Welcome!

Say "hi" in chat and let us know where you are dialing in from.

***Turn video on
***Stay muted, please. Raise hand & we will call on you.

Today's host

Erica Olsen

CEO + Co-Founder

Principal Strategist

OnStrategy

We're excited to have you

Our Promise: Every session, you'll walk away with one thing you can use.

01

Bring together leaders of strategy

This group is for leaders driving strategy, OKRs and organizational performance. Aspirational leaders welcome, too.

02

To learn and grow – together

We want to sharpen your mastery and inspire you with new insights and perspectives with a community of your peers.

CSO *Collaborative*[SM]

Our Operating Principles

When we come together, here is how we operate:

1 — Give something, take something. No solicitation.

2 — Focus on leading strategy & organization-wide impact.

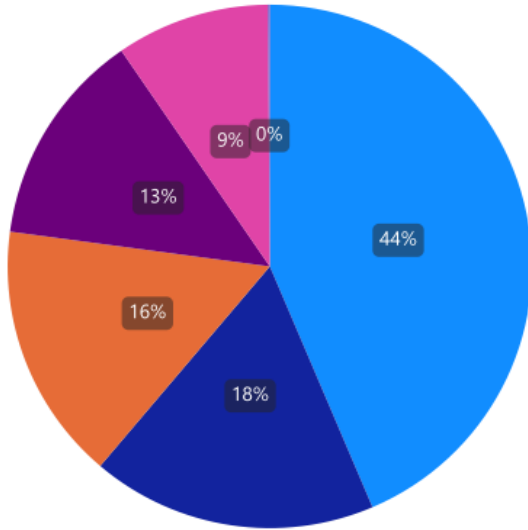**3** — Confidentiality or not. It's your choice.

4 — Keep it positive. Be helpful. Contribute to the greater good.

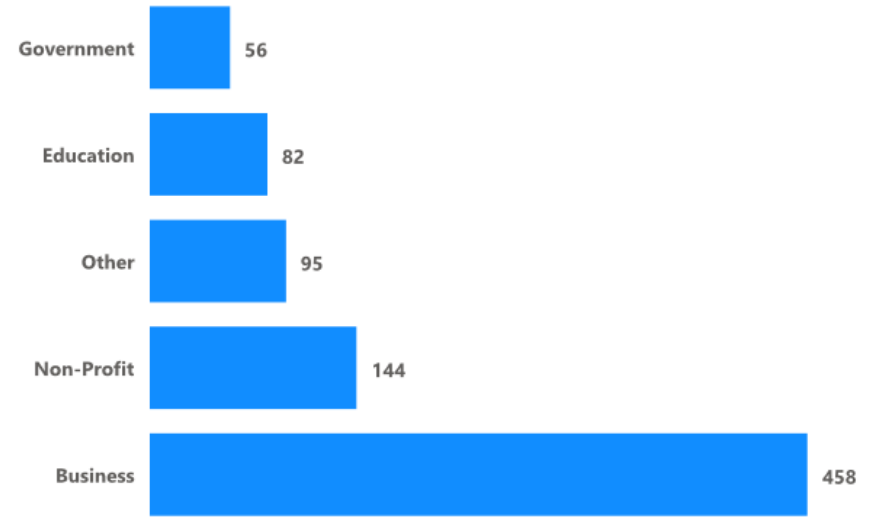**5** — Be here. We get out of this what we put into it.

A little background to understand your peers and their background!
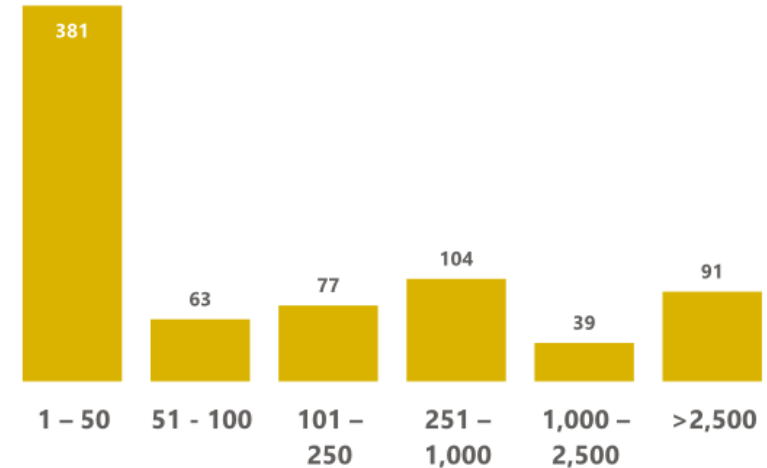
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Role In Strategy
- Executive Leader
- Consultant practitioner wor...
- Aspiring to be a strategy lea...
- None of the above
- Newly appointed Leader
- Munaf Thakur

Pie chart values: 44%, 18%, 16%, 13%, 9%, 0%

Organization Type

Organization Type	Value
Government	56
Education	82
Other	95
Non-Profit	144
Business	458

Company Size by Employee Count

Company Size by Employee Count	Value
1 – 50	381
51 - 100	63
101 – 250	77
251 – 1,000	104
1,000 – 2,500	39
>2,500	91

Filters

CSO Graphs linked to Master, Current Stats

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Today's expert on OKRs

Larry LaSalle

President

SCALED OKRs®

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larry@scaledokrs.com

Larry's areas of expertise include, Enterprise Business Agility, The Balanced Scorecard Management System, Objectives & Key Results (OKRs), and Organizational Change Management. Larry has also developed the Innovation Measurement System (IMS), the Business Value Delivery (BVD) Framework, and the 5-Step OKR Cycle.

