



OKRs vs KPIs

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What's the difference between the two?

In this guide, we will cover:

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- [What are KPIs?](#)
- [How OKRs and KPIs Play Together](#)
- [An Example of How to Integrate OKRs and KPIs](#)
- [How to Carry Forward KPIs](#)

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How to Integrate OKRs and KPIs

One of the big questions people have related to OKRs is, “What’s the difference between an OKR and a KPI?” In this guide, we will define what OKRs and KPIs are and explain their differences and similarities.

Objectives and Key Results (OKRs)

The acronym OKR stands for Objectives and Key Results. OKRs consist of Objectives, the *what* must be achieved, supported by 3 to 5 Key Results, which describe *how* we will achieve the Objective.

Objective = Outcome, which is either quantifiably measurable (e.g., %/#/\$ increase or decrease) or is measured based on the performance of the Objective’s Key Results.

Key Results = What you’ll achieve. There are two types of KRs:

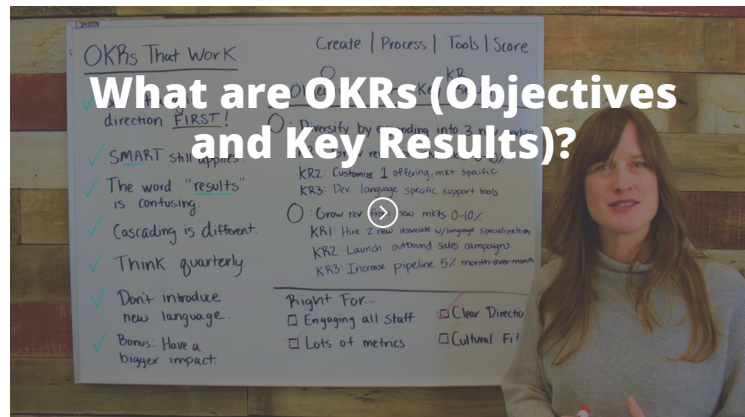
1. **Outcome-Based Results** measure quantifiable outcomes in your organization. An example of this type of KR might sound something like, “Sell 10 new annual contracts this quarter.”
2. **Effort-Based Results** measure the success of an effort, project or initiative. An example of this might be, “Implement new sales CRM in Q3 of this year.”

What Do OKRs Do?

- » **Engage all staff in goal setting and managing performance** from the top-down to individual team members. They drive tight alignment and commitment from your team.

- » **Help organizations cascade a clear direction, mission, and vision to clear outcomes that align to day-to-day activities.** OKRs help align talent, resources and energy in a single direction.
- » **Connect individuals to the larger mission and vision of your organization.**
- » **Dial-in your most important metrics.**
- » **Communicate commitment and accountability, performance, and rigor.**
- » **Support an agile planning process.**

Watch the Video Introduction on OKRs



Want a deeper dive on OKRs? [Watch our video on OKRs here!](#)

Key Performance Indicators (KPIs)

Key Performance Indicators (KPIs) are the elements of your plan that express what you want to achieve by when. They are the quantifiable, outcome-based statements you'll use to measure if you're on track to meet your goals or objectives.

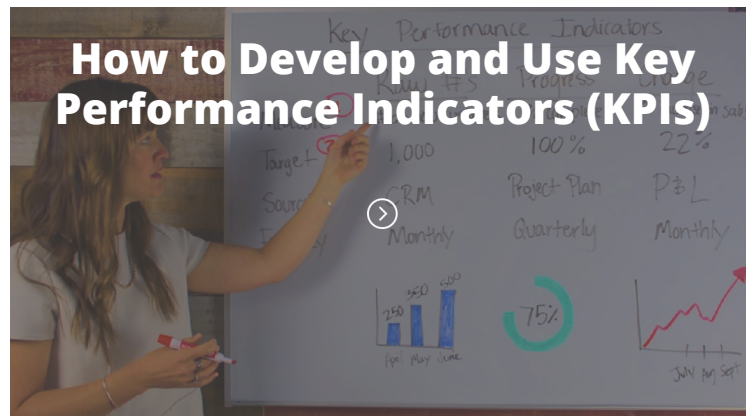
Good plans have 5-7 KPIs to manage and track the progress of the plan. The anatomy of a structured KPI includes:

- » **A Measure:** Every KPI must have a measure. The best KPIs have more expressive measures.
- » **A Target:** Every KPI needs to have a target that matches your measure and the time period of your goal. These are generally a numeric value you're seeking to achieve.
- » **A Data Source:** Every KPI needs to have a clearly defined data source so there is no gray area how each is being measured and tracked.
- » **A Reporting Frequency:** Different KPIs may have a different cadence, but a good rule to follow is to report on KPIs at least monthly.

What Do KPIs Do?

- » Outline and measure your organization's **most important set of outputs.**
- » **Work as the heartbeat of your performance management process** and confirm whether progress is being made against your strategy.
- » **Represent the key elements of your strategic plan that express what you want to achieve by when.**
- » **Measure the quantifiable components** of your goals and objectives.
- » **Measure the most important leading and lagging measures in your organization.**

Watch the Video Intorduction on KPIs



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How OKRs and KPIs Play Together

OKRs are objectives measured by several outcomes. A KPI is just a single measure of performance.

But, Key Results can be KPIs.

Technically speaking, they are two distinct planning elements. But a great planning practice is to use them together. One of the simplest ways to achieve this is by making a KR one of your KPIs.

OKR/KPI Structure

Objective: A statement of what you're trying to achieve.

- » **KR1:** Outcome-based result with quantifiable outcome. ***May be a KPI.**
- » **KR2:** Outcome-based result with quantifiable outcome. ***May be a KPI.**
- » **KR3:** Effort-based result.
- » **KR4:** Effort-based result.

