ATLASSIAN
Jira Align

The definitive guide to OKRs

How objectives and key results drive transformative change and unlock agility

Table of Contents

01

Executive Summary

Executive Summary

Research has shown that writing goals down increases the odds of achieving them.[1] In the 1990s, venture capitalist John Doerr popularized a framework for setting and tracking aggressive goals known as objectives and key results (OKRs.) Since then, large and small companies, non profit organizations, athletes, educators, investors and many others have embraced OKRs.

Today, market forces, customer demands, economic changes, political conditions, and public health concerns make it necessary for companies to quickly adapt to change. Those who don't, run the risk of losing market share, revenue, and public trust. Command-and-control style leadership teams become powerless to control change across an entire organization. Agile companies, on the other hand, give teams the freedom to set goals and to decide how to reach them. Flexibility and empowerment, the cornerstones of agility, are also the founding pillars of OKRs.

OKRs provide guidance that promotes distributed decision making and keeps every level of the organization engaged. Objectives in OKRs should be ambitious, short, and inspiring. Unlike the goals in management by objectives (MBOs), OKRs should make you strive for peak performance. Scoring a perfect score usually means the objective wasn't a stretch. And unlike key performance indicators (KPIs), OKRs are meant to align with a company's vision, mission, and values.

If you do nothing to drive agility throughout your organization, at least implement OKRs. Here are a few of the reasons why:

- **Agile teams experiment, fail, and learn as they go.** OKRs don't punish teams for going after aggressive goals. Instead, they embrace a spirit of continuous learning and collaboration.
- **Agile teams are empowered to make decisions.** It is understood they will make mistakes and learn from them. OKRs function in a similar way: they set a direction without mandating how the work will be done.
- **You can change throughout the year.** You may discover that the goal you set for yourself or your team is no longer relevant. Maybe market forces are now dictating a new direction. OKRs offer you the flexibility to make these changes. You can change goals that are no longer relevant. And you can modify tactics that aren't yielding the desired results.

[1] Matthews, G. (2015). Goal Research Summary. (Rep.) 9th Annual International Conference of the Psychology Research Unit of Athens Institute for Education and Research (ATINER), Athens, Greece.

Because agility is everybody's mission regardless of where they fit in the organization, this ebook offers guidance to teams at every level.

OKRs for leadership teams

Setting OKRs forces you and your teams to prioritize goals. As a leader, you need to secure commitment from your leadership team to get going. Setting OKRs doesn't have to be a formal process, and you don't need sophisticated tools. This ebook guides you step by step, and offers tips customized to your role.

OKRs for business unit leaders

Your job, once the top-level OKRs are communicated, is to define your own. We walk you through examples, and offer suggestions for creating and tracking bold goals and key results. Our advice is tailored to your job.

OKRs for agile teams

Teams and individuals are empowered to adopt OKRs. OKRs not only push you to peak performance; they also create a track record of your achievements. Take a look at our tips and advice for teams.

In this guide, we'll also discuss the challenges you're likely to face when implementing OKRs and how to adjust when things get difficult. Setting OKRs will challenge you to think about strategic priorities. Although the process is simple, it isn't always easy. Beware of setting the wrong OKRs; they will cost you time, effort, and money. Watch out for too many objectives or key results. Don't set them in isolation: OKRs are a team sport. And stay away from rigid cascading.

> If you don't score a perfect score, don't despair. Perform an honest assessment with yourself and your teams, put a mitigation plan in place or modify the key results.

02

Introduction

Introduction

How many of us promised ourselves to exercise more in the new year, train for a summer marathon, quit a bad habit, or strengthen our relationships with coworkers only to give up because we lost motivation or couldn't keep up the work to reach that goal? According to Dr. Gail Matthews, professor of psychology at the Dominical University of California, the failure to reach goals has a lot to do with lack of accountability.

In 2015, Dr. Matthews presented the results of a global study on goal setting. The study found that over 70% of the participants who achieved their goals wrote them down and sent frequent updates to their friends. In contrast, only 35% of those who kept the goals to themselves managed to reach them.

Here's what the achievers in the study had in common:

Commitment

They committed to action by writing down their goals and the specific actions they would take to reach them.

Accountability

They sent their commitment to an accountability partner–a peer or friend.

Regular updates

They followed up with weekly updates to their accountability partners.

Documenting goals has been common practice in the workplace for decades. In his 1954 book The Practice of Management, Peter Drucker coined the term "management by objectives" (MBO), and outlined a practice for setting goals that dominated corporate behavior for decades. In later years, MBO came under attack for placing too much emphasis on goal setting and not enough on creating a plan to achieve them. By the 1990s, Andy Grove, then CEO of Intel, had implemented objectives and key results (OKRs): a framework for goal setting that upended the top-down management practice of MBO. Venture capitalist John Doerr popularized OKRs in the '90s.

