Google’s Approach to Goal setting: OKRs
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What are OKRs?

Objectives and key results (OKR) is a goal-setting framework driven by stretch goals aligned with desired business outcomes. Leaders use OKRs to track and assess employee performance tied to company core values at a high level. Using big-picture outcomes instead of day-to-day tasks as drivers, OKRs encourage individual ownership by focusing on crucial result indicators instead of menial tasks.

At a glance, OKRs are measurable stretch goals that are visible company-wide to align the work of all individuals to company-level goals. OKRs should not be regarded as frequently updated to-do lists or a means of assessing employee compensation. Fun Fact: If you’re familiar with Peter Drucker’s Management by Objectives (MBO) framework, you may be wondering whether OKRs originated before or after MBOs were popularized. The MBO methodology did precede the creation of the OKR framework.
The OKR framework was first introduced at Google by John Doerr. You may know him as the author of Measure What Matters: OKRs: The Simple Idea that Drives 10x Growth. However, contrary to popular belief, Google’s widespread adoption of OKRs didn’t make them the first to do so. Some decades ago, notable giants in the likes of Intel and Oracle had already adopted OKRs. So you see, Google was in good company when they decided to roll out OKRs company-wide. John Doerr’s successful introduction of the OKR framework at Google paved the way for today’s widespread goal-based management processes. At Google, the OKR practice is generally not tied to the compensation of employees. Instead, the core focus was on setting stretch goals that could be completed in full transparency across Google, regardless of the different teams’ different time zones. Today, Google continues to use OKR practices as the tech giant thrives on high collaboration and strong core value alignment.
Research shows time and time again that without everyone on board, it’s near impossible to commit to achieving OKRs, let alone better employee performance. To successfully bring OKRs to your company, leaders must be clear and transparent with all employees to receive buy-in.

So what does obtaining buy-in from everyone in the company look like?

At Google, it’s about laying a foundation for motivated, engaged employees by helping them learn to set goals for a successful career with Google and beyond. They go about obtaining company-wide buy-in with a process that can be summarized in 3 steps:
Google recommends starting by covering the basics of OKRs, what they are and how they work. Consider this the educational part of the buy-in process where there is no form of persuasion involved. By educating a company’s workforce first and foremost, employees will be less skeptical towards the new concept of OKRs when the framework is rolled out.

Once their employees had a good grasp of what OKRs were, Google proceeded to review their current approach to goal setting. The limitations of existing methods are highlighted in the review process and how OKRs can help overcome such limitations. It’s essentially illustrating OKRs as a new framework that will help everyone better understand company priorities and focus on priority tasks.

With a review and benefits assessment communicating the benefits of the OKR framework, it can be challenging for any single team or individual to refute the idea of testing it out. Though Google’s entire workforce may not have been thrilled with the change initially, Google made certain their employees agreed on their company objectives. With everyone reaching an agreement on company objectives to focus on and how success will be measured, Google believes that beyond getting buy-in to the OKR framework itself, the commitment to aligning departmental and individual OKRs will follow organically.
How Google Sets OKRs

Before we dive headfirst into how Google sets OKRs, let’s consider the concept of stretch goals we touched on earlier. Wildly successful companies like Google, Apple, Boeing, and more have specifically attributed their successes to ambitious stretch goals. It’s no wonder leaders are mimicking their strategy in hopes of a path to success as well.

Unfortunately, stretch goals tend to be misused. Creating stretch goals is challenging because there’s an apparent paradox: setting an utterly unachievable goal is like being set up for failure versus setting a goal that’s not ambitious enough to reach for the extraordinary.

Luckily, Google has found a predictable success threshold in which OKRs are set to balance the fine line between ambitious and unachievable. Specifically, Google sets OKRs that are considered completed at a 70% completion rate and anything above that threshold to be above and beyond.

Google’s Objectives: Start with three to five high-level objectives with approximately three key results for each objective. These three to five objectives are organizational objectives intended to steer the direction of all cascading objectives.

While Google’s organizational objectives may not reflect the priorities of small businesses, the OKR framework works on both a large and small scale. An example of a high-level organizational objective for a small business might be “Reach the revenue target of $1M,” with key results speaking to how leadership can make this happen.
Here’s how to go about setting organizational objectives:

- As with Google’s example, only set several objectives not to dilute your team’s efforts to achieve priorities. Three to five objectives annually is plenty.
- Ensure the objective is a stretch goal, not something your team is already achieving.
- Use measurable terms to make the objective’s intention as straightforward as possible for the entire company.

Here’s how to develop corresponding key results for organization objectives:

- Limit three to four key results per objective.
- Determine a metric that will be tied to assessing the progress and success of each key result.
- Ensure key results are not reflecting day-to-day tasks but instead, desired outcomes of each objective.

Once Google has decided upon three to five OKRs to work on in any given quarter or year, they will be cascaded down to various teams to set departmental and individual OKRs.
Now that we have a better sense of how Google starts setting OKRs and what they deem a “good OKR,” let’s consider what Google advises beyond the basics.

Avoid writing OKRs that don’t require any changes to current processes to complete.

