

KPIs vs OKRs



KPIs

Key Performance Indicators

What are they?

Simple indicators that measure how well a key area of your business is performing.

What are they are for?



Monitoring how key areas of your business are doing.



Staying on top of your business as usual.



Maintaining the status quo.

How do they work?

- Figure out what is most important to you (eg. employee happiness).
- Identify the best metric to monitor performance (eg. eNPS).
- As KPIs have been around for decades, every industry has its own best practices. -
- Decide what is a good target value to strive for (eg. 30).
👉 eNPS $\geq$ 30

Examples

Gross Profit Margin $\geq$ 10%

EBIT $\geq$ \$10M

MRR Growth Rate $\geq$ 10%

Customer Churn Rate $\leq$ 2%

Employee Turnover Rate $\leq$ 3%

Runway $\geq$ 12 months



OKRs

Objectives & Key Results

What are they?

Simple framework for formulating high-impact goals. The Objective tells you where to go, Key Results measure progress toward the Objective, Initiatives are what you'll do to achieve the Key Results.

What are they for?



Innovation, fixing problems, improving performance.



Executing strategy and realizing ambitions.



Breaking out of the status quo.

How do they work?

- Set them quarterly at team level, and annually at company level.
- Figure out how much time you'll have available to work on OKRs (hint: it's never 100%).
- When brainstorming OKRs, review performance of your KPIs, company OKRs, as well as the strategy. Based on this, decide how you can make the biggest impact this quarter or year.

Examples

O: Launch an engaging monthly newsletter

KR: 30% Open Rate

KR: 5% Click Through Rate

O: Be a top place to work in the USA.

KR: Reach top 10 in Fortune 100 best places to work

KR: Improve eNPS from 5 to 30

IMPORTANT



Put a solid process (or software) in place for updating progress and reporting on performance.



Assign a lead to your KPIs and OKRs. The lead is responsible for updating and reviewing progress.



Track KPIs and OKRs alongside each other to get a holistic overview of performance.



Avoid too many OKRs and/or KPIs (max 3-5 per team/individual). Figure out what really matters most.



Henrik-Jan van der Pol

Download free cheat sheets and ebooks on perdoo.com/resources