BBRC

Objective & Key Results

May 2019

BBRC is a performance organization driven by not only setting, but also achieving big goals. We use the Objective & Key Results (OKR) approach. We use OKRs to plan what people are going to produce, track their progress vs. plan, and coordinate priorities and milestones between people and teams. We also use OKRs to help people stay focused on the most important goals, and help them avoid being distracted by the urgent but not important.

OKRs are big (BHAG = Big Hairy Audacious Goals), not incremental—we don't expect to hit all of them. (If we do, we're not setting them aggressively enough.)

OKRs are best expressed by 1 simple sentence …

I/we will (the objective) as measured by (set of key results).

Objectives are the "*Whats*" They:

- Express significant and action-oriented goals and intents (what you want to achieve)
- Aggressive yet realistic
- Must be tangible, objective, and unambiguous
- Should be obvious to a rational observer whether an objective has been achieved or not … yes or no, there is no maybe
- Successful achievement of an objective must provide clear value for the business

Key Results are the "*Hows*" They:

- Express measurable milestones which, if achieved, will advance objective(s) in a useful manner to their constituents;
- Must describe outcomes, not activities. If your KRs include words like "consult," "help," "analyze," or "participate," they describe activities. Instead, describe the end-user impact of these activities: "publish average and slowest checkout times from six stores by March 7," rather than "assess store checkout times"
- Must include evidence of completion. This evidence must be available, credible, and easily discoverable. Examples of evidence include change lists, links to docs, notes, and published metrics reports.

OKRs are deceptively simple and come with 4 Key Superpowers:

1) Focus & Commit to Priorities

High-performance organizations home in on work that's important, and are equally clear on what *doesn't* matter. OKRs impel leaders to make hard choices. They're a precision communication tool for departments, teams, and individual contributors. By dispelling confusion, OKRs give us the focus needed to win.

2) Align & Connect for Teamwork

OKRs provide transparency. Everyone's goals – from the CEO down – are openly shared. Individuals link their objectives to the company's game plan, identify cross-dependencies, and coordinate with other teams. By connecting each contributor to the organization's success, top-down alignment brings meaning to work. By deepening people's sense of ownership, bottom-up OKRs foster engagement and innovation.

3) Track for Accountability

Track for Accountability … OKRs are driven by data. They are animated by periodic check-ins, objective grading, and continuous reassessment – all in a spirit of no-judgement accountability. An endangered key result triggers action to get it back on track, or to revise or replace it if warranted.

4) Stretch for Amazing

OKRs motivate us to excel by doing more than we'd thought possible. By testing our limits and affording the freedom to fail, they release our most creative, ambitious selves.

Committed vs. Aspirational OKRs

OKRs have two variants, and it is important to differentiate be-tween them:

Commitments are OKRs that we agree will be achieved, and we will be willing to adjust schedules and resources to ensure that they are delivered.

- The expected score for a committed OKR is 1.0; a score of less than 1.0 requires explanation for the miss, as it shows errors in planning and/or execution.

By contrast, aspirational OKRs express how we'd like the world to look, even though we have no clear idea how to get there and/or the resources necessary to deliver the OKR.

- Aspirational OKRs have an expected average score of 0.7, with high variance.

OKRs vs. KPIs

Key Performance Indicators, also known as KPIs, are measures used to track the operation of your organization. It is quite healthy to track a lot of measurable things, but it is important to pick a subset that are "key" to your team or project's success. A strong KPI contains meaningful information that helps shape the decisions you need to make. Like the revenue of a product line or the uptime of a key service.

OKRs have a soul and directionality to them. Your *objective* is what you want to accomplish. Your *key results* are how you get there. A Key Result can use the same metric as a KPI, but a Key Result will always contain a target value. Most Key Results are therefore a KPI with a target.

For example, a museum collects data on the *number of visitors* and *number of donors* and those serve as some of its KPIs. This museum in particular has an objective to: *make the museum more relevant to the community*. A good pair of key results would be: *grow number of monthly visitors from the local area 30% by next quarter* and *host 2 community events focused on attracting local donors*. Both KRs happen to incorporate the museum's KPIs. There is no competition, KPIs and OKRs complement each other. They both have their place in a well-functioning organization.

In short: a KPI reflects where you are, a Key Result reflects where you want to be.

Scoring OKRs

Since OKRs are big goals, we do not expect to hit them all. Upon the completion of the OKR cycle we score them to hold ourselves accountable and see how well we have done.

