BODY OF KNOWLEDGE

OBJECTIVES & KEY RESULTS

An independent reference guide to the OKR method

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Overview of concepts, theory, practice and scientific insight on setting goals with Objectives & Key Results.

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WHY THIS OKR BODY OF KNOWLEDGE?

This Body of Knowledge brings together the knowledge needed to understand, assess and apply the OKR method in practice. OKR stands for Objectives and Key Results: a method for setting ambitious goals and tracking their progress in a structured, measurable way.

Much of the material on OKR comes from software vendors or consultancies with a commercial interest. That is not necessarily wrong, but it often colours the tone: OKR is then presented as a miracle cure without any downsides. This document deliberately takes a different approach, using independent, peer-reviewed research to distinguish between what the method promises and what research actually shows.

This reference guide is unique in the following respects:

1. It describes OKR not as a standalone framework, but places it in the broader context of goal-setting theory and agile working.
2. It takes the critical findings from empirical research seriously, in particular the challenges of adoption.
3. It is written for application across the whole organisation, not just within IT teams.

The underlying theory has largely been developed by others. This document in no way claims to be the original source. Its value lies in the structure: a combination of definition, origin, practice and evidence, in a way that helps you as a reader apply OKR with well-founded confidence.

WHAT ARE OKRs?

OKR is a goal-setting method that aligns the goals of the organisation, the team and the individual. The method links a directional goal to a small number of measurable results. This means everyone knows not only where the organisation wants to go, but also how to tell whether that direction is being achieved.

The method has a simple grammar. A commonly used phrasing is: “I will achieve X, as measured by Y.” The Objective is the X, the Key Results form the Y.

The Objective

The Objective describes what you want to achieve. It is the destination, not the route. A good Objective is qualitative and inspiring in nature, and gives direction and focus. It describes a change, not maintenance, and is tied to a period of time (usually a quarter).

Characteristics of a strong Objective:

- It is inspiring and gives meaning to the work.
- It is action-oriented and often starts with a verb.
- It describes a desired change, not the continuation of the current situation.
- It is achievable within the set period.

Example: *"Delight our customers with an exceptional experience."* This is qualitative and inspiring.

The Key Result

A Key Result answers the question: how do we know we are making progress? Key Results are quantitative and directly measurable. They show whether the Objective is actually being achieved. There are usually two to five Key Results per Objective. Fewer than two makes the Objective vulnerable to shortcuts, more than five leads to a loss of focus.

A useful form for a Key Result is: verb + what you are going to measure + from x to y.
For example: *"Increase the number of returning customers per week from ten to forty percent".*

Characteristics of a strong Key Result:

- It reflects a result, not an activity to get there.
- It is directly measurable and shows progress (from x to y).
- It is challenging and linked to the Objective.
- It makes clear who is responsible.
- It is action-oriented and often starts with a verb.

Initiatives

Alongside Objectives and Key Results, practice distinguishes a third layer: Initiatives. This is an often-forgotten element. These are the activities and projects you undertake to achieve the Key Results. The crucial distinction between a Key Result and an Initiative: a Key Result is an outcome you want to achieve, an Initiative is something you do. Confusing the two is one of the most common mistakes when writing OKRs. More on that later.

OKR versus KPI

OKR and KPI are often confused, but they serve different purposes. A KPI (Key Performance Indicator) continuously measures the performance of an existing activity or process; it is essentially a snapshot of how things stand. An OKR aims to drive change and focuses on achieving a meaningful improvement within a defined period.

The two are not mutually exclusive. A strong KPI can work well as a Key Result, and an ambitious Key Result can subsequently be monitored using KPIs. The difference lies in intent: KPIs guard the current state, OKRs set the organisation (team or individual) in motion.

ASPECT	KPI	OKR
Goal	Guard performance	Drive change
Nature	Continuous, stable	Periodic, ambitious
Time horizon	Continuous	Usually per quarter
Focus	Existing activity	Desired outcome

Output, outcome and result

A recurring theme in good OKRs is the distinction between what you produce and what that delivers. Three levels help clarify this:

- **Output**: what you make, such as a product, feature or document. This is the easiest to measure, but tells little about value on its own.
- **Outcome**: a leading indicator, such as behaviour, satisfaction or referrals. This gives an early signal of whether you are on the right track. It is a leading indicator.
- **Result**: the ultimate, indirect impact, such as revenue, market share or profit. This is a lagging indicator.

