

Objectives *and* Key Results (OKR) Leadership

How to apply Silicon
Valley's secret sauce to
your career, team or
organization



DOUG GRAY, PHD

Objectives + Key Results (OKR) Leadership

How to apply Silicon Valley's Secret Sauce to your Career, Team, or Organization

Doug Gray, PhD, PCC

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Testimonials

“Doug’s leadership training of the OKR process has been received positively by my sales team due to the coaching being simple, engaging and very effective.”

Terry Fortner, VP Sales and Marketing, North America LKQ Corporation.

“Doug Gray makes the complex understandable. More important, he makes it doable.”

Craig E. Aronoff, Ph.D., author, Chairman and co-founder, The Family Business Consulting Group, Inc.

“John Doerr’s book *“Measure What Matters”* describes how OKRs (Objectives and Key Results) transformed Silicon Valley. With this new book, Doug builds on the OKR approach with practical and valuable guidance for individuals, teams and organizations. If you plan on implementing OKRs for your organization, you need this book.”

John Mattox, PhD, author, Head of Talent Research, Metrics that Matter, Explorance

“The top five companies in Silicon Valley have an economic value as great as the United Kingdom. They must know something. Doug has uncovered their secrets in his *OKR Leadership* approach.”

Jac Fitzenz, PhD, author, Founder Saratoga Institute and Human Capital Source

“Doug Gray provides readers with a ‘moment of truth’ concerning how we can transform lofty objectives into down-to-earth results.”

James Dillon, co-Founder, Emerging Step

“Introducing the OKR framework has not only allowed us to align our company goals throughout the organization, but it has also provided an easy mechanism to give visibility into how we drive operational accountability. That visibility now exists for both our employees and supervisors. OKR Leadership has encouraged broader and more in-depth conversations about the right key results to drive individual or team objectives.”

Justin Jude, Acting President, LKQ Corp, North America

“Doug’s new book challenges me to be a leader and to practice leadership. This book provides a practical framework that will make you a more successful leader.”

David Cardwell, SVP, IT Operations, F100 company

“Finally, a much needed leadership focus on the importance of clear objectives and specific, measurable results. This book will be useful not just for the present but throughout a practitioner’s career.”

Dave Vance, PhD, author, Executive Director, Center for Talent Reporting

“In his new and exciting book, *OKR Leadership*, Doug Gray shares how his proven techniques can help you move the needle to achieve the business outcomes you’ve been striving for. If you’re ready for a transformation, then *OKR Leadership* is a must read!”

Sheri Bankston, VP, Alliance Safety Council

"History is littered with the graves of organizations who had the right strategy but were unable to execute. Lack of execution is a very real threat to every organization’s survival. This is a very practical look at the OKR system to accomplishing results. Written incredibly clearly, Doug Gray has brought OKR Leadership to life in a way that would benefit any organization.”

Brian Underhill, Ph.D., author, Founder and CEO, CoachSource

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Preface

How do you keep track of what's important when you watch sports? Well, you use a scoreboard. Or a timer. Or a finish line. You **use numbers to measure what matters**. Then you boast about your favorite scores. In short, you know who wins because you know who had the better numbers. This book is written for readers and leaders with the same kind of focus — **you need to know what to measure so that you can win**.

Similarly, when you drive a car, you stay between the lines to reach your goal. When you drive on an interstate, you somehow avoid risks while hurtling through space at 70 mph with only plastic and 6 inches separating you from danger. You trust that countless strangers doing the same will not hurt you or your loved ones. You trust your strange Uber driver. Even those who drive in Paris, France around the Arc de Triumph somehow avoid risk without lines to guide their driving. When you drive around your local roundabout, you somehow create safety amid chaos. How do you avoid those risks? You collaborate. You assess risk. You make smart choices. This book is also written for readers **who need to avoid chaos and achieve outcomes**.

When you manage others, you try to maximize their productivity (e.g., effectiveness, efficiency or outcomes). Some days – and some relationships — are better than others. Sometimes you make decisions that make money, reduce waste or create customer delight worth over \$1MM. I've never met a manager who said, "Yeah, I've got all the resources required to excel. I'm all set with adequate time, people, technology, rewards, clear outcomes and metrics..." Yet somehow managers swallow their frustrations. Somehow managers fight against ambiguity. How do managers like you succeed? You assess risks. You make smart choices. You adopt validated processes that work. This book is written for frustrated managers **who need to achieve outcomes and measure results**.

When I ask audiences, "How many of you are managers?" over 60% of those in attendance raise their hands. But when I ask, "How many of you are leaders?" only 30% raise their hands. Leaders are courageous and careful. Sometimes you raise your hand. Sometimes you sit on your hands. By definition, leaders influence the behavior of others toward a better future. Leaders tell stories from the front of the room. Leaders share public optimism. Do you collect data and anecdotes? Do you assess and recommend? Do you sell and deliver? Do you design and build? Then, do you step back to reflect? Sometimes leaders ask, "Now what?" They think about What's In It For Others, or WIIFO. This book is written for leaders like you **who need to influence the attitude and behavior of others**.

