

OKR Method Guide

Purpose of the OKR Method

“OKRs are simple in theory but challenging to implement in practice. Done well OKRs will impact your culture and the ways of working within your organisation which is never a simple undertaking. We hope that sharing our experience will help others traverse these challenging aspects of OKR adoption” Mike Horwath & Taner Kapucu - OKR Method Authors

The OKR Method is an attempt to create a lightweight approach that allows organisations to adopt and implement OKRs with speed and certainty. The Method has been designed as an ‘Overlay Framework’ to your existing operating model thereby reducing the requirements for major internal surgery and minimising the impact during its implementation.

The OKR Method has not been designed as a recipe book for use without prior experience. It is designed to be a non-proprietary method that anyone can use, skills which are transferable, but it is recommended that OKR experts and coaches are consulted in the rollout of the Framework. This is essential for the maintenance of a lightweight framework that does not include many elements or the soft skills required to implement OKRs well.

We also recommend that an OKR Software platform is used to obtain the most benefit from OKRs, however, we highly recommend that you work with OKR Implementation coaches externally from the Software provider to ensure all aspects of the implementation are provided with equal focus.

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The OKR Method Definition

The OKR Method is different to The OKR framework. The OKR framework is a goal-setting framework for individuals, teams, and organizations to define measurable goals and track their outcomes. The OKR framework itself contains very little structure, guidance or approaches for the set-up, management and change process that occurs when adopted into a business context. The generally accepted parameters of The OKR framework are:

- Comprise an objective with 3–5 key results
- Objectives should be significant, concrete, and clearly defined
- Objectives are inspirational

- Objectives can also be supported by initiatives (activities that help to move the key results)
- Key results should be measurable
- An organization's target success rate for key results be 70%. A 70% success rate encourages competitive goal-making that is meant to stretch workers at low risk

The OKR Method expands on these ideas to create a set of steps that can be taken to implement a Strategy Management Framework for an organisation. The OKR Method can therefore be taken as an approach for adopting and implementing a Strategic Management Framework. To do this it includes:

- A set of Principles
- A method Architecture
- A set of Phases, Events and Roles
- Artefacts that support the adoption process
- A set of roles to operate the Method

Taken together and used as designed the Method provides the process and steps to implement a Strategic Management Framework based on the concept of OKRs.

The OKR Method Theory

OKR's lineage can be traced back to Management by Objectives, first popularized by [Peter Drucker](#) in his 1954 book *The Practice of Management*. Management by objectives at its core is the process of employers/supervisors attempting to manage their subordinates by introducing a set of specific goals that both the employee and the company strive to achieve in the near future, and working to meet those goals accordingly. It involves 5 steps:

1. Review organizational goal
2. Set worker objective
3. Monitor progress
4. Evaluation
5. Give reward

MBO's result in numerous unintended consequences in organisations that leads to detractors, for example encouraging workers to meet targets through whatever means necessary, which usually results in poor quality. Part of this issue is the connection of Objectives to rewards or monetary incentives. "Andy Grove described OKRs as a stopwatch, a personal tool so he could gauge his own performance. They are not meant to measure others. If you are using OKRs for compensation, you're doing them wrong."

The other aspects are the isolation of goals and objectives within an organisation's silo without considering 'systematically' the whole and as described on Wikipedia:

There are limitations in the underlying assumptions about the impact of management by objectives.

- It over-emphasizes the setting of goals over the working of a plan as a driver of outcomes.
- It under-emphasizes the importance of the environment or context in which the goals are set.

Therefore the OKR Method has a set of principles which underpin the methods approach and the successful implementation of OKRs using the method must adhere to these principles for successful adoption. The principles can be found in the next section of the OKR Method Guide.

The OKR Method has been designed as an overlay specifically for Scrum and Scrum teams and as such embraces the approach detailed in the Scrum guide for “empiricism and lean thinking. Empiricism asserts that knowledge comes from experience and making decisions based on what is observed. Lean thinking reduces waste and focuses on the essentials.” Our recommendation is that any user of The OKR Method is familiar with inspection and adaptation within the empirical Scrum pillars of transparency, inspection, and adaptation.

Finally and most importantly The OKR Method’s Core ideation is that OKRs are not Contracts. They are hypotheses for what impact you think you can make if all the stars align, which as we know are not as often as we would like to think. This is the biggest organisational shift from output-driven metrics to outcome-driven metrics that any organisation will face and has the greatest cultural impact.

