Eight Minutes, Not Eight Hours

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Measure What Matters

How Google, Bono, and the Gates Foundation Rock the World with OKRs

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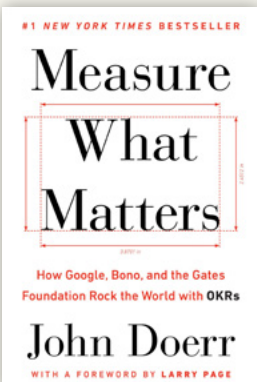

Silicon Valley pioneer and multi-billion-dollar venture capitalist, John Doerr, has preached his goal-setting gospel to a fleet of industry-defining entrepreneurs over the years. In his book *Measure What Matters,* Doerr explains the importance and effectiveness of a protocol which he calls OKRs (Objectives and Key Results). Doerr describes specific applications of OKRs in various industries and work environments. He aims to convince his audience that this collaborative method of concrete goal-setting and measurable results, partnered with integrity, leadership, and a strong culture, leads to organizational and individual growth beyond previously conceived limits of possibility.

Key Quote

"OKRs have helped lead us to 10x growth, many times over" (p. xiii). – Larry Page, Alphabet CEO and Google cofounder. — *John Doerr*

Key Concepts

Google, Meet OKRs. Google's introduction to OKRs in 1999 helped lead the novice company to massive growth. The OKR method is based on a foundation of focusing on "significant, concrete, action-oriented, and (ideally) inspirational" objectives with "measurable and verifiable" results (p. 7).

The Father of OKRs. Brilliant, determined, and scientifically-minded, Andy Grove ran operations at Intel, where he sought to improve and adapt management principles used in the traditional labor market to the new business world of "knowledge workers." The result was the development of the OKR method, an approach requiring a higher degree of collaboration, transparency, and more frequent evaluation of results, among other things.

Operation Crush: An Intel Story. "Operation Crush" was Intel's thrust to confront and overcome Motorola's microprocessor dominance in 1980. Broader corporate objectives – still measurable – were broken out by departments into specific objectives, with the understanding that ideas need to flow up and down the line because a great company doesn't just survive in a crisis but grows to be even better.

Superpower #1: Focus and Commit to Priorities. Successful OKRs don't try to "do it all," but instead they highlight a few vital priorities – not over-vectoring on perfectionism and not saying "yes" to too many things. Then they get them done "as planned and on time" (p. 48).

Focus: A Remind Story. OKRs helped Remind cofounder Brett Kopf and his brother develop and grow a tech company that created a simple and safe tool to help teachers and students communicate about assignments out of class. The need was there, but the company floundered – until they went back to basics and re-focused on a few simple, key, measurable goals.

Commit: The Nuna Story. Cofounder and CEO, Jini Kim of Nuna, (a flexible data platform for private health information) was on board with the idea of OKRs but found that developing OKRs is a learning process. It is important to start with training leadership, and OKRs only take hold if there is a commitment to the process and to engagement from the top down, and even when things don't go perfectly.

Superpower #2: Align and Connect for Teamwork. "Research shows that public goals are more likely to be attained than goals held in private" (p. 77). Once the topline goals are set, managers need to be on the same page and general goals need to "cascade" down from the leadership throughout the ranks – but this should not be a rigid process. In healthy companies, goals also need to be nurtured from the bottom up, and peers and teams need to be connected side-by-side.

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Align: The MyFitnessPal Story. Cofounders of MyFitnessPal, Mike and Albert Lee, learned that OKRs help different aspects of the same large company stay aligned with each other despite their different functions and focuses.

Connect: The Intuit Story. Adaptable organizations that are constantly learning and evolving tend to be open and transparent, preventing networks from becoming "silos" and helping teammates connect with each other to realize goals. Finding the right tech and other tools to foster regular communication and collaboration helps maintain alignment.

Superpower #3: Track for Accountability. Because OKRs are tracked, they can be revised and adapted. "OKRs are living, breathing organisms" (p. 113). To keep the OKRs alive, adopt effective tracking software, appoint leaders to shepherd and prod people to keep with things, monitor progress and adapt when necessary, and score and complete an analysis when all is over.