This **Objectives + Key Results (OKR) Leadership** book answers that "What's next?" question with a validated process that you can implement immediately. Simply put, **OKR Leadership is a process that enables managers and leaders to practice what matters**. OKR Leadership can help you and your team win by achieving objectives faster, at lower cost, with less waste. It's fairly easy to describe the OKR process, because it is an open source but deceptively simple process.¹ Definitions and examples of OKR Leadership are in the following paragraphs.

OKR Leadership is defined as a process for managers and leaders
to practice what matters.

This book is written for leaders and practitioners in **any-sized organization** (e.g., public or private, new or existing, small or large), in **any sector** (e.g., business, education, family, government, religion, career) in **any geography**.

This book contains countless examples from my consulting practice, since 1997, with over 10,000 leaders. Examples help people create meaning. About 80% of these examples apply to business and family leaders, and 20% apply to personal or individual leaders. OKR Leadership is practiced at the individual, team and organizational levels.

My primary objective is to provoke you into practicing OKR Leadership immediately. I often say, “Action leads to learning.”

So, let’s get started.

Chapter 1. Introduction

OKR Leadership in a small business

Over 70% of the U.S. economy is driven by small business leaders. Every small business owner struggles with people problems and resource problems. They need OKR Leadership.

George was the CEO and third generation family business owner of a \$50MM retail business with 80 full time employees (FTEs). His primary objective was to accelerate succession planning for the next generation of family business leaders. In his words, “I don’t want to screw things up.”

At a management meeting I observed that the managers did not describe their business using any metrics. I asked George, “Where are the metrics that these managers are using to drive their business?” He sighed with fatigue, like so many business managers and leaders.

Then George hung his head in frustration.

I provided OKR definitions and templates and a free course on OKR Leadership skills to the managers (see www.action-learning.com for details). Then I worked individually with two key managers.

One manager’s objective was to increase profit margins by 6% year over year. His first key result (KR) was to identify current measures for sales, expenses, overhead and profit within 30 days. His second KR was to distribute a one-page business summary to all other managers within 40 days. His third KR3 was to track and reward increased profit margins within 60 days. The result of his OKR Leadership was that he modeled accountability, transparency and business results for his team and the other four managers within 60 days. His department flourished and his career path was clear. Last month he reported the best revenue quarter in company history, and George smiled.

Sadly, the other 4 managers in their 75-year old small business were not willing to practice OKR Leadership. I encouraged George to hire one of his sons as a Director of Operations. He developed standards to drive consistency in training, job descriptions and product inventories. He also required all managers to provide OKRs. Those managers resisted change. One manager was encouraged to retire because his sales numbers were low. One manager was fired because he was unwilling to adapt to change. The other two passively resisted change as long as they could, then they were forced to practice OKR Leadership.

The point? OKR Leadership requires executive support from the business owner, George, and consistent practice from managers and leaders.

You can practice OKR Leadership in your career, team or organization today.

Definitions

OKRs are defined as a **management methodology that helps people focus activity on the same important issues throughout an organization.**² OKRs are a decision-making tool that can accelerate accountability and transparency. Typically, OKRs are voluntarily written by people at any level in an organization, and then shared “up, down and over.” Managers cannot write OKRs for their direct reports. When people at each level of an organization write and distribute their own OKRs, then they are acting like CEOs or CHROs. They are able to truly “own their business.”

OKRs are the secret sauce that drives the largest migration of financial assets and technological innovation ever recorded in human history to Silicon Valley, California since the 1970s.³ As such, **OKR Leadership — a process for managers and leaders to practice what matters** – is the secret sauce that drives transformational leadership, employee engagement and the next generation of management consulting.

We can **define objectives as “what you do”**— qualitative statements that describe both operational and aspirational needs. Objectives are not written from the top-down or bottom-up in any organization. Each person on your team, and in your organization, must write their own objectives. Examples of good objectives include “Our team needs to increase new sales revenue 5%” or “We need to save at least \$15,000 for our next family vacation.” Examples of sloppy objectives include “Our team needs to make more sales” or “Our family really wants to go on a vacation trip.”

Objectives are defined as qualitative statements that describe what you must do to meet or exceed your goals.

Business psychologists like me know that objectives can increase agency (individual choice), employee engagement, desired retention, measurable innovation, and drive organizational transformation. For example, one objective for this book is to provide the essential tools for managers or practitioners like you to lead your organizations. A second objective for this book is to provide examples of how to identify risks or blind spots, and solutions for any individual, team or organization to win.

Key Results (KRs) are defined as “how you measure that objective.” KRs are quantitative statements. They answer the formula “as measured by” or “from X to Y by Z date.” An example is, “We will track gross revenue quarterly and reward new sales with a 1% commission incentive in Q2.”

Key Results (KRs) are defined as 3-5 quantitative statements that answer the formula “as measured by” or “from X to Y by Z date.”

