**Google, Meet OKRs**

* “If you don’t know where you are going, you might not get there.” – Yogi Berra.
* John Doerr is a 12% shareholder of Google.
* Google’s motto in 1999, “to organise the world’s information and make it universally accessible and useful.”
* Sergey Brin crafted the commerce of technology.
* Larry Page built the product.
* Ideas are easy. Execution is everything.
* OKRs: Objectives and Key Results.
* It is a collaborative goal setting for companies and individuals.
* OKR cannot substitute for sound judgement, strong leadership, or a creative workplace culture.
* But if these fundamentals are in place, OKRs can guide you to the mountaintop.
* OKRs: A management methodology that helps to ensure that the company focuses efforts on the same important issues throughout the organisation.
* Objective: What is to be achieved.
* Objectives are significant, concrete action-oriented, and inspirational.
* When properly designed and deployed, they are a vaccine against fuzzy thinking and fuzzy execution.
* Key Results benchmark and monitor How we get to the objective.
* Effective KRs are specific and time-bound, aggressive yet realistic, measurable and verifiable.
* It is not a KR unless it has a number.
* You either meet KR requirements or you don’t, there’s nothing in the middle.
* Typically, at the end of a quarter, a KR is declared as fulfilled or not.
* OKRs surface the primary goals. They channel efforts and coordination.
* They link diverse operations, lending purpose and unity to the entire organisation.
* Excerpts from a paper titled “Goals Gone Wild”. “Goals are a prescription-strength medication that requires careful dosing and close supervision.” “Goals may cause systematic problems in organisations due to narrowed focus, unethical behaviour, increased risk taking, decreased cooperation and decreased motivation.”
* Edwin Locke, psychology professor at University of Maryland, said “hard goals drive performance more effectively than easy goals.”
* “Specific” hard goals produce a higher level of output than vaguely worded ones.
* More highly engaged work groups generate more profit.
* A 2-year Deloitte study found that “clearly defined goals that are written down and shared freely” help retain employees like nothing else.
* Goals create alignment, clarity, and job satisfaction.
* However, when people have conflicting priorities or unclear, meaningless, or arbitrarily shifting goals, they become frustrated, cynical, and demotivated.
* An effective goal management system like OKR links goals to a team’s broader mission.
* OKRs are Swiss-army knives, suited to any environment.
* OKR has 4 superpowers – focus, align, track, and stretch.
* ***Focus and commit to priorities:*** High-performance organisations home-in on work that’s important and are equally clear on what doesn’t matter. By dispelling confusion, OKRs give us the focus needed to win.
* ***Align and Connect for Teamwork:*** With transparent OKRs, individuals link their objectives to the company’s game plan, identify cross-dependencies and coordinate with other teams. By deepening people’s sense of ownership, OKRs foster engagement and innovation.
* ***Track for Accountability:*** OKRs are animated by periodic check-ins, objective grading, and continuous reassessment – all in a spirit of no-judgement accountability.
* ***Stretch for Amazing:*** OKRs motivate us to excel by doing more than we thought possible. By testing our limits and affording the freedom to fail, they release our most creative, ambitious selves.
* CFR: Conversion, Feedback, Recognition.

**The Father of OKRs**

* “There are so many people working so hard and achieving so little.” – Andy Grove.
* Peter Drucker discerned a basic truth of human nature: When people help chose a course of action, they are more likely to see it through.
* The essence of a healthy OKR culture –
* ruthless intellectual honesty
* a disregard for self-interest
* deep allegiance to the team
* Some lessons from Dr Andy Groves OKR culture –
* ***Less is More:*** A few extremely well-chosen objectives impart a clear message about what we say ‘yes’ to and what we say ‘no’ to.
* A limit of 3-5 OKRs per cycle leads companies, teams and individuals to choose what matters most.
* In general, each objective should be tied to 5 or fewer key results.
* ***Set goals from the bottom up:*** To promote engagement, teams and individuals should be encouraged to create roughly half of their own OKRs, in consultation with managers.
* ***No dictating:*** Even after company objectives are closed to debate, their key results continue to be negotiated. Collective agreement is essential to maximum goal achievement.
* ***Stay flexible:*** If an objective no longer seems practical or relevant, their key results can be modified or even discarded altogether.
* ***Dare to fail:*** Stretched goals push organisations to new heights. While certain operational objectives can be met in full, aspirational OKRs should be uncomfortable and possibly unattainable.
* ***A tool, not a weapon:*** OKR system is meant to pace a person so that he can gauge his own performance. It is not a legal document upon which to base a performance review.
* ***Be patient, be resolute:*** An organisation may need up to 4-5 quarterly cycles to fully embrace the system. And even more than that to build mature goal muscle.