Therefore the theory that supports the OKR Method are:

1. OKRs are not contracts, they are indicators of how successful our experiments are.
2. Empiricism and lean thinking are key to success with OKRs, therefore, transparency, inspection and adaptation are essential.
3. The principles are required on whole to allow the Method to operate.

The Principles

Every strategy has an origin

Good quality strategy originates from:

- Clarity of higher purpose;
- Knowledge of the environment and external factors (context), and;
- The organisational capability and available resources.

In order to operate strategy, we need these basic elements to start.

Strategy is at every level

Each team needs its own strategy for how it will achieve its desired outcomes and demonstrate the impact it can make on the organisation. Therefore, OKRs need to exist for every team within the organisation.

Strategy is described by measurable objectives

An effective strategy is described by a clear set of objectives that show the expected impact, and the unambiguous measurements of success.

Activity flows from strategy

Stress testing ideas are better served with a set of Objectives and measurable results to connect the activity to. Reverse engineering strategy to an existing solution or set of actions reduces innovation and free-thinking.

Translation of strategy into activity belongs at the point of action

Allow those closest to the point of action the ability to define the activity based on their own defined outcomes. If the strategic layer above is too prescriptive then it will remove the ability of those closest to the information to act.

OKR Method Approach

The OKR Method approach is made of 4 components, each with a set of sub-components:

1. OKR Architecture
 - a. OKR Cycle
 - b. OKR Cycle Groups
 - c. OKR Cycle Tiers
 - d. OKR Teams
2. OKR Phases
 - a. OKR Phases
 - b. OKR Events
3. OKR Artefacts
 - a. OKR Organisational Charter
 - b. OKR Organisational Map
 - c. OKR Artefact hub
 - d. OKR Calender

e. OKRs

4. OKR Method Roles

OKR Architecture

OKR Cycle

The OKR Cycle is:

- The frequency of OKR creation, for example, every Quarter, Half Year or Full Year
- The frequency of Key Results updates, for example, every day, every week, every month etc.

The OKR Cycle is the cadence of phases and events across the whole organisation and can be depicted using an OKR Calendar which helps teams set up their events and integrate with other teams. OKR Cycle Groups fit into an OKR Cycle.

OKR Cycle Groups

Cycle Group exists to help organise teams into the OKR Phases and to establish the OKR cadences across an organisation. OKR Cycle Groups are groupings of teams that are aligned to either a functional or strategic directive and benefit from coordinated planning. For example the Company OKRs and the Functional leadership teams or set of teams in a Product Department.

Correctly identifying OKR Cycle Groups will enhance the OKR Events so those teams within the Cycle Groups create a high level of alignment across the OKR planning cadence. In order to set up OKR Cycle Groups you need to consider:

1. Planning horizon requirement. OKR Cycle Groups must operate to the same strategic planning horizon or planning rules. A yearly OKR team can not coexist with a quarterly OKR team.
2. Strategic Alignment: There must be a high level of strategic alignment to create cohesion within the Cycle Group.

OKR Cycle Tiers

OKRs are not created in isolation, they are created across an organisation which may require a strategic direction from a group higher within the organisational structure. For example, a functional group may be required to share their OKRs before the teams can create their OKRs. A Tier is simply a way of defining a cadence for when one set of OKRs can be used by other teams.

This is how it works. Within an OKR Cycle, Tier one executes its Ideation phase first. The second tier can then use the OKRs from Tier one to help them align during their Ideation phase, this is how we can create Vertical alignment.

Our recommendation is that OKR Cycle Tiers contain no more than two tiers given the time span required to create the final set of OKRs. A Cycle Group Ideation and Agreement phase should take no longer than 4weeks.

OKR Teams

Teams are the fundamental building blocks within the OKR Method. Teams are the base level for which OKRs should be created. Even the company OKRs are an OKR team.

All OKR Teams are aligned to a Cycle Group, OKR Tier and take part in the OKR Ideation, Agreement, Learning & Insights and the OKR reflection phases. OKR teams are responsible for creating OKRs, updating OKRs as necessary and generating learning and insights in relation to strategic objectives.