In organizational leadership, KRs metrics drive desired objectives over time. Managers and leaders who apply OKRs to their organizations can accelerate outcomes in less than 12 months. To show you more specifically *how to practice OKR Leadership*, this book contains dozens of OKR Leadership examples from my clients in large and small organizations. One example of a KR for this book is to provide at least eight validated examples in each chapter.

By definition, an **organization** is any group of two or more people. When you and your partner or loved one work together, then you are in an organization of two people. When you and others work together, even if it is a messy process, then you are in an organization.

A **team** is any group of two or more people with a shared objective or scorecard. Teams are often described by their characteristics (e.g., virtual, direct, cross functional, ad-hoc, informal, and so on). For example, when golfing in a scramble tournament, your direct team of 4 players shares the objective of beating all other teams in the competition. All 4 players hit the drive, then you take the best ball and play from there. All team members share the same objective: to hit the ball into the cup with fewer strokes than players on any other team. Each team member keeps the score using mutually agreed rules.

But teams only win when they share objectives and leverage individual talents.

And because that is such a rarity, most teams fail.

Challenges

Implementing OKR Leadership is a challenging process for at least three reasons. People resist change. People are aspirational and often confused. People require choices.

People resist change because no one, ever, wants to be controlled or changed. This is evident with any child who breaks a rule, or any adult who breaks a law. Ask anyone who is managed by a ruthless manager, or anyone required to read this book. Historians have documented countless examples of resistance to change — from the last merger and acquisition, to the first known acts of stealing or slavery. Understanding this resistance matters; it needs to be considered. For that reason, this book contains examples of how you can manage conflict, accelerate your career, and create meaning using new research in psychology. People will always resist being asked – or forced – to make changes. But OKR Leadership can provide choice (agency) for that universal tendency to resist change.

Second, people are aspirational and often confused. We get distracted. We stop — then start — then start something else. All humans aspire to create a better world. Ask any parent of a new-born child about their dreams for that child. Ask any business creator. Ask any team about their capacity to win, or any leader with hopes for his or her team. But how do you know if you are climbing the best mountain or pursuing the best objectives? We get confused. We require feedback and client validation. Our aspirations matter; they define us as individuals and drive innovation. Thankfully, people like you aspire to make big dents in the world. Teams increase your probability of making those dents even bigger. This book is filled with practical examples of how people reduce confusion, and how teams can win. It will show you how OKR Leadership can accelerate your team and create competitive advantages.

Third, people change when they voluntarily *choose* to act, not when someone forces them to accept a sales quota. Top-down hierarchical leadership models often reduce risk taking. Ask anyone who blames others, or who hates their manager. The ability to make a choice matters. People flourish when they choose to create positive emotions, better relationships, deeper engagement, meaningful accomplishments, and purpose in their

lives. The good news is that more people are flourishing today than ever in recorded history.⁴ This book is filled with examples of new research in applied psychology that describes what those people are choosing to do, and what you can do.⁵ Implementing OKR Leadership *requires* that people make individual choices and find meaning. It will allow you and your team to flourish in this same way.

Implementing OKR Leadership requires that you master two levels: 1) How OKR Leadership works for me, WIIFM or What's In It For Me, and 2) How you can implement OKR Leadership in your team, WIIFO or What's In It For Others. Leaders need to practice leadership. You need to look in the mirror and also look over the fence.

The primary objective of this Objectives + Key Results (OKR) Leadership book is to provoke you and your team to practice leadership.

Assumptions for this book

1. **Leaders must practice leadership, just as physicians practice medicine or attorneys practice law.** Ask any leader with a critical deadline or product launch or fear of losing their job... urgency requires leaders to know what works. Leaders must take action; they must assess and recommend because it is critical for humanity.
2. **Action leads to learning.** Like any feedback loop, if your loved one states “Honey, we need to talk”, then you stop to listen. All humans aspire to create a better future for ourselves and our loved ones.
3. **You are capable of practicing OKR Leadership today.** Nothing is holding you back. This book is a practical guidebook designed for you to accelerate your individual or team outcomes. You, dear reader, can do the work of practicing OKR Leadership *immediately*.

Why this book title?

Books with the word “Leadership” in the title outsell “management” books because few readers aspire to be managers. Yet every time I ask audiences, they confirm that they aspire to be leaders. This book is written for any reader or manager, at any level of your organization, who practices leadership. But of course, that doesn't tell the whole story.

When I stroll through an airport bookstore, I notice the number of business books with expletives in the title. They are provocative. I understand that rage and emotional appeal may increase book sales, but I have no desire to be associated with such titles. The title “Leadership Matters” may be a declarative book title that reflects today's zeitgeist – but that title lacks impact, and some description.

In March 2019, I was asked to speak at the Metrics That Matter (MTM) Symposium, filled with 150 delightfully nerdy people who spend their days applying metrics to business outcomes. The subtitle of the conference was “Building Your Impact Story.” Business impact examples included Mastercard, Aon, BP, Cisco, and TELUS.

