

HOW TO WRITE GREAT OKRS

Everything you need to know when setting
Objectives & Key Results.

REVISED
EDITION



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First edition: 10 October 2016

Second edition: 20 March 2021

Published by Perdoo GmbH

www.perdoo.com

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Introduction

This eBook is meant to be a simple but thorough guide to help you, and everyone else in your organization, become great at setting OKRs. It covers everything you need to know when crafting Objectives & Key Results.

OKR has become one of the most effective and most popular goal management methodologies. The beauty of OKR lies in its simplicity; it's a set of best practices from over 75 years, bundled together and radically simplified.

The modern workplace is complex, often resulting in low employee engagement, strategies disconnected from execution and organizations struggling to unify teams behind bold missions & visions. Problems that stifle innovation, harm growth and prevent people from living meaningful lives.

OKR is well-equipped to fix these problems. This guide will help you pick the right OKRs and set them up in a way that will lead to success. If you're still left with questions after reading this book, feel free to connect with us via email: team@perdoo.com



Henrik-Jan van der Pol
Founder & CEO of Perdoo

How to read this book

This eBook is the ideal foundational resource for all OKR experience levels.

If you're new to OKR, have been struggling to implement OKR, or want to bring your OKR program to the next level, read this eBook from start to finish.

If you already have some experience, it's important to first agree and clarify what Objectives, Key Results, and Initiatives really are (see [What are Objectives, Key Results and Initiatives?](#)), after which you can freely jump to the sections most relevant to you and your organization.

At the very end of the eBook, you'll find an OKR Checklist that summarizes the most important concepts and can be used as a handy takeaway each time you and your team craft your OKRs.

This book is supported by the Perdoo software: a simple but powerful goal management platform that helps organizations turn great strategies into amazing results. Signup for a free account on perdoo.com and immediately put theory into practice!

[Get your free Perdoo account](#)

What is OKR, and what's it for?

The acronym [OKR](#) stands for Objectives and Key Results, a popular goal management framework that helps companies implement and execute strategy.

If implemented well, the benefits of the framework include a better focus on results that matter, increased transparency, and better (strategic) alignment. OKR achieves this by organizing employees and the work they do around achieving common Objectives.

An OKR consists of an Objective, which tells you where to go, and several Key Results, which are the results you need to achieve to get to your Objective. Initiatives are all the projects and tasks that will help you achieve your Key Results.

The difference between OKRs and KPIs

KPIs and OKRs are different types of goals.

Imagine your organization is a car, and you're driving your car toward a destination. That destination is your organization's ultimate goal (the mission & vision), and your OKRs build your roadmap toward it. But, as you're driving your car toward your destination, you also need to keep an eye on your car's dashboard to make sure, for example, that the engine is functioning well and that you're not running out of gas.

The things you'll find on your car's dashboard are the things that you always need to watch — regardless where you are on your roadmap. Hence, the things that you'll find on your car's dashboard translate to business as usual for your business. Business as usual is best measured through KPIs: simple indicators that immediately tell you if something is performing well or not — just like the indicators on a car's dashboard.

When implementing OKR, get your KPIs in place first

There are 3 reasons why you should get your KPIs in place before implementing OKR.

1. You can't drive without a dashboard

The analogy above also helps us explain why you need to get your KPIs in place first, before implementing OKR.

Would you feel comfortable driving a car without a dashboard? You wouldn't be able to see the oil pressure and risk breaking your engine. You wouldn't be able to see the fuel level and risk running out of gas.

Your KPIs help you keep the engine running. Without having them in place first, you'll almost certainly get stranded somewhere on your journey toward your ultimate goal.

2. KPIs provide important input when setting OKRs

Once you have your KPIs in place, and once you have set the [desired target values](#) for your KPIs, you can then see which KPIs are healthy and which aren't. This is important input when setting OKRs. When a KPI is unhealthy, you should make it a priority to fix it: you should [create an OKR to fix your KPI](#).

3. It helps everyone understand what OKRs are for

Lots of teams that are new to OKR struggle to understand what OKRs are for. We've developed a simple model to address this: [build, improve, or innovate](#). In short, that model explains that OKRs are designed to help you break out of the status quo and realize your ambitions.

Yet teams that are new to OKR are often working on OKRs that reflect their business as usual. You'll quickly notice that is the case when your OKRs are pretty much the same each quarter. When your OKRs are reflecting your business as usual, your OKRs won't help you see what deserves priority right now, and they won't help you understand how particular problems are being addressed.

When introducing KPIs and OKRs at the same time, you tackle this problem from the start. As you identify what's most important to work on, you can naturally designate whether the goal is best represented as a KPI or as an OKR. Ask yourself, are we doing anything differently (OKR), or is this already an established process (KPI)? Are we building, improving or innovating (OKR), or will we continue to do what we already do (KPI)?

I guarantee that you will end up with much better goals this way.

What are Objectives, Key Results, and Initiatives?

Before we dive into how to write great OKRs, let's first have a quick look at the different components (Objectives, Key Results, and Initiatives), what they mean, and how they work together.

Objectives, Key Results, and Initiatives answer three straightforward questions:

1. Where do you need to go?



The answer is the Objective. It should set a clear direction, like a destination does, such as New York.

Examples:

- Beat last quarter's revenue growth
- Provide an awesome customer experience

2. How will you know you're getting there?



The answers are Key Results. See them as a GPS device. They tell you if you are getting closer to your Objective.

Examples:

- Close €1 million in new bookings
- NPS at 80

3. What will you do to get there?



The answers are Initiatives, the key things that you will do to achieve your Objective.

Examples:

- Host 3 webinars on OKR
- Implement in-app live chat

A metaphor

To get a better understanding, consider this metaphor:

- Imagine you're in London (UK). You need to go to New York (USA).
"New York" is your Objective (question 1).
- To reach your Objective, you've decided to buy a yacht and sail west for 8 days. That is likely to get you closer to your Objective.
"Buy a yacht" and "Sail west for 8 days" are your Initiatives (question 3).
- Without a navigation system, like GPS, it will be impossible for you to know whether you are getting closer to your destination.

Your Key Results are your GPS device, which tells you if you're heading in the right direction (question 2).

Buying a yacht and starting to sail west isn't the smartest thing to do if you don't have a destination (Objective) yet. A famous quote from Lewis Carroll (Alice in Wonderland) reads: "If you don't know where you're going, any road will take you there". It's, therefore, best to always start with an Objective.

Key Results can be difficult to create, but they are necessary to get feedback on whether your Initiatives have the desired effect.

Outcomes vs. outputs

A big benefit of OKR is that it helps you differentiate between outcomes and outputs.

An output is something you do, an outcome is something that happens as a consequence of what you do. "I've had a demo with a prospect" is an output, "I've closed a customer" is an outcome. Most people naturally focus on outputs. It's relatively easy to come up with a list for what you need to do today, this week and this month. However, as Stephen Covey explains in his book [The 7 habits of highly effective people](#), outputs always come last. In order to be successful, you should start with the end in mind.

