OKR EXAMPLES DEEP DIVE

An in-depth explanation of the OKR examples mentioned in *Chapter 8: Goals and Planning*

OKR EXAMPLES: A DETAILED LOOK

As we covered in chapter 8 of Come Up For Air, setting up your company's OKRs (Objectives and Key Results) is a great way to ensure that everyone on your team is aligned on what matters most. We provided three quick examples of OKRs to illustrate how they work in practice.

In this bonus resource, we'll take a more in-depth look at each of these examples, explaining the thinking behind each key result and its targets.

Company Annual OKR: Improving Financial Health

Let's say that over the next year, you want to improve the financial health of your organization. Your leadership team has determined that, at this given time, that's what matters most.

So, how do you get there? And how do you define being "financially healthy"?
In this case, the Company Objective is "become financially healthy." You would then need to create three to five key results to support that objective. To do this, you'd ask yourself and your team: "What metrics must we hit in order to feel that our organization is financially healthy?"

There are many metrics that can indicate whether an organization is financially healthy, like revenue, profit margin, rate of churn, number of customers, lifetime value of a customer, and more. The idea is to ask yourselves, "Which three to five metrics are most applicable to us? Which matters most?"

After discussing with your team, you come to the conclusion that overall profit, revenue, annual recurring revenue, and customer lifetime value to customer acquisition cost (LTV:CAC) ratio are the four most important metrics for you to track. These are now the basis of the four key results for your objective focused on becoming financially healthy.

Now that those metrics are set, it's time to add a target to each. How much profit do you need to make? How much revenue do you need to bring in? What does the gross profit margin ideally need to be? What is your ideal LTV:CAC ratio? And where do you currently stand on each of those four metrics?

These targets should be attainable but impactful. You want to push yourself and your team to achieve a great result. In other words, try crafting a target where even if you just hit 80 percent of the target, you'd be happy with your progress.

To generate that number, you can look at your past performance and plan accordingly.

Here's how that might look:

	Previous Annual Numbers	Next Year'sTarget
Profit	$10,000,000	*$40,000,000*
Revenue	$50,000,000	*$100,000,000*
Annual Recurring Revenue	$30,000,000	*$80,000,000*
LTV:CAC Ratio	1.5	*2*

Once the targets have been clarified and agreed upon, they would then be added to the key results. Both the objective and key results would be filled out with all the necessary information, linked together, and updated quarterly.

Project-Driven OKR: Improving Team Performance

Now let's look at an OKR that has more project-driven key results.

Say you want to improve the performance of your team over the next quarter. It's not entirely clear how you'll get there or what that means, but you know that it's a priority for the next planning period. "Improve team performance" is your objective.

Now, what key results would indicate you've achieved that goal? There are many ways to improve the performance of a team, so the first step would be to align on what is lacking and what matters most. Maybe you need to hire more people, or maybe you're not getting the full output from your current team. Maybe a faulty hiring system means you have the wrong people in the wrong roles. Maybe some people on your team have never been trained properly or you don't have the right systems in place to maximize their output.

After discussing with your team, you come to the conclusion that there are three things that, if achieved, would indicate that you've improved the performance of your team.

Those three things are:

- developing a new and improved hiring system
- hiring five new team members
- implementing an internal-systems training program

Unlike our last example, two out of these three key results are project-based. Therefore the success of the objective is largely dependent on the completion of those two projects (developing a new hiring system and implementing a training program). Hiring five new team members is a metric-driven key result where the metric is the number of new team members hired.

You can see how, in this example, progress on some of these key results may not start until another is finished. You wouldn't want to use the old hiring system for hiring those five new team members, so it makes sense to focus on building the hiring system first. The "hire five new team members" key result may be at 0 percent progress for the first few months, but it could still be labeled as "on track" assuming the system is being built.

For example, our director of sales may have a key result to close thirty new clients in a quarter. When she goes to write her first monthly status update, she's only closed five clients, meaning she's only made 16 percent progress toward the goal even though we're now 33 percent of the way through the quarter.

But she also knows we have a booth at a big conference next month that will result in lots of new leads and closed clients. In this case, she would indicate the key result as "on track" even though the current progress might indicate otherwise because that influx of new clients will make up for the slower progress from the first month. By including that context in the written portion of the status update, I can then see exactly why she's labeled it on track—and in this case, I'd agree that she's made the right call.

If you do choose to implement OKRs, I can tell you that you'll encounter plenty of situations like this. As much as we'd all like it to, business progress typically doesn't occur at a consistent rate. You need to consider both where you're at and what's coming down the pipeline when making these status updates.

Team Quarterly OKR: Increasing Marketing Reach

Let's take things down a level to look at a Quarterly Team OKR. This is actually an example from an OKR owned by Leverage's marketing team.

There are many different approaches to marketing, making it one of the most common examples of the "shiny object syndrome." There are so many ways to attract leads that it can be difficult to choose where to spend your time. You have to figure out what matters most.

With our marketing team, we decided that we wanted to increase our reach—meaning we wanted to increase the total number of people that were being exposed to our brand. There are many ways to do that, of course, but we spent time nailing down what mattered most to us. At the time, there were four things that we deemed important:

- generate 5 million views on thought leadership articles
- generate 100,000 new newsletter subscribers
- increase podcast subscribers to 250,000
- increase YouTube subscribers to 100,000

Someone might look at that short list and think, "Why don't they care about social media?" or "Why aren't they focused on paid advertising?" Those are important, but remember that OKRs are an exercise in figuring out what matters most. Our marketing team had only so much bandwidth, so they focused on the four metrics that mattered most to them in that time frame. Later on, they may focus on social media or paid advertising—but at this point, those four metrics were deemed most important to achieve the specific objective.

Then it became a simple matter of creating lofty yet attainable targets for each metric. The relevant marketing team member was assigned to each goal, and they were then responsible for getting the work done to achieve the target. For example, the person responsible for increasing newsletter subscribers set to work on creating lead magnets which would be given out for free in exchange for email addresses. That work is all collected in a project within Asana, and the project is tied to their target.