



The Complete Guide to OKRs

How to make objectives and key results work for your company

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CHAPTER 1

Introduction to OKRs

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Introduction to OKRs

Organizations rely on their employees to help them stay competitive and innovative, but the most successful organizations understand that structure and innovation go hand-in-hand. As companies grow, they're faced with the challenge of keeping teams aligned on the same mission. Every group of employees has a unique set of priorities, and providing them with the support they need to drive business results isn't always a straightforward process.

As a core component of any performance management plan, goal setting helps businesses overcome the challenges of scaling workforces. **OKRs (objectives and key results)** are a popular goal-setting framework that businesses use to define and measure progress across different levels within the organization.

While there have been a number of goal-setting frameworks throughout history, OKRs were first introduced at Intel by management scientist Andy Grove and later popularized by Google in the late 1990s. Today, OKRs power thousands of organizations from Spotify and Amazon to the United States Navy.

Interested in applying OKRs in your workplace? Read on to learn how managers and leaders can leverage OKRs to inspire teams and drive innovation within their organizations.

How OKRs Drive Business Results

When used effectively, OKRs spark innovation, unite teams, and create a clear path for taking companies to the next level. As a framework for defining goals and measuring progress, OKRs help businesses manage performance in five core ways:

Alignment

OKRs get everyone on the same page. They create a sense of alignment on what teams are doing, why they're doing it, and how their work moves the organization forward. When companies ladder up individual and team goals to top-level business objectives, they ensure that everyone in the organization is connected to the same mission and working toward a common cause.

Prioritization

OKRs take large-scale strategies and break them down into actionable, measurable steps. This empowers employees to prioritize day-to-day tasks and long-term initiatives. By outlining a roadmap for bringing big-picture visions to life, OKRs bridge the gap between broader goals and the daily work necessary to achieve them.

Transparency

OKRs foster transparent company cultures. They do this by informing everyone of the impact and priorities of teams and individuals across the organization, from the CEO down to the intern. When marketing and sales teams are aware of what is happening in product or engineering, they can make better decisions that impact their performance and the business.

Accountability

OKRs illustrate how far along individuals, teams, and the overall company are in accomplishing the shared company mission. Because they are tied to tangible, measurable milestones, OKRs create accountability for performance expectations and remove any room for gray areas as to who's responsible for meeting specific goals.

Empowerment

OKRs show employees the impact of their work and give them a sense of ownership over their progress. When employees feel like they are involved in defining goals and success metrics, they're more likely to show up with the drive, commitment, and creativity necessary for innovation.

CHAPTER 2

The Anatomy of OKRs

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The Anatomy of OKRs

As a proven goal-setting framework for companies of all sizes, OKRs are effective because of their basic structure and practical application. Here's an overview of how they work.

Structure

OKRs divide goals into achievements and the actions that support them. They are structured around two fundamental questions:

Objective: Where do I want to go?

Key Result: How will I get there?

The **objective** is the goal of the entire organization, team, or individual. Objectives are typically qualitative and set the direction for what every level of the business wants to achieve in a certain amount of time.

Key results are the measurable outcomes that need to be achieved in order to meet the objective – somewhat like a “to-do list” for accomplishing an overall goal. Key results help track progress and are generally metrics-driven.

Essentially, OKRs define a key goal (or objective) the organization is working on, and then put metrics (or key results) in place to measure teams' and employees' progress toward that goal. Objectives and key results have a cause-and-effect relationship. So, if the objective is your destination, then the key results are how you plan to get there.

When writing OKRs, it's always a good idea to maintain a healthy ratio of objectives to key results. A best practice is to create OKRs with two to four key results per objective. Remember, each key result should bring you closer to accomplishing your overall objective. So, if you're checking off key results but not seeing much progress, it could mean you need to revisit how closely your key results tie into your objective.

