

# Set goals with OKRs

Theme: Setting goals

## Introduction

Studies have shown that committing to a goal can help improve employee performance. But more specifically, research reveals that setting challenging and specific goals can further enhance employee engagement in attaining those goals. Google often uses “Objectives and Key Results” (OKRs) to try to set ambitious goals and track progress.

### OKRs at a glance:

- Objectives are ambitious and may feel somewhat uncomfortable
- Key results are measurable and should be easy to grade with a number (Google uses a scale of 0 – 1.0)
- OKRs are public so that everyone in the organization can see what others are working on
- The “sweet spot” for an OKR grade is 60% – 70%; if someone consistently fully attains their objectives, their OKRs aren’t ambitious enough and they need to think

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- OKRs are not a shared to-do list

In practice, using OKRs is different from other goal-setting techniques because of the aim to set very ambitious goals. When used this way, OKRs can enable teams to focus on the big bets and accomplish more than the team thought was possible, even if they don't fully attain the stated goal. OKRs can help teams and individuals get outside of their comfort zones, prioritize work, and learn from both success and failure.

## Learn the (abridged) history of OKRs

As the former Intel CEO Andy Grove explained in his book, [High Output Management](#), there are two questions to be answered to successfully setup a system of shared objectives, like OKRs:

1. **Where do I want to go?** This answer provides the objective.
2. **How will I pace myself to see if I am getting there?** This answer provides the milestones, or key results.

John Doerr, one of Google's early investors and a current Board of Directors member, learned about OKRs from Andy Grove while at Intel. [Doerr explained](#) that when he joined Intel, the company was transitioning from a memory company to a microprocessor company, and Grove and the management team needed a way to help employees focus on a set of priorities in order to make a successful transition. OKRs helped them communicate those priorities, maintain alignment, and make that switch.

A few decades later in early 2000, Doerr introduced OKRs to Google's leadership who saw the value and started testing them out over the next couple of quarters. Today, Google sets annual and quarterly OKRs and holds company-wide meetings quarterly to share and grade OKRs.

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## OKRs and Stretch Goals

Google often sets goals that are just beyond the threshold of what seems possible, sometimes referred to as “stretch goals.” Creating unachievable goals is tricky as it could be seen as setting a team up for failure. However, more often than not, such goals can tend to attract the best people and create the most exciting work environments. Moreover, when aiming high, even failed goals tend to result in substantial advancements.

The key is clearly communicating the nature of stretch goals and what are the thresholds for success. Google likes to set OKRs such that success means achieving 70% of the objectives, while fully reaching them is considered extraordinary performance.

Such stretch goals are the building blocks for remarkable achievements in the long term, or “moonshots”.

## Bring OKRs to your organization

An important part about OKRs is their transparency. When bringing OKRs to an organization, it can be helpful to be clear about what they are, why they can be helpful, and how they will be used. Performance is higher when people are committed to their goals, so it can be important to get everyone onboard.

### Tips for introducing OKRs:

- **What are OKRs?** Cover the basics of what OKRs are and how they work.
- **Why use OKRs?** Review of how the organization currently approaches setting goals, and any limits or issues with that approach.

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**Alignment.** Once the organization knows what it's focused on and how it will measure success, it can become easier for individuals to connect their projects with the organizational objectives.

**Discipline & prioritization.** It can be hard for any one team in a company to say no to a good idea, a worthwhile project, or a needed improvement. Once everyone agrees what the most important objectives are, it can be easier to say no to the less important ideas. Saying no isn't a political or emotional debate, it becomes a rational response to a commitment that the entire organization has already made.

**Communication.** OKRs should be public within an organization so that every employee knows the organizational objectives and metrics for success. [In an interview, Dick Costolo, former Googler and former CEO of Twitter, was asked “What did you learn from Google that you applied to Twitter?” and shared:](#)

“The thing that I saw at Google that I definitely have applied at Twitter are OKRs - Objectives and Key Results. Those are a great way to help everyone in the company understand what’s important and how you’re going to measure what’s important. It’s essentially a great way to communicate strategy and how you’re going to measure strategy. And that’s how we try to use them. As you grow a company, the single hardest thing to scale is communication. It’s remarkably difficult. OKRs are a great way to make sure everyone understands how you’re going to measure success and strategy.”

## Set objectives and develop key results

When setting objectives, Google often starts with the organizational OKRs and aligns priorities using three to five objectives with about three key results for each objective. Successful OKRs can often come from a mix of top-down and bottom-up suggestions, allowing individuals from all over the organization to voice what they believe is worth their time and how they can best apply their efforts.