At Perdoo, we've developed a simple process that you can follow which ensures that you always start with the end in mind:

1. Where do I want to go?
2. What are the results that I need to achieve in order to get there?
3. What do I need to do to achieve those results?

In [OKR](#) terms:

1. Objective
2. Key Results
3. Initiatives (an Initiative can be any output from a task or todo to a project or deliverable)

Starting with outputs (i.e. Initiatives) is impossible unless you don't care what these outputs should accomplish. When Alice asked the Cheshire Cat in Alice in Wonderland: *"Which way do I ought to go from here?"*, the Cat replies *"That depends on where you want to get to"*. Alice then says *"I don't much care"*, upon which the Cat concludes that it then doesn't matter which way you go.

Picking the right Objectives

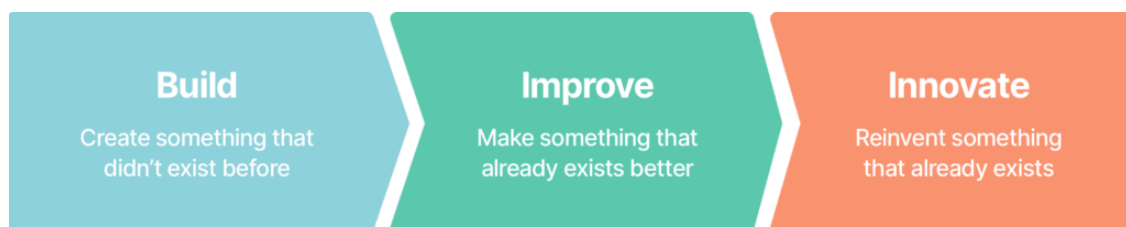
Picking the right Objectives is harder than you might think. Setting the right Objective at the right time is even more difficult.

Types of Objectives

Although it sounds like a no-brainer, it's not always clear to teams brainstorming their Objectives what an Objective can be used for.

To get more clarity on this, you should first understand that an Objective is always designed to get you out of your status quo. That means that if you're completely satisfied with how things are going at the moment, you may not have the need for an Objective.

When you'd like to move forward and get out of your status quo, there are 3 different types of Objectives you can use:



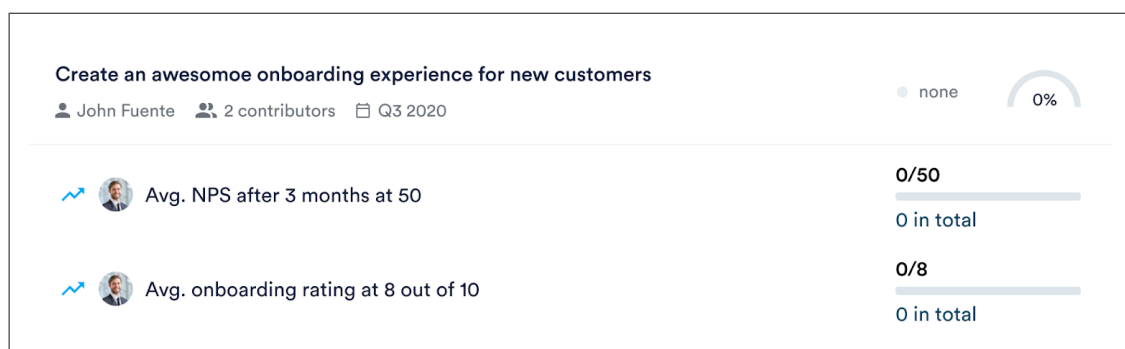
Typically, these 3 types of Objectives are used in the order they are displayed above. For example, you can't improve something that hasn't been built yet.

Let's have a closer look at these 3 different types of Objectives.

Build

A build Objective creates things that didn't exist before. When we started investing in customer success at Perdoo, we found it important to first focus on the onboarding experience for new customers, which is the first 3 months of a customer's journey with us.

Our Coaching Team, therefore, created the following OKR for Q3 2020:

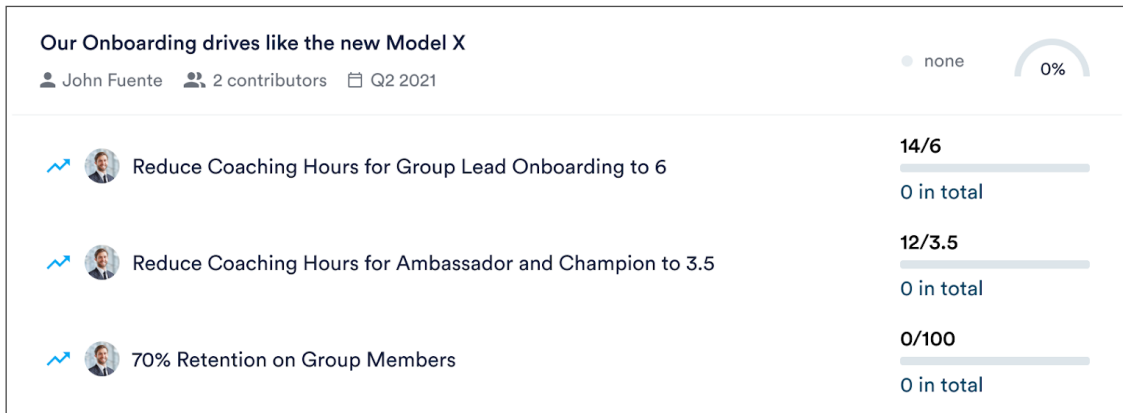


Improve

Everything that you do to make something better that already exists, falls into the category of an *Improve* Objective. You can improve for different reasons, such as to improve the quality or performance of something or to deliver the same quality or performance at a lower cost.

Back to our example at Perdoo: once we had a well-performing onboarding experience in place, we focused on the post-onboarding process in the following quarter. Once that was covered as well, we decided to revisit our new customer onboarding and further improve it. We primarily needed to make sure that our onboarding program, which was still functioning well, became more time-efficient.

For Q2 2021, our Coaching Team created the OKR:



Innovate

Sometimes improvement isn't enough, and something more drastic is required: innovation. You can innovate your product, parts of your product, and even your organization's management (e.g. by introducing OKRs).

If our Coaching Team had learned that our customers' needs had changed, or if it was a priority to automate our new customer onboarding to make it more scalable, we could have created an Objective to *Reinvent our onboarding program to make it more scalable*.

Putting it all together: a metaphor

To explain the 3 different categories, I've used a real-world example from our own Coaching Team at Perdoo. To make it easier for you to apply this logic to your own team or company, let's use a metaphor.

When you're building a car from the ground up, most of your work will fall into the build category. It's impossible to improve the engine if you haven't even built the engine yet. Neither is it possible to innovate the driving experience if you don't have a chassis.

Once you have your basic car, you might want to improve different parts of it. You could improve the engine for higher performance. You could also improve the manufacturing process so that you can build an engine with similar quality at a lower cost.