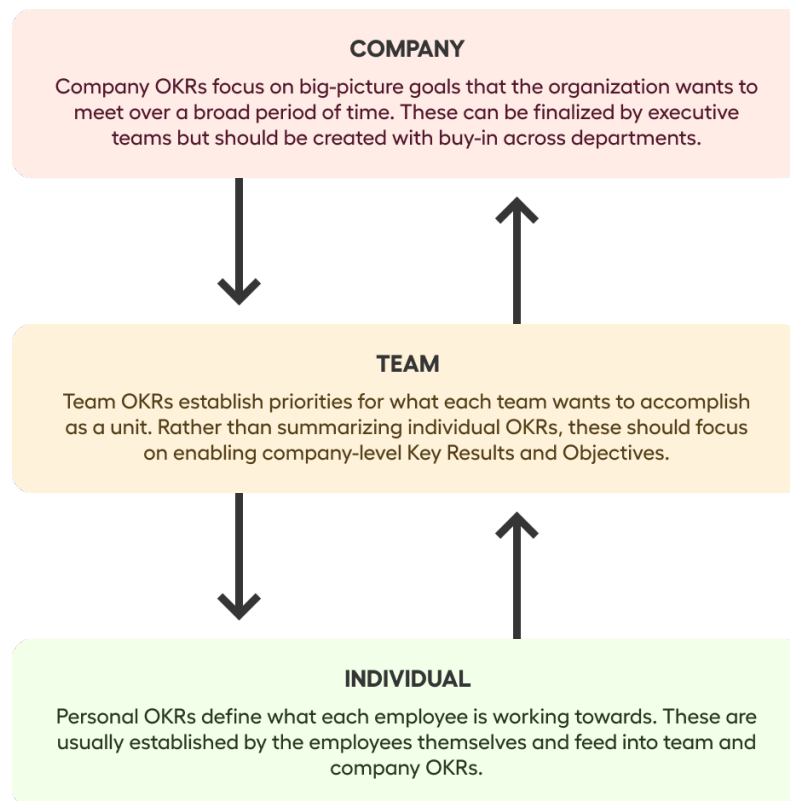
Application

OKRs create focus, accountability, transparency, and alignment between different business units – but only when implemented correctly. The OKR framework is largely effective because of the way it is put into practice and applied across organizations.

Organizational Levels

OKRs should be created from the top-down, beginning at the company level and flowing down to the team and finally individual level. Typically, strategic objectives are set at the executive level and used as a guide for setting team and individual-level objectives.

OKRs should also be supported from the bottom-up, meaning that individual and team objectives should be connected via measurable key results to high-level company objectives. This interplay of business goals boosts employee engagement and creates overall business alignment.



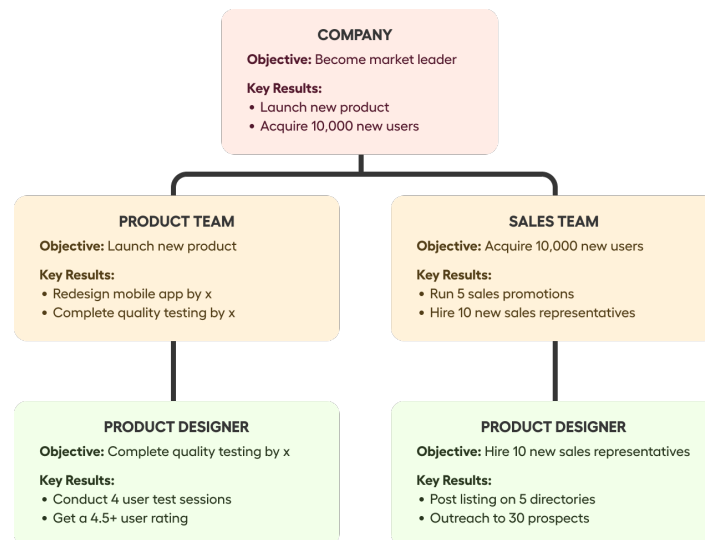
- **Company:** Company OKRs focus on big-picture goals that the organization wants to meet over a broad period of time. These can be finalized by executive teams but should be created with buy-in across departments.
- **Team:** Team OKRs establish priorities for what each team wants to accomplish as a unit. Rather than summarizing individual OKRs, these should focus on enabling company-level key results and objectives.
- **Individual:** Personal OKRs define what each employee is working toward. These are usually established by employees and feed into team and company OKRs.

The OKR model recommends **three to five objectives for each level** of an organization, which encourages companies and employees to prioritize the objectives that will have the greatest impact on the company.