Today, market forces, customer demands, economic changes, political conditions, and public health concerns make it necessary for companies to adapt quickly to change. Those who don't, run the risk of losing market share, revenue, and public trust. Command-and-control style leadership teams become powerless to control change across an entire organization. Agile companies, on the other hand, give teams the freedom to set goals and to decide how to reach them.

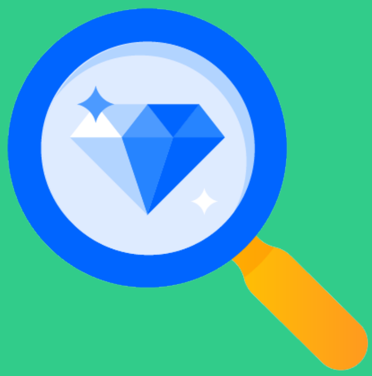
OKRs, by allowing distributed goal-setting, create a framework that drives agility. Many innovative, household name companies use OKRs and swear by them: Google, Airbnb, Twitter, Atlassian, the Bill & Melinda Gates Foundation, and ING are a few.

Market performance isn't the only reason why companies embrace OKRs. Edwin Locke, a psychologist and pioneer in goal-setting theory, linked goal setting with self-confidence and motivation.[3] OKRs are rooted in the fundamentals of psychology and human behavior. They represent many of the elements below which, according to Dr. Locke, are important when setting goals.

- Goals need to be **specific**
- Goals must be **difficult yet attainable**
- Goals **must be accepted**
- Feedback must be **given on goal attainment**
- Goals are more effective when they are **used to evaluate performance**
- Deadlines **improve the effectiveness** of goals
- A **learning goal orientation leads to higher performance** than a performance goal orientation
- Group goal-setting is **as important as** individual goal-setting

Setting bold goals, writing them down, and holding yourself and your company accountable make the difference between superior and lackluster performance. This guide will explain why OKRs promote agility; address the differences between OKRs, MBO, and KPIs; guide you through the process of setting goals and measuring progress; warn you about the behaviors to avoid; and offer practical advice for when you fail to meet your objectives. Because agility is everybody's mission regardless of where they fit in the organization, this offers guidance to teams at every level.

[3] Locke, E. A., & Latham, G. P. (2006). "New Directions in Goal-Setting Theory." Current Directions in Psychological Science, 15(5), 265-268.



03

What are OKRs?

What are OKRs?

OKRs offer a methodology for setting ambitious annual goals and measuring results throughout the year. Merely setting goals isn't enough to get a company in a winning market position today. One of the biggest strengths of the OKR framework is it not only defines a shared direction throughout the company; it puts emphasis on execution and tracking results.

How do OKRs fit with your strategic imperatives? The yearly objectives, the O in OKRs, define what you will do and how you will do it.

The objectives should:

- Enable your vision, which conveys the value you bring to the customers
- Support your company's mission, which defines why the company exists
- Align to your company's values, which capture how you behave with your clients, employees, and stakeholders (See Figure 1.)