**Operation Crush: An Intel Story**

* An explicit OKR sounds like this – “We will achieve a certain OBJECTIVE as measured by the following KEY RESULTS…”
* Jim Lally said, “If you tell everybody to go to the centre of Europe, and some start marching off to France, and some to Germany, and some to Italy, that’s no good – not if you want them all going to Switzerland. If the vectors point in different directions, they add up to zero. But if you get everybody pointing in the same direction, you maximise the results.”
* “If you measure them, things get better.”

**Superpower #1: Focus and Commit to Priorities**

* “It is our choices that show who we truly are, far more than our abilities.” – JK Rowling.
* “When you are the CEO or the founder of a company, you have got to say, ‘This is what we are doing’, and then you have to model it. Because if you don’t model it, no one’s going to do it.”
* As a top-line executive, “When you are tired of saying it, people are just starting to hear it.”
* To safeguard quality when pushing for quantitative deliverables, one solution is to pair key results – to measure both effect and counter-effect.
* Steve Jobs said, “Innovation means saying no to one thousand things.”
* Andy Grove said, “The one thing an OKR system should provide par excellence is focus. This can only happen if we keep the number of objectives small. People who plan to have the guts, honesty, and discipline to drop projects as well as to initiate them…”

**Focus: The Remind Story**

* Remind is a company that has developed an app by the same name to help teachers connect with students and parents more often and with privacy of number to help ease the educational struggles of the students.
* With the help of OKRs, they were able to shelve off some seemingly important and urgent problems, which would take a lot of manpower and efforts with minimal results as to new customer engagement.

**Commit: The Nuna Story**

* An advice when implementing OKRs: Doing too much too soon will often result in failure and pain.
* In order to make OKRs a part and parcel of the system, leaders need to commit to it whole-heartedly.
* The hairier the mission, the more important is OKRs.

**Superpower #2: Align and Connect for Teamwork**

* “We don’t hire smart people to tell them what to do. We hire smart people so that they can tell us what to do.” – Steve Jobs.
* Aaron Levie, founder and CEO of Box said, “At any given time, some significant percentages of people are working on the wrong things. The challenge is knowing which ones.”
* Research shows that public goals are more likely to be attained than goals held in private.
* Since everyone’s work is publicly visible, OKRs reduce redundant efforts and save time.
* Studies suggest that only 7% of employees fully understand their company’s business strategies and what’s expected of them in order to help achieve the common goals.
* Some words form Amelia Merrill, an HR and leader of RMS, a California risk modelling agency, “It’s very hard for employees to see what they should work on first. Everything seems important, everything seems urgent. But what really needs to get done?”
* In many workplaces, employees want to know what the leaders are doing and how their work relate to that of their leaders’. OKRs can be a very good way of connecting vertically.
* In a top-down OKR setting approach, the key results for the top-level executives become the objectives for the lower-level people, and so on as it goes down the levels.
* There are some problems with following this approach –
* ***Loss of agility:*** Even medium-sized companies have 6 or 7 reporting levels. As everyone waits for the waterfall to trickle down from above, implementation becomes so cumbersome that quarterly OKRs become impractical.
* ***Lack of flexibility:*** Since it takes so much effort to form the goals in the first place, people will be reluctant to revise them mid-cycle.
* ***Marginalised contributors:*** Inputs from frontline employees are shut out. Contributors often hesitate to share goal related concerns or promising ideas.
* ***One-dimensional linkages:*** It ensures vertical alignment of goals but fails to ensure goal alignment across departments and peers.
* Healthy organisations allow some OKRs to form from the bottom up.
* As Andy Grove observed, “Salespeople observe shifting customer demands before the management does. Financial analysts are the first to know when the fundamentals of a business change.
* A healthy OKR environment strikes a balance between alignment and autonomy.
* An optimal OKR system allows employees to set at least some of their Objectives and almost all or all the Key Results on their own.
* When goals are public and visible to all, Laszlo Bock says, “You can immediately see if someone is hitting the ball out of the park – you investigate. If someone missing all the time – you investigate. The management tax is zero – it’s amazing.”