Alignment

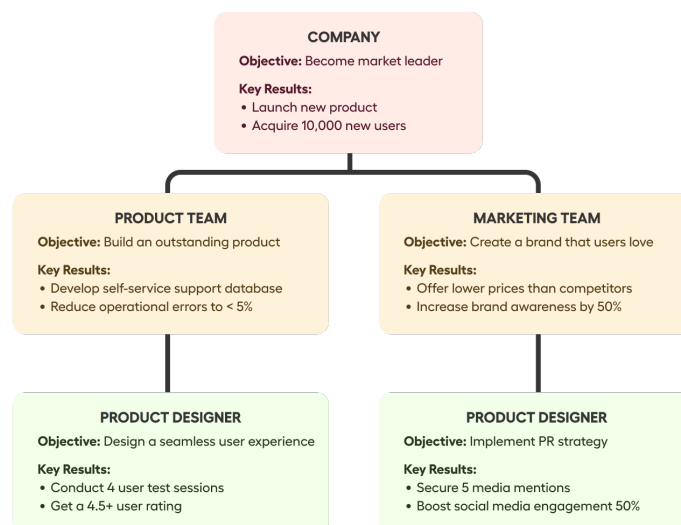
Every company should aim for OKR alignment between organizational levels, but there are two different approaches companies can take to achieving this alignment:

- **Strict alignment:** In this approach, key results translate directly into the objectives of the level below them. So, each key result needed to accomplish a company-level objective becomes a team-level objective. Team-level key results then become individual objectives for those within that team.



STRICT ALIGNMENT

- **Directional alignment:** In this more flexible approach to goal setting, organizations establish objectives that feed into the key results of higher levels but don't mirror them exactly. This ensures that objectives remain qualitative while key results remain quantitative and measurable.



DIRECTIONAL ALIGNMENT

Company, team, and individual goals should be aligned, but don't get caught in the weeds. We recommend that companies directionally align OKRs to allow for greater flexibility in the goal-setting process and avoid wasting time trying to perfectly cascade goals (more on this later).

Weighted Key Results

Not all key results are created equal – some have a bigger impact than others. In these cases, it doesn't make sense to evaluate them at the same level of importance.

By assigning different weighted values to key results, businesses can account for the relative influence actions have on goal progress. Let's say your objective has three key results — in a non-weighted approach, each key result would be valued uniformly, contributing 33% to overall progress. However, if one of your key results contributes more progress than the other two, you might opt for a weighted approach by valuing the highest-priority key result at 50% and the other two at 20% and 30%, for example.

The screenshot displays a goal management interface. At the top, a goal titled "Grow the BizOps team" is shown with a status of "Not updated" and a due date of "Due June 30, 2021". Below the goal, a section titled "Key results" lists three items, each with a weight percentage: "Hire 1 assistant to the Director of BizOps" (20%), "Hire 3 new SDRs that are motivated & optimistic" (30%), and "Set up an onboarding system for the BizOps team" (50%). An "Edit weights" link is located to the right of the key results list. At the bottom, there are two buttons: "Create another goal" and "Return to goals home".

Key results		Edit weights
–	Hire 1 assistant to the Director of BizOps	20%
–	Hire 3 new SDRs that are motivated & optimistic	30%
–	Set up an onboarding system for the BizOps team	50%

Assigning a weighted value to key results offers several benefits to teams and employees, including:

- Helping prioritize daily activities and efforts
- Illustrating key results' relative impact on company goals
- Providing accurate accountability for different tasks

Weighing key results helps your team evaluate actions based on their actual level of importance in achieving objectives. Overall, this approach gives businesses greater control over how they measure progress on their goals and communicate their relative importance.