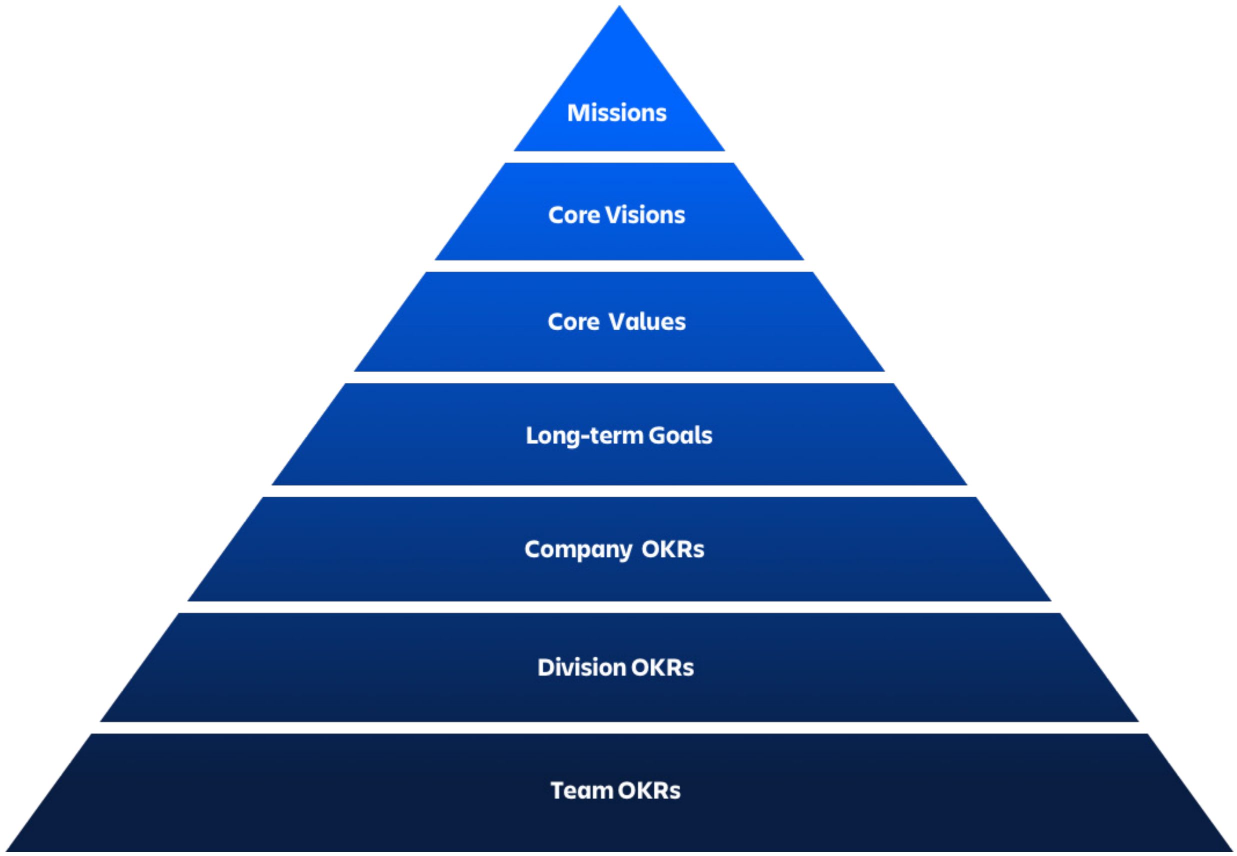


Figure 1. How OKRs align with vision, mission and values

Two components of OKRs

Objectives

Objectives are qualitative. They should be ambitious, short, and inspiring. They should instill a sense of meaning and get you out of bed in the morning with a feeling of excitement. Ambitious objectives make teams strive for peak performance. The philosophy behind OKRs is that if your company is achieving 100% of its goals, the goals are too easy.

EXAMPLE | O: Deliver best-in-class customer experience

Key Results

Key results are the metrics you use to track progress toward each objective. The best KRs are quantitative, possible, and measurable. You should plan for one to five key results for each objective.

EXAMPLE | KR1: Improve the net promoter score from X to Y
KR2: Improve online engagement from B to C

OKRs vs MBO

Many companies still use the MBO framework, while other companies moved away from it. MBOs placed too much emphasis on goal setting and not enough on creating plans to achieve them. OKRs still contain your objectives, but now offer a way to measurably show success towards achieving them.

	OKR	MBO
Goal Setting	Bi-directional	Top-down only
Measurement	Quantitative only with ambitious stretch goals	Often qualitative and safe to achieve
Transparency	Open to everyone	Hidden and private
Time Frame	Monthly, quarterly, and annual setting, measuring, and reporting	Annually set with quarterly reporting teams
Success	Achieving success is clear, measurable, and obtainable	Ambiguous and open to different interpretation

> **OKRs are a clear way to drive the right behaviors.**
>
> MATTHEW LAWRENCE, SENIOR GROUP PRODUCT MANAGER ATLASSIAN

OKRs and agility

OKRs operate in the spirit of accountability, empowerment, innovation, and flexibility, the same principles that guide agility. The OKR framework promotes distributed decision-making, keeps every level of the organization engaged, and allows teams to make decisions that support their goals. Even if you do nothing else to promote agility in your organization, implementing OKRs will put you on the path to agility.

5 ways that OKRs put you on the path to agility

1. **Agile teams empowered to make decisions**
   Agile leaders don't hand down instructions to their teams. It is understood they will make mistakes and learn from them. OKRs function in a similar way: they set a direction without mandating how the work will be done.

2. **OKRs create aspiration**
   You shouldn't be hitting 100%, even when you're doing everything right. If you are falling short, you can adjust what you do and how you do it. Flexibility is a key ingredient of agile development.

3. **Agile teams experiment, fail, and learn as they go**
   OKRs don't punish teams for going after aggressive goals. Instead, they embrace a spirit of continuous learning and collaboration.