Larry partners with CEOs, CIOs, and other leaders in organizations to help develop strategies that improve business performance, strategic alignment, and operational effectiveness. This requires a deep understanding of how to structure an organization for optimum flow, how to establish strategic alignment from top to bottom, and how to build and develop a high performing workforce.

Key Takeaways from 11/3

✓ **Create OKRs from organizational strategy.**

The purpose of the OKR framework is not to be a new way to set goals. The purpose of the OKR framework is to get your company organized and to deploy your strategy.

✓ **Avoid cascading based entirely on org hierarchy**

Organizations are conditioned to working within the constraints of their org chart. That will work against you when you are working with OKRs.
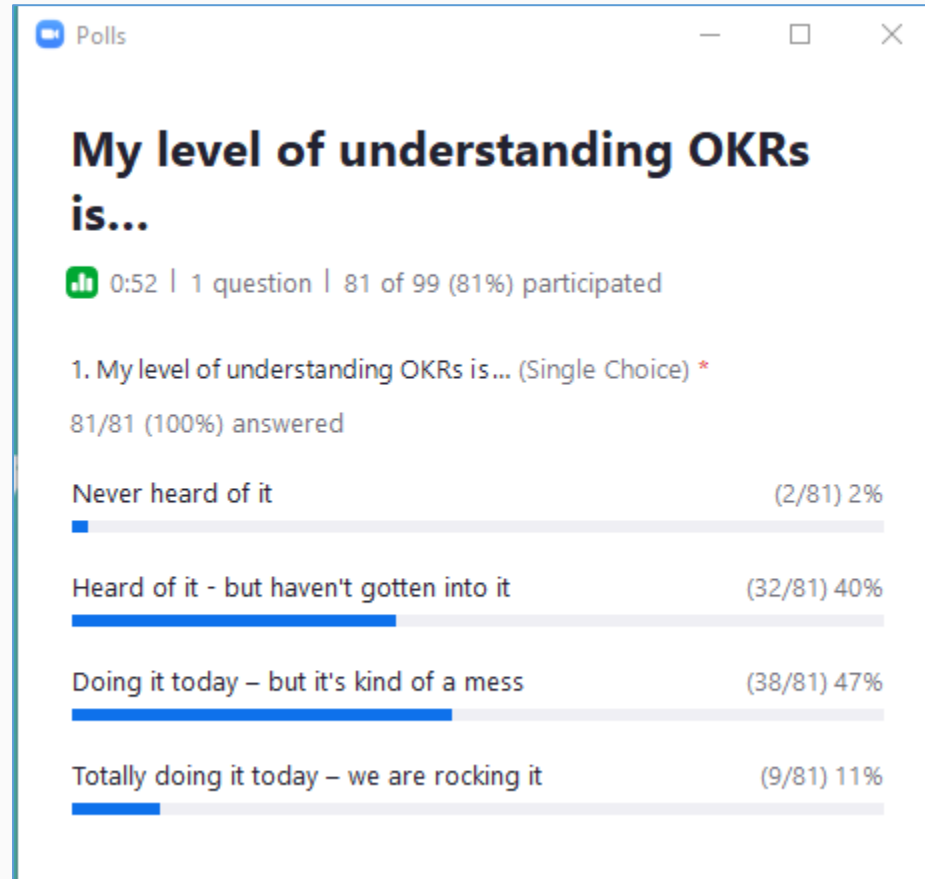
✓ **Develop shared OKRs**

The OKR framework is best built with OKRs shared by executive teams and functional teams. Individual OKRs create OKR puddles!

✓ **Say no to work that is not strategically aligned.**

When a process is more mature, OKRs enable teams to say no to work that is not aligned with the strategic direction of the organization.

Poll from11/3

Flow for Today

01   **Understand Outcomes vs. Outputs**

02   **Facilitating OKR Creation**

03   **Quarterly OKR Cycle in Practice**

04   **Lean Coffee Q&A**

Understanding Outcomes vs. Outputs

Tasks vs. Value = Outputs vs. Outcomes

- The everyday tasks and activities we do

- Initiatives, projects, status reports, and routine deliverables.

- Activities we do that contribute toward achieving the outcome

- Does not guarantee success

- Helps us progress toward our goals

- The results we hope to achieve after completing something

- Measurable results defined as success criteria for the goal

- Demonstrate success objectively

- Doesn't change until we calibrate

- Reflects a tangible or measurable business outcome

SCALED KRs

It's easy to mix up outcomes and outputs.

Example 1: A major IT objective that is a task upon closer review

Objective: Migrate our infrastructure to the cloud

KR1: Critical staff members trained on AWS

KR2: Complete the migration roadmap by Q1

KR3: Move non-prod environments to the cloud by the end of Q2

KR4: Begin moving production environments to the cloud in Q4

Example 2: A major company strategy to modernize their technology

Objective: Increase the reliability and efficiency of our technology infrastructure

KR1: Hire 5 new Senior AWS Engineers

KR2: Reduce the footprint of physical hardware infrastructure by 50%

KR3: Decrease the average MTTR (Mean time to repair) for infrastructure issues from 3 hours to < 5 minutes

KR4: Decrease the average mean time to patch (MTTP) from 90 days to 30 days

How do we prevent objectives from becoming outputs?

Objectives are the "Whats."

- **Objectives are annual and quarterly goals or outcomes**. Ideally, they represent org-wide goals, but not always. They must express outcomes in a tangible, qualitative and unambiguous way.

- The successful achievement of an objective must provide clear value for the organization, as measured by the corresponding KRs.

- Objectives should be both tangible and ambitious.