**Align: The MyFitnessPal Story**

* MyFitnessPal is an app made by two brothers that started with checking the number of calories they consume.
* Expanding into a company of tens and then hundreds of employees posed quite an issue for them in terms of keeping everyone aligned with one another.
* They started using OKRs companywide and made it transparent for everyone to see. They took steps to align everyone with the core company values.
* The main motto of the company is still the same today, “When our customers succeed at reaching their health and fitness goals, we succeed as a company.”
* It took them 18 months to instil alignment of objectives into the company system.

**Commit: The Intuit Story**

* Intuit has created company-level open strategies to make sure to connect people from all over the world working in different time-zones.
* A person from Intuit Bengaluru can say, “My objective is directly a key result of my manager’s OKR, which ties directly to the top-level IT objective, which ties to the company’s shift to the cloud. Now I understand how what I’m doing in India connects to the company mission.”
* The IT leaders still set the context, ask big questions, and furnish relevant data.
* But the insights from the interconnected groups are what compelling Intuit forward.

**Superpower #3: Track for Accountability**

* “In God we trust; all others must bring data” – W Edwards Deming.
* Writing OKRs in general-purpose software is not scalable.
* All of the 82,000 contributors of a Fortune 500 company had dutifully recorded their annual objectives in Microsoft Word files. A move to quarterly OKRs would have generated 328,000 files per year! Who would have the patience to search for connections and alignment? The OKRs are public in theory, but not transparent at all.
* OKR management software help in the following –
* They make everyone’s goals more visible, whether it be boss or subordinate.
* Knowing that one is working on the right things make one way more motivated.
* They promote internal networking.
* They save money, time and frustration because all relevant information is readily available.
* The single biggest motivator is ‘making progress in one’s work’.
* OKRs are adaptable by nature and there are 4 ways to adapt it –
* ***Continue:*** (Green zone goal) If a goal isn’t broken, don’t fix it.
* ***Update:*** (Yellow zone goal) Modify a goal that needs attention.
* ***Start:*** Launch a new OKR mid-cycle whenever the need arises.
* ***Stop:*** (Red zone goal) Drop a goal that has outlived its usefulness.
* Two questions to ask when reviewing OKRs at the end of a quarter – “What did I learn that I didn’t foresee at the beginning of the quarter?" and “How will I apply this lesson in the future?"
* A Harvard Business School study found that “Learning from direct experience can be more effective if coupled with an intentional attempt to synthesize, abstract, and articulate the key lessons taught by experience.”
* John Dewey, philosopher and educator, said, “We do not learn from experience, we learn from reflecting on experience.
* Some reflections to do when closing out on an OKR cycle –
* Did I accomplish all of my objectives? If so, what contributed to my success?
* If not, what obstacles did I encounter?
* If I were to rewrite a goal achieved in full, what would I change?
* What have I learnt that might alter my approach to the next cycle’s OKRs?

**Track: The Gates Foundation Story**

* Bill and Melinda Gates Foundation mission, “Everyone deserves a healthy and productive life.”
* A mission for Microsoft, “A computer at every desk and at every home.”
* People confuse between objectives and missions all the time. A mission is directional. An objective has a set of concrete steps that one intentionally takes up and tries to achieve.
* 80/90 rule at the Global Alliance for Vaccines and Immunisation: 80% of the districts would have 90% or more coverage.
* The Gates Foundation has teamed with British Government in a 5-year, $4.3 billion campaign to eradicate malaria.
* The Gates Foundation has an objective to eradicate malaria by 2040.