4. **Agile teams work in rapid review and delivery cycles**
   OKR proponents advocate frequent reviews. You can combine the question "Did we deliver the things we said we'd deliver?" with "Did we achieve our objectives?" Asking both questions at the same time helps you decide whether to stay on the current path or change.

5. **You can choose to pivot or persevere throughout the year - that's what agile means**
   You may discover that the goal you set for yourself or your team is no longer relevant. Maybe market forces are now dictating a new direction. OKRs give you the flexibility to make these changes. You can change goals that are no longer relevant. And you can modify tactics that aren't yielding the desired results.

How key performance indicators (KPIs) relate to OKRs

Many businesses still use KPIs today to track business performance. You can use KPIs alongside OKRs. KPIs, such as the number of website visitors or email conversion rates, are definitely worth tracking. KPIs work well for internal variance analysis, to find indicators for when your KRs miss their goal. But KPIs are not a substitute for OKRs. Here's why:

- KPIs naturally inherit an output over outcomes based approach. For example, a KPI centered on how many trial sign-ups you achieve, pushing you to do everything you can to increase that number, may not achieve the right outcome for your business. You increase the number of trials only to find at the end of the year, that your revenue did not increase at the same rate. By all accounts your team achieved success if measured solely by that KPI.
- OKRs allow you to set objectives, measure the key results, and adjust if the key results are driving the wrong behaviors.
- OKRs set bold, aspirational goals. You won't be hitting them 100% of the time. KPIs should be realistic and doable.

Why OKRs?

Setting OKRs isn't easy. In fact, the process will challenge you. But the challenge has its payoffs.

Innovation

Bold, ambitious goals serve as your north stars. Strong OKRs require new ideas, ways of working, and processes. Reaching for them ignites innovation.

Empowerment

You will be empowered to deliver results. OKRs depict how you measure success towards your objectives but not how work gets done--that's up to you.

Simplicity

OKRs don't depend on complicated calculations or tools. Simplicity is one of their biggest strengths.

Alignment

Setting and tracking OKRs is a collaborative effort that brings the organization together.

Agility

OKRs promote agility. You may not meet all your goals, but you will learn from your mistakes and make adjustments.

Flexibility

If the key results are not helping you reach your objective, you have the freedom to adjust them or get rid of them.

Discipline

Employees can focus their talents on the activities that bring the best results. OKRs can drive focus, discipline, and employee engagement.

Transparency

Goals and key results serve as a contract, visible to all, at any level.

03

Examples and scoring

Examples and scoring

OKRs can be company-wide, specific to a function, for profit or non profit organizations. Executives, athletes, investors and students can use them. In fact, any organization, team or individual committed to stretching themselves toward audacious goals can benefit from OKRs. Some OKRs may look good at first glance but once you examine them closely you discover they're not well constructed.

> **With OKRs, success is a gradient. It is not black and white.**
>
> CAMERON DEATSCH, CHIEF REVENUE OFFICER ATLASSIAN

Example 1
O: Increase community and donor engagement

KR1: Grow donations by 20%.

KR2: Increase the subscriber base by 25%, with half of new subscribers from the immediate community.

KR3: Host one gala event with participation from a minimum of three new foundations.

Why is this OKR good?

- The objectives are specific and straightforward without being prescriptive.
- The key results are clear, support the objective directly, and lay out the metrics the organization needs to achieve.
- The key results are neither too few nor too many. Two to four results is ideal.

Example 2
O: Become a market leader in IT consulting

KR1: Launch our new services package

KR2: Hold 5 webinars on IT consulting

Why isn't this OKR good?

- The key result is specific but it is binary rather than iterative.
- The key result is output focused. You want your KRs to be outcome focused.
- The key result is not very measurable and doesn't indicate success

There are various ways to score OKRs. Regardless of which you choose, remember the core principles: OKRs are meant to stretch you and keep everyone engaged and accountable year round. Before scoring, take the opportunity to reflect on how you did and what you need to adjust. OKRs are not about the scores you give yourself as much as, in the words of John Doerr, getting "everyone working on the right things."

It's a good idea to score monthly. The question to ask when scoring is, "based on what I have achieved so far, where do I think I will finish the year?" Each month, with the help of your finance or analytics team, create a snapshot of where you are against your metrics. With that in hand, assign a score to your performance on a scale from 0.0 to 1.0 to each key result, where 0.0 means no progress toward your goal, and 1.0 means you will meet your stretch goal by the end of the year.