OKR Phases

The OKR Cycle takes place over a set of phases. Each phase contains a set of Events. The pattern is:

1. **Ideation & Alignment:** The process of creating a strategy which includes:
 - a. Design, Refine and Align (DRA)
 - b. OKR Market Place
2. **Learning & Insights:** The chance to learn and connect with business and customer impact
 - a. Key Results Review
3. **Reflection and Action:** Inspecting the business value generated and using the learning to create action and business impact.
 - a. End of Cycle review (ECR)
 - b. End of Cycle presentation

Each phase's events can be supplemented by the operational events and activities that exist within your existing operating model. It is recommended that each OKR team considers the events and activities it currently undertakes and creates an integration to the OKR Method.

Integrations will result in either amendment or removal of existing events, this is a learning process so expect to learn and adapt as you go.

Ideation & Alignment

Ideation and Alignment is the phase in which OKRs are created and teams collaborate together to help ensure alignment and engagement. The power of OKRs is in the thinking process that occurs during the creation of OKRs and as such, you can not do this in a single sitting. OKRs need to be ideated over a period of time and our recommendation is one to

two weeks depending on how you can manage your existing workload to allow time for OKR creation.

During this period of creation, conversations should occur within the Cycle group or Tiers in a vertical and horizontal manner creating alignment with both your peers and your leaders.

The OKR Method has a recommended set of events that occur in each phase. For the Ideation and Alignment phase the following Events occur:

Design, Refine and Align Sessions (DRA)

DRA sessions are meetings held by OKR teams to facilitate the creation of OKRs. Our recommendation is that a team should allow for a minimum of 4 x 2-hour sessions during this phase. This approach allows a break between the ideation of OKRs, as new ideas create new thinking this sometimes takes time to percolate, and we also need opportunities to discuss learnings both horizontally and vertically.

There are no hard and fast rules about who or how a team aligns Vertical and Horizontally but a good rule of thumb is, that where you identify crossovers, a representative of the team should connect with the dependent teams and arrange to discuss the OKRs. We suggest that those sessions are limited in attendance so that not all team members are taking part in the alignment phase.

OKR Teams must complete the DRA process in time for the OKR Marketplace.

OKR Marketplace

The OKR Marketplace is a gathering of every team member within an OKR Cycle Group where each team shares their proposed OKRs in a short presentation with a quick-fire Q&A. The purpose of the OKR Marketplace is twofold:

1. To bring to a close the Ideation and Alignment phase and mark the beginning of the Learning and Insight phase; and
2. To ensure all members of the OKR Cycle Group have had visibility of each other creating transparency and engagement across the Cycle Group.

Once every team has presented their OKRS the marketplace begins where teams may discuss overlaps, alignment and dependencies. Ideally, there will be little trading to be done by this stage and there will be clear alignment both vertically and horizontally already.

This approach should work for up to 20 teams.

There are many ways that you can undertake an OKR Marketplace, this is where we would promote innovation and adaption to suit your circumstances.

The OKR Method does not dictate organisational-wide OKR communication and we recommend that you integrate OKR communication, beyond the OKR Cycle Group, into your existing communications strategy. A common approach is a Quarterly All hands where

selected OKRs or teams are presented to a wider audience or integrated into a Quarterly Business Review.

Learning & Insights

Learning and Insights is the phase in which the OKR Teams should be updating their Key Results regularly and using the gained insights to drive learning and understanding of the success or otherwise of the delivered initiatives and experiments.

If possible a regular cadence, such as every two weeks is good practice to create a culture of updating and reviewing.

It is good practice to consider how frequent a team can update its key results and how frequent they expect the Key Result to change.

The OKR Method has a recommended set of events that occur in each phase. For the Learning & Insights phase the following Events occur:

Key Results Review

The Key Results Review is an opportunity for teams to review the progress towards achieving those OKRs by looking at what changes have taken place.

At a minimum, it is usual for key results to be updated at least every two weeks. If there are existing team-based meetings, such as Sprint Reviews, the Key Results Review can take then. Ensure that before a Key Results Review the Key Results have been updated or that the data is available to make that update during the session.

The starter agenda for a Key Results Review would be:

- Discuss the progress of the Key Results.
- Report on Initiatives' progress, discussing any impediments or lessons learnt.
- Discuss upcoming Initiatives and impediments.
- Agree on any alignment activity required across Cycle Groups.
- Create follow-on actions and assign action owners.