**Superpower #4: Stretch for Amazing**

* “The biggest risk of all is not taking one.” – Mellody Hobson.
* Bill Campbell liked to say, “If companies don’t continue to innovate, they are going to die – and I didn’t say iterate, I said innovate.”
* Edwin Locke, the patriarch of structured goal setting, wrote, “Although subjects with very hard goals reached their goals far less often the subjects with very easy goals, the former consistently performed at a higher level than the latter.”
* Studies have found that, “Setting specific challenging goals is also a means of enhancing task interest and of helping people to discover the pleasurable aspects of an activity.”
* 14 Grand Challenges of Engineering for the 21st century –
* Make solar energy economical.
* Provide energy from fusion.
* Develop carbon sequenstration methods.
* Manage the nitrogen cycle.
* Provide access to clean water.
* Restore and improve urban infrastructure.
* Advance health informatics.
* Engineer better medicines.
* Reverse-engineer the brain.
* Prevent nuclear terror.
* Secure cyberspace.
* Enhance virtual reality.
* Advance personalised learning.
* Engineer the tools for scientific discovery.
* Entrepreneurs: Those who do more than anyone thinks possible, with less than anyone thinks possible.
* Philip Potloff, Chief Digital Officer at Edmunds.com, noted, “We are trying to change the way automotive retail is conducted, and that’s a massive challenge and a massive opportunity. The only way for us to boil down our crazy change-the-industry goals is through OKRs.”
* Without quantifiable tracking, how can you know when you have reached the amazing ‘stretch’ objective?
* Google divides its goal setting into two categories – committed goals and aspirational goals.
* Committed objectives are set to Google’s metrics: product releases, booking, hirings, customers. These goals are to be achieved in full within a set time frame.
* Aspirational goals reflect bigger-picture, higher risk, more future-tilting ideas. Failures, at an average rate of 40%, are part of Google's territory.

**Stretch: The Google Chrome Story**

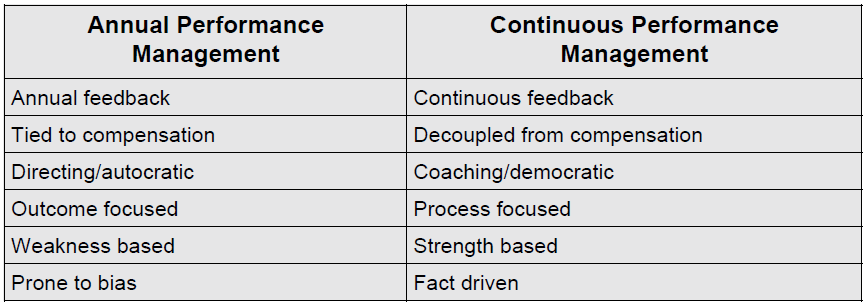
* Astro Teller, leader of Google X team, says, “If you want your car to get fifty miles (~80km) per gallon (~4L), fine. You can retool your car a little bit. But if I tell you it has to run on a gallon of gas for 500 miles, you have to start over.”
* Larry Page says, “If you set a crazy ambitious goal and miss it, you’ll still achieve something remarkable.”
* In 2008, Larry and Sergey wrote, “We should make the web as fast as flipping through a magazine.”
* Sundar Pichai said, “I tried to be thoughtful and systematic with Chrome and not too emotional, and I think that helped.”

**Stretch: The YouTube Story**

* Microsoft CEO Satya Nadella has pointed out, “In a world where computing power is nearly limitless, the true scarce commodity is increasingly human attention.”
* The main motto of Google Search was ‘make it fast.’ But for YouTube, it was introduced as more watch-time, which was totally against the previous motto.
* YouTube made a stretch goal of ‘billion hours of watch time per day’ in 2012 and took it as a 4-year goal. By October 2016, they achieved it, ahead of time.
* Now, YouTube focuses on many other metrics besides watch-time.