- If you didn't make progress: use scores 0.0 to 0.3.
- If you made progress but fell short of your overall goals: use scores 0.4 to 0.6.
- If you met or exceeded all your key results: use scores 0.7 to 1.0.

Decide on the measures of success while setting your key results. This will make the rules of the game clear.

Let's look at this example: KR: Sign up 150 new clients by the end of Q4. What will constitute success? Obviously, signing up 150 customers will get a perfect score of 1.0. But will signing up 100 customers get your team 0.6 or 0.7? Having this conversation before finalizing the key result will keep everyone on the same page later on.

The score for each objective is the average of the scores on your key results. If all your key results are on track and you are meeting expectations, you will score 0.7 on your objective. This also means your team is delivering on its financial commitments to the company. Scoring 1.0 usually means that the objectives you set for yourself weren't much of a stretch. Don't fret scoring below 1.0. Stretch goals are a reflection of the culture of OKRs; they push teams to maximize their potential.

Figure 2. Scoring OKRs

Scoring 0.7 on a key result is a success. You should not feel like a failure if your team end the year without a perfect score.

04

OKRs for leadership teams

OKRs for leadership teams

Your mission, should you choose to accept it: unite the company behind common goals.

OKRs are a vehicle you can use to lead your organization to enterprise agility. They provide guidance for ambitious goals, promote distributed decision making, and empower teams to set their own goals and measure progress. Flexibility and empowerment, the cornerstones of agility, are also the founding pillars of OKRs. Agility and OKRs touch everyone, at all levels of the organization: executives, business leaders, and teams.

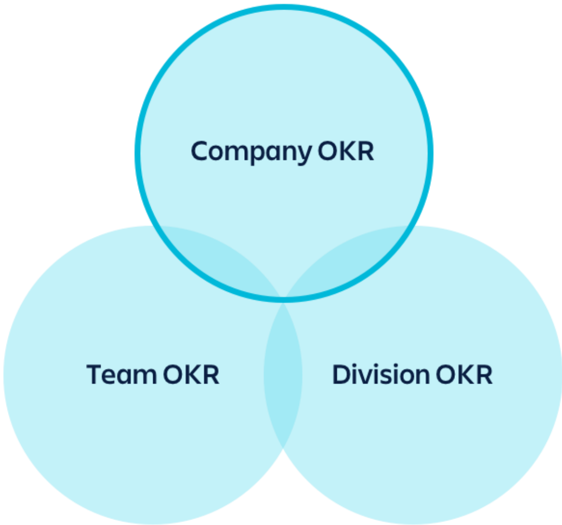


Figure 3. OKRs across the company. Notice the level you're creating your OKR should also align to the higher-level OKR.

Good leaders know that setting goals for the purpose of setting goals isn't good enough. Your objectives should align with the strategic direction of the company. You first need agreement on a three- to five-year strategic plan. OKRs should also support the company's vision and mission. And because they will impact the behaviors of every team and practically every employee, they should be aligned with your values (see

Reviewing previous objectives and setting new ones should be a formal process. We recommend dedicating a day or two to discuss OKRs in a focused way. Start with a retrospective on the previous year's OKRs. Look beyond whether you achieved success; discuss whether the OKRs drove the outcomes you hoped for, added value to your customers, and moved the company closer to its vision. After you capture the learnings from the previous year's OKRs, collaborate on a new set of OKRs. Review competitive information, emerging trends, market data, economic changes, and, most importantly, your customers' needs.

Setting OKRs forces you and your teams to prioritize what you want to accomplish during the year. Prioritization is not easy. Some of the questions that will come up are: What did we do well last year? What is different this year? What do we care most about?

John Doerr uses a simple formula when setting OKRs: **I will ______ as measured by ______.**

You don't need to over-engineer the process. All you need to get going is commitment and a whiteboard. Don't worry too much about sophisticated tools. Below is an outline of the process. As you embark on it, keep this in mind: it is more a collaboration than a tops-down approach. While leadership will set the north star objectives for the business, they do not hand down objectives for each level of the organization. You set the company objectives and trust the teams to align their objectives to the ones you set.

The OKR creation process

1. Review and discuss past company performance, market trends, and competitive information.
2. Which objectives in the coming year support your long term strategy? Create a long list.
3. Rank the objectives based on business capabilities and congruence with the company vision.
4. Pick the top three to four objectives and make sure they inspire change, movement, and excitement for the entire company.
5. Review your objectives with your company division leaders. It's critical, before selecting the proper KRs, to achieve alignment up, down, and across the organization on the objectives.
6. For each objective, select key results aligned with your strategy and company values. For example, the objective "Increase market share in Asia" can be supported by a number of measurements: market share by volume, market share by currency, number of users, etc. If you work for a software company and your goal is to increase mindshare, the number of users may be the best measurement.
7. Review the key results with your company division leaders. Make sure these measurements meet the criteria of a strong OKR, and are outcome based indicators of success for your objective.
8. Share the OKRs across divisions and business units. The rest of the company will then decide how to support these goals, and will go on to define their metrics. Invite your teams to provide feedback on the high-level OKRs, and be prepared to ask them questions about their own objectives and priorities.