Sometimes you have to reinvent yourself, and if you don't, others will. If you see that your customers don't want to drive a car themselves anymore, you'll have to innovate to make autonomous driving possible.

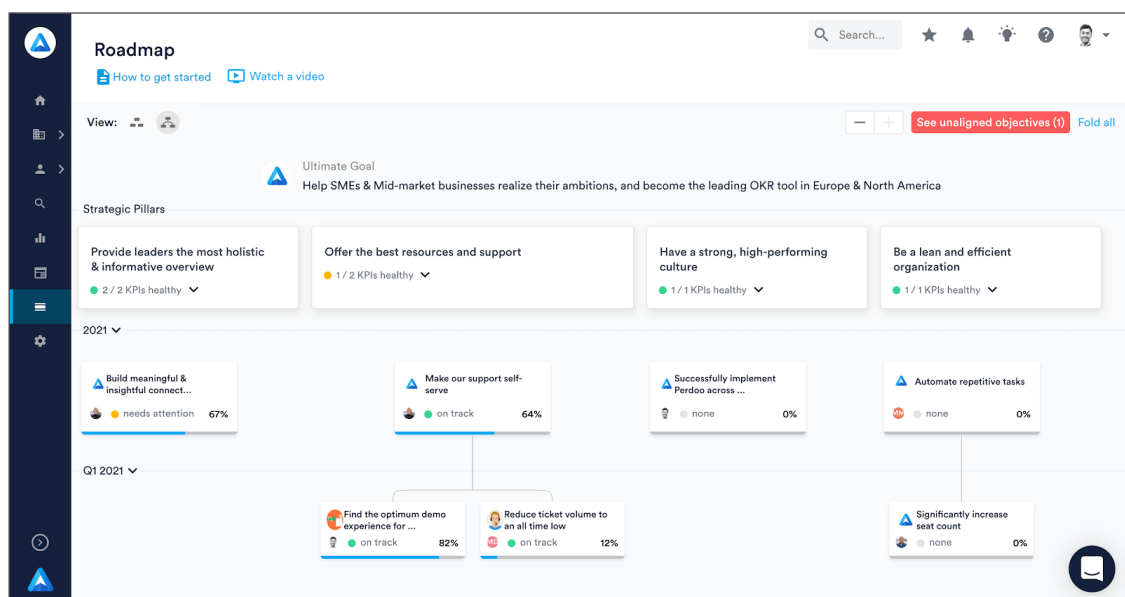
Tips to help you pick the right Objectives

Although it sounds like a no-brainer, it's not always clear to teams brainstorming their Objectives what an Objective can be used for.

Oriente first

Typically, Objectives drive the organization forward. Directly or indirectly, they should get you closer to your organization's ultimate goal. Therefore, the most important thing to do when crafting Objectives is to orientate. With the proper context, everyone understands where they can best focus their efforts, and they can make sure that their OKRs support the high-level goals and strategy of the organization.

Visualizing that context is crucial, so everyone can see how their work fits into the bigger picture. That's why Perdoo lets you map out your Strategic Pillars to join the dots between your organization's strategy and the goals that'll deliver it. You can then quickly build out and re-align your OKRs while viewing that full alignment..



Timing

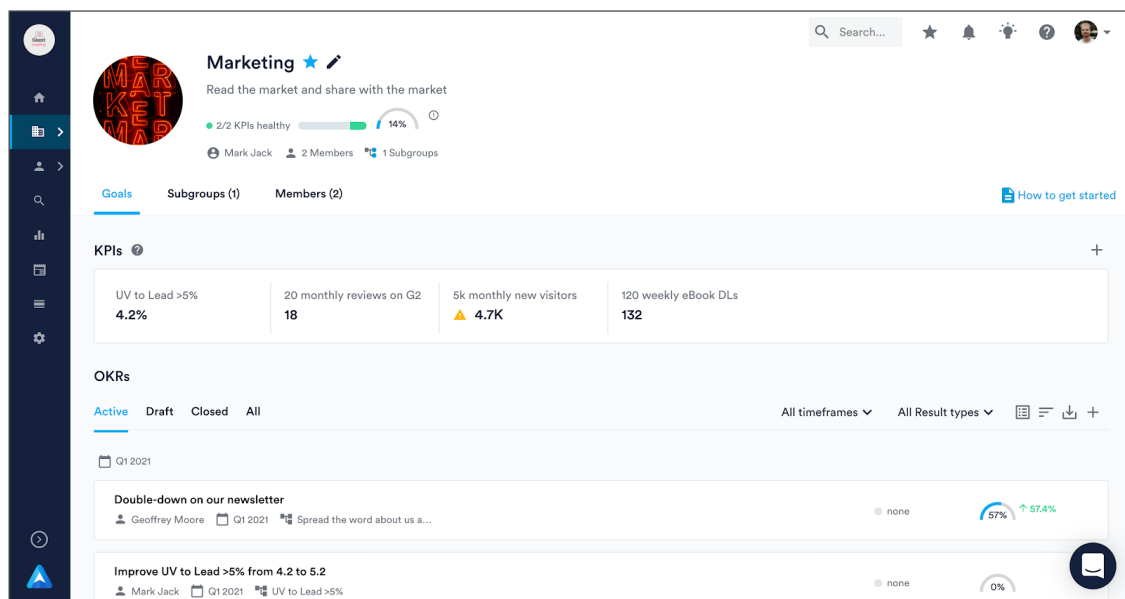
Objectives are like destinations that you set out for your organization or team. They should inspire everyone working on them, and your teams and employees ideally buy into them. In the ideal scenario, you all agree that these are indeed the right things to focus on *at this moment*. I made *at this moment* italic, because timing is key.

Imagine, for instance, a company with an Objective for Q4 to become a great place to work. A Key Result could be to get certified by greatplacetowork.com. Even though it would be a great Objective, it's probably hard to buy into for employees if employee turnover is skyrocketing. A better idea would be to fix the turnover problem first: create an Objective for Q4 to Fix the employee turnover problem (an ambitious key result would be to reduce it by 50%). Once that problem is fixed, you can focus on becoming a great place to work.

Look at your KPIs

Your KPIs tell you how key areas of your business are performing. Are your KPIs revealing certain problems that need to be solved? If so, what could you do to positively influence those KPIs? If you're using Perdoos, you can create an OKR to get an unhealthy KPI back on track.

At the end of the day, OKRs really only tell half the story of what each area of your business is working toward. Take your Marketing team, they likely have KPIs as well as OKRs – two different types of goals, with different purposes. If you're serious about transparency, you'll need to track these goals alongside each other to get a complete view of Marketing's priorities. And Perdoos let's your team see all those priorities in seconds on your Marketing page.



Close and review OKRs from the previous timeframe

Always review your OKRs when the timeframe is about to end. This exercise will tell you whether you need to port over any OKRs to the following timeframe, significantly impacting your available bandwidth for the future.

To get the most out of closing OKRs, check out this [article](#).