My presentation was called “Measuring the effectiveness of coaching programs.” I shared with the group that formal learning programs, such as instructor-led classes, are

being displaced by self-directed adult learning and individualized coaching programs. Market demands shift like the weather or your favorite social media trending topics. A book with the title “Leadership Matters” may be a respectful nod to the MTM consultants and the MWM book, but that title is not very provocative either.

To that end, this book title, “Objectives + Key Results (OKR) Leadership; How to apply Silicon Valley’s secret sauce to your career, team or organization,” represents the urgent market demand for practical outcome-based solutions that managers, leaders and practitioners like you can apply immediately.

Why this book design?

This book combines fictional dialogues with nonfiction explanations in each chapter because that’s how our brains process data. Fiction defines our values and helps us create meaning. But we also create meaning with nonfiction.

I studied and taught literature for 13 years, because readers need stories to entertain and teach values like empathy. There are superb leadership lessons from fictional characters such as Hamlet, Celie, Odysseus or Hermione Granger. Then I studied and taught business psychology and management consulting for 21 years, because leaders drive organizational change. Nonfiction enables leaders to assess data and recommend actions. Just as each reader will process the same sentence in different ways, each chapter in this book contains fictional dialogs and nonfictional explanations designed to provoke you to practice OKR Leadership.

Each chapter is also designed to allow managers or academics or book groups to use this book’s content as an independent activity. A chapter could be the text for your case study or your training program. Some readers may want to skip sections, like the fictional dialogues.

Others may want to skip the summary of key points. Like any practical guidebook, this book is designed for readers to take what you need and skim the other content.

Each chapter typically contains these four sections:

- a. Key points, assumptions and definitions
- b. Fictional interactions
- c. Nonfictional explanations, validated practices, figures
- d. Summary of key points, central questions

The final chapter contains endnotes, glossary and a quiz, references, definitions, and digital resources for you and your team to practice OKR Leadership.

OKR Leadership examples

When I lead workshops, I often say that leaders practice leadership, just as physicians practice medicine and attorneys practice law. In other words, *all* professionals describe their practice. So, think about it: do you practice leadership?

Consider the following examples from two very different organizations.

OKR Leadership in a F500 organization

The first example highlights the process of practicing OKR Leadership in a large organization. One of my clients wanted to build a culture of fiscal accountability using objectives and key results. The president, Nathan, was an executive coaching client leading a \$5B industry with over 8,000 full-time employees (FTEs) in North America. In only 20 years, their company had grown from acquisitions — resulting in silos of information and fiscal practices that required centralization. Nathan had read about OKRs, shared some objectives with his direct reports, and wanted to accelerate their adoption. In Q418, I delivered a 2-day leadership training program for his senior leadership team of 60 Regional Vice Presidents, Vice Presidents, and General Managers. In Q119 all participants in that program developed their OKRs and monitored their progress in team coaching calls with my associates.

In Q219, at the Leadership Summit with 700+ leaders in the audience, Nathan shared examples of his personal and professional OKRs. He stated, “As long as I’m in this role, we will adopt OKRs to drive fiscal accountability in our organization.” Executive sponsorship requires that leaders practice this kind of example-setting. After Nathan shared the state of the business, I led a 90-minute keynote session with some of the following content. Then I provided training workshops so that they could share OKR Leadership practices “up, down and over within their organization.”

These leaders quickly became frustrated; they realized that they needed to crawl and walk before they could run. They said things like, “We know what Nathan wants, but we don’t know *what* objectives are critical for *our* business,” or, “We are all using different data collection formats, from excel to power point to photos. We need to invest in an OKR software solution.” They wanted their managers to tell them what to do. But OKRs *cannot be cascaded* by others; they *must be written* by each person.

When I reviewed the over 300 OKRs submitted onto a SharePoint site, they ranged from vague items like “salespeople rebuilding” and “leadership development” to the ridiculous “smile more when I see my manager.” (Truly. I can’t make up this example.) Over the next 6 months, I provided 15 direct and virtual training programs to over 1,500 associates. I reviewed countless OKRs with senior leaders. The corporate university team created short instructional videos. They needed more education, but they also needed to *practice* OKR Leadership.

The results were uneven in year one. A corporate team found a \$1MM savings within 6 months, because they could minimize expenses from vendors. One regional team found expense reductions in one product line that they could replicate in other products. One district team increased employee engagement scores over 15% within 6 months by increasing stay interviews (regular engagement conversations) from 40% to over 63%. One manufacturing team tried a new process and decreased costs over 300% in 30 days. Other teams are still struggling to apply OKR Leadership. The president, Nathan, recently said, “We are pushing boulders uphill. Fiscal accountability takes time. But we are showing measurable improvements every quarter.”

You may be wondering why I shared an example that doesn’t depict complete success. But it shows that OKR Leadership requires practice. You can apply OKRs in your large organization today, knowing that some will take time to take hold.

OKR Leadership in a family

OKRs aren't just for business. It's entirely possible to apply OKR Leadership within a family. Perhaps you have had the opportunity to teach someone how to drive a car. Many of us know that when the objective is to teach your child how to drive a car, the experience can be terrifying.