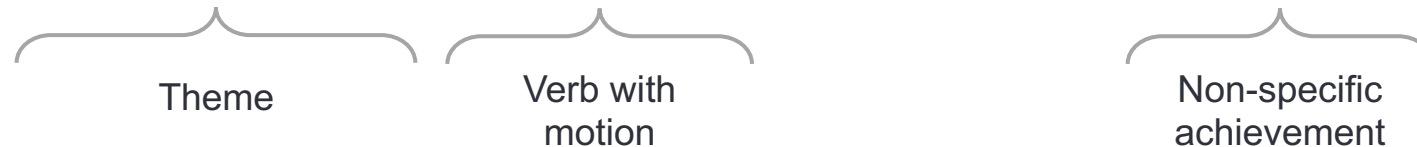**Questions to identify your objectives**

- What must we achieve? Or where do we want to dominate.

- What do you want to accomplish at all cost? Why is it important and why now?

- If others read the objective, will it inform their choices?

Writing Great Objectives

Partner Growth: Accelerate growth of partner acquisition.

Theme

Verb with motion

Non-specific achievement

Asian Expansion: Grow Asian market to be more than 25% of total revenue.

Theme

Verb with motion

Specific achievement

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Example Objective Statements

- **Growth**: Achieve record revenues while increasing market share

- **Market Share**: Expand our product offering globally

- **Learning and growth**: Build a great corporate culture and delight our employees

- **Customer-centricity**: Develop deep customer relationships to improve customer satisfaction

- **Customer acquisition:** Achieve record recurring revenues on subscription-based products & services

- **Operational excellence**: Modernize our technology infrastructure while decreasing our security exposure

Avoid being overly specific describing what will be done:

We will eliminate all software defects to improve the customer experience.

This is a limiting objective and does not open up to all possibilities!

SCALED OKRs | 16

Defining Great Key Results

Key Results are "Hows" an objective is achieved.

- KR'S are the inputs to achieve the output - AKA the objective.

- A good KR is **outcome-oriented** and describes a <u>deliverable</u> OR a <u>result</u>, not activities.

- If your KRs include words like "maintain," "strive," "continue to," or "participate" these are activities, not outcomes.

- Answer the question – what business result or customer result will we deliver?

- KR's can be measured by a **<u>quantitative result</u>** (#, $, %) **OR** by the **<u>verifiable completion</u>** of a deliverable or strategic project.

- Start each KR with an **<u>action verb</u>** and continue the sentence with a description of **<u>what will be delivered</u>** with evidence of completion. This evidence must be verifiable and accessible to relevant parties

*"With Key Results, this isn't meant to encompass everything that's happening but **only those things that make a truly meaningful difference**."*

- John Doerr, author of Measure What Matters

Writing Effective Key Results

Option 1:
Quantitative Outcome

Generate $1M in 202X from mid-sized customers (more than 100 employees).

Verb with motion

Specific number & timeframe

Clear definition

Option 2:
Effort based, qualitative outcome

Deliver a Go-To-Market Plan to enter the Asian market by end of 202X .

Specific deliverable

By when

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A common mistake with KRs, is to write them like tasks.

Objective: Increase our market share of product X

KR1: Complete 3 email marketing campaigns by the end of Q1

KR2: Write 2 blogs per month

KR3: Attend the annual tradeshow and get 500 new contacts

KR4: Localize our UI for Spanish and French-speaking customers

KR5: Innovate new product features

If all of those Key Results were achieved, would we know that our market share for product X was increasing?

If those items were what we measured, how would we know they were helping to increase market share?

What good OKRs look like.

Objective	Key Result	LT Owner	Prioritized Projects and activities
O1: Expand our footprint to Europe.	KR1: Establish a EU sales and account team.	Susan	• Hire in-country regional leader. • Contract with external sales organization. • Hire account team staff (2).
	KR2: $500K in proposals up from $50K, specifically from EU prospects.	Susan	• Launch inbound marketing program targeted at European prospects. • Develop the outbound strategy.
	KR3: Formalize three strategic partnerships with regional companies.	Tim	• Establish partner evaluation criteria. • Develop a short list of targets.
O2: Automate and standardize everything we can.	KR1: Smartly reach average $170K/operating expenses per staff, down from $190K.	Mark	• Provide quarterly expense reports to team leads, regularly and consistently.
	KR2: Complete standardization of core processes by team.	Mark	• Complete 1 playbook for each teams' core processes.
	KR3: Complete Phase 1 and 2 of ERP implementation.	Ben	• See ERP implementation plan.
	KR4: Automate non-value add processes.	Ben	• Each team will identify 1-2 processes that can be automated.
O3: Create raving fans by caring about every customer experience, everyday.	KR1: Actively address "detractors" from our NPS survey, to increase NPS by 10 points.	Janice	• Shift NPS survey from quarterly to monthly frequency. • Stand up a monthly NPS/detractor account review.
	KR2: Reduce Jira backlog of critical customer issues from 30 days to 15 days	Ben	• Organize an engineering team to focus on customer issues 1 sprint a month. • Formalize tracking of customer issues.
	KR3: Expand share of wallet with 25% of our customers, up from 15%.	Janice	• Train the account team on expansion opportunities. • Establish 1-2 expansion offerings.

Developing Team OKRs

Company Objective: Reduce waste across the company.

KR1: 10% reduction in operational expenses

KR2: Reduce our environmental impact as measured by our baseline B Corp score.

Manufacturing Team Objective: Reduce scrap.

KR1: 5% lower scrap from previous year.

KR2: Establish process for scrap reuse program.

Administration Team Objective: Eliminate paper use.

KR1: Digitize core processes using paper.

KR2: Launch digital signature program.

Shipping Team Objective: Reduce returns.

KR1: 2% lower errors in mispicks from previous year.