**Continuous Performance Management: OKRs and CFRs**

* “Talking can transform minds, which can transform behaviours, which can transform institutions.” – Sheryl Sandberg.
* Albert Einstein observed, “Not everything that counted counts, and not everything that counts can be counted.”
* Continuous performance management is implemented with an instrument called CFRs –
* ***Conversations:*** An authentic richly textured exchange between manager and contributor, aimed at driving performance.
* ***Feedback:*** Bidirectional or networked communication among peers to evaluate progress and guide future improvement.
* ***Recognition:*** Expressions of appreciation to deserving individuals for contributions of all sizes.
* Doug Dennerline, CEO of BetterWorks, on using OKRs and CFRs together, “If a conversation is limited to whether you achieved a goal or not, you lose context. You need continuous performance management to surface the critical questions –
* Was the goal harder to achieve than you’d thought when you set it?
* Was it the right goal in the first place?
* Is it motivating?
* Should we double down on the two or three things that really worked for us last quarter, or is it time to consider a pivot?”



* Pact, the Washington DC - based international trade and development non-profit organization, has these 4 elements to their OKRs –
* Monthly one-on-one conversations between employees and their managers.
* Quarterly review of progress against OKRs. Questions like the following come up: What did you set out to accomplish this quarter? What were you able to do? What weren’t you able to do? Why or why not? What can we change?
* Bi-annual professional development conversation. Employees talk about their career trajectories – where they have been, where they are, where they want to go.
* On-going self-driven insight. Ask deeper questions in response to appreciations: What one thing did you like about it?
* On-going forward-looking dialog between leaders and contributors usually centres on 5 questions –
* What are you working on?
* How are you doing? How are your OKRs coming along?
* Is there anything impeding your work?
* What do you need from me to be more successful?
* How do you need to grow to achieve your career goals?
* When goals are used and abused to set compensation, employees can be counted on to sandbag. They are playing defence; they stop stretching for amazing. They get bored for lack of challenge. And the organisation suffers most of all.
* At Google, OKRs amount to a third or less of performance ratings. Google is careful to separate raw goal scores from compensation decisions.
* One-on-one conversations between managers and contributors focus on 5 critical areas –
* ***Goal setting and refection:*** Focusses on how best to align individual objectives and key results with organisational priorities.
* ***Ongoing progress updates:*** Brief and data-driven check-ins on employees’ real-time progress, with problem-solving as needed.
* ***Two-way coaching:*** To help contributors reach their potentials and managers do a better job.
* ***Career growth:*** To develop skills, identify growth opportunities, and expand employees’ vision of their future.
* Sheryl Sandberg notes, “Feedback is an opinion, grounded in observations and experiences, which allows us to know what impression we make on others.”
* Public transparent OKRs will trigger good questions from all directions –
* *Are these the right things for me/you/us to be focused on?*
* *If I/you/we complete them, will it be seen as a huge success?*
* *Do you have any feedback on how I/we can stretch even more?*
* Two-way feedback between managers and employees looks like this –
* *What do you need from me to be successful?*
* *And now let me tell you what I need from you.*
* Ways to implement higher recognition in a company –
* *Institute peer-to-peer recognition.*
* *Establish clear criteria.* Replace employee of the month with achievement of the month.
* *Share recognition stories via newsletters or company blogs.*
* *Make recognition smaller and attainable.* Hail smaller accomplishments too.
* *Tie recognition to company goals and priorities, like customer service, innovation, teamwork, cost-cutting.*
* Every cheer is a step towards operating excellence – the crowning purpose of OKRs and CFRs.

**Ditching Annual Performance Reviews: The Adobe Story**

* Adobe implemented a new procedure called Check-in to set and review their “goals and objectives” (Adobe’s name for OKRs) in a much more efficient way than before.
* Previously, they had the system of annual reviews which took away a lot of manager’s time but did not achieve the satisfaction required by the employees.
* After adopting a continuous performance review system, Adobe has seen more growth and way higher employee satisfaction.