Good Key Results preferably focus on outcomes. That is harder than measuring output, but focusing on outcome rather than output is what gives OKRs their value. At the same time, it is one of the biggest mental obstacles to adoption, as the research below shows.

ORIGINS AND THEORETICAL BASIS

OKR is not a fad, but rests on a solid theoretical and historical basis. Anyone who wants to apply the method well would do well to know these roots, if only to be able to explain to management why the method works the way it does.

From MBO to OKR

The direct predecessor is Management by Objectives (MBO), described by Peter Drucker in the 1950s. At the time, this was a more human alternative to the mechanical management style of Taylor and Ford: an approach built on respect and trust in the individual. Research showed that a high level of engagement with MBO could lead to significant productivity gains (*reference 1*).

However, MBO had limitations. Goals were often set high up in the organisation without involvement from those doing the work. They were set once and then forgotten, and were sometimes reduced to bare numbers that did little to motivate.

Andy Grove, then at Intel, developed his own variant of this, which he called iMBO. In it, goals were almost always linked to Key Results, and a goal contained both a what and a how. The system moved

at a faster pace by resetting every quarter, and goals were publicly visible and allowed to be ambitious. John Doerr, who worked at Intel in the mid-1970s, renamed this system OKR and later introduced it at the young Google. Through his book 'Measure What Matters', the method spread worldwide.

The goal-setting theory of Locke and Latham

The scientific core underlying OKR lies in goal-setting theory. Edwin Locke published the first academic article on this in 1968; together with Gary Latham he expanded this into a fully developed theory, based on hundreds of studies *(reference 2)*.

Two findings from this are particularly relevant to OKR. First: specific, challenging goals lead to higher performance than a vague instruction to do your best. Second, and more surprising: whether goals are self-chosen or assigned makes little difference to performance, as long as the goal is given a clear why. This latter finding has direct consequences for practice, as becomes clear further on in the discussion of who should write the OKRs.

THE CORE BENEFITS OF OKR

In 'Measure What Matters', Doerr describes four so-called superpowers of OKR. It is useful to know these, but it is just as important to realise that they are promises: they are only delivered under the right conditions. The chapter on challenges shows how often those conditions are missing.

- **Focus and commitment:** OKRs force the organisation to choose what matters most right now. Limiting the number of goals creates focus.
- **Alignment and connection:** because goals are transparent and shared, teams can spot dependencies and duplicated work early and correct them.
- **Tracking and accountability:** regular check-ins make progress visible and hold teams accountable for their results..
- **Stretching for the exceptional:** OKRs invite ambitious goals that seem just out of reach, which can unlock exceptional performance.

Also often mentioned: greater directional autonomy (clear on the outcome, free on the route) and organisational learning through regular reflection and adjustment.

THE OKR CYCLE

OKRs work in a rhythm of short cycles, usually a quarter. That makes it manageable: far enough ahead to achieve results, short enough to adjust course. Within that cycle sits a fixed pattern of aligning, executing, evaluating and resetting.

The quarterly rhythm

1. Strategy and priorities are discussed before the end of the current cycle, so alignment does not start at the last minute.
2. Leadership looks back on the previous cycle and sets the organisation-level OKRs as a whole for the coming quarter.
3. Teams review the organisation-level OKRs, give feedback and set their own OKRs, mapping dependencies with other teams along the way.
4. Progress is tracked weekly with short check-ins, with a thorough review halfway through the quarter.
5. At the end of the cycle, the Key Results are scored, lessons are reflected on and new OKRs are set.

The weekly check-in

The power of OKR does not lie in writing down goals once a quarter, but in returning to them frequently. A common approach is for the team to vote weekly on how confident they are that a Key Result will be achieved, and then take action to increase that confidence. A simple confidence scale helps with this:

SCORE	MEANING
1,0	High confidence the Key Result will be achieved
0,7	We will probably achieve this, or come close
0,4	It will be a challenge to achieve this
0,0	Unlikely that this will be achieved

De 70 percent rule

A central and often misunderstood principle is that OKRs are meant to be ambitious. Good OKRs are not meant to be achieved one hundred percent; they are aspirational in nature. An average score of around seventy percent is considered healthy. This requires a culture in which it is safe to fail. If OKRs are linked to appraisal or reward, then even driven people will deliberately set their goals low to guarantee a good score. That is exactly what destroys the ambition that gives OKRs their value. Appraisals should not be based on OKRs. Decoupling OKRs from appraisal is therefore essential.