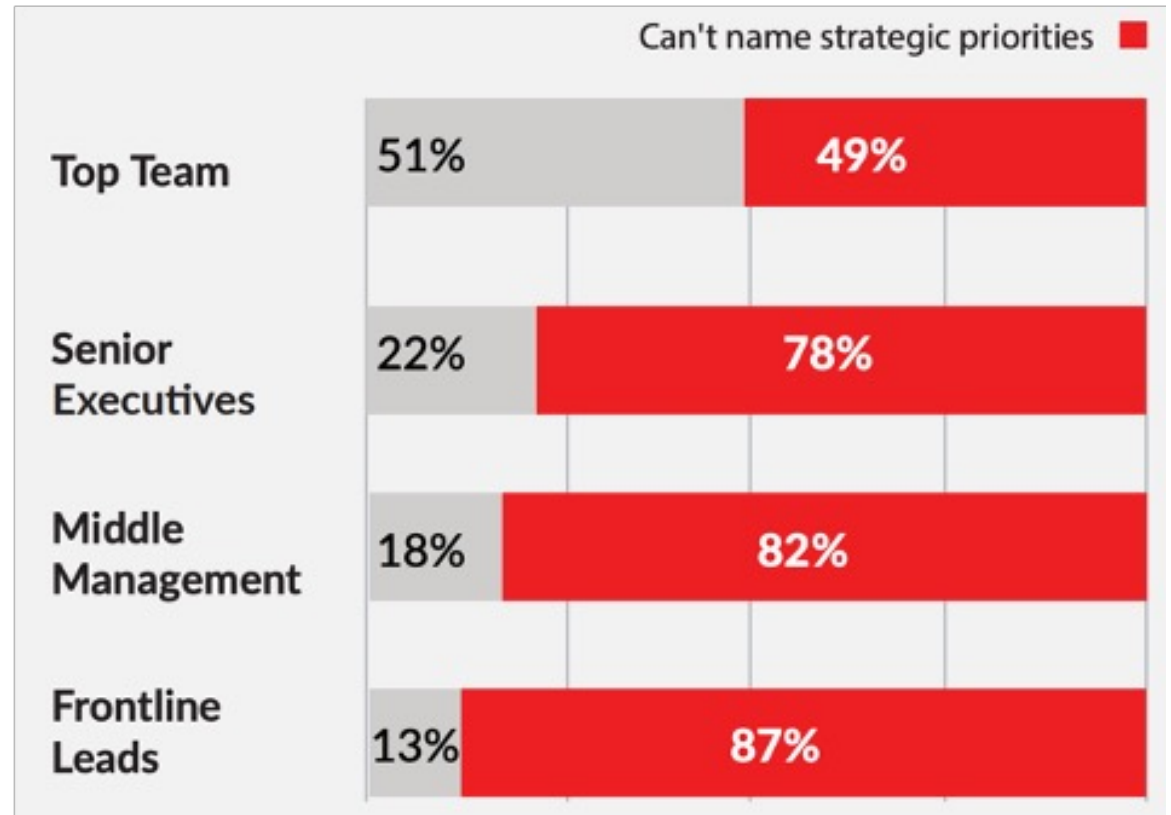**KR2:** Launch website sizing widget for customers.

Facilitating OKR Creation

The Decay Rate of Alignment & Understanding

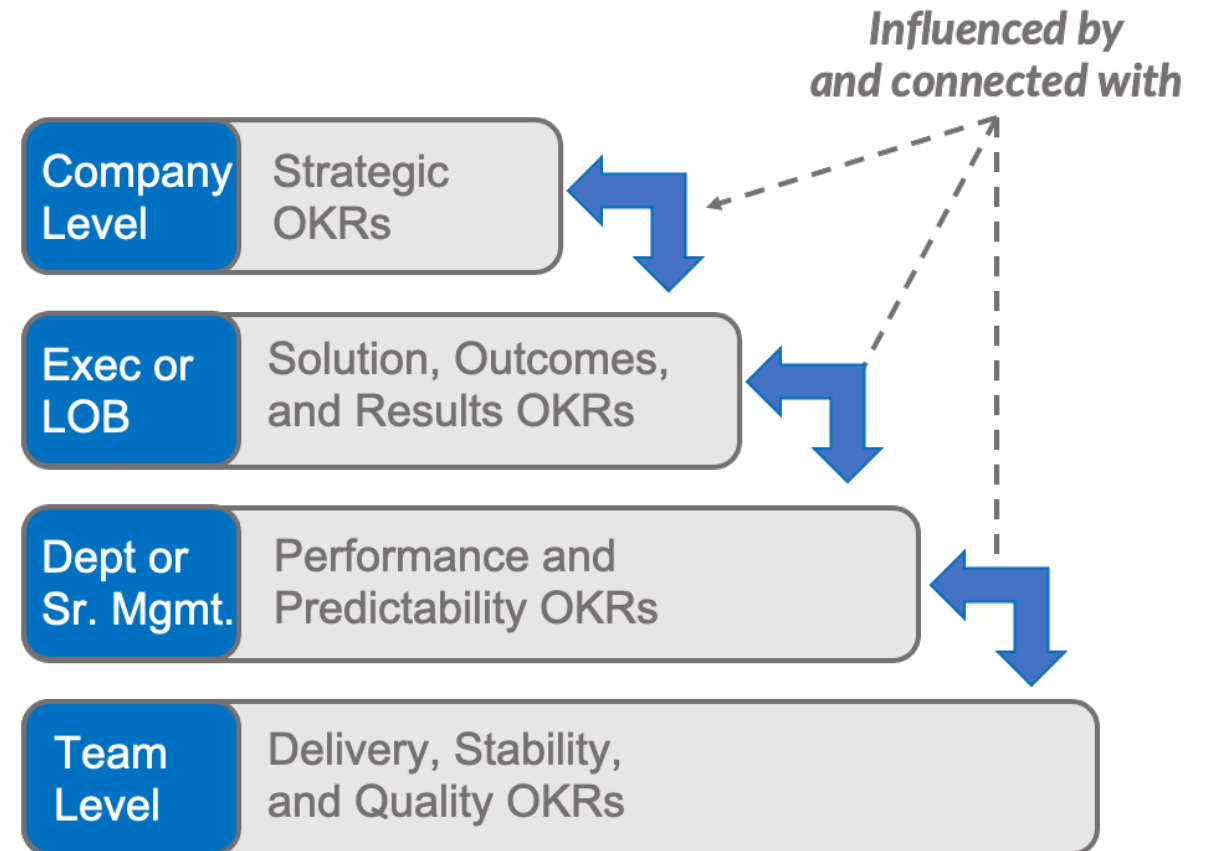## "No One Knows Your Strategy"

