objective: Lower the impact of maintenance on our production output.Key Result: Reduce maintenance downtime by 25% over the next 18 months. Key Result: Plan and implement strategic surpluses each quarter.Key Result: Establish a new preventative maintenance process by the end of Q3. Bonus: Company OKR ExamplesObjective: Turn customers into company evangelists. Key Result: Product referral rate of 55%.Key Result: Market research with 1000 users of our products in 2023.Key Result: Product return rate of less than 2%.Objective: Build a company culture that kills the competition.Key Result: New incentive structure that rewards hard work and innovation before the end of Q2. Key Result: Monthly town halls between our people and leadership teams over the next four months.Key Result: High employee satisfaction scores (80%+) throughout the year.5 Final Tips to Get the Most Out of Your OKRsOKRs require commitment from everyone involved and time to implement. If you're new to OKRs, take things slow, learn from mistakes, and constantly optimize your processes. You should remember that they are not a replacement for strategic planning, but rather an approach that helps you execute strategy over a shorter period of time while staying aligned with long-term goals.Here are 5 things you should pay close attention to: Don’t get too wildDon’t set overly ambitious OKRs to dazzle your boss. Part of setting effective OKRs is making sure that objectives don't overburden your team’s capacities. For example, aiming to triple revenue and halve operating expenses in the same quarter won't do much for employee satisfaction. Don’t get us wrong, your objectives should be ambitious, but they also need to be within the realm of reason.Avoid the trap of endlessly listing tasks, sub-tasks, and sub-sub-tasksOKRs aren't task lists. They should point teams towards specific outcomes but by no means enforce a culture of box checking. People do their best when they have a sense of autonomy and ownership in their work. Here’s how to do it in practice: Try to limit the number of individual OKRs to 3-5 per quarter (meaning 3-5 Objectives, with varied Key Results driving each)Use the same rule for Key Results (max. 5 per each objective)Connect OKRs with KPIs to measure progress.With OKRs, linking objectives and key results with KPIs is crucial to benchmark progress. In addition, using an OKR tool that measures progress will boost the impact of your goal-setting initiatives.Recommended reading: OKR vs KPI: Differences and how to use both Review and update your OKRs regularlyOKRs don’t work on a “set and forget” basis. If you want OKRs to work, you need to set up regular reviews with your team members and schedule timely updates. "Short-term goals (objectives, projects, tasks) need to be closely aligned with departmental objectives. This requires frequent performance management reviews, which should take place weekly, monthly, and quarterly." - Emad Ghattas, Regional Director at ProServ and Balanced Scorecard Professional High-performing teams know they need to keep a close watch on progress and be prepared to adjust goals if necessary. To do so, each team member should have access to a platform that tracks key metrics and initiatives in real-time. Use a strategy execution platform A strategy execution platform is a must-have tool in every organization that is serious about its strategy execution and business growth. If you want to help your team to reach goals faster, check out Cascade’s solution for Strategic OKRs. Cascade takes OKRs to another level with its flexibility so you can completely adapt OKRs to your organization’s needs as needed. For example, if there’s a shift in priorities at the top of the organization, you can quickly adjust OKRs on the team and individual level so they align with the new company’s direction. Cascade helps you to build top-level plans and break them down into focus areas and related objectives for your teams. Align your team’s effort with the company's overall strategy. On top of that, you are able to track real-time performance in order to stay on top of strategic goals. Execute OKRs the Right WayCreating clear, actionable, and inspiring objectives and key results are necessary if you want your team to use OKRs. Remember the points we've covered, and you'll be able to set goals that have an impact.Now that you've got great OKRs, how will you start using them effectively? And how are you going to measure progress and performance without pestering your team for weekly manual updates? Excel, PowerPoint, and Power Bi? Your people deserve better - a platform that will help them to create strategic OKRs aligned with company strategy and contribute to results. While keeping you on top of what’s working and what’s not. If you're looking to plan, execute, measure, and adapt strategy, Cascade's all-in-one strategy execution platform can help. Try it for free or book a 1:1 demo today to see how it can help you to see faster results from your strategy. Learn more: Best OKR Software Options in 2022 (And How To Pick One)