OKR Navigator

How to exceed the limits of the organisation a.k.a.
Good objectives make good results

The evaluation of performance of individuals in a team and the entire organization is more complex than it might seem at first glance. That is, if it is truly intended to lead to a more extensive shift in the company. If you believe that performance management involves only annual evaluations of employees' KPIs, you are likely overlooking effective methods for aligning the goals of employees and the company. By replacing sporadic assessments with a plan and ongoing performance communication, you significantly assist in clear direction toward success. This includes defining goals, expectations, and feedback tools for the organization.

Performance management represents a comprehensive strategy that influences the corporate culture, operating principles, and results of the entire organization. It informs employees and collaborators whether they are on the right path, explains the importance of their work, and demonstrates how they contribute to the development of the team and the company as a whole.

Performance management also provides answers to questions such as, "**Am I successful at work?**" "**Do I bring value to the company?**" and "**Am I easily replaceable?**" so that people in the company do not feel uncertain and do not consider seeking other opportunities.

And that's exactly something OKRs can help with.

In this guide, we have tailored the perspective on OKR specifically for remote or hybrid teams, with an emphasis on practical support for implementation and, most importantly, maintaining its operation.

We have divided the eBook for better clarity into 2 parts - the first part you are currently holding - **an introductory look at OKR and why it should be introduced**, and a **Practical Guide for Implementing OKR**, which top practitioners have contributed to! Like all other Sloneek's eBooks, you can find them on our website.

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Let's dive in!

Why Seek and Exceed the Limits of Company Performance At All?

More profit, better control over whether people in the company do what they are supposed to do, or a basis for financial evaluation. That's another way of putting it.

We see it a little differently:

→ **Finding how to do things better and with accountability, how to more easily and efficiently get to strategy and goals, how to make people's work fun and meaningful.**

Through performance evaluations, you gain an overview of key individuals, find opportunities for recognition, and support overall motivation. The kind of motivation that is often talked about but not seen everywhere. The kind of motivation that drives every company.

When employees have a clear understanding of expectations and are regularly informed about their performance, they are more motivated to work efficiently and achieve set goals. Specifically, the use of the OKRs methodology provides a clear framework for assessing performance based on specific criteria and objectives. This helps minimize subjectivity and ensures objective measures for evaluation. The result is higher engagement and, consequently, better performance.

Last but not least, it significantly helps identify not only colleagues but also their skills that need improvement. It adds another piece to the assessment of competencies (skills) that help define each colleague's role in the company. Thanks to this, you can manage corporate education and development as an investment and not distribute it thoughtlessly as a benefit. This leads us to discussions about career goals and aspirations.

These are just a few reasons why it's worth not overlooking performance evaluation but truly managing it. It makes sense!

What Is OKR and How Does It Help With Performance Evaluation?

OKR is a framework for goal setting and performance management that helps organizations, teams, and individuals define, track, and achieve their objectives. This approach consists of **two main components:**

01 **O-Objectives**
Qualitative, inspirational goals that **define what we want to achieve**.

02 **KR - Key results**
Quantitative, measurable, and time-bound indicators that define **how we will know we have achieved the objectives**. They show progress towards achieving the goals.

Goals and their associated key results should be **significant** for the organization, **specific, action-oriented, measurable, controllable, attainable, concise, inspiring, bold, and aligned with the company's vision and culture.**

An essential part of OKRs, without which the whole process would not work, is the OKR cycle. It consists of a set of activities that help successfully implement, execute, and maintain OKRs, as well as the much-needed discipline. It is typically set for a 90-day period (a quarter).

The cycle usually includes these regular phases:

- → **SET** Setting individual objectives and key results.
- → **ALIGN** Ensuring alignment with company-wide strategy and goals, as well as between different teams and individuals. This helps ensure that everyone is pulling together and everyone's work contributes to the overall success.
- → **KICK-OFF** The start-up phase, when the team starts working.
- → **CHECK-IN** Regular check-ins are important for monitoring progress.
- → **REVIEWS** At the end of each cycle, it is important to review and evaluate how well the team or organisation has achieved its OKRs. This phase also involves reflecting and learning from what has happened, which helps to set more effective OKRs for the next cycle.