Decay rate of understanding of strategic priorities

Alignment isn't optional and it isn't a given; it's an essential practice. In fact, **the ability to iterate and align on strategic priorities quickly** may be the **only sustainable competitive advantage**.

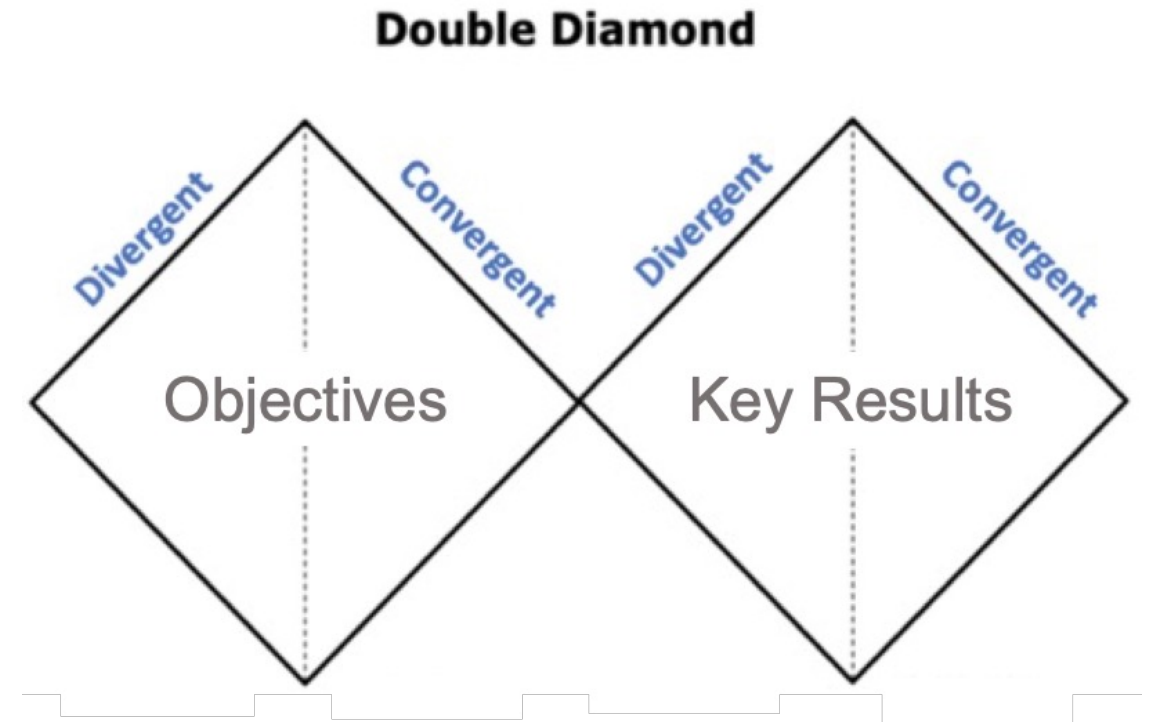|		Can't name strategic priorities ■
Top Team	51%	49%
Senior Executives	22%	78%
Middle Management	18%	82%
Frontline Leads	13%	87%

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Understanding Perspectives at Difference Levels

Each level of the organization has specific concerns relative to their contribution to the broader organizational goals. It's important to understand this when planning and facilitating OKR creation workshops
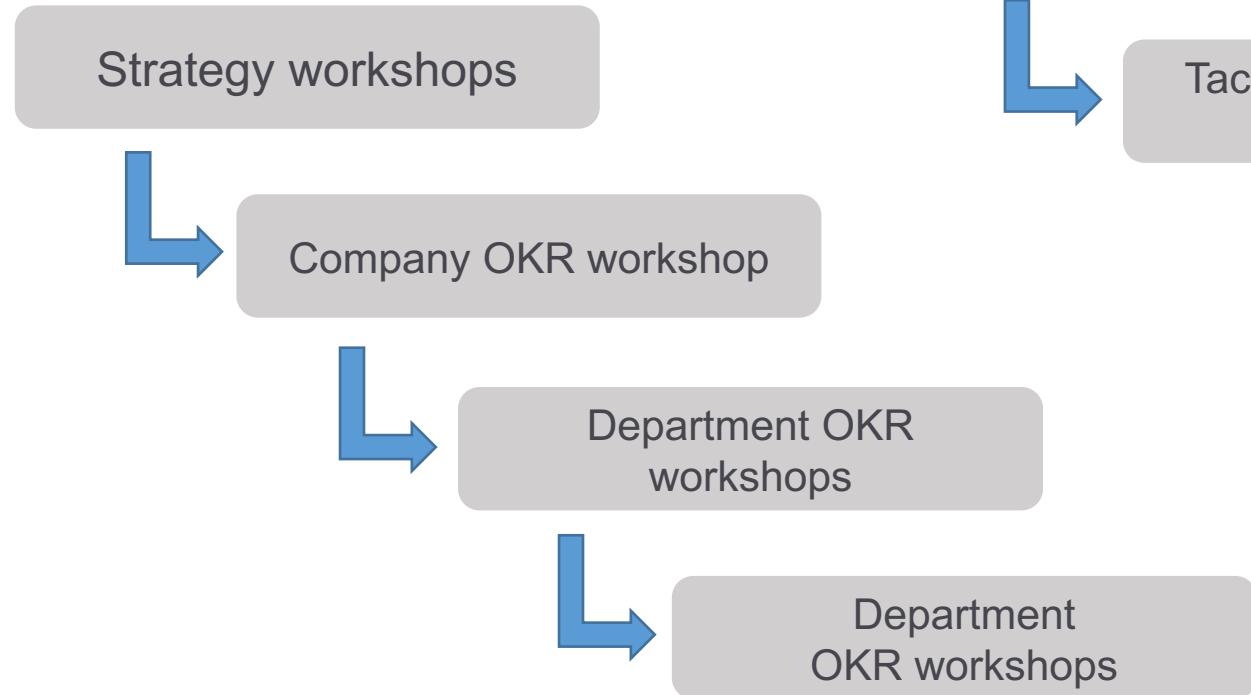
Influenced by and connected with

