

# BUSINESS INSIDER

## This Is The Internal Grading System Google Uses For Its Employees — And You Should Use It Too



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When Google was less than a year old, John Doerr, one of its investors, made a presentation pitching the company on using a organizational system called Objectives and Key Results, or OKRs.

The OKR system came from Intel. Google took to OKRs pretty much immediately and has been using it ever since. OKRs are a simple way to create structure for companies, teams, and individuals. Even if your company doesn't use OKRs, they can be helpful in your personal life, or for yourself at work.

Google Ventures partner Rick Klau gave [a one-hour, 20-minute presentation on how OKRs work](#) last year. It's a pretty fascinating look at how Google operates. It's also useful for just about any company, or any person, who wants to create a simple, easy-to-follow system for getting stuff done.

Here's how they work.

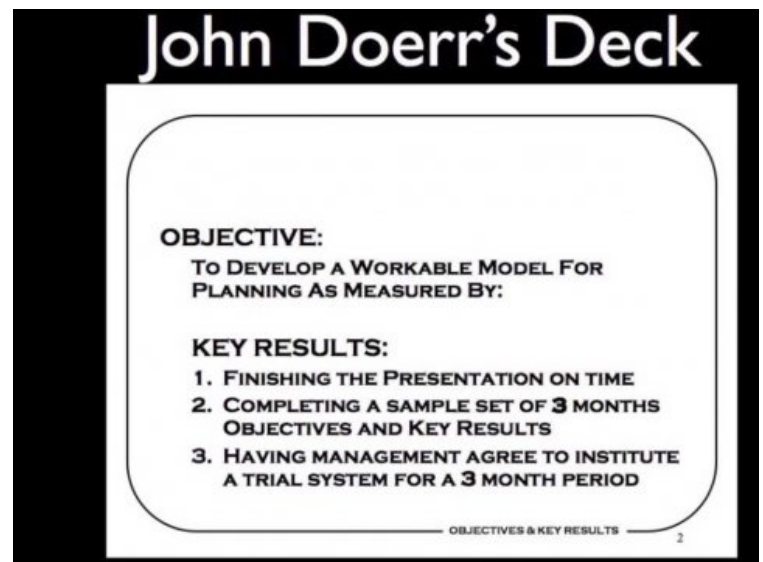
First, you set up an Objective. Then you set up a number of "Key Results" that are quantifiable that will help you hit your objective.

Your objectives should be definitive and measurable. Don't say, for instance, I want to make my website prettier. Say you want to make your website 30% faster. Or you want to increase engagement by 15%.

When Klau worked on Blogger at Google, he set up a few objectives for each quarter.

One objective one quarter was to improve Blogger's reputation. Though the site was quite large, it was losing cachet as other blogging platforms like Tumblr started gaining in popularity.

To improve Blogger's reputation, Klau came up with four easily measured results, which you can see in the slide



A slide from the Doerr deck.

*Screenshot*

on the right.

Klau says Google does OKRs on an annual basis, and a quarterly basis. The annual OKR is a big, umbrella idea for the year, and it's not set in stone, it can evolve as the year evolves. The quarterly OKRs do not change.



Screenshot

He also says that Google has OKRs at a company level, at a team level, at a managerial level, and at a personal level. They all work together to keep the company on track.

Klau says that employees should have 4-6 OKRs per quarter. If you have more than that, you're going to be fried.

At the end of the quarter, you grade your key results. Google has a 0-1 scale. The goal is not to get a 1 on each key result, you're actually aiming for a 0.6-0.7. If you get a 1, then you've created too easy a key result. (Or as he puts it, "If you get 1s, you're not crushing it, you're sandbagging.") If you get below a 0.4, then you need to take a serious look at what you're doing wrong.

So, returning to Klau's example, we can see how well he did at his goals. Speaking at industry events was easy, and he did it, so he gets a 1. He struggled with the DMCA result, but that makes sense since it was tough.

Klau also says that grading should only take a few minutes. Don't spend time worrying about your grades, spend your time working on the goals.