Imagine the scene: your objective is to teach enough basic skills so that your loved one can drive away safely. You start by teaching safety protocols like "wear your seat belt" and "always keep two hands on the steering wheel at "9 and 3." You explain the functions of the gas pedal, brake pedal, gears and all those shiny buttons on the dashboard. Then you offer encouragement as your loved one shifts into gear and drives from 0 to 30 mph within a mile. Your key results (KRs) often follow that formula "from x to y by date."

I myself have two children. One child drove from 0 to 30 mph within a mile. That caution led to a career mitigating risk in insurance. Our other child drove from 0 to 30 mph within 100 yards. That aggression led to a career in sales.

You can see how OKRs might work when used within the confines of a family. Like any team, family members typically struggle with communication and conflict. In the example above, I tried to communicate my expectations for safety, and to coach our children to avoid conflict. I used the AD-FIT™ coaching model (which we'll go into more detail on in chapter 4) to help our children assess their strengths and define their objectives. Like most managers, most parents struggle for a globally validated coaching model. The reason I trademarked the AD-FIT™ coaching model was because my clients kept asking, "What works?" On good days, I am an effective family leader.

The point of this example? You can apply OKR Leadership in your family today.

Now that we've gone through some real-life scenarios, let's consider a fictional (but realistic) one. How familiar is the following dialog to you and your team?

Fictional dialog

Scene: Breakfast meeting with friends, anywhere, current time.

Alice: I'm so frustrated. My manager just announced that the project we've been working on for the last 2 months is "no longer important."

John: What?! I thought your team was mission critical. You've been recognized as one of the best managers in your organization. What's going on?

Alice: I have no idea. Pete took today off because he is so upset. He's been a flight risk for months. Both Nickee and Eduardo looked like they were sucker punched at the end of the day yesterday. I don't know how to help them. I tried to ask my manager why the project was killed.

Karl: You've talked about your frustrations with him before. And your frustrations with your organization.

Alice: Yes... I do dump on you in these breakfast meetings. We recently lost a big client. We had some negative press after that scandal last quarter. We rarely meet revenue

projections. We have low engagement scores. And now my team is totally frustrated. I think I need to find another job.

John: Well, we've talked about how objectives and key results have helped people at my organization. You've heard me rave about our transformation in the last year.

Alice: Yes. You've talked all about how OKRs have been the "secret sauce" in Silicon Valley over the last 50 years, and how it helps managers and the people who report to them make smarter decisions.

Karl: That's ridiculous. I don't think there are any secret sauces in business. Rome wasn't built in a day, and neither was Silicon Valley. This idea that the workforce is changing is greatly exaggerated.

John: I agree with you, Karl. We live in an age of social media hype and inflated claims. I think of OKRs as a management approach that works well with knowledge workers in technology organizations. No question about the impact there. And I think OKR Leadership is a bigger topic.

Karl: Huh? You mean there is a bigger flag on a bigger flagpole?

John: Yes. OKR Leadership is an outcome-based process that can help teams win. You can learn OKR Leadership. Leaders influence others' behavior toward a better future. A process like OKRs can help managers track behaviors. Individuals can accelerate their careers or make more money. Teams can make smarter decisions that increase efficiency, or effectiveness, or achieve outcomes. Individual and team leadership matters.

Alice: Hmm. I guess I need to learn more about OKR Leadership. I need to know what really works.

Question: Which of these characters reflects what you are currently thinking about OKR Leadership?

Figure 1 summarizes some key facts. The complete OKR Leadership Fact Sheet is described in chapter 8.

Figure 1: OKR Leadership Facts

Objectives = What is to be achieved. They are qualitative, subjective, and significant.

Key Results (KRs) = 3-5 quantitative measures that verify the status of any objective with numbers.

OKR Leadership = A process for managers and leaders to practice what matters.

OKR Leadership is:

1. Radical for top-down hierarchical organizations to implement
2. A bridge between silos (e.g., operations and human resources, regional and corporate) that need to share resources or collaborate
3. Individually written by people at any level of a team or organization

OKR Leadership is NOT:

1. Tied to performance reviews, compensation or rewards

2. A new fad or unvalidated approach to decision-making
3. A “silver bullet” for every career, team or organization

A short history of OKR Leadership

Historians and psychologists study how we create meaning using our mental maps or rose-colored glasses. Want a quick example? Consider, for instance, how you respond to these four short phrases:

- o Social networks.
- o Power and influence.
- o Feminist.
- o Functional perspective.

You read the phrase, then you created meaning. Right? For over 4,500 years of recorded history, people have always created their own meanings when describing organizations.

Here’s another example. How do you complete this sentence: “In the beginning . . .”?