In practice, you may encounter different names for the different parts of the cycle. Basically they describe the same process. **The main idea is to set clear and measurable goals, monitor progress regularly, evaluate the results and learn lessons for the next cycle.**

OKR vs. Other Performance Evaluation Methods

The OKR methodology is often compared to other performance management methods, such as **MBO** (Management by Objectives), **KPI** (Key Performance Indicators), or the **Balanced Scorecard**. In this comparison, let's look at the **main characteristics of each method:**

OKRs (Objectives and Key Results)

Focuses on setting ambitious and measurable goals broken down into key results. Promotes alignment and collaboration between teams and individuals. Emphasizes regular feedback, learning, transparency, and adaptability. Typically operates on a shorter time horizon (quarterly).

MBO (Management by Objectives)

Aims to align employees' goals with the organization's goals through mutual agreement. Focuses on setting specific, attainable goals for each employee. Involves regular performance evaluations. Tends to be more individual-oriented.

KPI (Key Performance Indicators)

Utilizes a set of quantifiable metrics to assess the success of the organization, department, or individual. Focuses on monitoring specific metrics and achieving predefined goals. Is less flexible and adaptable compared to OKR. Can be used in conjunction with other performance management methods.

SMART Goals

An acronym that stands for Specific, Measurable, Achievable, Relevant, and Time-bound goals. Provides a framework for setting and achieving goals, often used in combination with other performance management methods. Emphasizes setting realistic and clearly defined goals. Can be applied to individual goal setting but also to teams or entire companies.

Balance Scorecard

A strategic planning and management system that helps organizations align their activities with their vision and strategy. Measures performance in four perspectives: financial, customer, internal business processes, and learning and growth. Combines financial indicators with non-financial indicators to provide a more comprehensive view of performance. Can be complex and requires significant effort to implement and maintain.

NOTE

In practice, we also see a combination of OKRs, KPIs and SMART methodologies. While the SMART methodology is often understood primarily as a general framework for setting relevant and meaningful objectives, OKRs and KPIs are often used interchangeably or inappropriately.

What Must Not Be Missing in a Well-set OKR?

They must be **SMART...**

S

They are Specific
They must be clearly and specifically formulated to avoid any ambiguity about what needs to be achieved. They should be understandable across the company and departments. They should be free from abbreviations, idiomatic expressions, and terms that are understood by only a limited portion of people.

M

They are Measurable
Key results (sub-goals) must be quantifiable, measurable, and easily monitored throughout the period for which they are set. This allows for a clear assessment of whether the goals have been met or not.

A

They are Ambitious
They are realistic and attainable to prevent frustration and demotivation, but they are also challenging enough. They inspire teams to excel.

R

They are Relevant
They are aligned with both corporate and team strategies. This involves the relevant alignment of tasks and responsibilities of individuals involved in specific OKRs. During the monitoring and evaluation of OKRs, it is important to be flexible and prepared to make adjustments if some goals or key results are no longer relevant or attainable.

T

They are Clearly Time-Bound
Each key result (sub-goal) has a defined timeframe for completion. This helps focus efforts and sets clear deadlines and expectations for the achievers.

And they are also...

Focused on Results
They are focused on achieving specific results, not just on completing tasks or processes. Unlike KPIs, they are not directly tied to specific rewards (impact on compensation).

Limited in Number
To prevent dispersion and loss of focus, the number of OKRs should be limited (typically 3-5 main objectives and 2-5 key results or sub-goals for each main objective). Having a smaller quantity reflects achievability.

Finally, they are regularly monitored and evaluated
This allows for tracking progress and adapting them as needed, in response to changing conditions. This includes regular team meetings to discuss achieved results and any necessary adjustments.

The principle of continuous improvement through OKRs allows companies to constantly assess and enhance their processes and outcomes. OKRs themselves gain strength when we work with them **in context.**

Regular communication about ongoing goal implementation, progress evaluation, discussions about obstacles, and feedback help identify areas that require improvement and take timely actions to achieve better results. Recognizing the contribution of those involved in achieving the goals is also an important part. If we imagine OKRs as one side of a coin, the other side reflects these activities represented by the acronym CFRs (Conversations, Feedback, Recognition).

The company is becoming a learning organisation and OKRs give it the perfect tool for this.