Track: The Gates Foundation Story. "OKRs allowed us to be ambitious and disciplined at the same time," says the former CEO of the Bill and Melinda Gates Foundation (p. 130). The OKR approach helped the foundation to make sure they were making progress against various diseases and helped them change and adapt when they weren't.

Superpower #4: Stretch for Amazing. "Aspirational goals draw on every superpower" (p. 135). A "stretch goal" brings out the best in people, but as you set the objectives, consider your people and your organization's risk tolerance, and be sure to model the ambitious goals to your team.

Stretch: The Google Chrome Story. Sundar Pichai, former Vice President of Product Development at Google and now CEO, says it "took courage to write an OKR that might well fail, but there was no other way if we wanted to be great" (p. 147).

Stretch: The YouTube Story. Setting a stretch goal and using the "process, structure, and clarity" of the OKR method allowed Susan Wojcicki, Cristos Goodrow, and the team at YouTube to hit the "impossible" goal of one billion daily views.

Continuous Performance Management: OKRs and CFRs. "Continuous performance management" is an alternative to the annual performance review concept of managing people. Doerr calls the instrument for this new approach the "CFR," which is an acronym for Conversations, Feedback, and Recognition.

Ditching Annual Performance Reviews: The Adobe Story. Donna Morris, Executive Vice President at Adobe, "invigorated [the] entire business operation" by dropping annual performance reviews and implementing an innovative approach to CFRs.

Baking Better Every Day: The Zume Pizza Story. Implementing OKRs and CFRs boosts growth but also can subtly improve things internally, including executive performance. Zume Pizza, a rapidly growing, innovative pizza delivery service on the West Coast, found that using OKRs not only nurtured alignment but actually was "a superb training tool for executives and managers" (p. 201).

Culture. A strong culture within an organization breeds efficiency, and culture can become "a manual for quicker, more reliable decisions" (p. 213).

Culture Change: The Lumeris Story. Sometimes cultural barriers need to be addressed before the OKR approach can successfully be brought into an organization. Ideas like collaboration and transparency should at least be part of a culture, and the right people need to be in leadership and HR before OKRs are effective.

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Culture Change: Bono's ONE Campaign Story. In combining his ONE campaign with the DATA campaign (Debt, AIDS, Trade, Africa), Bono says, "We never thought small. The stretch was always there. But our goals were so gigantic that we stretched too thin and got people worn out. OKRs saved us, really" (p. 239).

The Goals to Come. "OKRs have enormous potential because they are so adaptable. There is no dogma, no one right way to use them" (p. 246).

THE IMPORTANCE OF GOAL SETTING

Most, if not all, modern businesses have methodologies in place aimed at setting benchmarks for organizational and individual growth. Business leaders choose to do this because of the overwhelming evidence of benefits for companies that set and execute goals. However, research in the field of management theory demonstrates drastic deficiencies in employers' ability to engage their employees with those goals. "Among experiments in the field [of management theory], 90 percent confirm that productivity is enhanced by well-defined, challenging goals" (p. 10).

Furthermore, studies have shown that "less than a third of U.S. workers are 'involved in, enthusiastic about and committed to their work and workplace.' Of those disengaged millions, more than half would leave their company for a raise of 20 percent or less" (p. 10). Similar research has shown that "two out of three employees" in the technology industry believe they could find a better job inside of two months (p. 10).

A two-year Deloitte study found clearly defined, written down, and freely shared goals to be the single largest factor impacting the creation of company-wide alignment, clarity, and job satisfaction (p. 10). Specifically, "'hard goals' drive performance more effectively than easy goals. Second, specific hard goals 'produce a higher level of output' than vaguely worded ones" (p. 9).

DEFINING OKRS

OKR is an acronym consisting of two parts: Objectives and Key Results. OKRs are "a management methodology that helps to ensure that the company focuses efforts on the same important issues throughout the organization" (p. 7).