Your answer to this creation story question probably includes some hierarchy of social order. For instance, God created man. Men had power over women. Nobility had power over slaves. Property owners had power over workers. The golden rule was clearly understood: those with the gold ruled over others. Just as you created meaning when you answered the creation story question, people throughout history have always created social order.⁶

The field of psychology can be described as a subject with a long past but only a short history. The “long past” explored ancient questions such as “What makes life meaningful?” or “How can I provide a better life for my children?” The short history of psychology as a formal discipline is only about 100 years old, and the even shorter history of positive psychology is only about 20 years old. Positive psychology is defined as the scientific study of well-being and optimal human functioning.⁷ As a social science, most psychologists explored how people respond to adverse stimuli (e.g., war, disease, anxiety or depression). Then, in 1998, the American Psychological Association, led by Martin Seligman and others, reversed direction to explore new research questions such as “How do people flourish?” and “What can leaders do to create competitive advantages in organizations?” Today, applied psychologists pragmatically ask, “What really works?”

The “Father of OKRs” title is attributed to Andy Grove, the founder and CEO of Intel. Andy literally wrote the textbook on semiconductors in 1967, well before Silicon Valley, California attracted the largest migration of financial and technical assets in human history. Andy also wrote “*Only The Paranoid Survive*” in 1996, as a reminder of market volatility and the need to measure business details. His father was killed at Auschwitz, Germany, and he fled Nazism with his mother at age 20. Andy was trained as an engineer. He wanted to design processes that maximize productivity and innovation.

American inventor and venture capitalist John Doerr worked for Andy Grove. John wanted to learn how to implement OKRs at technology companies, and in other sectors. Then in 1999, John made an \$11.8M investment in 12% of Google when working at

Kleiner-Perkins. The co-founders of Google wanted to organize data globally. When John introduced OKRs to Google, co-founder Larry Page said, “Well, we need to adopt some management approach.” The rest is history. I strongly recommend John Doerr’s best-selling book, *Measure What Matters*, (2018) for a dozen examples that range from the Gates Foundation to Bono.⁸ Today, Google incorporates OKR leadership into all global decision-making. And Google is a \$9 Billion company in 2018. Today, there are countless organizations implementing OKR Leadership.

By June, 2019, only 6 months after its publication, *Measure What Matters* had monthly book sales that exceeded \$40,000. As described in Google Trends, searches for “OKR examples” increased from 0 in 2013 to over one hundred per day in December 2018 to coincide with the publication of that best seller.

Clearly, those book sales and search trends and organizations suggest a ready marketplace for validated processes that describe the secret sauce in Silicon Valley and management consulting.

The next three chapters discuss the “what, why and how” of OKR Leadership. Chapter five is designed for anyone in career transition. Chapter six is for anyone in a family or a family-owned business. Chapter seven is for trends and practicing OKR Leadership. Chapter eight is for resources.

So, let’s get started.

Key points from chapter 1

1. **Objectives and Key Results (OKRs)** is a management methodology that helps people focus activity on the same important issues throughout their organization.
2. **Objectives** describe what you want to do. They are qualitative and subjective. Examples of objectives include “Increase revenue” or “Reduce undesired turnover.”
3. **Key Results (KRs)** are the measures of each objective. They are quantitative and measurable. Examples include “increase recurring client sales revenue from \$500K/month to \$525K/month by the end of Q3” or “increase 1:1 performance reviews by 8% at all warehouses within 30 days.”
4. **Leadership** is defined as influencing others’ behavior toward a better future. The primary skill of effective leaders is public optimism.
5. Leaders practice leadership because it is challenging and critical for humanity.
6. People are both aspirational and confused.
7. You are capable of practicing OKR Leadership today.

Key questions from chapter 1

1. What is one objective for your career, team or organization?
2. What are 3-4 key results that you could use to measure that objective?
3. How could OKR Leadership address the problems your organization is facing?