An important business benefit of this process is the continuous output of data on the achievement or not of objectives and the quick feedback loop provided by reviewing every two weeks.

Reflection and Action

The Reflection and Action phase is where teams at all levels within the organisation have the opportunity to look back on the progress and learning made over the previous OKR Cycle.

When done well, teams would have data from the whole period, communicating with other teams as well as stakeholders and leaders in the analysis of the work and suggestions for continuous improvement.

The OKR Method has a recommended set of events that occur in each phase. For the Reflection & Action phase the following Events occur:

End of Cycle Review (ECR)

For each individual team, the ECR happens at the end of the OKR Cycle and must happen before a team begins its next OKR Cycle. The purpose of the ECR review is to inspect the Objectives chosen at the beginning of the cycle and to validate the hypothesis through the Key Result achievements.

The ECR is the culmination of the work of the team over the previous cycle and as such is a wider reflection point than the Key Results Review however the approach is similar.

The starter agenda for an ECR would be:

- Identify success and celebrate as a team
- Discuss what supported the successful outcomes and document the learnings
- Discuss the hypothesis there were unsuccessful and document learnings
- Review the Initiatives and document any impediments or lessons learnt that supported both positive and negative outcomes
- Review Initiatives that will require continuation into the next cycle
- Agree on any alignment activity required across the Cycle Groups
- Create follow actions and action owners.

End of Cycle Presentation

The End of Cycle Presentation may be useful for the wider organisation and integrated into activities such as All Hands or similar. It is an opportunity to present to their stakeholders and any other interested party their key results, the accuracy of forecasting, and the work done to drive towards various OKRs.

OKR Artefacts

OKR Method artefacts represent work or value. They are designed to maximise the transparency of key information and are made available to everyone to help with the adoption of the OKR Method.

OKR Organisational Charter

Every adoption of The OKR Method has an OKR Organisational Charter which is created at the beginning of the implementation. This is a versioned document that outlines the justification for the adoption and its intended function and impact. The Organisational Charter will include:

- Purpose of OKRs in your domain
- OKR principles in your domain
- Your OKR Organisational Map
- Your OKR Architecture
- OKR integrations to the wider organisation
- OKR Cycles & Cycle tiers
- Your OKR events
- Roles in your OKR Method
- An OKR Artefact hub
- I'm new to the company. Where do I go for help?

OKR Organisational Map

Traditional Organisational charts may not always represent the strategic alignment of an organisation. Virtual constructs, such as Strategic or investment themes, cross-functional teams as found in Product/Portfolio constructs and Organisational designs based on frameworks such as SAFe, Scrum or similar will require an OKR overlay that works to influence and co-exist with the existing organisational approach.

This aspect of the OKR Method adoption is where OKR implementation experts are best placed to support you in that process. There are too many variables and nuances to each organisation to create a simple or standardised approach. Whether you are supported by an Implementation expert or not the OKR Method should have a representation of the organisation viewed by:

- OKR Cycle Groups
- OKR Cycle tiers
- OKR Teams

That output is called the 'OKR Organisational Map'.

OKR Artefact Hub

The artefacts created by processes within the Method need to be stored in a searchable and publicly viewable storage facility.

There are many OKR software products already on the market, and some of these may be helpful or suitable, but it's worth noting that most of these are opinionated on how OKRs should be managed and may present a risk to the design of your OKR Method. Prior to

aligning with a Software vendor establish your acceptance criteria for OKR Method in your organisation before choosing a vendor that may dictate a different operating approach.

OKR Calendar

The purpose of the OKR Calendar is to visualize the complex ideas described within this method and support the organisation in planning what activities they need to do and when they need to do them. The Calendar can be any format chosen by an organisation.

OKRs

OKRs are themselves an artefact within the method.