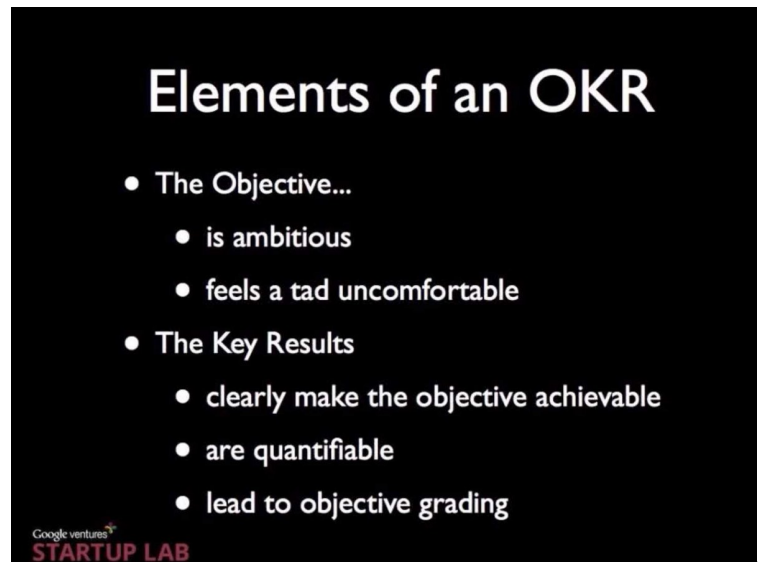
At Google, all OKRs are public from Larry Page on down. You can look up what your co-workers' OKRs are in the employee directory. It's right there as a piece of their internal profiles. Not only do you see their OKRs, but you also see their scores through the years on their OKRs.

This might seem intimidating, but it helps Googlers understand what everyone's working on.

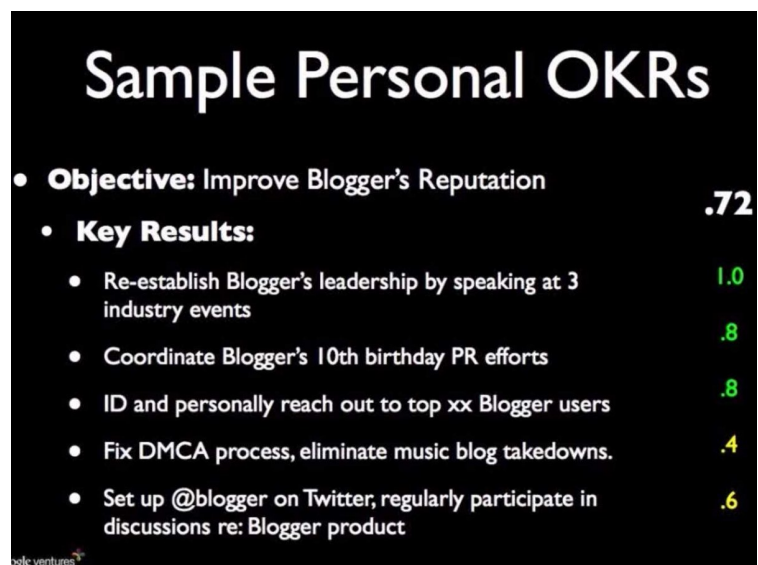
Klau explained that he was once in charge of the home page for YouTube. Some co-workers may have wanted to promote one of their products by getting a video on YouTube.com. They could look up his OKRs, see what he was working on for the quarter and then either shape their pitch to get on the home page, or plant a seed in his head for when he starts drawing up new OKRs for the next quarter.

OKRs are not used by management to determine promotions. But they can be used by employees to keep an eye on what they've accomplished. Klau said that if he was up for a promotion, he had a quick, easily accessible system to figure out what he's done for the company through OKRs.

It may sound fairly simple, and



Screenshot



Screenshot

straightforward, but that's part of the appeal. You get a short list of items to work against to help you focus on doing your job.

Here's the full presentation on how OKRs work:

**Grading the OKRs**

- .6 – .7 is your target
- Scores matter less than the process
- Company-wide scoring reinforces commitment
- Use low grades to reassess: worth doing? What will we do differently to achieve our objective?

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**STARTUP LAB**

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**John Doerr's Deck**

**BENEFITS**  
WHY USE OBJECTIVES & KEY RESULTS

- DISCIPLINES THINKING  
(THE MAJOR GOALS WILL SURFACE)
- COMMUNICATES ACCURATELY  
(LETS EVERYONE KNOW WHAT IS IMPORTANT)
- ESTABLISHES INDICATORS FOR MEASURING PROGRESS  
(SHOWS HOW FAR ALONG WE ARE)
- FOCUSES EFFORT  
(KEEPS ORGANIZATIONS IN STEP WITH EACH OTHER)

OBJECTIVES & KEY RESULTS 10

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## Startup Lab workshop: How Google sets goals: OKRs