4. What could be the ultimate goal of practicing OKR Leadership in your organization?

5. How could implementing OKR Leadership benefit you or your loved ones?

Endnotes

Endnotes for chapter 1, Introduction to OKR Leadership

1. See Nevin, P.R. & Lamorte, Ben. (2016). *Objectives and Key Results; Driving Focus, Alignment and Engagement with OKRs*. Wiley; Hoboken, NJ. On June, 2019, that title in Amazon book sales ranked #291 in Business & Organizational Learning, #227 in Strategy & Competition, and #464 in Strategic Business Planning.
2. For 12 case studies and dramatic examples see John Doerr's best seller (2019) *Measure What Matters; How Google, Bono and the Gates Foundation Rock the World with OKRs*. Portfolio/Penguin, New York. I have purchased copies of this book for clients because it is easy to read and validated by Doerr's venture capitalism from Kleiner Perkins in Amazon, Google, Intuit, Netscape, Twitter and others. The Google Paybook in the appendix is well worth replicating in your career, team or organization.
3. See details in Girard, B. (2009). *The Google Way; How one company is revolutionizing management as we know it*. No Starch Press; San Francisco, CA. Some fiscal impact examples are in Schmidt, E. (2019). *Trillion Dollar Coach: The Leadership Playbook of Silicon Valley's Bill Campbell*. Harper Business: New York. On June, 2019, Amazon book sales overall #582 in Books, #2 in Business Mentoring & Coaching category, #22 in Business Management category, #36 in Business Leadership category. For an academic reference see Steiber, A. & Alange, S. (2013). "A corporate system for continuous innovation: the case of Google Inc." *European Journal of Innovation and Management*, 16(2), 243-264.
4. I often cite and give copies of this book to others. I strongly recommend Seligman, M.E.P. (2011) *Flourish; A Visionary New Understanding of Happiness and Well-Being*. Atria; New York. Marty Seligman is described as a grandfather and patron of Positive Psychology, and a generous leader. I've met him twice at conferences and I have asked him about my research and trends in the field. I regard him as one of the most influential mentors in my career.
5. See Dan Pink's best-seller (2009, 2011) *Drive: The Surprising Truth About What Motivates Us*. Riverhead; New York. Pink defines three variables for knowledge workers: mastery, autonomy and purpose (MAP). Note that these three variables are not unique to knowledge workers in technology organizations. I recall consulting a safety leader at a new nuclear construction site (while wearing steel-toed boots and a hard hat). We used the MAP framework for the leader to design a simple hand-written spreadsheet on a clipboard with a yellow pad of paper. The leader quickly assessed his direct reports, then determined what he needed to say or do to manage each of his direct reports. For a similar summary of intrinsic motivation traits see David McClelland's research on the need for affiliation, achievement and power.
6. For an academic discussion of 11 perspectives see *Theories of Small Groups, Interdisciplinary Perspectives* (2005). Poole, M.S. & Hollingshed, A.B., Eds. Sage Publications, Thousand Oaks, CA. Great models that mirror many disciplines.

7. See Seligman (2011).

8. See Doerr (2018).

[Key points and questions by chapter](#)

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Key questions from chapter 1, Introduction to OKR Leadership

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OKR Leadership Fact Sheet

Objectives = What is to be achieved. They are qualitative, subjective, and significant.

Key Results (KRs) = 3-5 quantitative measures that verify the status of any objective with numbers.

OKR Leadership = A process for managers and leaders to practice what matters.

OKR Leadership is:

1. Radical for top-down hierarchical organizations to implement
2. A bridge between silos (e.g., operations and human resources, regional and corporate) that need to share resources or collaborate
3. Individually written by people at any level of a team or organization

OKR Leadership is NOT:

1. Tied to performance reviews, compensation or rewards
2. A new fad or unvalidated approach to decision-making
3. A “silver bullet” for every career, team or organization

Why you could practice OKR Leadership:

1. Align and connect for teamwork
2. Track for accountability and transparency
3. Stretch for amazing innovation
4. Focus resources and commit to priorities
5. Increased agency for individuals and teams

How to develop OKR Leadership:

1. Practice a growth mindset
2. Practice asking great questions
3. Practice sharing your OKRs
4. Practice alignment
5. Practice an accountability cadence
6. Practice AD-FIT™ coaching

Glossary of OKR Leadership terms

AD-FIT™ Model. An evidence-based approach to positive psychology coaching or management consulting based upon (a) awareness of strengths and growth mindset, (b) defining a meaningful objective, (c) focus on the client's agenda, (d) interventions and interactions, (e) takeaways, and (f) percentage of compliance to this model.

Coaching. A collaborative relationship or process designed for coachees to attain meaningful performance or business outcomes (Green & Spence, 2014).

Continuous innovation. The ability to renew an organization and to develop new products and business models.

Culture. How organizations function. Academics describe culture using three overlapping circles and label each circle as: 1) underlying assumptions, 2) espoused behavior, and 3) artifacts. 1) Underlying assumptions are the shared beliefs of an organization including history of acquisitions, traits of key leaders who get promoted faster, competencies of leaders with higher reputations, or those unspoken assumption you have about a market or colleague. 2) Espoused behaviors describe what we say we do, including common phrases such as "I'll solve this" or "that's not my problem." Notice the difference between what we *say* we do, and what we *actually* do.

3) Artifacts are tangible symbols of the culture, such as a new national office for centralized services and consistent management of others. The cultural values posted in the lobby are artifacts of how you work.

Evidence-based coaching. The use of best current knowledge integrated with practitioner expertise when making decisions about how to deliver coaching (Green & Spence, 2014).

Follower Trust Index (FTI). The extent to which you think others in your organization trust you.

Key Result (KR). How to measure and verify any objective with numbers or data. KRs must be specific, time-bound, aggressive yet realistic 60-80% of the time, measurable and verifiable. For example, expectations for clients in my workshops include: KR1: All participants will develop 4-5 objectives (maximum). Each objective will have a different focus (e.g., operational or aspirational, business development, leadership development, career development, regional development, etc.). KR2: Each objective must have 3-5 (maximum) Key Results. These KRs must be specific, time-bound, aggressive yet realistic, measurable and verifiable.

Leadership Trust Index (LTI). The extent to which you trust the leaders in your organization.