Company Level	Strategic OKRs
Exec or LOB	Solution, Outcomes, and Results OKRs
Dept or Sr. Mgmt.	Performance and Predictability OKRs
Team Level	Delivery, Stability, and Quality OKRs

Typical OKR Creation Workshop Structure/Flow

- Set the context of the workshop based on the OKRs being developed

- Think "Discussion" not "Meeting"

- Facilitate brainstorming objectives

- Identify themes and narrow objectives

- Brainstorm Key Results

- Narrowing Key Results and Measures

- Deciding on Key Result values (Pre-scoring)

- Assign Owners and Develop Action Plan

- Confirming and committing

- Scheduling huddle and check-In cadence

Double Diamond

Divergent / Convergent — **Objectives**

Divergent / Convergent — **Key Results**

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Sequencing the workshop correctly is important

Example 2: Shared OKRs

Strategy workshops

↳ Strategic OKR workshop (annual)

↳ Tactical OKR workshops (quarterly)

Example 1: Traditional OKRs

Strategy workshops

↳ Company OKR workshop

↳ Department OKR workshops

↳ Department OKR workshops

Deploying OKRs and
Running a Quarterly OKR Cycle

Getting Ready for the First OKR Cycle

Announce OKRs Framework

Communicate company-wide OKRs for Year and Q1

Establish Enterprise Context for Q1 OKRs

Schedule OKR Creation Workshops

OKRs Training

Co-create and Localize OKRs

Communicate OKRs and Action Plans

Quarterly Reviews & Calibration

Q1 OKR Cycle Follow Your Action Plan

NOV   DEC   JAN   FEB   MAR   APR

Begin Q2 Cycle Co-Creating Company Level OKRs

Communicate Q2 Company-Wide OKRs

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Implementing OKRs
Follow the 10 universal deployment parameters.

1. **Levels:** At what level will we set OKRs?—company, team, individual?

2. **OKRs #**: How many OKRs will we set?

3. **Scoring**: How will we score OKRs? How will we update progress?

4. **Timeframe**: How long is an OKRs cycle?

5. **Types**: What are the three types of key results?

6. **Publish**: Where will we draft, publish, and track OKRs? What templates do we use?

7. **Performance**: How will OKRs relate to performance reviews?

8. **KPIs vs KRs**: How OKRs are different from KPIs

9. **Alignment**: How will we ensure OKRs are aligned?

10. **Bottom-Up**: How will we ensure most OKRs originate "bottom-up"?

OKR Deployment Parameter Canvas

SCALED OKRs

OKR Program Goals/Objectives			
At what levels will we set OKRs?	**How many OKRs will we set?**	**How will we update progress and score our OKRs?**	**How long is our OKR cycle?**
What types of Key Results will we capture (Metrics, Baselines, Milestones, etc)	**Where will we create, publish and track our OKRs?**	**What is our plan for OKRs and performance reviews?**	**How will we differentiate OKRs from KPIs?**
What steps will we take to ensure vertical and horizontal alignment of our OKRs?		**How will we ensure our quarterly OKRs are co-created "bottoms-up"?**	

Follow the 5-Step OKR Cycle

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5-Step Quarterly OKR Cycle

Establish Strategic Clarity
Senior leaders establish 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.

Co-Create and Localize OKRs
Communicate company OKR to everyone! Based on the company's OKRs, teams develop their own OKRs and share them with each other.

Develop Action Plans
Once lower level OKRs are created, it's time to create vertical and horizontal action plans. This will require negotiation and coordination between and across teams.

Frequent Check-Ins & Scoring
Throughout the quarter, employees measure and share their progress, checking in regularly within and across teams. Assessing and scoring on a monthly basis.