CFR

CONVERSATIONS
Authentic, well-structured exchange of opinions between a manager and a collaborator, aimed at enhancing performance.

FEEDBACK
Two-way or networked communication that allows for evaluating progress and directing future improvements.

RECOGNITION
Acknowledgement to everyone who has contributed in any way, whether big or small.

OKR Setup TESTED IN PRACTICE

OKRs and their associated KPIs are usually set for a shorter period, typically a quarter. It is certainly not a mistake to choose longer time periods (six months/year) in relation to the needs of the company, business context or ambitions. **But take into account the undeniable benefits you may be missing out on:**

→ **Faster response to changes**
Quarterly OKR setup allows organisations to react faster to changes in market conditions, competition or internal resources. In this way, objectives can be updated more frequently, allowing for faster adaptation and innovation.

→ **Higher focus and motivation**
Shorter-term goals allow employees to better focus on achieving specific results. This increases motivation and engagement as successes and progress are visible and celebrated regularly.

→ **Less uncertainty**
Long-term goals can be more difficult to predict and plan for, while quarterly OKRs provide greater flexibility and allow organisations to better manage risks and uncertainties.

→ **Regular evaluation and improvement**
Quarterly OKRs allow you to regularly assess the performance of teams and individuals. This allows organisations to quickly identify areas that need improvement, and implement the necessary changes.

→ **Strengthening the company culture**
Regular quarterly reviews and updates of OKRs can strengthen company culture focused on results, collaboration and continuous learning.

NOTE

While OKRs are often set on a quarterly basis, many organizations also use annual OKRs or a combination of quarterly and annual OKRs. It is important to find the right balance between short-term and long-term goals that best suits your organization, its strategy and the speed of change in your sector.

How Can OKRs Help Us in Particular?

In the environment of hybrid or "full-remote" companies, it can greatly support the promotion of ownership and the associated motivation. When you know what and why you are working on, and understand how your work depends on the work of your colleagues, it can help direct your motivation in the right direction.

Focusing on goals, clear communication, clarifying expectations, increasing responsiveness to changes, and boosting engagement—these are all essential aspects that you cannot do without in remotely managed teams. **OKRs can play a significant role in all of this.**

We'll take a closer look at the **biggest benefits**:

Focus on Outcomes, not Outputs: OKRs concentrate on setting goals and do not dictate the path. Starting with the goal allows the organization to experiment with different approaches and find the most effective way.

Transparency and Clear Expectations: OKRs increase transparency among teams and individuals because everyone has access to the goals and key results of others. This promotes better understanding and collaboration across the company. And everyone knows how success is measured.

Alignment: OKRs help everyone in the team or organization understand how their goals and efforts contribute to the achievement of the organization's overall goals. This means that individual and team goals are connected and align with higher-level goals (e.g., department, division, the entire organization).

Commitment: Involving the entire team often leads to a higher level of commitment to achieving the established OKRs because everyone clearly understands what needs to be done and why it's important.

Measurability: Key results in OKRs are quantitative and measurable, allowing for straightforward assessment of progress and success.

Agility: The OKR system is flexible enough to adapt to changes in the business environment. Companies can adjust their goals and key results over time to better respond to new challenges and opportunities.

Goal Ambition: Otherwise known as Stretch or Stretching. It involves setting a goal slightly beyond the comfort zone and into the learning zone. When an ambitious goal is set, it encourages creative thinking and the exploration of new ways to achieve a more challenging goal. However, the goal must still be realistic, or it can be demotivating.

Faster Learning: Regular monitoring of goals allows organizations to learn faster. You discover obstacles earlier, learn what works and what doesn't, and share these lessons with the entire organization, leading to continuous improvement. Only through learning new things and experimenting can we achieve goals we've never reached before.

Engagement Support: OKRs should ideally not be dictated from the top. Leadership sets the strategy and direction, but teams create their own goals that best align with the company's goals. This allows everyone in the company to better understand how their work contributes to the company's success, thereby increasing their engagement.