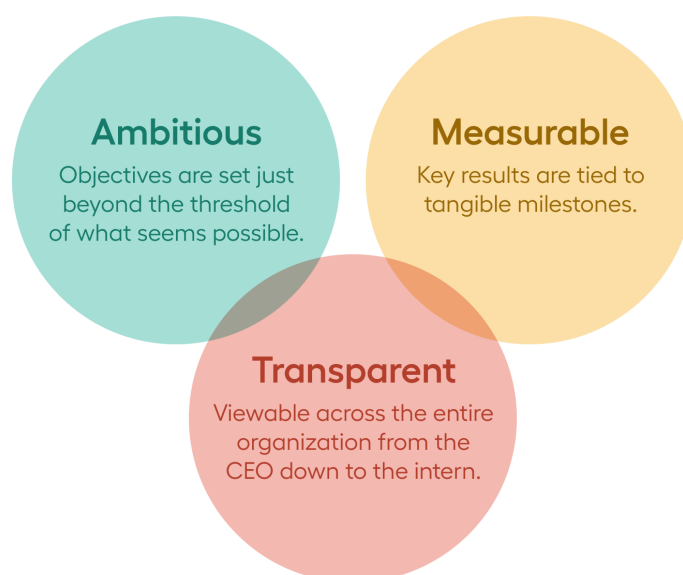
Cadence

How often you refresh your OKRs depends on your company's size, industry, and growth rate. Businesses growing at a slow and steady pace have entirely different requirements than those with fast-changing environments. Setting OKRs every quarter gives businesses sufficient runway to accomplish their goals, which is

probably why, according to [Lattice customer data](#), **over 50% of company, team, and individual goals have a timeline of 90 days or less**. Not only does this cadence make goals feel more tangible for everyone, but it also gives your team the ability to adjust targets as needed.

Qualities of a Successful OKR

The OKR methodology distinguishes itself from other goal-setting frameworks by blending ambition and practicality. Objectives and key results are also designed to encourage company, team, and individual-level transparency and accountability.



Ambitious

Objectives should be ambitious, meaning that they sit just beyond the threshold of what seems comfortable or easily achievable. When you're setting goals, having an inspirational target tends to make people at all levels of your organization think bigger. If your objectives aren't pushing the limits of what feels possible, your business won't experience the full benefits of the OKRs framework.

Measurable

Every key result should be tied to a tangible milestone and designed to make the objective achievable. Having measurable key results allows people to know exactly what they should be working on and gives goals a finite endpoint so that businesses can accurately quantify how much progress has been made.

Transparent

When people are transparent about their goals, they're making a commitment to themselves, their team members, and to the company at large. This creates a sense of accountability, fosters collaboration between different stakeholders, and gives teams context to make informed decisions. Make sure OKRs are set and updated in [an easily accessible tool](#) everyone can access.

CHAPTER 3

A Step-by-Step Guide to Implementing OKRs

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A Step-by-Step Guide to Implementing OKRs

Goal setting isn't a one-size-fits-all process. When an organization sets out to launch an OKR program, there are several steps that need to be taken before, during, and after implementation.

1. Designing an OKRs Program

Organizations must identify how they will configure OKRs in their [goal-setting system](#) before launching so that they can design a process that suits their needs. Below we outline what businesses should consider before rolling out an OKRs program.

Mission, Vision, & Strategy

Before implementing an OKR program, companies should clearly define the mission, vision, and strategy that their OKRs can support. These are the key enablers of success and, as such, should be solidly in place before you begin planning.

- **Mission:** Mission statements define what organizations exist to do. If your company has a mission statement, make sure it's up-to-date and relevant to your customer base. If your company doesn't have a mission statement, take the time to create one.
- **Vision:** Your organization should have a vision statement that describes where the company intends to go in the next five to 15 years. Vision statements should be concise, time-bound, and aligned with the company mission.
- **Strategy:** Every business needs a plan for defending its market share against competitors. Identify who your customers are, what drives them, and what you have to offer. If you can't answer these questions, it's worth spending more time on developing a strategic plan before delving into OKRs.

Your OKRs should be translated from your strategy, drive the achievement of your vision, and be in alignment with your overall mission.

Operations

A company's business context should dictate its approach to goal-setting. Before establishing OKRs, companies should evaluate different aspects of their day-to-day operations:

- **Predictability:** How often do you adjust your targets? Are they usually close?
- **Business cycles:** Are there slow or busy periods?
- **Work type:** What type of work does your industry require? (i.e. project-based or research-based?)
- **Headcount:** What is your current company size and growth trajectory?
- **Organizational structure:** Does your company have a flat or hierarchical org structure?
- **History:** Are there any legacy goal-setting processes to be accounted for?