Quarterly Reviews & Calibration
At the end of the quarter, teams score their OKRs, perform a self-assessment, and retrospect on what they have accomplished. Results are shared company-wide.
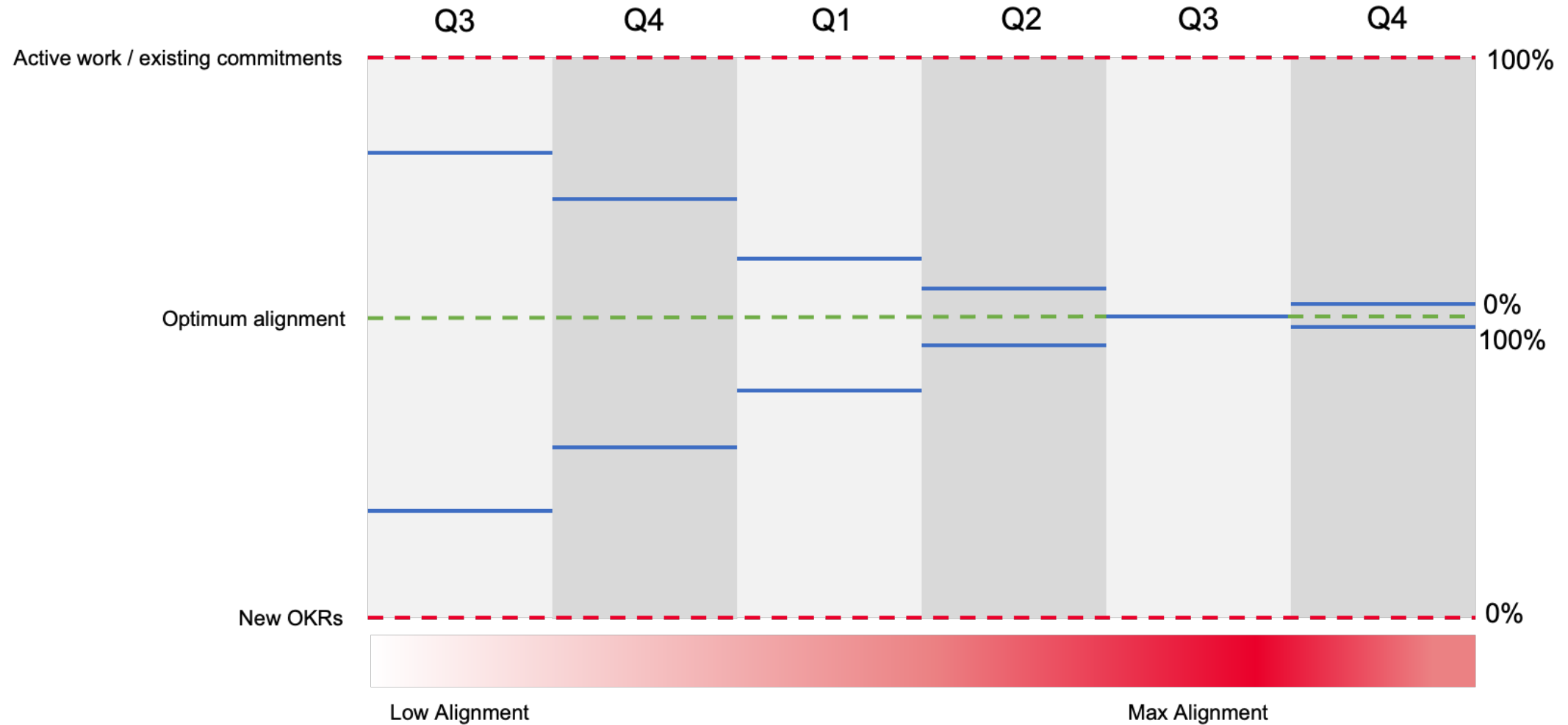
OKR Cycle Anti-Patterns
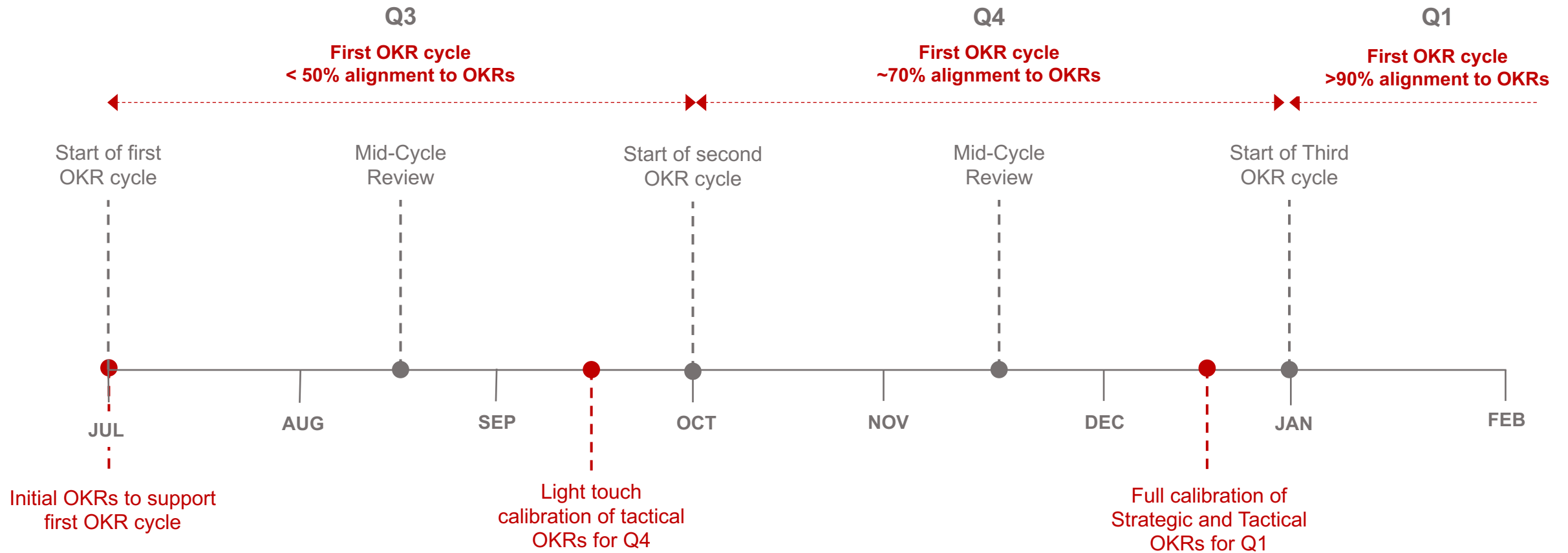
OKR Cycle Anti-patterns