OBJECTIVES: An objective is "WHAT is to be achieved, no more and no less. By definition, objectives are significant, concrete, action-oriented, and (ideally) inspirational. When properly designed and deployed, they're a vaccine against fuzzy thinking – and fuzzy execution" (p. 7).

KEY RESULTS: "Key results are a benchmark and monitor HOW we get to the objective. Effective KRs are specific and time-bound, aggressive yet realistic. Most of all, they are measurable and verifiable." "You either meet a key result's requirements or you don't. There is no gray area, no room for doubt" (p. 7).

"Where an objective can be long-lived, rolled over for a year or longer, key results evolve as the work progresses. Once [the key results] are all completed, the objective is necessarily achieved" (p. 8). If the goal-setter fails to reach the objective upon completion of all the key results, it implies poor construction of the OKR (p. 8).

THE FOUR "SUPERPOWERS" OF OKRS

The four superpowers of the OKR framework act as guidelines for creating and implementing the framework effectively. They prove absolutely necessary in order to achieve the best results. The superpowers are as follows: focus and commit to priorities, align and connect for teamwork, track for accountability, and stretch for amazing (pp. 33-34).

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#1. Focus and commit to priorities: Honing in on what matters most at the heart of the company's mission creates a clear and direct focus that can become visible to everyone within the organization. This allows everyone to naturally gravitate towards the "true north" direction the leaders seek to pull everyone towards (pp. 47-51).

#2. Align and connect for teamwork: As the executives in the company move the business towards their "true north" by delegating and delivering objectives down the "corporate ladder," executives should expect feedback from the bottom up regarding the method in which subordinates feel as though they can execute these objectives with key results. Executives must invite a balanced, top-down-and-bottom-up approach to OKRs. Every individual should give his or her opinion without the fear of retribution from his or her peers and superiors in order to allow for the creation of the best OKRs (pp. 77-90).

#3. Track for accountability: Anticipate the unexpected and adjust accordingly when the unexpected inevitably occurs. Leaders and individuals should adjust or even discard key results, especially if the key results no longer appear relevant or in service of the objective (pp. 113-116).

#4. Stretch for amazing: Goal-setters must set objectives beyond what they believe achievable. However, this does not mean setting all objectives beyond what is remotely realistic. Leaders should aim to set some OKRs within their company's comfort zone, and some beyond it. Given an understanding of the company's direction, an organization should expect to fail in service of making progress towards the ultimate goal (pp. 133-138).

CONSTRUCTING OKRS

Constructing OKRs is a team effort centered around the relationship between communication and the four superpowers. Effective utilization of the four superpowers requires integrity, leadership, and a growth-oriented culture.

When leaders select company-wide objectives, they must effectively communicate the "why" of that objective to every subordinate in the company. The "why" explanation the leader gives must be rooted in a focus and commitment to the company's mission *(Superpower #1).*

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Then, leaders will engage in feedback from their subordinates, fostering ideas about how to achieve the objective, eventually creating specific and measurable key results for each worker at every level of the organization in service of the objective *(Superpower #2).*

Throughout the process of creating the key results, individuals must decide how often they will discuss their progress with and receive feedback from their superiors, subordinates, and any other relevant members of the organization (weekly, monthly, quarterly, or whatever best suits the needs of the team). Likewise, OKRs should include deadlines for both key results and objectives in order for individuals to hold themselves and others accountable *(Superpower #3).*

Next, individuals must approach OKRs with the understanding that failure is encouraged. OKRs are not effective when individuals aim to set goals that are "safe." Since growth remains a fundamental principle of goal-setting, individuals should receive recognition for achieving their goals. However, they must also receive recognition for pushing past their limits, even if they happen to fail to reach the goal. Individuals should feel as though they work in an environment where leaders and peers value progress above all else *(Superpower #4).*

Lastly, write down the OKRs and make them public to everyone in the organization.

REACHING OBJECTIVES

After setting the OKRs, companies and individuals must reflect upon their growth.