    0 – 0.3 is red … missed the mark by quite a lot :(
    0.4 – 0.6 is yellow … didn't hit the target, but made great progress
    0.7 – 1.0 is green … hit the stretch target, way-to-go!!

Tips for Writing Good OKRs

Objectives

Objectives provide the organization with clarity on your intention, focus and direction.

- Communicate the 3-5 things you want to achieve in the quarter.
- Declare the big idea and why — not numbers (yet).
- Inspire and motivate people with a sense of purpose so they want to be on board.
- Objectives may have long or short lifespan.
- They align up and can align across other teams and objectives.

What do you want to accomplish and why is it important?
If others read the objective, will it inform their choices?

Key Results

Key results are business outcomes that define incremental success.

- Identify 4-6 results that quantify success for each objective in the time period.
- Define the best possible results — not most probable.
- Focus efforts on what creates the most value.
- Use numbers to quantify an end state and avoid action items and opinions.
- Balance key results to achieve the right incremental outcomes.
- Key results should be self-evident to others.

What would be great?
What will you have more or less of if you accomplish the objective?
What will be true?

Trigger questions for key results

When do we declare victory? How would we know we were successful? What would be really great this quarter? Is this both our best and possible result?
- How will we know that we are making progress toward achieving our objective? What would be true if we did?
    - "Customers love us" → "Retention increases 7% in Q4" and "10 customers do case studies on the ROI they get from xyz." We know they love us because they say they love us with both their voices and their wallet.
- What would we have more of? How much more?
- What % improvement do you want to see by the end of the quarter?
- What quantity of xyz would you LOVE to tell the CxO about because you know he she'll be thrilled?
- If the full result will be realized in the future, back up into what needs to be true in the coming quarter to enable the later result. Incremental victories accelerate and endure ultimate victory

Classic OKR-Writing Mistakes and Traps

1. Business-as-usual OKRs
   - OKRs are often written principally based on what the team believes it can achieve without changing anything they're currently doing, as opposed to what the team or its customers really want
2. Timid aspirational OKRs
   - Should not start from the current state, instead start with the desired end state without necessarily knowing how to achieve the aspirational OKR when it's first formulated … that is why it is aspirational
3. Sandbagging
   - Should credibly consume most but not all of their available resources
   - Teams who can meet all of their OKRs without needing all of their team's resources are assumed to be hoarding resources or not pushing enough
4. Low Value Objectives
   - OKRs must promise clear business values … otherwise no reason to expend resources doing them
5. Insufficient Key Results for Committed Objectives
   - OKRs are divided into the desired outcomes (the objective) and the measured steps required to achieve the outcome (key results)
   - A common error is writing key results that are necessary but not sufficient to collectively complete the objective … it allows the team to avoid the difficult (resource/priority/risk) commitments needed to deliver "hard" key results

OKR Quality Example

Key results should focus not only on the completion of, but also on the quality of the result.

Weak	Average	Strong
Objective: Win the Indy 500. Key Result: Increase lap speed. Key Result: Reduce pit stop time.	Objective: Win the Indy 500. Key Result: Increase lap speed by 2 percent. Key Result: Reduce average pit stop time by 1 second.	Objective: Win the Indy 500. Key Result: Increase lap speed by 2 percent. Key Result: Reduce average pit stop time by 1 second. Key Result: Reduce pit stop errors by 50 percent. Key Result: Practice pit stops 1 hour per day.

How many Objective & Key Results should we have?

There is no set rule on how many objectives or key results there should be. Typically, a person will have 3-5 Objectives, with each Objective having 3-5 Key Results. If an Objective has 5 or more Key Results it can be hard to maintain and manage.

How long should an OKR last?

An OKR should only last as long as it makes sense. Typically they are run on a quarterly basis.

Some Objectives might last for years, with the key results adjusting to match the ambition of the team. For example, the Google had an objective to build the next generation web browser and they set the key result in 2008 to reach 20 million daily active users. They kept the objective year after year, but up'd the KR to 50 million in 2009 and then 100 million in 2010. When you run your OKR cycle on a quarterly cadence, you have an opportunity every 3 months to tweak, improve, or stop pursuing an objective and/or its key results. In some cases, you will realize very quickly (like in the manner of weeks) that an objective or key result is wrong and needs to be changed.