The Difference Between OKRs and KPIs

Although both tools focus on achieving goals and measuring results, they have several differences:

- **Focus:**
  - OKR focuses on setting clear and measurable objectives and key results that allow teams to track their progress toward these goals. OKR is often used at the strategic level to support innovation and growth.
  - KPI focuses on monitoring key performance indicators that demonstrate how effectively and successfully the organization is achieving its goals. KPI is often used to measure operational efficiency and track results at the process level..
- **Timeframe:**
  - OKR typically has a shorter timeframe, often involving quarterly or annual goals. This allows organizations to quickly respond to changes and adjust their goals as needed.
  - KPIs can have a longer timeframe as they focus on long-term performance and stable measurements.
- **Flexibility:**
  - OKR is a flexible and adaptable system that allows organizations to quickly respond to changes and adjust their goals as needed.
  - KPIs may be perceived as less flexible because they focus on tracking specific performance indicators that may not change rapidly..
- **Collaboration and Transparency:**
  - OKR supports collaboration among teams and transparency because all goals and key results are shared across the organization.
  - KPIs may be perceived as more focused on individual teams or departments, which can lead to less transparency and collaboration.

ATTENTION

In OKRs, rewards are not set for achieving goals because the essence of OKRs is to not be afraid to take risks, but pursue ambitious goals, learn, and experiment. **Conversely, rewards are often associated with KPIs.**
If we were to introduce rewards for OKRs, it could **easily lead to tendencies of competition or deliberate reduction of goal ambition to make them more easily achievable.**
This would have significant impacts on communication, hinder collaboration, and so on.

NOTE

Although OKRs and KPIs have different focuses and approaches, many organisations use them together, to better track and measure their objectives and performance.

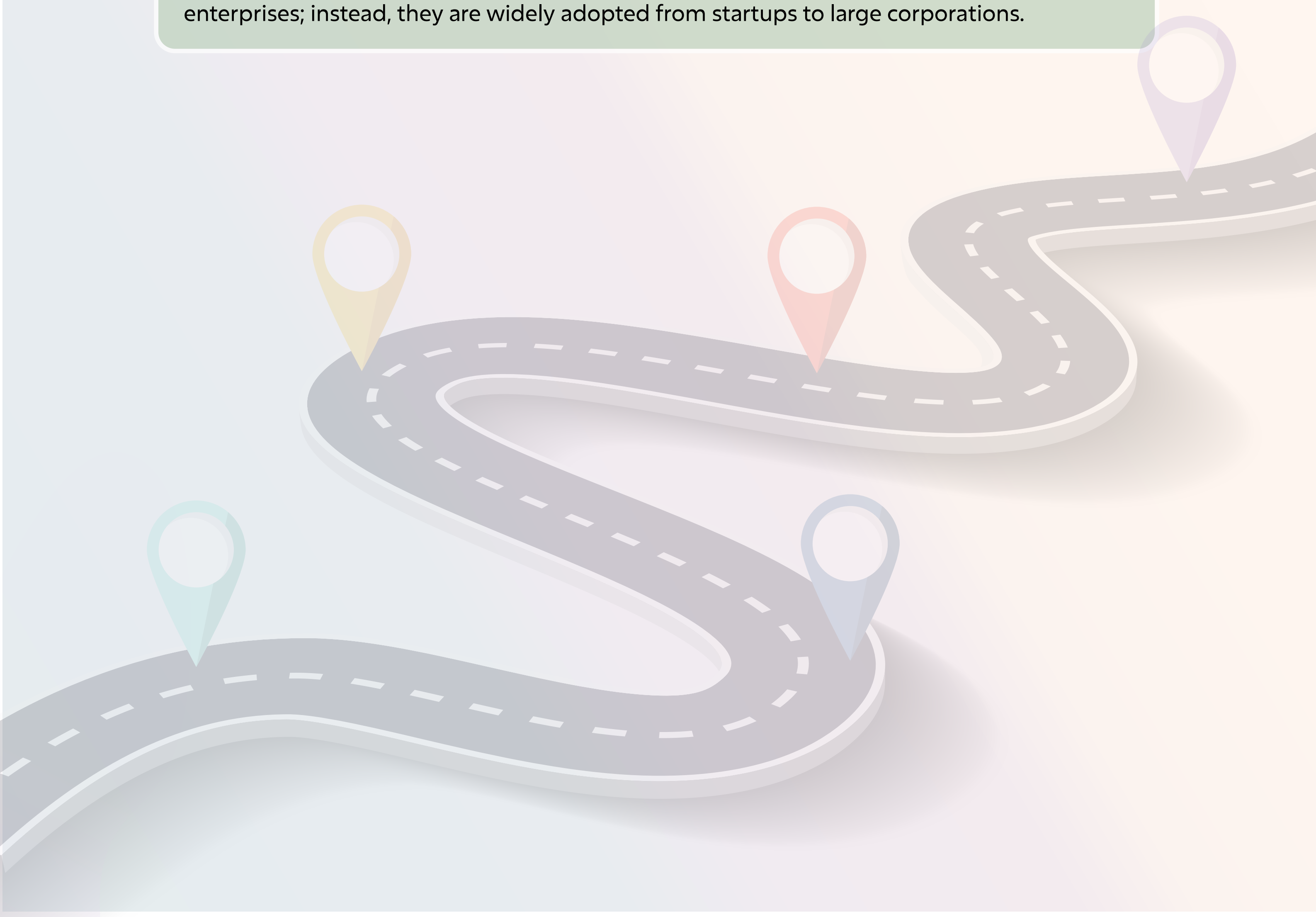
This allows everyone from top management to lower-level employees to focus on the **common and successful achievement** of a limited number of important goals.