Each of these elements will factor into the cadence and number of objectives and key results needed at the company, team, and individual level.

Synchronization

We covered the different types of alignment that businesses can use when setting OKRs for different organizational levels. If you're introducing OKRs to your company for the first time, a best practice is to launch without strict alignment and instead focus on **directional alignment**.

Lattice recommends that companies directionally align their OKRs to allow for greater flexibility in the goal-setting process.

Dependencies increase the likelihood of bottlenecks, so companies that have a rapid speed of change or rigid hierarchical structure should avoid starting off with strict alignment's more intricate framework. Companies can build up to a full cascading structure after the connection between goals at different organizational levels has been clearly defined.

Ownership

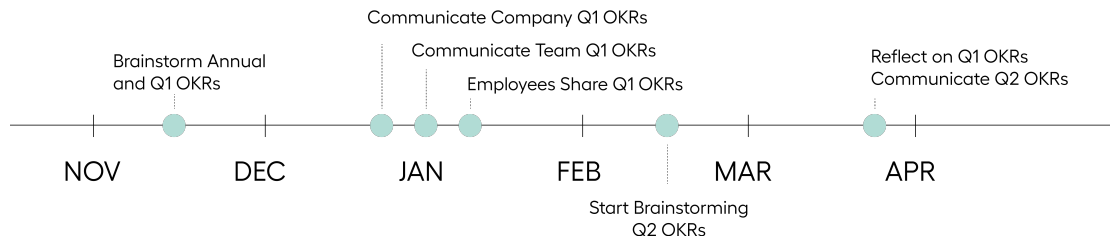
When HR teams are the sole driving force behind implementing OKRs, it sends the message to the rest of the organization that OKRs are an administrative process. In order for an OKRs plan rollout to be successful, it needs to have executive sponsorship.

As you design your OKRs plan, consider where in the organization you want to deploy this new framework. Many businesses opt to start with smaller pilot programs and expand to other departments after successfully implementing OKRs within leadership teams. Once OKRs are introduced at the team and individual levels, it's important to try limiting ownership of each objective to one person whenever possible, since having multiple owners for shared goals can dilute accountability.

2. Rolling Out Your OKRs Program

Implementation Timeline

If this is your first time rolling out an OKRs program, a good practice is to kick off your goal-setting cycle roughly six weeks before the start of a new quarter (if you're opting for quarterly OKRs). Below is what a [sample implementation timeline](#) might look like:



Employee Involvement

By involving your team in the process of creating OKRs, you're giving them a sense of ownership in their work, and when they have that kind of ownership, they're more likely to show up with the drive, commitment, and creativity necessary for innovation. While it might not be feasible to have every employee involved in every part of the OKR-setting process (especially if you manage a large team), it's important to keep them informed as much as possible. Employees should be clear on:

- **Who** is responsible for setting and tracking OKRs at each level
- **What** projects and metrics they should prioritize
- **Why** the organization is introducing a new goal-setting process
- **How** their work connects to the business as a whole

While brainstorming for OKRs, actively seek insights from employees at [all-hands meetings](#) or through individual feedback requests. Once OKRs have been set, continue to check in with teams regularly for thoughts on what's working, what's not, and how you can optimize the OKRs moving forward.

Workforce Training

Goal setting is a learned rather than innate skill, so organizations need to provide proper guidance to employees on how to set quality OKRs. How an organization approaches training depends on its size, resources and many other factors, but workshops are a great way to support newcomers to the OKR methodology and, in subsequent cycles, encourage alignment across the organization. On the next page, we'll list out a few training elements — we encourage businesses to incorporate each of these while implementing OKRs.