Additional Tips

I.   Objectives should be inspirational; they should motivate your team.
        Incorrect Objective: "Increase sales by 20%."
        Better Objective: "Make add-ons the highest growing source of revenue."

II.   Objectives & Key Results are not Tasks.
        Objectives … What do we want to achieve?
        Key Results … How do we know we achieved it? Definition of success.
        Tasks … What are we going to do in order to complete the Key Results

        Sample Objective … Release New Version of the Software
            Reason it is bad – No one actually releases software for the sake of it.
            Better Objective – "Make software more stable" or "Make software more engaging"

        Sample Key Result … Release New Version of the Software
            Reason it is bad – In no way does this measure that our software has become more stable or more engaging
            Better Key Result – "Decrease the bug reports by 20%" or "Increase average logins by 10%" … these are better measures of our progress towards the objective

        Task … Release New Version of the Software. (this supports our objective and will hopefully have an effect on our key results)

Additional Example
Become the fastest growing franchise in the Country

- Select 40 new franchise candidates by March
- Train 30 of them before June
- Sign contracts with 25 of them before September
- Open 20 stores before December

What is wrong with these Key Results?
They are all task related and describe activities not results.

Better Key Results
Become the fastest growing franchise in the Country

- Reduce new franchisee store opening process by 20 days
- Grow the franchisee target funnel by 25% this quarter
- Increase the closure rate by 15% from lead to sign-up for a franchisee

III.   The objective answers the "Why" for each Key Result:
Why is your Key Result, "Increase Net Promoter Score from 70 to 90?"
because we want to have the happiest customers in the world.

IV.   Growth / New Product Example

Some good objectives are:

- Control the direct-to-business coffee retail market in Sydney
- Launch an awesome new product
- Transform the check-out process

Whereas some poor objectives might be:

- Sales numbers up 30%
- Double customer counts
- Increase "likes" by 20%

Why are those bad objectives bad? Probably because they are actually key results.
Key Results quantify the inspiration, "How would we know if we met our objective?"
This causes you to define what you mean by "awesome" "kill it" or "crush it."
Typically you have three key results. Metrics can be based on:

- Growth
- Engagement
- Revenue
- Performance

A goal like "Launch an Awesome new product" might have KR's of:

- 40% of customers come back twice in one week
- Recommendation score of 8
- 15% conversion

V. A non-business example:
  - Objective: Get back in shape after holidays
  - Key Result: Decrease body fat by 5%
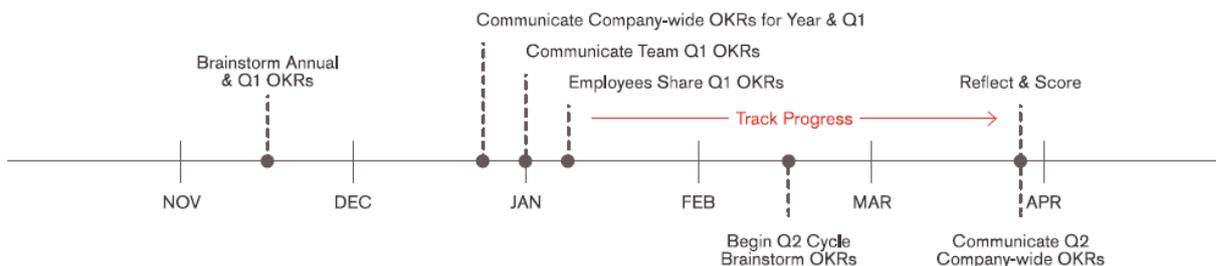 - Task: Run 5 miles every week

In a business context, Run 5 miles every week could be something like Publish 10 blog posts. This is not a Key Result. A Key Result needs to be an outcome of the initiative to publish 10 blog posts, like have 50,000 unique users on our blog. If your Objective is to become the most popular source of content in your industry, the number of blog posts published doesn't actually tell you whether you're getting closer to it, but the traffic on your blog clearly does.

OKR CYCLE

Let's assume you are setting OKRs at the company, team, and contributor levels.
(Larger companies may have additional levels.)