We often see an approach where goals are defined hierarchically, cascading from top to bottom, i.e. from company-wide goals to team or individual goals. At each lower level, 3-5 objectives are then defined that fulfil the objectives one level above. We will look at this in detail [in a follow-up practical e-book.].

And where does company management draw inspiration from when setting company-wide goals?
From the corporate vision, mission, strategies, long-term goals, but also in response to current market developments (impact of competitors, new trends, energy crisis, investor entry, etc.). But goals don't just come from the top, they can come from the bottom, from the team itself and its members (laddering).

NOTE

The roots of OKRs go back to the 1950s to the MBO (Management By Objectives) methodology introduced by probably the most famous management theorist Peter Drucker. In the 1970s, Andy Grove developed the approach into OKRs and introduced the methodology at Intel. Later, in 1999, John Doerr brought the method to Google, which contributed significantly to its widespread popularity. Today, OKRs are not limited to large enterprises; instead, they are widely adopted from startups to large corporations.



What To Watch Out for When Building OKRs

01	Too many OKRs can lead to a loss of focus and reduced efficiency. It is recommended to have **3-5 objectives and 3-5 key results for each objective**.
02	It is important to set OKRs to be **challenging but still achievable**. Avoid setting unrealistic goals that could lead to demotivation and disappointment.
03	Involve all team members in the process of setting OKRs and consider their opinions and needs. This ensures that OKRs will be relevant and meaningful to everyone involved, significantly increasing engagement and a sense of **OWNERSHIP** in the team.
04	During the process of tracking and evaluating OKRs, it is important to be flexible and prepared to make adjustments if some objectives or key results are no longer relevant or attainable.
05	Foster a culture of continuous learning and improvement that encourages regular assessment and updates of OKRs. This ensures that your organization will constantly seek ways to achieve better results and growth.

People's success precedes business's success. There is no business success without people's success. And at least until technology can do EVERYTHING we humans do (and that's just not going to happen), without setting people up for success at work, businesses will achieve a fraction of what they could potentially achieve if they harnessed the potential and talent of people.

We will take a detailed look at this with the real OKR masters - **Martin Imrich** (Safetica) and **Jan Sebek** (MoroSystems) in the next ebook, which takes a very detailed and practical take on OKR setup in companies.

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She currently realizes her passion for personal development, caring for corporate culture, and streamlining processes in teams and organizations in her role as HR & People Care Lead at DataSentics, an Eviden business. She also gained her startup experience at PPC Bee as COO and through freelance activities. During this time, she consults and mentors in areas such as leadership, career development, agile management, L&D, and OKRs, which she herself uses in practice and shares not only through the OKR Mastermind platform/community, of which she is a member.

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Milan is a co-founder of the HR system Sloneek, where he is responsible for HR and operations. He spent a significant part of his career in marketing and HR consulting for management. He is an enthusiastic advocate of the idea of corporate education as an investment and managing people through competencies. He is the Vice President of the academic club of the Czech Andragogical Society. He studied andragogy and marketing, earning doctoral degrees in both fields. He believes in lifelong learning and development as a way to prevent stagnation