Check the purpose of your team

Why have you been hired? What's the purpose of your team and your position? Are you living up to these expectations? The Objectives that you've set for yourself, are they in-line with what is expected of you?

Crowdsource the knowledge of your people

In the Industrial Age, the manager was often seen as the person who knew everything and was best equipped to make decisions. Those days are over. It's the people closer to the ball who have unique insights into what's going on, either within the business or in the market. Use this knowledge!

With modern tools, it's easy to collect input. Ask your team to suggest 1 or 2 Objectives for the upcoming period. Discuss the most popular suggestions with management and try to make at least one of them a company or team-level Objective.

Important criteria for Objectives

To make working with OKR more practical, we split up the criteria for Objectives by must-haves and nice-to-haves. An Objective should meet the must-have criteria for it to qualify as an Objective.

The nice-to-haves are often communicated as mandatory by other people or organizations, but we believe they're optional. Especially when new to OKR, it could help to keep things simple and not be too strict on those.

Must-haves:

- **Directional**

Objectives tell you where to go, so make sure the Objective sets a clear direction. Having a direction also helps you to focus your efforts. Things that fall outside of the scope of the Objectives, should be said no to. Directional can result in the Objective being a bit vague, that's ok. Remember: the Key Results will specify it.

Being directional, also means that the Objective should help move the company out of the status quo. Consequently, there is no need to reflect business as usual in your OKRs. As an example, *Achieve an incredible revenue growth is directional*, *Sell our product to customers isn't*.

- **Aligned**

Once your Objective sets a clear direction, it is important to align it. This ensures you are moving in the right direction. It's a great and easy way to ensure your Objective provides business value. You have four main options:

- Directly support the company's strategy.

In Perdoo you'll align your Objective to one of the company's Strategic Pillars. This is ideal for long-term, company OKRs.

- Improve a KPI.

If the conversion rate on your website has dropped, your Marketing team could create a quarterly OKR to fix this unhealthy KPI.

- Support another OKR.

With annual company OKRs defined, the different teams or departments in your organization can decide how to best support these long-term Objectives, often through quarterly OKRs.

- Don't align the OKR.

This could be a red flag that your OKR isn't going to provide business value. Personal development goals formulated as OKRs could fit in this category.

Alignment kills two birds with one stone as it will also boost employee engagement, letting everyone working on the Objective see how their work fits into the bigger picture.

- **Impact**

Once your Objective is directional and strategically aligned, you can be sure you are moving in the right direction with that Objective. You should now make sure it will be a substantial step in that direction. As you should only have 3 or 4 Objectives, each one of them must have a real impact. Fast forward to the end date of the Objective. Imagine you've accomplished it, would it have made a difference?

- **Within circle of influence**

The Objective ideally is inside the circle of influence for the owner. That means that the owner is actually able to influence the area of the Objective. Making an engineer the owner of an Objective that's about bringing on board new customers makes no sense since it's outside their circle of influence.

- **Time-bound**

Every Objective should be limited in time and therefore needs a horizon. If you set OKRs on a quarterly cadence, the deadline is usually the end of a quarter. Objectives can, however, be due before or after the end of the quarter.

- **No-metrics**

An Objective cannot contain any metrics. Leave the metrics for the Key Results.

Nice-to-haves:

- **Inspirational**

Some people in your company are motivated by numbers. Others need a more inspiring goal. Use inspiring language for your Objective and leave the numbers for the Key Results. Some of our customers use internal rules that state an Objective should be so inspiring that everyone working on it should want to put it on their resume. An easy way to make Objectives more inspiring is to include adverbs and adjectives such as successful, awesome, best, strongest, steepest, etc.

- **Understandable**

Objectives drive your day-to-day work and should be present every time you make a decision. Simple information is easier to remember, so Objectives should be written down in the language of the organization. Try to avoid jargon specific to your position or team and keep descriptions as short as possible, without diminishing the quality of the Objective. Simple, short language allows for others to connect with it and keep it top of mind.

Writing guru Ann Wylie found that when a sentence length is max. 14 words, readers understand 90% of what they're reading. This drops to 10% if the number of words is around 40. Other studies show that sentences with 11 words are considered easy to read, and those with 21+ words difficult.

- **Not too many**

There is so much you can do in a year or quarter, OKR forces you to pick the 3 or 4 Objectives that matter the most. Setting too many Objectives usually reveals an inability to focus on what's most important, but it could also mean the impact of each Objective is too small. Many Objectives with small impacts don't provide a clear focus and are probably not inspiring. Less is more.

Frequently asked questions

Do I need Objectives to reflect day-to-day work?

Not as long as your day-to-day work is business as usual. When it becomes not 'usual' anymore, you may need OKRs. This is where OKRs and KPIs can perfectly work together. Imagine for instance you're a support manager, your day-to-day work would consist mainly out of answering incoming support tickets, it's business as usual. To measure performance, you would have KPIs like Average Reply Time and Customer Satisfaction Score (CSAT). As long as these KPIs indicate healthy values, you're good. But now imagine your CSAT dropped and your Average Reply Time went up. You could create an Objective to improve customer satisfaction.

OKR is not about measuring and tracking all activities in your organization, that's what KPIs do. OKR is about moving forward and realizing your own, your team's, and your organization's ambitions.

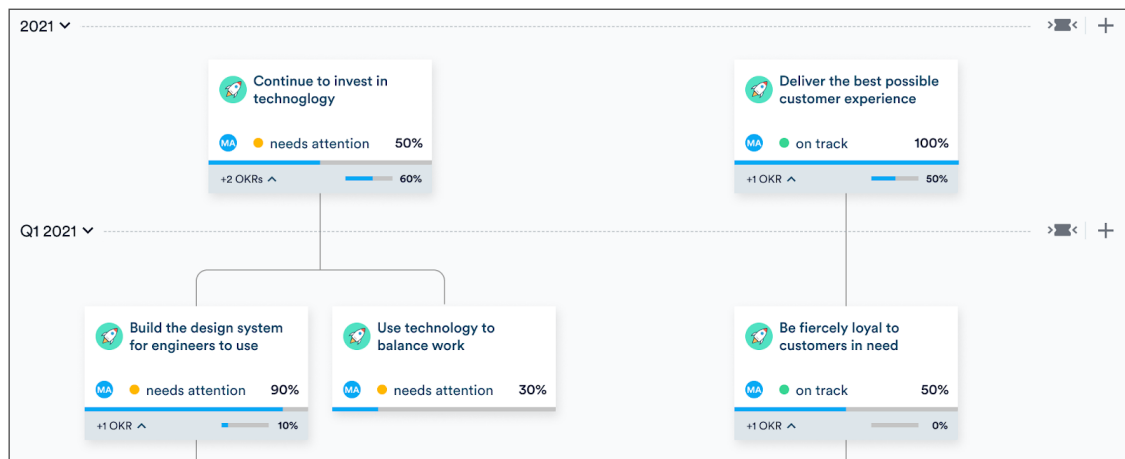
What if I can't align my Objective to anything?