OKR that doesn’t require additional effort to fully complete will defeat the purpose of a stretch goal helping achieve better performance. Just remember, if you don’t need to leverage your entire team to complete a team OKR, then it isn’t a strong enough OKR.
Make sure key results encompass all the outcomes needed to be achieved for an objective to be completed.

Key results are metrics and indicators of how to achieve the objective and complete an OKR. If stated key results do not fully reflect everything needed to achieve an objective, more planning and discovery is required to understand what is necessary to complete the objective.

Help leaders understand they should require the support of other teams to deliver on big-picture OKRs.

Communication is a massive step in writing OKRs just between managers and individual employees. When your team objectives depend on the outcome of another individual, team’s work, or OKRs, communication becomes even more crucial. During the time OKRs are being set in your teams, collaborate to reach agreements on timelines and shared resources.
Google tracks the progress of OKRs at every company level publicly and never ties mid-quarter progress to performance evaluations. Tracking progress means OKRs are not used to evaluate an individual's performance but rather assess progress and reflect on areas to improve upon to support teams to achieve OKRs they’ve set.

Google conducts check-ins with teams and individuals throughout the quarter. This is to ensure OKR progress is on track. Such check-ins give leaders and teams adequate time to turn the ship around, should they find themselves off-track or experiencing a shift in priorities. In practice, Unlock OKR recommends weekly individual check-ins to OKRs and bi-weekly check-ins with managers to discuss progress and roadblocks.

That is not to say OKRs do not support the performance evaluation process. Rather than tying OKRs to compensation, OKRs will give leaders a solid overview of employee contributions and impact to the company by month, quarter, and year. In this context, OKRs provide performance documentation that would have otherwise been left to the mental recollection of individuals.
How Google Grades OKR Completion

Google grades OKR completion using a method known as OKRs scorecards. These scorecard grades OKR achievement on a scale of 0.0 to 1.0, with 1.0 meaning a complete OKR. Despite the maximum score of 1.0 or 100%, Google sets OKRs that are considered completed at a 70% completion rate and anything above that threshold to be above and beyond. Correspondingly, a score of 0.7 or higher would mean expectations have been met, and a stretch goal has been appropriately set.

In granular terms, the scorecard method grades OKRs on a 0.0 to 1.0 scale. OKR grading isn’t confined to something in between those scores. Often, completing a key result will result in a score of 1.0 and anything else resulting in 0.0. For instance, if one key result were “make eight new sales” and only four new deals have closed during the quarter, the grade would be 0.5. However, if the key result was instead, “launch XYZ product to market” and the product was not launched, any progress on the go-to-market strategy would still result in a 0.0 on the OKR scorecard.
Here is an example of Google’s OKRs scorecard format:

<table>
<thead>
<tr>
<th>Objective - Achieve $1 in recurring annual revenue</th>
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<tbody>
<tr>
<td>Overall score: 63</td>
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<th>Key Results</th>
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<tr>
<td>Key result score: 0.4</td>
</tr>
<tr>
<td>Attend 5 industry conferences (2/5)</td>
</tr>
<tr>
<td>Key result score: 1.0</td>
</tr>
<tr>
<td>Approach 30 potential leads (30/30)</td>
</tr>
<tr>
<td>Key result score: 0.5</td>
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<tr>
<td>Close 8 new sales deals (4/8)</td>
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Advice on Bringing OKRs to Your Company’s Advantage

If you want to learn more about how Google sets OKRs, we recommend watching Rick Klau, Google Venture Partner, speak on what Google has learned from using OKRs. He does a fantastic job outlining what OKRs are and how small businesses and high-growth startups leverage the OKR framework for the first time.

As for advice from the Unlock OKR team, our OKR coaches advise users never to assume the OKR framework to be easy to implement the first time around. This is because when OKRs are first introduced, the business has yet to fall into a regular OKR cadence, with little to no thresholds set for stretch goals—making the new processes feel uncomfortable.

It’s essential to understand a startup rolling out OKRs for the first time may take a quarter to get acquainted and then some to set OKRs for new employee onboarding successfully. In most cases, this can range from one quarter for small businesses and up to a year for companies the size of Google. Because the process can be daunting at first, Unlock OKR recommends enlisting the support of an OKR coach if there is no one internally that has OKR implementation experience.
Unlock OKR is a complete OKR solution for leaders and growing companies. With Unlock OKR, you can transform the way people achieve goals, from the way you track progress and give feedback to automating the manual practice of goal setting. See how Unlock OKR can help your team leverage the OKR framework to improve employee and business performance.
Unlock:OKR is a product of Infopro Learning Inc, part of a global organization with 7,000+ employees and office all around the world. Helping organizations adopt new processes has been core to our business for over 25 years and we are widely recognized for our work in this field with some of the world’s most powerful brands. Our 3 brand promises for the organizations that utilize Unlock:OKR are:

- Outcomes Culture- Turning OKR theory into reality
- Lean Software- Executing OKRs in the flow of work
- OKR Adoption Guarantee- Ensuring successful adoption of OKR framework