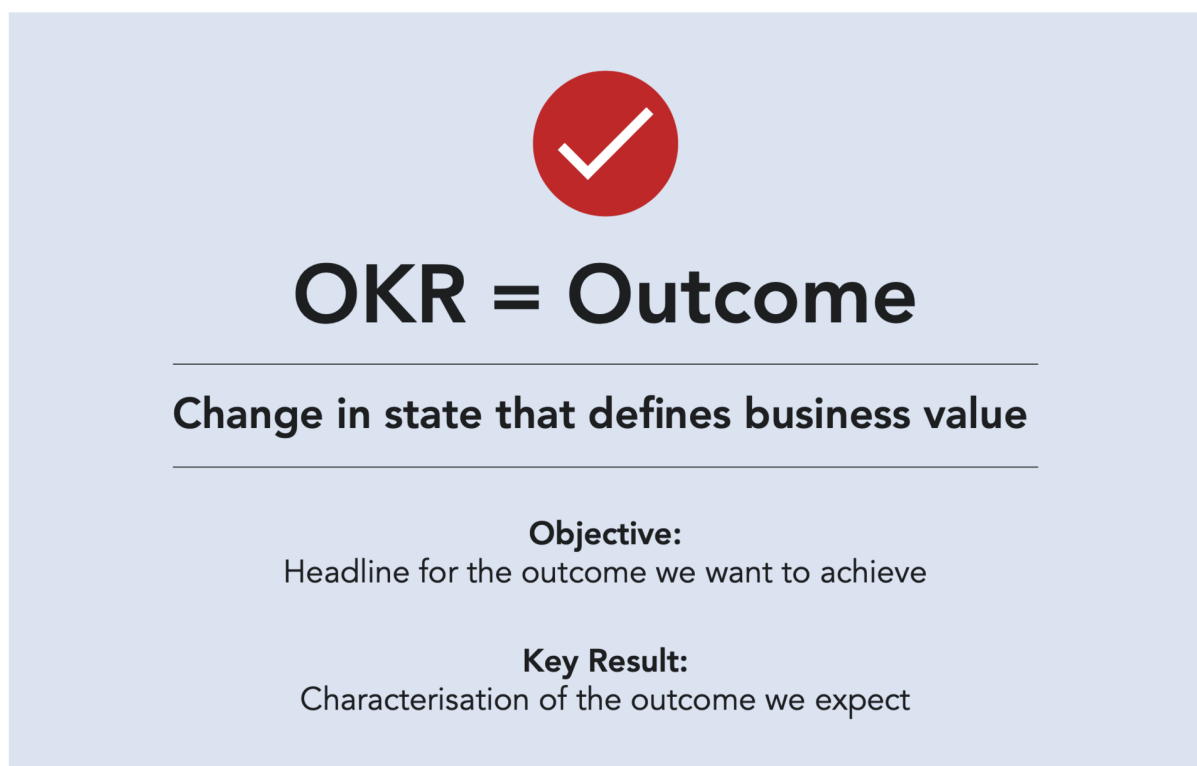


Image courtesy of 1ovmany

Objective

Headline for the outcome we want to achieve.

Key Results

Key results describe a movement for a specific metric that is unambiguous and defined, the characterisation of the outcome we expect.

An objective may require multiple key results to validate or qualify the objective has been met.

Initiative

An Initiative is the activities that fulfil or contribute towards the movement of a Key Result and the subsequent achievement of an Objective. This could be a project, a feature an Epic or similar.

KPI's

KPIs are indications of what is acceptable for a customer within a context. KPIs provide insight into OKRs as they can define the desired or minimum outcome. If a current KPI measure is less than acceptable it may require an OKR, an improvement driver, to restore the service or product performance back to an acceptable level.

Roles

There are only three roles within The OKR Method. Everybody is by default an OKR Creator. Additionally, someone may also be an OKR Coach or an OKR Method Coach.

OKR Creator

People who occupy this role have the duty of participating in the development of OKRs for their team and/or product.

OKR Coach

The OKR Coach is a role filled by an individual with the (ideally certified) capability to coach teams in the creation of OKRS. Individuals in this role are able to bring facilitation techniques, resources and skills to teams that are struggling with their OKRs, particularly during DRA.

The expected population of OKR Coaches is around one coach per five teams but may vary on the nature of the organisation, and will be specified in the OKR Method Instance Charter.

OKR Method Coach

The OKR Method Coach is a role filled by an individual with the (ideally certified) capability to take on responsibility for the execution of processes that run within an OKR Cycle, as well as the ongoing maintenance of the OKR architecture within the Coaches area of responsibility (usually a Cycle Group).

The OKR Method Coach is the primary point of escalation and the first point of call for correction within the Method to ensure that it runs smoothly.