This does not necessarily mean it is a bad Objective. It means that what you or your team has decided to focus on falls outside of the scope set out by the company. This is worthy of healthy discussion. Why did you come up with this Objective? Why do you believe it is important right now? Talk to the leadership team to see where and how your opinion differs. Considering that you will probably spend the next 3 months working on the Objective, these are exactly the type of discussions you should have beforehand.

How is progress for parent Objectives calculated?

The Objective tells us where we want to go, and Key Results let us know if we've got there. In fact, they are the only way to know if we've got there. Aligned Objectives are simply another *qualitative* outcome that is supporting (but not affecting the progress) of your parent Objective. This aligned Objective will have its own set of Key Results, and they will measure progress on its outcome set out in the Objective title. This then helps you to diagnose issues in your parent Objective's progress. If it's Key Results aren't progressing, but progress on its aligned OKRs is great, you might have picked the wrong aligned OKRs to work on.

If you're using Perdo, you get complete flexibility in how you measure success and are able to quickly diagnose issues on long-term Objectives. Your Roadmap shows not only the progress of the Objective's Key Results, but also the progress of its aligned Objectives.



Setting Key Results

Now that your Objectives are set, it is important to agree—with your manager, team and everyone working on each Objective—what the appropriate Key Results would be.

Key Results are feedback mechanisms telling you whether you're getting closer to your Objective or not. A result—as you probably know—is an outcome of something. If a Key Result is a real result (ie, outcome), you can iterate your Initiatives until the needle moves for your Key Result. Initiatives — eg, projects or tasks — drive results. When you have Initiatives as Key Results, you're finding yourself locked into achieving them, even if you later find out it's the wrong approach to drive certain metrics.

The Objective is directional and often contains adverbs and adjectives, which can be vague or ambiguous. If you have, for instance, words like successful or awesome in your Objective, then different people will have different interpretations of those. At Perdoo, we've seen this first-hand with some of our customers. One of our customers had a company-level Objective to *Become the no. 1 startup in the UK*. When others started to create their own OKRs based on this, it became clear that HR and the leadership team (who created the Objective) had completely different interpretations of this: leadership was thinking about becoming the fastest-growing startup, HR about becoming the best place to work.

Key Results take away such ambiguity. Only by looking at the Key Results can someone know exactly what is meant with the Objective. If your Objective is about achieving ridiculously steep growth, then that could still mean many different things. If the Key Result indicates a quarter-over-quarter growth of 50%, you could easily conclude that is quite ambitious. Only by looking at the Key Result(s) you can see just how ambitious the Objective was intended to be.

Key Result should measure what matters

In [Why OKRs outclass regular goals](#), I explained why OKRs are such a powerful way to structure your goals: they help you identify what really matters. In [Outcomes vs. Outputs](#), I emphasized the importance of having Key Results that measure outcomes, because outcomes—not outputs—are usually the things that really matter.

These articles have sparked much debate, but the importance of outcomes seems to be widely embraced nowadays. Nonetheless, many people still struggle to understand what good Key Results are, and why measuring outcomes is so important. I'll try to answer this question once and for all.

First things first: the role of Key Results

The most important role of Key Results is that they force you to specify what you mean by a particular Objective. If you have an Objective to learn Italian, then 'learning Italian' will mean different things to different people. Key Results enable you to specify what it means to you. They answer the question: what needs to happen in order to successfully achieve the Objective?

In other words: Key Results help you identify what really matters.

‘What matters’ is never a means to an end

When you set yourself the Objective of learning Italian, most people start thinking about all the things they could or should do to learn that language. You could listen to an Italian podcast every day, watch a TV show in Italian, or complete an Italian language course. Because these are the first things that come to mind, it’s very tempting to add those as your Key Results—which is also what most people would do.

It’s tempting to think these are good Key Results because there seems to be a clear relationship between these tasks and your Objective. You can easily see how listening to a podcast and completing an Italian language course would help you realize your Objective of learning Italian. However, for most people, all these tasks are actually a means to an end (“something that is not valued or important in itself but is useful in achieving an aim”).

Imagine you’ve listened to an Italian podcast for 30 days in a row and you’ve completed an Italian language course, but when on holiday in Italy you still cannot order a pizza in Italian. Would you consider yourself successful? Would you say that you speak Italian now? Probably not.

That what really matters to you is almost never a means to an end. What you really care about is the end itself. So you have to make sure that each Key Result is never a means to an end, but an end itself.

Example:

Launch a new website

I was consulting a company in Berlin not too long ago. Their Marketing team had created an Objective to launch a new website. Their Key Results were things like (i) create a new design, (ii) find a website developer, and (iii) release the new website.

As you can see, all the Key Results are tasks, outputs, things that they needed to do in order to launch the new website. It's definitely important to keep track of such activities, which is why we allow you to track those as well in Perdoo (read how).

Were these good Key Results? Looking at the Objective, you could say that the Objective would be achieved when all these "Key Results" were completed. So I asked the team if they would consider themselves successful when all these "Key Results" have been done. "Yes" was the answer.

Then I asked what they were actually expecting from this new website. The Marketing Manager responded: "It should appeal to our target audience better, so we expect a higher conversion rate and more leads that will be accepted by our Sales team". That made it clear that the true Objective wasn't to *Launch a new website*, but to *Launch a higher-converting website that attracts more high quality leads*. The team agreed that that was a better way to name the Objective.

I asked them to look at the Key Results again and evaluate whether these Key Results were still good measures of success. Obviously, everyone disagreed. Now that we knew our true Objective, it was easy to create Key Results that were measuring the things that really mattered: improve (i) visitor-to-lead conversion rate, and (ii) percentage of leads that are accepted by Sales.

As you can see, being able to successfully identify what matters depends on the Objective. Start with a good Objective (i.e. an Objective that is a meaningful step forward for you or your organization) and your Key Results will naturally measure outcomes.

The benefit of measuring outcomes

Imagine Team A that works on the Before OKR, and Team B that works on the After OKR.

Team A will just be driven by activities (outputs). They'll have zero insight into how their new website is performing. For all they know it could actually worsen conversion.

Team B will be driven by results (outcomes). They'll be able to see if the new website is actually driving value for the business. The OKR enables them to iterate and tweak until they achieve the results they desire.

I'd find it much more exciting to work on the After OKR. I'd like to see that what I do is actually making a difference. As an investor, I'd also place my bets on the organization that is focusing on results. The activity driven organization might be lucky and launch a website with amazing conversion rates. And they might be lucky again. But building successful businesses does not depend on luck. Team B has a system in place that will lead to success, time and time again.

The anatomy of a Key Result

Because Key Results are a little more complicated than Objectives and Initiatives, I'll spend a bit more time explaining what constitutes a (good) Key Result.