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- Avoid expressions that don't push for new achievements, e.g., "keep hiring," "maintain market position," "continue doing X."
- Use expressions that convey endpoints and states, e.g., "climb the mountain," "eat 5 pies," "ship feature Y."
- Use tangible, objective, and unambiguous terms. It should be obvious to an observer whether or not an objective has been achieved. [Research shows more specific goals can result in higher performance and goal attainment.](#)

### Tips for developing key results:

- Determine around three key results per objective.
- Key results express measurable milestones which, if achieved, will directly advance the objective.
- Key results should describe outcomes, not activities. If the KRs include words like "consult," "help," "analyze," "participate," they're describing activities. Instead, describe the impact of these activities, e.g., "publish customer service satisfaction levels by March 7th" rather than "assess customer service satisfaction."
- Measurable milestones should include evidence of completion and this evidence should be available, credible, and easily discoverable.

## Avoid OKR-writing mistakes

Developing OKRs that set clear goals, measured by agreed upon results, can push teams to achieve great things and keep an organization focused on the most important priorities. Poorly written OKRs can create confusing strategy, undermine internal metrics, and cause teams to focus on maintaining the status quo. When developing OKRs, try to avoid these traps:

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2. **Business-as-usual OKRs** - OKRs are often written based on what the team believes it can achieve without changing anything they're currently doing, as opposed to what the team or its customers really want. To test this, stack rank the team's current work as well as newly requested projects in terms of value versus effort required. If the OKRs contain anything other than top efforts, then they are just business-as-usual OKRs. Drop low-priority efforts and reassign resources to the top OKRs. There are some objectives that will stay the same quarter after quarter, like "Ensure customer satisfaction is over XX%," and this is ok if that objective is always a high priority. But the key results should evolve to push the team to continue to innovate and become more efficient.
3. **Sandbagging** - Teams who can meet all of their OKRs without needing all of their team's bandwidth may either be hoarding resources, not pushing their teams, or both.
4. **Low-value objectives** - OKRs should promise clear business value - otherwise, there's no reason to expend resources doing them. "Low-value objectives," even if fully achieved, won't make much of a difference to the organization. Ask, could the OKR get a 1.0 under reasonable circumstances without providing direct organizational benefit? If so, reword the OKR to focus on the tangible benefit.
5. **Insufficient key results for objectives** - If the key results for a given objective don't represent all that is needed to fully achieve that objective, an unexpected miss on that OKR can happen. That can cause delays of both the discovery of the resource requirements as well as the discovery that the objective will not be completed on schedule.

## Develop team OKRs

Although approaches will vary, it can be helpful to commit first to organizational objectives, so that teams and individuals can set their own objectives in service of those larger goals. This can help to create alignment throughout an org. The next decision is

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least one of the organizational OKRs.

One way to set these team OKRs is to have all of the team leaders meet to set goals. At Google, team leaders sometimes list priorities for the upcoming quarter in the context of the company OKRs. When creating these priorities, it is helpful to pay attention to the organizational OKRs and check:

- Do the team priorities connect to any of the organizational key results?
- Do the team priorities make it more likely that the organization will successfully achieve the organizational OKRs?
- Are there things missing that others think this team should be working on?
- Are there more than three priorities?

One thing OKRs are not is a checklist. They are not intended to be a master task list of all the things the teams will work on in a quarter. If a team treats this as a shared to-do list it may result in getting overly prescriptive about what the team wants done, rather than what the team wants to achieve. Use OKRs to define the impact the team wants to see, and let the teams come up with the methods of achieving that impact.

Here are a few sample OKRs a team or individual might set to support an organization's goal to "reach xx% of industry market share."

## Sample team or individual OKRs:

*Objective: Accelerate [product] revenue growth*

Key Results:

- Launch xx feature to all users
- Implement xx initiative to increase revenue per user by xx%
- Launch three revenue-specific experiments to learn what drives revenue growth

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- Re-establish [product]’s leadership by speaking at three industry events
- Identify and personally reach out to top xx users
- Shorten response time to user-flagged errors by xx%

## Grade OKRs

At Google, OKRs are usually graded on a scale of 0.0 to 1.0, 1.0 meaning the objective was fully achieved. Each individual key result is graded and then, using a rough average, correspondingly the objective is graded. This is described as “rough” because sometimes there’s some weighting of different key results. Sometimes key results are either 0 or 1 – if the key result was to “Launch a new widget marketing campaign” the end result could be that either it was launched or it wasn’t. Some are more granular – if the key result is to “Launch six new features” and only three new features were launched the OKR could be graded with a 0.5. This isn’t a science but it’s important to be honest and, more than anything, consistent with the grading process.