WRITING GOOD OKRs

Writing good OKRs is by far the biggest challenge in practice, as both experience and research show. The theory is simple, the execution is harder. This chapter offers concrete guidance for writing good OKRs.

Writing Objectives

Start with what matters to the organisation or the team. Choose a goal that motivates and provides direction, and phrase it actively, ambitiously and concisely. Limit the number: preferably one to three Objectives per level per quarter. More leads to dilution and loss of focus.

Writing Key Results: the so-what test

The most practical technique for testing the quality of a Key Result is the so-called so-what test. For every proposed Key Result, ask: what does this achieve? Or: suppose we achieve this, so what?

Example: Suppose a team formulates a Key Result as: design a new customer journey. So what? A new customer journey adds no value on its own. A better Key Result would be: reduce the number of steps from first contact to completion from twenty-five to fifteen, saving four hours per customer. The same applies to filling a database with articles, nobody wants a full database for its own sake. Better is: our reach grows by fifteen percent, or the number of pages per session rises from 1.9 to 2.6.

The underlying error in thinking is that people tend to think in tasks rather than results. This is partly learned: employees are often used to carrying out tasks devised by a manager. The disadvantage of thinking in terms of tasks is that completing tasks does not automatically lead to organisational success. It is the results that determine success. A Key Result without numbers is never well written, but numbers alone are not enough either: they need to be the right numbers, ones that reflect a meaningful outcome.

Common mistakes

- **Setting too many OKRs.** More than a handful of OKRs leads to fragmentation and loss of focus. Set a maximum of 1-3 Objectives per team and a maximum of 2-5 Key Results per Objective.
- **Vague or unmeasurable Key Results.** A Key Result without a number, percentage or tangible result cannot be tracked.
- **Confusing output with outcome.** Including activities as a Key Result instead of as an Initiative. A Key Result is an outcome, not a task.
- **No regelar check-ins.** Setting goals at the start of the period and not revisiting them afterwards. Without weekly or monthly check-ins, the method loses its value.
- **Linking OKRs to appraisal.** This destroys ambition and makes people play it safe.

OKRs IN AN AGILE CONTEXT

OKR and agile working reinforce each other, and a good deal of independent research has been done on this. Both are based on short cycles, transparency, frequent course correction and self-organising teams. Research among digital startups found that using OKRs was associated with greater flexibility of action, better alignment and more individual ownership, and that agile working forms a strong complement to the OKR method *(reference 3)*.

Relationship with Scrum and Kanban

In practice, Key Results often form the input for the work in sprints. A Key Result can, for example, serve as a directional framework for a product goal, which is then realised through the Product Backlog and sprint goals. OKRs thus operate at a higher, directional level, while Scrum and Kanban structure execution. OKRs tell the team why something is valuable; the agile framework governs how it gets delivered.

Top-down and bottom-up

An important finding from the research by Stray and colleagues at a large Norwegian organisation is that OKRs work well neither purely top-down nor purely bottom-up. In their case, OKRs were initially introduced bottom-up. Teams set their own goals with little direction from above. This led to confusion about the purpose of OKR and a lack of shared direction. Only when management added clear high-level goals after a year did a workable hierarchy of three aligned levels emerge *(reference 4)*. The lesson: a combination of clear frameworks from above and ownership from below is needed.

Four strategies that make OKRs work

That same longitudinal research identifies four strategies that help agile teams succeed with OKR use *(reference 4)*:

- **Combining top-down en bottom-up:** goals are set both bottom-up by the teams and top-down by management, and aligned with each other.
- **Building competence:** through courses, a community of practice, guidelines and mentoring, tailored specifically to team members and team leaders separately.
- **Deploying the right tooling:** an OKR tracker for goals and progress, plus tooling for distributed collaboration and workshops.
- **Continuous improvement:** continuously describing, evaluating and adjusting the OKR process, for example through an annual calendar that makes the rhythm visible.

A telling finding from this research: it took more than a year before teams truly made use of the method. OKR is not a quick fix and requires long-term support.

CHALLENGES AND PITFALLS

The findings in this chapter come largely from a large-scale, independent study *(reference 5)* at a software organisation with around four thousand engineers, based on forty-seven interviews and more than five hundred survey responses. The conclusion is sobering but useful: setting, measuring and tracking goals is hard work, regardless of which tools you use.

Writing OKRs is the biggest hurdle

By far the most frequently mentioned challenge was writing OKRs themselves. About one in five respondents did not consider themselves effective at this at all. Only forty-five percent of teams

considered themselves effective at measuring goals *(reference 5)*. The shift from tracking output to steering on outcome proved to be a major culture change requiring a great deal of activation energy.