The components of a Key Result

A Key Result consists of the following elements:

- Metric
- Start value
- Target value
- Title

Metric

The metric is what makes the Key Result “measurable.” Popular metrics for product and customer success teams are Net Promoter Score (NPS) and Monthly Active Users (MAU). Software-as-a-Service companies often look at Monthly Recurring Revenue (MRR) and Churn Rate, the rate at which a subscription-based company is losing customers. In contrast, factories and producers use a lot of operational metrics.

The metric for a Key Result is the ingredient some teams struggle with. Some are simply lacking inspiration (in which case our Example OKR Guides can help), others don’t yet track the metrics they want to use in their Key Results.

It’s important that you are already able to track the metric you want to use before you include it in a Key Result. If it isn’t you run the risk of becoming too busy to put tracking in place meaning that you won’t be able to see how you progress.

Start value & target value

The start value and target value require little explanation. The former is simply the value that your metric has at the start of the quarter or year, and the latter is the value that you want that metric to have at the end of that timeframe.

Setting the right target value can be difficult if you don’t have a benchmark yet. If that’s the case, you could use the first two weeks of the quarter to collect that benchmark. Of course, you’ll risk that these few weeks of data will not be significant, but that shouldn’t stop you from setting a target value.

Title

You may think that just by looking at the metric, start and target value, you pretty much have all the info you need. However, much of the benefits that OKR offers to organizations, such as increased transparency and improved alignment, require that the OKRs themselves are easily understandable and not ambiguous. That's where the title comes into play: the Key Result title bundles up and communicates in a clear and direct way the result you're looking to achieve.

The title also helps put the values in perspective and make the Key Result more exciting to work on. For instance, your Key Result could be "Double our NPS," where your metric would be "NPS," your start value could be "20" and your target value "40." Of course, your title could also be "Increase our NPS from 20 to 40," this really depends on the personal preference of the people that will be working on it.

2 mistakes you should avoid

It's crucial that you set up your Key Results in a way that they are challenging, and that everyone working on it will be able to progress toward the target. This may sound obvious, yet this is where it often goes wrong.

Mistake 1: Avoid words like “at least” or “above”

As most people know, Key Results should be challenging. If you use phrases like “at least” or “above” in your Key Result title, you’re basically saying you expect people to reach at least the target value. That is either not setting a challenging target for yourself, or risking to demotivate your team by setting a challenging target and labeling that the bare minimum.

Let’s say your “at least”-target value is not really challenging. We can then assume that that target will be hit before the quarter is out. What will happen next? Progress will already be at 100%. Do you expect people to stretch themselves further? It’s probably not going to happen. The whole idea behind the 70% rule is that you deem it feasible to get to 70% progress, and 100% is a stretch. So remove phrases like “at least” from your Key Result title, and increase your target value instead.

Mistake 2: Avoid saying “have less than” or “have maximum”

Sounds simple? I’ve seen it all too often that people set up a Key Result like “Have less than 4 customers cancel their subscription this quarter” or “Have a maximum 10% unsubscribe rate for our newsletter.” Imagine what this does. For the cancellation example, progress at the start of the quarter will be 100%. You may lose 1, 2, or 3 customers through the entire quarter, and progress would still show 100%. Just by looking at progress, everyone would think you are doing fine on that Key Result. Then in the last week of that quarter, a fourth customer cancels. Now all of a sudden progress drops to 0%. That’s bad, and what’s even worse is that there is no way for you to fix that progress. You should avoid this at all times.

Important criteria for Key Results

Again, we'll be splitting those up by must-haves and nice-to-haves. A Key Result should meet the must-have criteria for it to qualify as a Key Result.

The nice-to-haves are often communicated as mandatory by other people or organizations, but we believe they're optional. Especially when new to OKR, it could help to keep things simple and not be too strict on those.

Must-haves:

- **Make the Objective achievable**

Imagine you have achieved all your Key Results, have you then also achieved the Objective? Remember: an Objective tells you where to go, Key Results tell you how to get there. When creating Key Results for an Objective, you're answering the question "How will I know I am getting to my Objective?". We are talking about Key Results: those results that will be absolutely *key* to getting you closer to your Objective.

- **Measurable**

Being measurable means that a [Key Result must have a metric](#). When it has a metric, you'll be able to track progress.

Nice-to-haves:

- **Ambitious**

Your Key Results reflect your ambition, so how ambitious are you? A Key Result that doesn't make you feel a little uncomfortable, is not ambitious enough. Yet, they should not discourage you, so keep them realistic. A good rule of thumb is to forecast 30% to 40% above what you would deem possible. That way you should be able to get to at least 70% of your target. Remember that it should be achievable before the Objective is due.

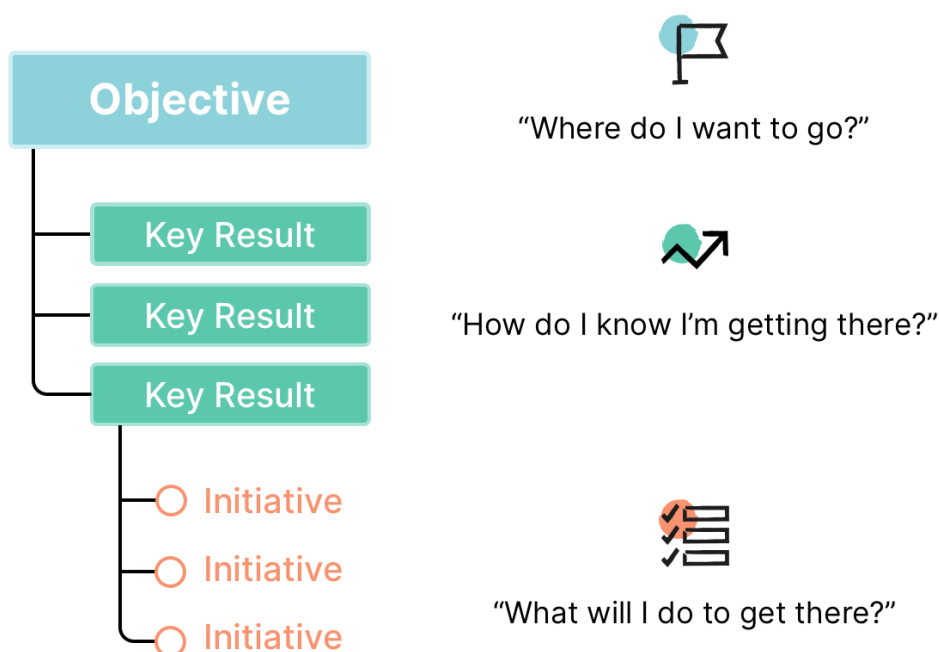
Working with OKR creates an environment in which every individual, every team, and the company are challenging themselves and each other. Ambitious Key Results unlock creative thinking and challenge people to try new things to achieve those results.

While many people believe OKR is all about setting ambitious goals, we believe this is not a core component of the framework. Read [this blog post](#) to learn more about why we're allowing you to switch off stretch goals inPerdoo.