- Not following an OKR Cycle

- No top-level OKRs to provide broad strategic context

- No effort to establish horizontal and vertical alignment

- Delegation of OKRs to managers with no leadership involvement

- OKRs reflect the goals of functional silos

- OKRs look like tasks with dates instead of measurable outcomes

- OKRs are out of alignment with actual work being done

- Zero OKR Check-ins ("set-it-and-forget-it")

- Not reflecting and incorporating new learning into the OKR Cycle

Establish a quarterly delivery cadence

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Q3
**First OKR cycle
< 50% alignment to OKRs**

Q4
**First OKR cycle
~70% alignment to OKRs**

Q1
**First OKR cycle
>90% alignment to OKRs**

Start of first
OKR cycle

Mid-Cycle
Review

Start of second
OKR cycle

Mid-Cycle
Review

Start of Third
OKR cycle

JUL   AUG   SEP   OCT   NOV   DEC   JAN   FEB

Initial OKRs to support
first OKR cycle

Light touch
calibration of tactical
OKRs for Q4

Full calibration of
Strategic and Tactical
OKRs for Q1

Closing Thoughts

✓ **Understanding Outputs vs. Outcomes is critical**

One of the first hurdles that both people and organizations need to overcome, is the ability to know the difference between an output and an outcome

✓ **Special considerations for achieving quality OKRs**

Strategic clarity is an input to quality OKRs. If OKR workshops are not sequenced correctly, the correct inputs to the sessions will not be available. We also need to create time and space for developing good OKRs.

✓ **Success with OKRs increases considerably with an intentional implementation**

Leverage the 10 Universal Deployment Parameters and the OKR Program Canvas to organize your implementation of OKRs.

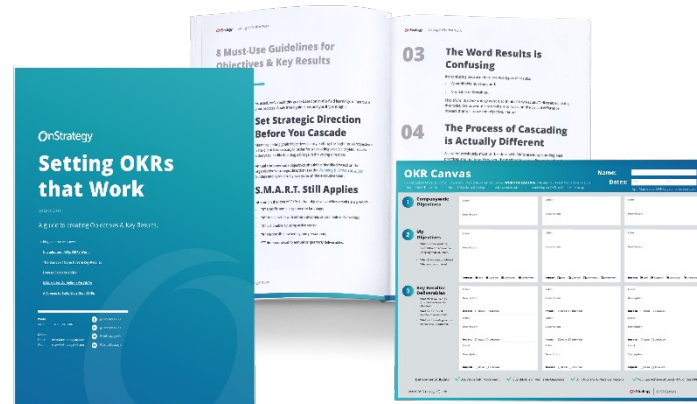✓ **Operationalizing OKRs requires orchestration and intentionality**

The OKR framework affords an organization to put structure in place for quarterly learning and calibration.
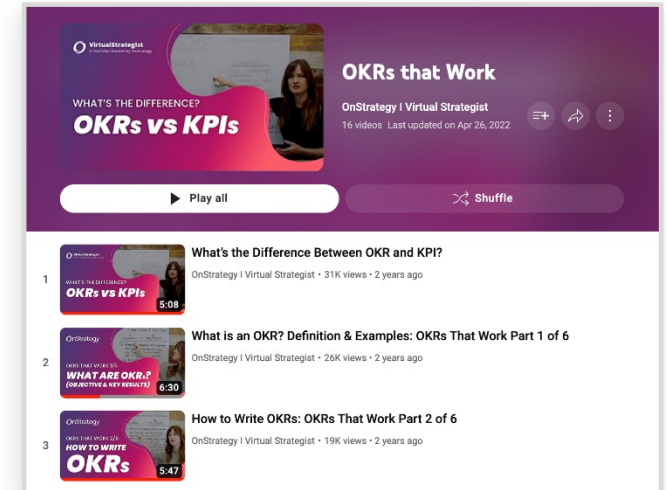
Additional OKR Assets
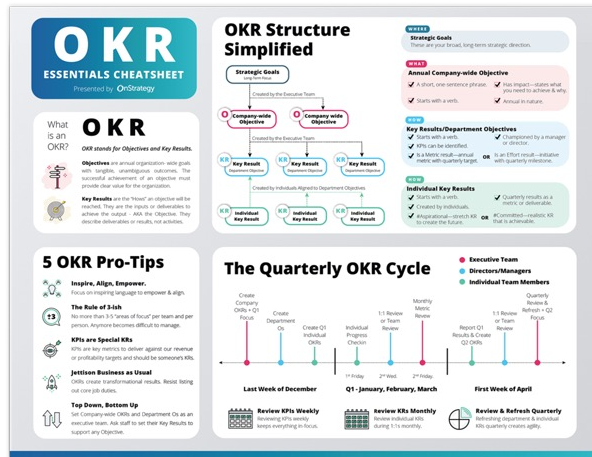
OKR Essentials Cheat Sheet

Download the Cheat Sheet

OKR Guide & Canvas

Download the Guide

OKR Whiteboard Videos (16 Videos)

Watch the Videos

CSO Collaborative Programming Calendar!

What's Next?

December is dark

January 2023

SAVE THE DATES

1st Thursday – January 5, 2023

3rd Thursday – January 19, 2023

Connect with us so we can highlight you on one of these upcoming calls.

Email collaborative@onstrategyhq.com