Many adopters of the OKR goal-setting method suggest rating key results from 0.0 to 1.0. For example, someone might create and rate a key result as follows: “I plan on opening ten new accounts for the firm by October of this year [0.8].” This means that the individual completed 80 percent of the KR, opening eight new accounts of the ten they had sought to open. However, the context in evaluating KRs is imperative (pp. 73, 74, 119).

Continuing with the previous example, assume the objective associated with the above key result was, “I plan to generate 100,000 dollars in profit by the end of the calendar year.” A reflective utilizer of the OKRs will consider this context when she rates her key result. Therefore, next to her rating, she may write, “I was only able to open eight new accounts for the firm, but I expect to generate 90,000 dollars from them by the end of the year.” Conversely, given a different and “better” KR outcome of 1.0, she may write, “I did open ten new accounts for the firm, but I suspect only four of them will be profitable” (pp. 119, 121).

After this deep reflection, goal-setters will have a clear picture of where they came from and where they are now. Then, using communication, integrity, leadership, and an innovative culture, they can begin to create, recycle, or repurpose objectives in order to continue the growing process (pp. 124, 125).

CONTINUOUS FEEDBACK MANAGEMENT

In tandem with companies and individuals reflecting on the execution of their respective OKRs, managers and contributors alike should engage in continuous feedback up, down, and across departments and the corporate hierarchy. As opposed to annual performance reviews, which many HR leaders have decided are rarely useful in driving business value, continuous feedback allows for regular monitoring of and adjustment towards goal achievement.
A continuous feedback implementation instrument known as a “CFR” encourages “transparency, accountability, empowerment, and teamwork” across all levels of an organization, making it a good companion to OKRs (pp. 17, 175-176).

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CFR is an acronym that stands for ***“Conversation, Feedback, and Recognition”*** (p. 17).

Conversation: “An authentic, richly textured exchange between manager and contributor, aimed at driving performance” (p. 176). One-on-one conversations between leaders and their subordinates can increase productivity. Andy Grove explains, “By talking about specific problems and situations, the supervisor teaches the subordinate his skills and know-how, and suggests ways to approach things. At the same time, the subordinate provides the supervisor with detailed information about what he is doing and what he is concerned about.” Conversations afford a subordinate the opportunity to notify his superiors about what he needs in order to accomplish his goals and grow as an individual within the company. This, in turn, keeps the entire team on track (pp. 182-183).

Feedback: "Bidirectional or networked communication among peers to evaluate progress and guide future improvement" (p. 176). Not only should individuals assess their own progress throughout the goal-setting process, but they should also receive assessments from others in order to obtain the fullest understanding of their achievement. Additionally, multidirectional feedback encourages continuous and real-time adjustments. When feedback givers provide feedback in real-time, they give more specific comments. This allows feedback takers to utilize feedback in the most constructive manner (pp. 184-185).

Recognition: "Expressions of appreciation to deserving individuals for contributions of all sizes" (p. 176). In order to build an engaged team, leaders and peers should frequently recognize individual growth. Several methods exist by which organizations can implement high and continuous recognition, such as: instituting peer-to-peer recognition, establishing clear criteria for recognition, sharing stories recognizing people, and marrying recognition to company goals and strategy. "As soft as it seems, saying 'thank you' is an extraordinary tool to building an engaged team." Doerr writes, "Every cheer is a step toward operating excellence, the crowning purpose of OKRs and CFRs" (pp. 186-188).

THE INTERACTION BETWEEN CULTURE AND OKRS

Culture guides the individual when acting autonomously as a member of the organization. And culture determines and gets determined by OKRs. Company leaders use their values to determine the company's objectives, which convey these values to everyone else who works towards those objectives. When an individual buys into an organization's objectives, he concurrently buys into the organization's culture.

It is this commitment to achieving the organizational objectives that determines an individual's decisions. OKRs "build top-down alignment, team-first networking, and bottom-up autonomy and engagement – the pillars of any vibrant, value-driven culture" (pp. 215, 219-222).

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