What's important is that both types of KRs are not eligible for being KPIs—only the KRs that have quantifiable outcomes can also be KPIs.

Pro-Tip: If you include KPIs as outcome measures in your OKRs, we don't recommend creating new KPIs every single quarter. Instead, these KPIs should carry forward in your OKR structure consistently for the duration of the plan (or at least through the year!); you don't want to create new KPIs every quarter. Barring a seismic strategic shift during the year, you want your KPI's annual target to remain steady but you can update the quarterly targets for the KPIs based on the previous quarter's actual results.

An Example of How to Build KPIs into OKRs

Objective: Create wildly loyal customers.

So here is our objective: To Create Wildly Loyal Customers—that’s the what.

- » **KR1:** Increase client retention rate from 73% to 75% by end of Q3 to drive towards an 80% client retention by the end of 2020. ***KPI**
- » **KR2:** 20% increase of clients rated as “healthy” by end of the quarter. ***KPI**
- » **KR3:** Design and implement success plans for client health by end of September.
- » **KR4:** Implement new CRM to automate customer outreach by end of October.

How we’re going to achieve wildly loyal customers is through driving retention, driving overall health, potentially standing up success plans, and implementing a new CRM system.

Q3 Objective: Create Wildly Loyal Customers	
Quantifiable KR ^s that are eligible to be Key Performance Indicators	Effort-based KR ^s that are not eligible to be Key Performance Indicators
<ul style="list-style-type: none"> » KR1: Increase client retention rate from 73% to 75% by end of Q3 to drive towards an 80% client retention by the end of 2020. *KPI » KR2: 20% increase in clients rated as “healthy” by 20% by end of the quarter. *KPI 	<ul style="list-style-type: none"> » KR3: Design and implement success plans for client health by end of September. » KR4: Implement new CRM to automate customer outreach by end of October.

In this example, the increase in retention rate is a measurable output that’s critical to the success of your organization. It’s also something that is a verifiable output of performance of your organization. We would also say that it’s a key performance indicator.

The overall health of your client base is also a key performance indicator. It’s nice when KPIs are leading indicators, like KR2 above, but they don’t always need to be leading. KR1 is an example of a lagging indicator.

Conversely, the number of success plans is a great output and it’s

important, but it's not a quantifiable KR, so not eligible as a key performance indicator. Like the KR around implementing a new CRM system, it is an activity KR.

Carrying Forward KPIs

OKRs are designed to be reviewed and changed quarterly. But, if you include KRs as KPIs it's important to not change your KPIs every quarter!

If you opt to change an entire OKR stack next quarter, think about how you might roll your KPIs into a new or adapted OKR stack. Here's an example:

Objective: Build long-lasting client relationships. .

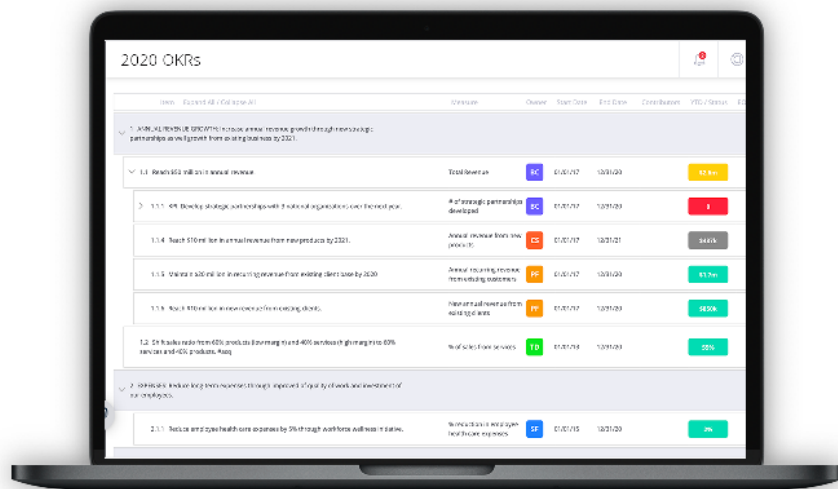
- » **KR1:** Increase client retention rate from 75% to 80% by end of Q4 to drive towards an 80% client retention by the end of 2020. ***KPI**
- » **KR2:** 20% increase of clients rated as "healthy" by end of the quarter. ***KPI**
- » **KR3:** Conduct meaningful one-to-one client contact and outreach for each client by the end of the quarter.
- » **KR4:** Create annual contract and early signing incentives to be rolled out at the end of Q4.

Q4 Objective: Create Wildly Loyal Customers	
KPIs that roll forward into a new OKR stack for the new quarter.	New Effort-based KRs that are not eligible to be Key Performance Indicators
<ul style="list-style-type: none"> » KR1: Increase client retention rate from 75% to 80% by end of Q4 to drive towards an 80% client retention by the end of 2020. *KPI » KR2: 20% increase of clients rated as "healthy" by end of the quarter. *KPI 	<ul style="list-style-type: none"> » KR3: Conduct meaningful one-to-one client contact and outreach for each client by the end of the quarter. » KR4: Create annual contract and early signing incentives to be rolled out at the end of Q4.

In this example, we carried forward the KPIs into a new OKR stack, but with updated targets for the quarter. We didn't change the end-of-year target for the KPI, but we did change the quarterly target from the previous OKR stack.

Using the OnStrategy App to Manage OKRs & KPIs

The OnStrategy App for OKR Management



The OnStrategy Team built our application to holistically and easily manage organizational, team and individual performance. With our tool you can:

- » See a quick view of your team's performance.
- » Collect performance updates in 15 mins or less.
- » See company-wide performance and pre-built dashboard to run quarterly reviews.
- » Quickly refresh and reset OKRs quarterly.
- » Know the status of your KPIs in a single view.

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