Frequently asked questions

How many Key Results should an OKR have?

If Objectives tell you where to go, [Key Results](#) are what you need to achieve to get there. Key Results are like a GPS that you follow in order to navigate to where you want to be. Where a GPS needs 3 satellites to accurately pinpoint your location, an Objective requires 3 Key Results to accurately let you know whether or not you've accomplished it.



However, every company and team is unique, and the challenges that they face can vary greatly. Sometimes this means that 6 Key Results are required for an Objective, which is totally fine. It can sometimes also be the case that you only need 1 or 2 Key Results for an Objective. Again, not a problem. What really matters is that you don't end up with too many Key Results overall, when you take all your Objectives for the quarter into account.

One of the primary motivations for organizations choosing OKR is to increase focus. Focus means that you have to say no to things. If you have 2 Objectives with 6 Key Results each, you'll have 12 Key Results in total. If you have 4 Objective with 3 Key Results each, you'll also have 12 Key Results. Since teams typically set OKRs every quarter, 12 Key Results more or less means your team has only 1 week to deliver a Key Result. Any more than 12 and you risk losing focus. We have seen that 12 is the maximum a team is able to achieve consistently. If you have more than 12, you either struggle to focus or Key Results have become too granular.

Instead of focusing on the number of Key Results for an Objective, I believe it's better to be pragmatic and focus on the total number of Key Results that you end up with for a quarter. Moreover, make sure that the Key Results you set truly are truly representative of a measure of what you want to accomplish. Key Results should always show you whether your Objective was actually achieved. The maximum number of Key Results for your team depends on [how much time you'll have](#) to work on your OKRs. In most circumstances, 12 Key Results per quarter would be the absolute maximum.

Can I have Key Results without Objectives?

No. First of all, not everyone is as driven by numbers as you might be. Many people are more motivated by the inspiring language of the Objective. Second, a Key Result without an Objective is even worse than an Objective without a Key Result. Objectives are the focus points that provide everyone with a sense of direction. They help them understand what the priorities for the organization and/or team are at any point in time. They also give a sense of purpose, as the Objective answers the 'why' for each Key Result. The power of why is perfectly explained by Simon Sinek in his book and TED talk *The Power of Why*. Does your Key Result tell you to increase your Net Promoter Score from 70 to 90? Why? Because we want to have the happiest customers in the world.

Can my Key Result become someone else's Objective?

When a Key Result contains a metric, you don't get to define progress for the Key Result yourself anymore.

Let's say you have an Objective to *Improve customer happiness*. A Key Result could then be to *Increase NPS from 30 to 50*. In this case, NPS is your metric, and you'd have to look at your current NPS score to see what the correct value is for your Key Result.

There are lots of things that you can do to increase NPS. You could squash bugs in your product, hire extra support agents to bring down your response time, build highly requested features, and so on. But doing these things won't automatically mean NPS will go up. NPS will only go up if more of your users give you a high NPS score and become promoters.

In other words, only the (current value for your) metric can and will define progress for your Key Result.

What happens if a Key Result becomes an Objective?

Everyone agrees that Key Results drive progress for an Objective.

If I assign my Key Result to *Increase NPS from 30 to 50* to you and I want it to become an Objective for you, your Objective will be: *Increase NPS from 30 to 50*.

Your Objective now contains a metric (NPS). If you decide to create Key Results for this Objective, these Key Results cannot drive progress for the Objective. When an Objective or Key Result (or any other goal for that matter) contains a metric, it's the metric that will define its progress.

So we're stuck: you have an Objective for which you cannot create Key Results anymore. What's been the point of the Key Result becoming an Objective for you?

A better approach

A much cleaner and simpler approach would have been to assign the Key Result *Increase NPS from 30 to 50* to you without it becoming an Objective for you.

By assigning the Key Result to you, I make you responsible for achieving it. This isn't easy. There are a number of things you could do. The project and tasks that you'll initiate to achieve this Key Result are what we call [Initiatives](#) at Perdo. Initiatives don't impact an Objective's progress.

As you complete your Initiatives, you'll now be able to see if they move the needle for your Key Result. If they do, awesome — you're on the right track. If not, you may need to try other Initiatives.

By differentiating between Key Results and Initiatives, and by tracking them in the same place, you're all of a sudden able to see how the things you're doing are helping you achieve the (key) results you desire!.

Is a Key Result the same as a KPI?

KPI is an abbreviation for Key Performance Indicator. Whilst setting your KPIs, you are defining what the key areas of your business are, and you are using a metric (as well as a target value) to indicate how that key area is performing.

A KPI is consists of similar elements a Key Result:

- Metric
- Current value
- Target value
- Title

Metric and Current value

These are already explained above. If you are a Perdoos user, I recommend you to store the formula for the current value on the KPI itself ([read how](#)).

Target value

The target value is the minimum or maximum value that you want that metric to have.

Title

The title should consist of the metric and the target value. Right above the title, you can then display the current value, and that's all the information someone needs to see what the KPI is and if the KPI is healthy or not.

Here is how the Perdoo Sales Team have set up their KPIs in Perdoo:

KPIs			+
Close €180K in NwBz rev. €231.16K ↑ €150k	SQL-to-Cust CR ≥ 10% 10.5% ↑ 0.8%	New ICP customers ≥ 25% ⚠ 22%	

For more information about the anatomy of a KPI, check out [this article](#).

As you see, a Key Result is anatomically a bit different from a KPI. Also, a KPI and a Key Result each serve a different purpose. It, therefore, is important that you don't mix up these terms. It can happen that the metric used in a KPI is also used in a Key Result, for instance when the KPI is above or below its target value. [This article](#) further explains how KPIs and key Results can work together.

My Key Result won't progress until the end, now what?

This can happen with migrations, new product launches, and building new processes or skills. I often get asked, *"How then can I show progress for these during the quarter?"* Yes, you'll be working on Initiatives, but the [Objective progress is dependent only on the Key Results](#). The Objective will then be 0% achieved, usually for the entire time period, until it's possible to observe any change in the metrics.

Introducing lead metrics

The good news is that there usually are leading metrics that you can use for your Key Results. While lag metrics are usually the best indicators of success for your Objective, lead metrics make sure you're headed in the right direction.

For example, when you're learning to drive a car, the best measurement of success would be of course the Key Result "Drivers license achieved". This contains, however, a lag metric (you will only get feedback after your drivers exam). To keep you on track throughout the quarter, you can create an additional Key Result with a metric such as "Number of interventions per lesson ≤ 2 ", which contains a lead metric (you get feedback directly after each driving lesson).

Lead metrics kill two birds with one stone. On the one hand, they make sure you're headed in the right direction, and prevent you from discovering at the end of the quarter that you're not going to achieve your Objective. On the other hand, they enable you to see actual progress throughout the quarter, which is highly motivating for the people working on the OKR.