Executive Workshop	Manager Workshop	Employee Workshop
Who: Senior Leadership When: 4-6 weeks before a new goals cycle Why: <ul style="list-style-type: none"> • To educate leadership on how OKRs facilitate business growth • To align company goals with mission and vision • To drive constructive conversations about company trajectory • To narrow down 3-5 areas of focus across the organization • To establish benchmarks for measuring company-level success 	Who: Department Heads When: 2 weeks before a new goals cycle Why: <ul style="list-style-type: none"> • To educate managers on how OKRs make teams stronger • To align department functions with company needs • To set the direction for team initiatives and projects • To narrow down 3-5 areas of focus per team • To establish benchmarks for measuring departmental success 	Who: Individual Contributors When: At the beginning of a new goals cycle Why: <ul style="list-style-type: none"> • To educate employees on how OKRs influence performance • To align individual functions with team needs • To provide clarity on how employees should prioritize tasks • To narrow down 3-5 areas of focus per employee • To establish benchmarks for measuring employee-level success

When a company is setting goals at multiple levels, it's crucial for the process to move forward smoothly so that each subsequent level doesn't get derailed. That's why it's so important to get any communications and training workshops on employee calendars as early as possible.

Organization

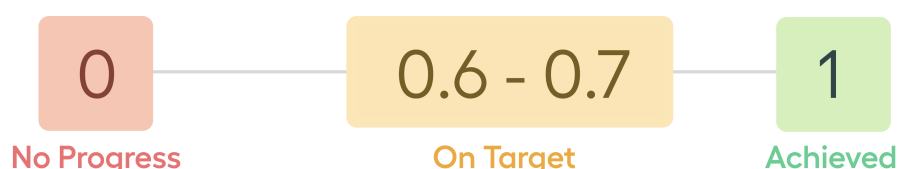
For companies of all sizes, tracking OKRs can be a challenging process. Organizations like Google have built internal tools. Others use ad hoc methods like spreadsheets, and a growing number of companies are using dedicated [goal-tracking software](#) to keep OKRs transparent and measurable.

Regardless of the tools you decide on for tracking OKRs, make sure you have a defined process before rolling out OKRs at your company to experience the framework's full value.

3. Administering OKRs

Grading OKRs

Grading is the process by which organizations objectively evaluate performance on OKRs. OKRs are graded on a scale between 0.0 to 1.0, as pictured below. From there, each key result is graded, and the average of the key results is used to create the grade for each corresponding objective. When interpreting OKRs' grades, it's important to keep in mind that being on target doesn't mean you need to be



achieving a perfect 1.0 score. Remember that OKRs are meant to stretch your potential, so achieving a score of 0.6 to 0.7 should be considered a success.

If you're getting a perfect score on your OKRs all the time, that's a sign you should be setting more ambitious goals. Likewise, if you're consistently scoring below 0.3 on your goals, it might be time to readjust your objectives and key results.

Sharing Progress

OKR recap meetings are essential. At the beginning of every quarter, all levels of your organization should get together and discuss how they measured up to the OKRs set at the beginning of the last goal cycle. The setup of this meeting will change depending on your company's size, but typically each team leader will explain the OKR grades and discuss adjustments for the upcoming quarter.

- **Company:** Share company-level progress every month, ideally during all-hands meetings. Check for team updates and follow up with business units or department heads that aren't posting progress.
- **Team:** Share department-level progress on at least a monthly basis, ideally at team meetings. Check your team's reports for updates and follow up with team leads/managers whose units aren't posting progress.
- **Individual:** Direct reports and managers should integrate OKRs into their [one-on-one meetings](#). Managers should check with individuals for updates.

As a best practice, companies shouldn't wait until the end of the cycle to update and reflect on OKR progress. Rather, progress should be shared across organizational levels on a regular basis.

Integrating Learnings

The final step in implementing an OKR program is integrating learnings about the process or execution of the OKRs themselves into the next goals cycle. Evaluation of OKRs should happen regularly, but each cycle should also be capped by a deeper reflection on what went well, what didn't go well, and what learnings can be applied to the next cycle. Ask yourself:

- Did I accomplish all of my objectives?
- If so, what contributed to my success?
- If not, what obstacles did I encounter?
- If I were to rewrite a goal achieved in full, what would I change?
- What have I learned that might alter my approach to the next cycle's OKRs?

While grading is about objective measurement, learning is about contextualizing successes and shortcomings within a given OKR cycle to achieve better results moving forward.


Examples of OKRs

In each example below, note how the objective is clear, ambitious, and aligned with an overall theme while the key results are measurable.

OKR for a Company

—

Make our company a great place to work.