Objective. What is to be achieved. Objectives must be significant, concrete, action-oriented behaviors and (ideally) 40% are aspirational. For example, expectations for clients in my workshops include: O1: All participants will develop 4-5 objectives (maximum). Each objective will have a different focus (e.g., operational or aspirational, business development, leadership development, career development, regional

development, etc.) O2: Each objective must have 3-5 (maximum) Key Results. These KRs must be specific, time-bound, aggressive yet realistic, measurable and verifiable. O3: Leaders who PRACTICE their objectives will out-perform others by over 100%

OKR Leadership. A process for managers and leaders to practice what matters.

Organizational characteristics. A broad range of factors influencing an organization e.g., values, organization structure, capabilities, leadership, performance and incentive system

Positivity. An integrated system of antecedents, processes, practices and outcomes that can be readily identified and agreed upon by diverse observers and stakeholders as uniquely surpassing standards of adequate functioning and adding sustainable value to both the individual and the context (Yousseff-Morgan & Luthans, 2013).

Positive Organizational Behavior (POB). The study and application of positively oriented human resource strengths and psychological capacities that can be measured, developed and effectively managed for performance improvement in today's workplace (Luthans, 2002).

Positive Organizational Scholarship (POS). The study of positive phenomena at organizational levels. Four aspects of POS research include (1) adopt a unique lens (e.g., problems are not ignored but interpreted as opportunities to generate growth), (2) focus on extraordinary outcomes, (3) focus on growth and positive outcomes, (4) focus on the conditions for optimal flourishing (Cameron & Spreitzer, 2012; Cameron, 2013).

Positive Psychology (PP). The scientific pursuit of optimal human functioning and applied interventions that leverage human strengths (adapted from Seligman, 2002; Gilbert, 2006).

Positive Psychology Coaching (PPC). The practice of coaching combined with a focus on what is right, positive emotions, and signature strengths of a coachee (Biswas-Diener, 2010).

Positive Psychology Consulting. The application of positive psychology to improve a client's condition.

Positive psychology interventions (PPIs). Intentional activities that aim to increase well-being through the cultivation of positive feelings, cognitions and behaviors (Green & Spence, 2014).

Psychological capital (PsyCap). A dynamic, developmental state, and a higher-order construct comprised of four measurable variables: hope, efficacy, resilience, optimism (the HERO-within acronym, Luthans et al., 2015.)

Digital Resources on OKR Leadership

Share these links with your team, organization, or book discussion group.

1. For all individual and organization leadership consulting and executive coaching services see www.Action-Learning.com
2. I created a series of short videos on OKR Leadership that can be found at www.Action-Learning.com > Free Courses tab on the header. They are hosted at https://www.youtube.com/channel/UCvBbVpkJbgKKdZuP05bX00Q?view_as=subscriber
3. For a keynote address excerpt, see the 3-minute video introduction to OKR Leadership from an address to over 700 leaders at <https://action-learning.com/about/> or at https://www.youtube.com/watch?v=9_duHp51RIA&t=2s
4. For 1.5 Continuing Education (CE) credits I developed a digital OKR Leadership course at <https://www.illumeo.com/courses/objectives-key-results-okr-leadership-training>
5. For global executive and leadership coaching go to www.CoachSource.com and mention Doug Gray or this book
6. For the Family Business Consulting Group go to www.TheFBCG.com and mention Doug Gray or this book
7. For AD-FIT™ coaching certification go to www.ADFIT.org
8. For videos, workshops and bulk book orders go to www.OKRLeadership.com

Acknowledgements

Good leaders, like artists, copy from others; but great leaders steal from others and PRACTICE what works.

This book is a result of countless people practicing leadership. Some are listed below. Some are my family and friends and clients Just like you, *all* leaders influence others' behavior toward a better future. These leaders have certainly helped me develop my practice. I am grateful beyond words. Thank you each for sharing your hopes and objectives with me.

The primary contributors for this book include my clients and colleagues.

Action Learning Associates, LLC, was founded in 1997 and has served over 10,000 individual and organizational clients in multiple business sectors. Confidentiality for those clients was protected in this text by using fictional names to protect their anonymity. You know *who* you are and *what* you have accomplished. Thank you for trusting the OKR Leadership process. Your successes are a result of your resilience and practice.

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About the author



Doug Gray, PhD, PCC has always focused on outcome-based leader development. Occasionally he writes books because his clients asked, “What *really* works?” Doug has worked with over 10,000 leaders in multiple business sectors, schools and colleges, families and non-profits. Since 1997, as CEO of Action Learning Associates, www.action-learning.com, his consultancy guarantees results using the globally validated AD-FIT™ protocol in workshops, assessments and executive coaching. Doug speaks and trains leaders throughout North America.

Doug and his family live near Nashville, TN, USA.

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Workshops, assessments, executive coaching and speaking services.

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See www.OKRLeadership.com for OKR workshops, speaking and bulk book orders

Contact Doug Gray at www.Action-Learning.com or 615.236.9845 today

Thank you for practicing OKR Leadership.