4-6 weeks before quarter	**Brainstorm Annual and Q1 OKRs for Company** Senior leaders start brainstorming top-line company OKRs. If you're setting OKRs for Q1, this is also the time to set your annual plan, which can help guide the direction of company.
2 weeks before quarter	**Communicate Company-wide OKRs for Upcoming Year and Q1** Finalize company OKRs and communicate them to everyone.
Start of quarter	**Communicate Team Q1 OKRs** Based on the company's OKRs, teams develop their own OKRs and share them at their meetings.
1 week after start of quarter	**Share Employee Q1 OKRs** One week after team OKRs are communicated, contributors share their own OKRs. This may require negotiation between contributors and their managers, typically in one-on-one settings.
Throughout quarter	**Employees Track Progress and Check in** Throughout the quarter, employees measure and share their progress, checking in regularly with their managers. Periodically through the quarter, contributors assess how likely they are to fully achieve their OKRs. If attainment appears unlikely, they may need to recalibrate.
Near end of quarter	**Employees Reflect and Score Q1 OKRs** Toward the end of the quarter, contributors score their OKRs, perform a self assessment, and reflect on what they have accomplished.

Communicate Company-wide OKRs for Year & Q1

Communicate Team Q1 OKRs

Brainstorm Annual & Q1 OKRs

Employees Share Q1 OKRs

Reflect & Score

← Track Progress →

NOV   DEC   JAN   FEB   MAR   APR

Begin Q2 Cycle
Brainstorm OKRs

Communicate Q2
Company-wide OKRs

Team Playbook to Set OKRs

Use this when first introducing OKRs to your team or working together each quarter when setting up your new OKRs.

The session should last for 3 ½ hours and be divided into 3 parts:

1) Setting OKRs (120 mins)
2) Scorings OKRs (30 mins)
3) OKRs retrospective (60 mins)

First make sure the team is up to speed by referencing this document and conducting a quick refresher:

Objectives – A qualitative, far-reaching statement of what you're trying to achieve.
Key results – A quantitative, measurable outcome that states the impact you'll have in reaching your objective.
Scores – A sliding scale between 0 and 1 that indicates whether you missed, came close to, or hit your stated target for the KR. For example:

.3 = you missed the mark by quite a lot
.7 = you didn't hit your target, but made great progress
1 = you hit your stretch target

I. Setting OKRs – Set the Stage (5 mins)

Re-introduce your team to the terminology and scoring system above. Remind them that OKRs are supposed to be "uncomfortable". They won't be fired for setting an ambitious goal and missing it. Does the whole concept make your team nervous? Good. That means you're outside your comfort zone – the only place real growth can happen!

Pro Tip
• Put the customer first
• Don't skimp on ambition
• Tie OKRs to larger company goals
• Just enough Objectives & Key Results is enough
• If you can't measure it, it's not a good Key Result
• Key Results are outcomes – not tasks
• Assign Key Result owners

II. Setting OKRs – Choose your Objectives (30 mins)
Ask: What are the most important impacts we need to make in the coming quarter?

Spend a few minutes brainstorming ideas. Feel free to use sticky notes and posting them on a whiteboard or wall. Group similar ideas together. From there, distil your ideas down into 3 to 5 aspirational objectives.

Objectives should be high-level, qualitative statements that are aspirational – not tasks or granular outcomes.

III. Setting OKRs – Identify your Key Results (60 mins)
How do you measure progress toward a qualitative goal that is inherently un-measurable? You identify measurable outcomes that indicate you've achieved your objective.

For each objective, think about the results you would see (and can measure) if you reached it. These are not tasks, they are results.

> Wrong: "Open 10 stores by the end of the quarter."

> Right: "Opening 10 stores increases sales by 10% this quarter."

Assign each KR an owner on the team. If a KR will require collaboration with another team, great! Follow up with them afterwards and make sure they're on board.

Pro Tip
• Key results are not a task list • Key result focuses on *outcomes*, not *outputs* of that effort

IV. Setting OKRs – Amp your ambition (15 mins)
Review the objectives and key results you've built out and ask whether they're ambitious enough. If you feel totally confident you can hit a KR, increase the target by ~30% and create a plan to try and hit it. If you're not at all sure you'll hit a KR's target, it's probably set just right.

Make sure the KRs are articulated such that they can be scored on a sliding scale. Hard numbers and percentages work great here.

Also consider whether you have too many or too few Objectives and KRs. Typically, 3 objectives with 2-3 ambitious key results each is about right.