Due June 30, 2021

Key results

Edit weights

—	Increase employee NPS score to 40 or higher.	~33%
—	Decrease regrettable turnover rate to 3%.	~33%
—	Process promotions or raises for over 25% of employees each quarter.	~33%


Create another goal

Return to goals home

OKR for a Team

—

Improve our NPS Score by 20%.



Due June 30, 2021

Key results

Edit weights

—	Produce three resources to help customers get more value from our product.	~25%
—	Launch community to help customers share learnings.	~50%
—	Reduce implementation time of new customers by 50%.	~25%


Create another goal

Return to goals home

OKR for an Individual

—

Close \$200k in new revenue this quarter.



Due June 30, 2021

Key results

Edit weights

—	Demo our product to 100 new sales-qualified opportunities.	~30%
—	Work with managers on strategies for our top five accounts.	~40%
—	Attend three industry events.	~30%

Create another goal

Return to goals home

FAQ

Should OKRs focus on output or outcomes?

Companies that want to transition to an OKRs framework need to make a fundamental shift in how they measure success. The purpose of OKRs is to redirect focus away from output and towards **outcomes**. The key difference between these two mindsets is that outcomes focus on what was achieved, whereas output focuses on how things are achieved. In other words, if an employee takes a non-traditional approach to accomplishing an objective, it's more important to recognize the accomplishment than the activities that led up to it.

Who should own a cross-functional objective?

Businesses sometimes run into confusion around cross-functional objectives. It's true that a best practice is to maintain one owner per goal, as this enforces accountability. That said, it's okay to give multiple parties ownership over the same goal if it's truly a cross-functional priority for your business. As long as there is a clear delineation of responsibilities, shared ownership of goals can work. However, if you find that all of your OKRs are being co-owned by multiple people, that usually is a sign that you need to break your objectives down into smaller key results.

How should OKRs be used in performance reviews?

The relationship between OKRs and performance reviews can elicit some strong opinions. Some people believe that OKRs should be completely separate from performance conversations, because linking goals to things like compensation and promotions can lead to unhealthy pressures in the workplace and overlook soft skills that positively impact the business. Others believe that OKRs represent a benchmark for employee expectations and responsibilities to their teammates and should be a part of the performance conversation.

Ultimately, this is a personal decision that every leadership team has to make for their own company. But regardless of what you decide, OKRs are not synonymous with employee performance evaluations, and companies who intend to connect OKRs to performance shouldn't do so in isolation. Rather, they should be integrating OKRs into a full review of all performance management aspects.

Final Tips

The OKRs framework is a powerful tool for helping businesses define goals and the measurable actions that support them. When implemented correctly, OKRs can align teams, drive innovation, and inspire collaboration within organizations. Here are some final tips for getting OKRs to work for your company:

- Keep your OKRs **flexible**. Don't obsess over alignment between levels.
- Use learnings from old OKRs to **iterate** and create new OKRs.
- Highlight **executive sponsorship** when rolling out OKRs plans.
- Set OKRs frequently – ideally **quarterly** but at least every six months.
- Ensure OKRs are ambitious, measurable, and transparent.
- **Leverage tools** that make tracking OKRs easier and top-of-mind.

Goal setting is a fundamental part of running any business, so know that it takes time to get everyone informed, aligned, and into the swing of things. OKRs are not a silver bullet for successful performance management, so it's okay if your company's OKRs aren't perfect every quarter. The important thing is to learn from your experiences and keep improving.

We'd love to help you improve your goal-setting process. [Click here](#) to learn how Lattice empowers you to drive performance across your company with goals.

About Lattice

Lattice is a people management HR software company that aims to help companies drive and retain engaged, high-performing teams.

Lattice's product offerings include a continuous performance management suite as well as engagement surveys and analytics. With Lattice, it's easy to launch 360 reviews, share ongoing feedback and public praise, facilitate 1:1s, set up goal tracking, and run employee engagement surveys.

By combining performance management, employee engagement, and development in one solution, HR teams get powerful analytics that leads to actionable insights. Lattice is the only company that offers these tools in one solution.

Lattice works with companies who aspire to put people first and see people as part of how they'll be successful. Whether redefining the beauty industry or building self-driving cars, all of our customers have one thing in common: they value their employees and want to invest in the development and success of their people.

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