Examples

Here are a few examples of how you can show progress using lead metrics in your Key Results:

Test results

Competency testing

I often see goals that aim to teach a team a new process or skill. Say for instance, you're the only person who can execute a certain task and this creates a backlog that slows down the process. You plan to create documentation and deliver a presentation, but those are Initiatives. Ideally, you'll want the Key Result to measure the increased efficiency of having others able to do the task. It can take a while to actually observe a real world situation, so give a mock task or test to validate that the information delivered was understood. You can have a leading Key Result for the pass rate. Then, as the team has the opportunity to work on a real task, you can measure if distributing the ability has decreased the turnaround time.

O: *Our team can wear more hats*

KR: 100% team pass test (leading)

KR: Reduce time to complete task from 1 week to 2 days

Product testing

Often launching a new product or completing a migration has clear intentions. It takes time though to get to the opportunity to see if the product or migration made the intended impact. For example, the Engineering team is releasing a Recommendations Engine. We won't know until after this new functionality is released if it's truly amazing based on the client feedback and use of the recommendations. These are great Key Results, but you can't measure them until the end of the quarter. To demonstrate progress, you can have a Key Result for some of the interim testing results. For example, results during beta testing will signal whether or not the feature is ready to move on to the next step.

O: *Release an amazing Recommendations Engine*

KR: X% reliability during beta testing (leading)

KR: X% positive client feedback

KR: X% clicks on recommendations

Third-party buy-in

Some goals require approvals along the way from an outside source. For instance, there's a lot of due diligence that needs to happen before you can acquire a new company. Signed contracts and regulatory approvals are a good way to validate this progress. While they might not be the end goal, they are required to move along and involve a third party to sign. Use the accepted offer and regulatory approval as leading Key Results, with the ultimate Key Result of acquiring the company.

O: Expand our footprint through acquisition

KR: Offer accepted (leading)

KR: Regulatory approval (leading)

KR: Acquire 1 company

Here's another example. You're currently selling your shirts online, direct to your customers. You'd like to expand your reach by selling your shirts in brick and mortar stores. The first step is to get stores to agree to carry your merchandise. Without their approval, you won't have the opportunity to offer your shirts to their customers. Their agreement indicates that they also think your shirts could be a good fit, so it's a good leading Key Result to provide that initial validation that you're on the right track. Once your shirts are offered in their stores, you'll ultimately know if this channel is successful if their customers are buying your merchandise.

O: Retail is a viable channel for our shirts

KR: Get our shirts into 3 stores (leading)

KR: Sell 80% of our first order in the 1st week

It's not always easy to find the perfect Key Results. Keep the final, desired outcome in mind – it's what will give you the ultimate confirmation of success. Adding incremental Key Results will also help communicate that progress is being made during the quarter.

What if I can't come up with a Key Result for my Objective?

In that case, we have a problem. Key Results specify what is meant by the Objective and are feedback mechanisms that will let every contributor know whether they are actually achieving the Objective. How will they be able to figure out how best to contribute to the Objective? How will they know their work has the desired effect?

We acknowledge that it can sometimes be difficult to find appropriate Key Results. But we encourage you to put time and effort into finding one. The benefits definitely make it worth it. Find the answer to the question How will I know I'm getting to my Objective?. If you are achieving your Objective, what would happen in the outside world that you could observe and measure?

When new to OKR, this will often mean measuring things for the first time. That's a good thing. These measurements will let everyone know what really is working and what isn't. This is highly motivating and dramatically increases your learning curve. When measuring things for the first time, you're probably guessing where to put the target for your Key Result. That's fine, while continuing to work with OKR you will quickly learn what your capabilities are.

Creating Initiatives

Your Objective tells you where to go, the Key Results are the results that you need to achieve to get to your Objective, and the Initiatives are all the projects and tasks that will help you achieve your Key Results.

Initiatives are your hypothesis on how to make it happen. You can be very successful completing your Initiatives, but if they don't move the needle for your OKRs, you're not getting what you were aiming for.

If your Initiatives don't have the desired effect, change them. When you have no idea what Initiatives could drive your OKRs, do the smallest possible thing first. Similarly, in a constantly changing environment, you should constantly try new things. Measure its effect and — if successful — multiply your efforts.

Important criteria for Initiatives

- **Specific**

An Initiative should always be specific. In an ideal scenario, its scope is clearly defined, and the owner of the Initiative should know what to do. It cannot be vague like an Objective can be. An Initiative should, therefore, contain verbs which are unambiguous, such as establish, write, launch, visit, release, etc. Objectives can contain less specific verbs, such as improve, increase, and so on.

- **Within control**

You should have full control over your Initiatives, which means that it will be in your power to complete them. This means there should be no dependencies on something or someone else. It also means that you can be held accountable for not completing your Initiatives, it will be more difficult to hold someone accountable for not achieving his or her OKRs (as they will not have full control over the latter)

Frequently asked questions

How does the 'Circle of influence' relate to 'Within control'?

We all face problems, challenges, and opportunities. The circle of influence encompasses those challenges and opportunities that we can actually do something about. An engineer will have little influence on bringing onboard new customers, whereas a marketer will have no influence on areas like code quality or accounting. For owners of Objectives, Key Results or Initiatives, it is important that the OKR and Initiatives fall within their circle of influence.

"Within control" really means something different. It means that it is within your full power to complete them. This goes further than the circle of influence and only indicates you have some influence on the topic. Initiatives should always be within your control, Objectives and Key Result don't. As a result, you can always be held accountable for not completing your Initiatives.

How “big” should my Initiatives be?

An Initiative can be as big as a project and as small as a list of tasks. Most things you are working on can be endlessly split up into smaller tasks. People that have a lot of experience with task management software are probably already familiar with this problem. So to what level of granularity do you split up your Initiatives?

Within Perdoo, Initiatives need to be split up to such an extent that it is still relevant for the owners of the Initiatives, and everyone else looking at it. Initiatives shouldn't be single tasks, and you should be able to progress through them. Initiatives with productivity software, that's where you can further split them up and manage your tasks on micro-level.

OKR Checklist

	Objective Where do you need to go?	Key Result How will you know you're getting there?	Initiative What will you do to get there?
Directional			
Aligned			
High Impact			
Ambitious			
Measurable			
Inspirational			
Understandable			
Specific			
Within circle of influence			
Within control			
Time-bound			

About Perdoo

Perdoo is a simple but powerful goal management platform that helps ambitious organizations turn great strategies into amazing results. Thousands of companies across the world use Perdoo to boost transparency and alignment by combining their strategy and all their goals (OKRs and KPIs) in one place. And you can start for free!

Get started for free

At Perdoo, we believe in truly democratizing the concept of OKR and want to liberate companies from the hassle of tracking OKRs in spreadsheets. We already offer most of our content for free. Now we've decided to go even a step further and offer our software for free as well.

Go to perdoo.com to sign up for a free account!

Our free account includes all core functionality and allows you to track an unlimited number of goals.

Get your free Perdoo account

Questions?

Contact us via hello@perdoo.com and we'll get back to you asap.