V. Setting OKRs – Agree on Next Steps (10 mins)

Ask your team if there are any loose ends to tie up before you go into execution mode. Any placeholder numbers to firm up? Objectives you should share with other teams? Or people from other teams to recruit as co-owners of a Key Result? If you end this session with a lot of open questions, that's ok. Schedule a follow-up session in a few days and task each Key Result owner with the task to update their Key Results prior to that session. In that follow-up session you can ensure all the OKRs are understood with the owners.

VI. Scoring OKRs – Monthly Checkpoints (30 mins)

At the end of each month, check in on how you're tracking on your OKRs and give each key result a predicted end-of-quarter score. I.e., if you predict you'll end the quarter with a score of .7 on a KR, then that's your score for this month.

For example, let's say your stretch KR is "a 10% increase in new user sign-ups this quarter". Here's how you'd score it based on how you're tracking:

> if you're tracking toward an 7% increase, you'd predict a score of 0.7

> if you're tracking toward an 10% increase, you'd predict a score of 1.0

Include a bit of commentary as to how you came to that prediction and/or why it's changed since last month. Take the average score for all KRs to get your score for the corresponding objective. Remember the idea behind scoring at regular intervals is to catch warning signs early and course-correct. This is not an exercise in being defensive, protecting yourself, or justification. Most importantly, low-scoring OKRs are not punishable. Learn from them, and feed that wisdom into the coming month or next quarter's OKRs.

VII. Reviewing OKRs: Retrospective (60 mins)

End the quarter by giving each KR a final score, and reflecting on your OKRs as a whole. Using a retrospective approach, pose some (or all) of these questions to your team:

- Were our objectives ambitious enough?
- Were our key results measurable? Did we know what our baseline was at the start of the quarter?
- Did we "set 'em and forget 'em"? If so, why?
- Were our OKRs aligned with the company's broader strategies?
- Did they keep us focused on delivering value to customers?
- Did we feel connected to our OKRs?
- What have we learnt from this quarter? How do we lift the bar moving into the coming quarter?

Pro Tip
• The retrospective is less about the end score and more about the discussion on what you've learnt and will take into next quarter.

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WORLDWIDE

Templates

OKR Quarterly Tracker

Objective	Key Result		KR Owner	Expected End of Qtr Score			Commentary
				Month	Month	Month	

Owner							

aventus   BBRC CAPITAL MANAGEMENT   Honey Birdette   Lovisa   BBRC BEEF

BBRC

W O R L D W I D E

Action plan template to be used when completing Key Results.

ACTION PLAN # _____

| **Key Result:** *referred to.* | **Objective:** *Clear, succinct, simple, strong action to achieve goal.* |
| | ***I/we will (the objective) as measured by (set of key results)*** |

| **Team Leader**: | **Total number on Team**: |
| | |

Team Members: Who will be working on this Key Result? Must be someone within the team, anyone else required would be an advisor.

| | | |
| | | |

Advisors: Who will be providing information, help, resources etc to ensure the Key Result is executed successfully?

| | | |
| | | |

Long-Term Benefits: What pay-off or impact will this have on the business?

Major Steps: Step by step details of how the action plan will be reached. Hint… begin with "doing words" eg create, develop, change, modify, take out etc:	Team Member Responsible for Step:	Due Date:	Revised Date:	Delivery Date:

Metrics, Measures & Costs: How will success be measured including benchmarks? What costs should be expected? Eg $ cost reduction, hours and productivity, increase in sales, improved margin etc.

| | |
| | |

Follow Up: Review dates, ensuring everything is implemented on time and that the metrics, measures and costs are achieved

30 day review:	**60 day review:**	**90 day review:**

OKR Development Checklist

Here is a quick checklist to use when drafting your OKRs:

Overall:

- [ ] Did it take you longer than 5 mins to write it?
- [ ] Does your Objective fit onto 1 line? (make it clear & crisp)
- [ ] Are they expressed with real words & not internal jargon?
- [ ] Are the dates real? Do they occur across the quarter vs. all at the end?

Objectives:

- [ ] Is it significant?
- [ ] Is it aggressive yet realistic?
- [ ] Is it unambiguous? Is there room for someone to interrupt it?
- [ ] Is it easy to determine (yes or no), if it has been achieved? (there is no maybe)
- [ ] Does it provide clear value for the business?

Key Results:

- [ ] Does it contain a number?
- [ ] Does it contain a time period (by when)?
- [ ] Does it describe an outcome and not an activity?
- [ ] Does it contain evidence of completion?