Data and measurability

Problems with access to reliable data were mentioned by more respondents than almost any other issue *(reference 5)*. Without consistent, trusted data, you cannot meaningfully set or track Key Results. In large organisations, the complexity of privacy and security rules adds to this. Sometimes collecting data was so labour-intensive that people questioned whether it was even worth instrumenting a feature with metrics at all.

Collaboration and alignment

One of the promised superpowers is alignment, but in practice, collaborating across team boundaries proved difficult. Without a central process or shared tool, people did not know what was happening elsewhere in the organisation. In the study, seventy-six percent said they did not know how to find other teams' goals, while fifty-nine percent said they would like to see them. Tellingly, this one organisation used twelve different tools to track OKRs *(reference 5)*.

Shifting priorities

Employees felt that leadership would pick a priority and then change it at will by repeatedly adjusting the OKRs. Aligning work to priorities that keep shifting starts to feel like a pointless exercise. Without clear and steady commitment from leadership about what the priorities are, holding the line on priorities at lower levels loses its meaning.

The role of middle management

A striking finding *(reference 5)*: more than half of the managers did not consider themselves very effective at translating OKRs from above into concrete goals for their team. At the same time, a gap in perception emerged: sixty percent of employees said goals were communicated monthly, while sixty-five percent of managers thought they did so weekly or more often. Middle management is a crucial link between abstract goals and actionable work, and that is often where the weak spot lies.

The frustration of writing OKRs

A relatable and very human finding from the Norwegian research *(reference 4)*: developers often experienced time spent in OKR workshops as frustrating. They preferred writing code to sitting in meetings. A clear difference in roles emerged. Team leads were more interested in writing OKRs, developers in tracking them. Combined with the goal-setting theory mentioned earlier (whether a goal is self-chosen or assigned makes little difference to performance), this suggests that developers do not necessarily need to spend much time on formulation, as long as they understand the goals and feel committed to them.

IMPLEMENTING SUCCESSFULLY

The challenges from the previous chapter translate into a number of concrete recommendations. These come directly from empirical research and are therefore more than well-meaning advice.

- **Invest in the data supply.** Without accessible, reliable data, setting and measuring goals is virtually impossible. Make data easy to find and use.
- **Increase transparancy.** One central place where all OKRs are visible solves problems with alignment, duplicated work and frustration in one stroke.
- **Improve communication.** Managers need to be trained to translate high-level goals into work the team understands, and to make clear how the work contributes to the bigger picture.
- **Encourage learning communities.** Pair teams who already work well with OKRs with teams that are just starting out. Consider appointing an OKR point of contact to safeguard the process.
- **Guide the process.** Do not roll out OKR without oversight. Without central guidance, every team will do it their own way, with a predictable lack of alignment as a result. Let people with experience lead the rollout.

The core message: OKR is not a form you fill in, but a discipline you have to maintain. It only works if it is used consistently across teams, rolled out in a controlled way, and supported over an extended period. Do not expect results within a single quarter; count on more than a year before the method truly pays off.

WHAT SCIENCE SAYS

It is valuable to draw a sharp distinction between what has been proven about OKR and what remains largely a promise. Independent, peer-reviewed research on OKR is relatively young and concentrated in the fields of software engineering and information systems. The main findings:

- OKRs promote knowledge sharing and transparency between teams *(reference 5)*. This has been found in multiple independent studies and can be considered reasonably well supported.
- OKR maturity correlates positively with a shared mission, with team commitment to organisational priorities, with creativity, and with enjoyment of work. Notably, teams working remotely from headquarters scored higher on OKR maturity, presumably because they need to make their progress more explicit *(reference 5)*.
- OKR maturity is associated with modern ways of working such as experimentation and rapid iteration. This supports the assumption that OKRs and agile working reinforce each other *(reference 5)*.

Much of the research consists of case studies at individual organisations, often in the tech sector, and relies on self-reported data. The authors acknowledge this limitation themselves, but also point out that in-depth case studies in other sciences have led to major discoveries. For a topic like this, where most content is commercially coloured, this independent research base forms the most reliable foundation available.

The final conclusion of the largest-scale study *(reference 5)* is nuanced: the superpowers of OKR are achievable, but using the method in practice is challenging and requires active guidance. OKRs are valuable when used consistently across teams and organisations. That is a precondition for success.

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