The high-level OKRs in our example look like this:

EXAMPLE

O: Increase market share in Asia
KR1: Increase the number of users in Asia by 10%
KR2: Increase volume of product sold in Asia by 15%

Tips for leadership teams

Commitment

Setting OKRs requires commitment from you and everyone in your leadership team. Without commitment at the highest level, there is no point in taking on OKRs.

A healthy debate

Setting OKRs isn't about filling out a template. Engage your team in a healthy debate about the company objectives and priorities. The process may be painful at times but is healthy.

Common language

Don't spend time debating the meaning of "strategic" or "objective." Start with a foundation of common language.

Ambition

Set audacious goals. The idea is that if you achieve all your objectives, you and your teams are not stretched to peak performance. At the same time, you have to be grounded in reality. The key is to find the right balance.

Clear, short objectives

The best objectives represent simple concepts.

A contract

OKRs become a contract between you and your teams. Make sure you understand the dependencies between teams and how they'll execute the contract throughout the year .

Less is more

Don't get carried away with objectives. Three to four objectives for the year is a good number. Similarly, three to four key results per objective are usually enough.

Ownership

Assign an owner from the leadership team to each objective.

Measurement

If you can't measure results, it will be difficult to track progress. The best KRs are quantitative.

Compensation

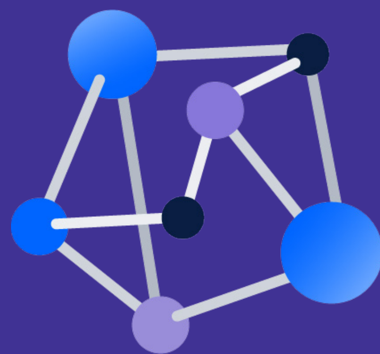
OKRs shouldn't be driving compensation or promotions. Employees should be able to take risks without fear of loss of income. OKRs are often one of the inputs into employees' performance reviews. But they aren't the only input.

No prescription

Key results do not tell your teams how to do their jobs. KRs should define success, not the work. They allow you and your teams ample flexibility to choose how to meet your goals. If not, they are restrictions rather than enablers.

Visibility

Share your goals and metrics across the company. Visibility may feel uncomfortable, but is essential to the success of your goals. Even when your KRs slip.

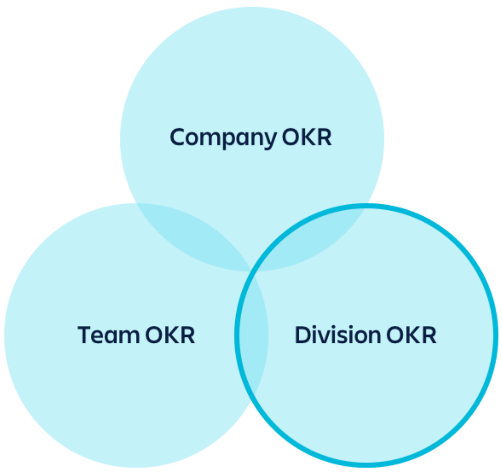


05

OKRs for division and business unit leaders

OKRs for division and business unit leaders

Your mission, should you choose to accept it: carry the torch.



Your leadership team has created a set of company objectives. Now what?

Setting OKRs involves collaboration. Your job, once you have the top-level OKRs, is to define the goals and key results that support those created by your leadership team. And because OKRs are done in a spirit of teamwork and flexibility, you can adjust the objectives or suggest different objectives to your leadership team whenever you think it's necessary.

Let's look at examples of division-level OKRs, using this high-level OKR set by the leadership team in our previous section.

COMPANY OKR EXAMPLE	**O:** Increase market share in Asia **KR1:** Increase the number of users in Asia by 10% **KR2:** Increase volume of product sold in Asia by 15%

There are different ways to support this objective. What you choose depends on your business unit's priorities and capabilities. However, your objectives should work to support the company level OKR, and should directly impact one or more KR.

If your division is responsible for international marketing, your team sets an OKR that supports increasing the number of users in Asia.