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Things to consider when grading OKRs:

- **The sweet spot for OKRs is somewhere in the 60-70% range.** Scoring lower may mean the organization is not achieving enough of what it could be. Scoring higher may mean the aspirational goals are not being set high enough. With Google’s 0.0 – 1.0 scale, the expectation is to get an average of 0.6 to 0.7 across all OKRs. For organizations who are new to OKRs, this tolerance for “failure” to hit the uncomfortable goals is itself uncomfortable.
- **OKRs are not synonymous with performance evaluation.** This means OKRs are not a comprehensive means to evaluate an individual (or an organization). Rather, ~~they can be used as a summary of what an individual has worked on in the last period~~

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OKRs are shared both for the year and for the upcoming quarter. Then the company meets quarterly to review grades and set new OKRs. At these company meetings, the owner for each OKR (usually the leader from the relevant team) explains the grade and any adjustments for the upcoming quarter.

- **Check in throughout the quarter.** Prior to assigning a final grade, it can be helpful to have a mid-quarter check-in for all levels of OKRs to give both individuals and teams a sense of where they are. An end of quarter check-in can be used to prepare ahead of the final grading.

### OKRs (Objectives and Key Results) Scorecard

Use and adapt this document to record and score Objectives and Key Results (OKRs)

 [Open as Google Document](#)

### OKRs (Objectives and Key Results) Spreadsheet

Use and adapt this spreadsheet to score Objectives and Key Results (OKRs) and calculate overall grades.

 [Open as Google Document](#)

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OKRs serve to help set strategy for the company at Google – they are the handful of goals the company is trying to accomplish. To that end, some teams find that they are

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## Sample OKRs timeline

Decide on system for capturing/sharing OKRs internally

Brainstorm Q1 objectives

Communicate company-wide objectives for Q1 and year

Draft personal OKRs

Present OKRs at company-wide meeting

Managers monitor individual OKRs

November

December

January

February

[rework.withgoogle.com](https://rework.withgoogle.com)

How often a team checks-in will depend on their own seasonal needs, how good the communication within the team already is, and how well the team is doing at predicting outcomes based on their ability to execute.

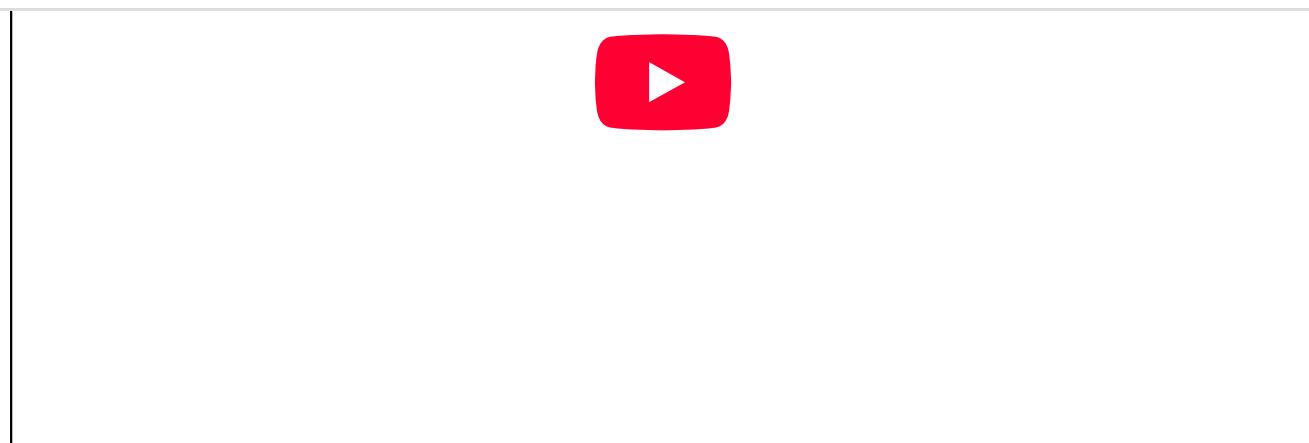
Some teams at Google have found midpoint check-ins are helpful and can make sure everyone remains focused on the same goals. For some teams, an informal review of the quarter's goals is enough, for others, a more formal approach may be in order.

## Watch Google's OKR presentation (video)

The Google Ventures team has shared some of what Google has learned about using OKRs with the portfolio companies. Rick Klau, a partner at Google Ventures, has given this presentation to many startups working to adopt OKRs for the first time. The presentation outlines what OKRs are, how they can help a fast-growing startup stay focused, and what to avoid when adopting OKRs.

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