**Baking Better Every Day: The Zume Pizza Story**

* Zume Pizza was a start-up (died in 2023; not mentioned in the book) which aimed at automating the pizza making process by using robots. It also aimed to provide a sizzling hot pizza to the customer by baking the pizza on large trucks while on the way to the customer. This allowed them to deliver the pizza in less than 5minutes from the moment of the online order.
* A co-founder had said that when we are in a low-level of workforce, we get paid by working. The harder we work, the better we are as an employee.
* But when we are promoted to manager, suddenly there’s a huge change. Then we are paid for making better decisions, not for working harder. Once we get promoted to managers, the key is to work less, take a step back and think more.
* OKRs help people to prepare for this scenario before they ever become a manager. It instils leadership values into an individual. Since, an individual can have only 3-5 OKRs per quarter, it pushes the individual to think deeply about the few things that are the most important at the moment. Decision-making becomes a habit.
* If employees are not taught to make good decisions in a start-up, there are two things that may happen (and both are sad outcomes) –
* As the company scales, the employees become managers and are given to handle a team beyond their capabilities. Bad decisions ruin the company and consequently, it has to shut down.
* As the company scales, the employees become managers and since they are not able to make good decisions, they are replaced by outside people who can.

**Culture**

* “You need a culture that high-fives small and innovative ideas.” – Jeff Bezos.
* Andy Grove said, “Culture is a set of values and beliefs, as well as familiarity with the way things are done and should be done in a company.”
* A study of standout performances in Google correlated to affirmative responses to the following 5 questions –
* ***Structure and clarity:*** Are goals, roles and execution plans on our team clear?
* ***Psychological safety:*** Can we take risks on this team without feeling insecure or embarrassed?
* ***Meaning of work:*** Are we working on something that is personally important for each of us?
* ***Dependability:*** Can we count on each other to do high-quality work on time?
* ***Impact of work:*** Do we fundamentally believe that the work we are doing matters?
* OKRs help maintain a healthy working environment by letting employees have autonomy over their work, create deeper relationships between employees and their managers as well as inter-departmental relationships, and ensures transparency of action.

**Culture Change: The Lumeris Story**

* In some companies, before anything is implemented, there has to be a culture of openness and trust and transparency first. Without those in place, OKRs stand no chance of succeeding.
* OKRs cannot mend a broken culture. If the senior executives themselves are questionable, then the best method in the world can’t save such a company.
* So, in Lumeris, the leaders first set to make the culture right, by firing the wrong people, hiring the right people and coaching them on the company values and cultures.
* Also, people have to be given the freedom to speak up in case they find any discrepancies between the words and deeds of the senior leaders.
* Changing a culture of a company from fear-driven to transparent is a tough job and requires time and effort from the senior leaders.
* Changing the senior management took them 1.5 years. Changing the middle management was even more difficult and took them 3 years. After that they finally implemented OKRs and convinced employees that this is what will ensure that transparency, inter-departmental coordination, and trust remains intact.
* While they went through a cultural change, the following questions were addressed by the team leads for their team –
* Why is transparency important? Why do you want people across other departments to know your goals? Why does what we are doing matters?
* What is true accountability? What’s the difference between accountability with respect (for other’s failings) and accountability with vulnerability (for our own failures)?
* How can OKRs help managers get work done through others? (That’s a big factor for scalability for a growing company.) How do we engage other teams to adopt our objective as a priority and help assure that we reach it?
* When is the time to stretch a team’s workload – or to ease-off on the throttle? When do you shift an objective to a different team member, or rewrite a goal to make it clearer, or remove it completely? (In building contributor’s confidence, timing is everything.

**Vocabulary**

1. **Venture Capitalist:** A private equity investor who provides capital to companies with high growth potential in exchange for an equity stake.
2. **Market cap:** The total value of a company’s stock, found by multiplying the stock price by the number of outstanding shares.
3. **Revenue:** The total amount of money brought in by a company’s operations, measured over a set amount of time. It is the gross income, before subtracting any expenses.
4. **Esprit-de-corps:** The common spirit existing among members of a group, inspiring enthusiasm, devotion, strong regard for the honour of the group.
5. **Carte blanche:** Complete freedom to act as one wishes.