DIVISION OKR EXAMPLE	**O:** Establish an online presence in the Asian market **KR1:** Achieve a social reach of 10,000,000 online active users **KR2:** Improve our share of voice by 300%

We understand, in marketing, that by creating social buzz and setting that as one of our objectives will ultimately help us achieve more active users. This type of OKR alignment is quite apparent. However, not all OKRs seem aligned at first glance, even if they are.

For an HR leader, the OKRs may look like this:

EXAMPLE

O: We are rated as the #1 workplace
KR1: Increase employee retention rate to 92%
KR2: Improve net promoter score to 7.6

Note that the HR objective doesn't seem to directly align to the leadership OKR above, about improving market share in Asia. And that's OK. Not every part of the organization will seem to align exactly with the top-level objectives. Some divisions or functions still need to account for "business as usual." This doesn't mean they can't set aspirational goals.

In this example, the HR leader should confirm that the HR objectives are not working against the higher-level objectives or those of other departments. Actually, because HR is focused on creating the best workforce, that impacts having a strong employee presence and workplace experience, for the teams supporting the Asian market as well.

Tracking and reviewing

You can't set OKRs and forget them. The best way to stay on track is to check the progress against your goals frequently.

We recommend a monthly cadence to cover the following:

- Collect actual performance data across the business unit with the help of your finance or analytics teams.
- Review the results with the objectives' owners.
- Have an honest conversation about the progress you made. What obstacles are in your way? How can you remove them? What do you need to do differently?
- Communicate with the rest of the organization and your leadership team, ask for feedback, and post the results on an intranet site or blog.

Tips for business unit leaders

First, take a look at the tips on page 20 for leadership teams. Many of these are applicable to business unit leaders.

1. Align cross-functionally. It's important to understand the interdependencies across the company. Confirm that your goals are not conflicting with those of other functions or business units. And if you depend on other business units to meet your goals, make sure they can support you.
2. Assign an owner for each KR.
3. Make sure you have good financial baselines to support your KRs.
4. It is assumed that OKRs are time-bound. Most companies set OKRs every year and check progress monthly.
5. Certain division-level OKRs, such as skills development and development operations, may not roll up to the highest level OKRs--that's OK.
6. Don't try to change the company roadmap so you can fit your own OKRs. If your business unit is severely restricted by resources or other factors, ask for your leadership team's support and create OKRs that stretch your teams while giving them a chance to succeed.
7. Don't blindly accept an objective handed down from leadership if you know there is absolutely no way to achieve it.
8. Remember, the best objectives are qualitative.
9. Don't create new metrics. Use established metrics that you and your teams will understand.
10. You don't need fancy analytics tools to have a good OKR review. A simple dashboard is enough.
11. When communicating results with your teams, make the news helpful to your audience; highlight the ways in which employees can take initiative or solve problems.

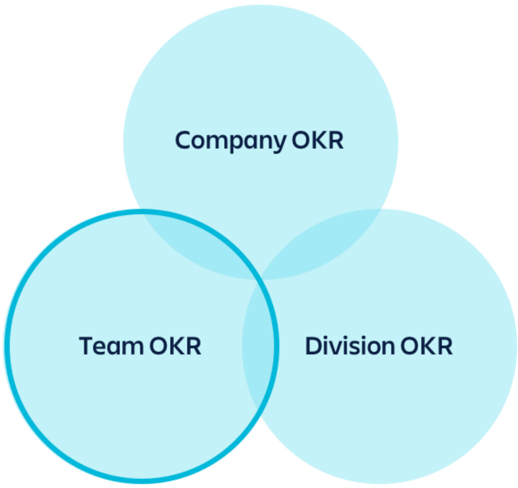
OKRs drive a culture of high achievement. You have to be willikng to fail and learn from your mistakes.

06

OKRs for agile teams

OKRs for agile teams

Your mission, should you choose to accept it: dive in.



OKRs aren't generated only at the top. Once the business units define their goals and key results, it is time for the product teams, IT development teams, HR teams and others across the company to do the same. The team-level OKRs should support the division and high-level OKRs. By setting and tracking OKRs, you will push yourself to perform at a higher level. OKRs can also create a track record of your performance, which you can use for future conversations with hiring managers and job interviews.

To generate objectives, ask the question, "What do we need to achieve this year to support the division and company OKRs?"

Once you have two to three objectives, ask, "How can I measure progress?" Answering this question will help you define your key results.

See what setting team-level OKRs looks like using the division-level OKR set by the business unit leaders in our previous section:

Let's look at some examples:

COMPANY OKR EXAMPLE	**O:** Establish an online presence in the Asian market **KR1:** Achieve a social reach of 10,000,000 online active users **KR2:** Improve our share of voice by 300%

If you are the marketing team, responsible for Japan, your OKR might look like this:

DIVISION OKR EXAMPLE	**O:** Create a buzz in Japan **KR1:** Onboard 5 new social influencers per quarter in Japan **KR2:** Double the entrances to our Japanese translated landing pages **KR3:** Reach 300 social shares a month in Japan

When setting OKRs, understand the dependencies across business units or functions. Who cares if you can bring a product to market faster than anyone else if your services team can't support it?

Tips for teams

First, take a look at the tips on page 20 for leadership teams and page 24 for business unit leaders. Many of these are applicable to the team level.

1. Set OKRs for things you can control, not for things other teams or groups are responsible for.
2. Keep things simple. OKRs are the tools to ensure the success of high-level goals. They won't capture everything you'll do throughout the year.
3. Some of your OKRs may not roll up to the division- or company-level OKRs and that's OK. For example, the objective "Reduce the cost of maintenance for product X by aggressively resolving security issues" may be specific to your team.
4. Assign an owner from the team for each KR.
5. Focus on outcomes, not outputs. Outcomes deliver quantifiable customer value. Outcome metrics include net promoter score (NPS), customer subscription rates and new customer sales. To learn more about outcomes vs outputs, see [insert link to intro guide "Don't Measure the Wrong Things."]
6. Make sure you review others teams' OKRs and that you define success the same way, even though your metrics may be different.
7. Put time on your calendars for monthly reviews. Don't wait until the end of the quarter to track progress.
8. Don't worry too much if all this seems hard. You will get better at it each time you do it.

Need a nudge to get started? Our team playbook can help.

07

What to watch out for

What to watch out for

OKRs embody simple and powerful ideas. But many get them wrong. Your OKR journey will have its ups and downs, and that's to be expected! Here are a few common pitfalls to look out for:

The wrong OKRs

Setting OKRs isn't about checking off a process. Setting the wrong OKRs is a dangerous trap that can cost you time, effort, and money.

Too many Os

Don't go crazy with objectives. Choose the top three or four.

OKRs in a black box

Setting OKRs can be hard work. But setting them in isolation will reduce your chances of success. Circulate OKRs to other teams and groups across the company.

Clear, short objectives

The best objectives represent simple concepts.

The wrong behaviors

Beware of KRs that trigger the wrong behaviors. If KR1 is "Increase repurchase rate from X to Y" and KR2 "Improve net promoter score from B to C," you may try to make the customers happy by dropping the price as low as it can go.

Rigid cascading

Don't simply cascade OKRs without bi-directional goal-setting. Divisions, business units and teams across the company should set their own OKRs.

Set them and forget them

If you set OKRs and forget them till the end of the year, you won't see any of the benefits.

Compensation

You may be tempted to link promotions or compensation to OKR performance. But employees need to know they won't miss out financially by setting ambitious goals.

Scores

Don't feel discouraged if you're scoring 0.7. That's an excellent result.

OKRs as task lists

Don't treat OKRs as task lists. It's tempting to write down everything you'll do during the year--that's not what OKRs are about.

Dealing with failure

Not every team that adopts OKRs will establish good goals and metrics or accomplish the desired results. Many things can go wrong.

A successful startup's product manager recently had to modify her team's OKRs halfway through the year because the key results were not tracking progress toward the desired goal. The product manager and her team were not measuring the right things, and the team's morale was low. The team didn't abandon OKRs altogether; they put in place a new set of key results and adjusted their goal for the year.

Not meeting your OKRs is part of the process - in fact, if you're hitting a 1.0 on all of your OKRs, you've probably set them too low. A range of 0.6-0.8 for your average OKR score is healthy. If you're consistently scoring lower than a 0.6 on an OKR for several months or quarter, it's healthy to take a step back and ask a few critical questions:

Here's some advice if you score 0.6 or below:

- Perform an honest assessment with yourself and your teams. Where did you go wrong? What internal or external factors prevented you from meeting your goals?
- Can you get back on track? This depends on how close you are to the end of the year. What can you do differently from now on? Put a mitigation plan in place.
- If you have hardly made any progress, maybe you've been after the wrong results. The best thing to do in this case is to reset your KRs.
- Communicate with your leadership team to get buy-in. Keep your chin up.

How to take the next step with OKR

If you're hungry for more, try the links below:

- OKRs for Teams: Use the Atlassian Playbook to get started with your first OKRs
- Agility for leadership teams

Make work visible across your company, align to strategy, and measure progress with Jira Align. Learn more here.

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