

- As much as I hate process, good ideas with great execution are how you make magic.

Larry Page

- If you don't know where you're going, you might not get there. —Yogi Berra

- Ideas are easy. Execution is everything.

- OKRs: "A management methodology that helps to ensure that the company focuses efforts on the same important issues throughout the organization."

- An OBJECTIVE, I explained, is simply WHAT is to be achieved, no more and no less. By definition, objectives are significant, concrete, action oriented, and (ideally) inspirational. When properly designed and deployed, they're a vaccine against fuzzy thinking—and fuzzy execution.

- KEY RESULTS benchmark and monitor HOW we get to the objective. Effective KRs are specific and time-bound, aggressive yet realistic. Most of all, they are measurable and verifiable. (As prize pupil Marissa Mayer would say, "It's not a key result unless it has a number.") You either meet a key result's requirements or you don't;

- OKRs surface your primary goals. They channel efforts and coordination. They link diverse operations, lending purpose and unity to the entire organization.

- In 2009, the Harvard Business School published a paper titled "Goals Gone Wild."

- First, said Edwin Locke, "hard goals" drive performance more effectively than easy goals. Second, specific hard goals "produce a higher level of output" than vaguely worded ones. In the intervening half century, more than a thousand studies have confirmed Locke's discovery as "one of the most tested, and proven, ideas in the whole of management theory." Among experiments in the field, 90 percent confirm that productivity is enhanced by well-defined, challenging goals.

- According to Deloitte, the management and leadership consulting firm, issues of "retention and engagement have risen to No. 2 in the minds of business leaders, second only to the challenge of building global leadership." But exactly how do you build engagement? A two-year Deloitte study found that no single factor has more impact than "clearly defined goals that are written down and shared freely Goals create alignment, clarity, and job satisfaction."

- OKRs are Swiss Army knives, suited to any environment.

- In Google's early years, Larry Page set aside two days per quarter to personally scrutinize the OKRs for each and every software engineer.

- Many companies have a "rule of seven," limiting managers to a maximum of seven direct reports.

- There are so many people working so hard and achieving so little. —Andy Grove

- Fairchild was the industry's gold standard, but it had one great flaw: a lack of "achievement orientation." "Expertise was very much valued there," Andy explained. "That is why people got hired. That's why people got promoted. Their effectiveness at translating that knowledge into actual results was kind of shrugged off." At Intel, he went on, "we tend to be exactly the opposite. It almost doesn't matter what you know. It's what you can do with whatever you know or can acquire and actually accomplish [that] tends to be valued here." Hence the company's slogan: "Intel delivers."

- I found the proposition thrilling, a real-world affirmation of accomplishment over credentials.

- Strictly speaking, however, his "objectives and key results" did not spring from the void. The process had a precursor. In finding his way, Grove had followed the trail of a legendary, Vienna-born gadfly, the first great "modern" business management thinker: Peter Drucker.

- Half a century later, Peter Drucker—professor, journalist, historian—took a wrecking ball to the Taylor-Ford model. He conceived a new management ideal, results-driven yet humanistic. A corporation, he wrote, should be a community "built on trust and respect for the workers—not just a profit machine." Further, he urged that subordinates be consulted on company goals. Instead of traditional crisis management, he proposed a balance of long- and short-range planning, informed by data and enriched by regular conversations among colleagues.

- As these businesses trained their attention on a handful of top priorities, the results were impressive. In a meta-analysis of seventy studies, high commitment to MBOs led to productivity gains of 56 percent, versus 6 percent where commitment was low.

- Andy Grove's quantum leap was to apply manufacturing production principles to the "soft professions," the administrative, professional, and managerial ranks. He sought to "create an environment that values and emphasizes output" and to avoid what Drucker termed the "activity trap": "[S]tressing output is the key to increasing productivity, while looking to increase activity can result in just the opposite."

- MBOs vs. OKRs

- by. I'd never worked at a place where you wrote down your goals, much less where you could see everybody else's, on up to the CEO. I found it illuminating, a beacon of focus. And it was liberating, too. When people came to me mid-quarter with requests to draft new data sheets, I felt I could say no without fear of repercussion. My OKRs backed me.

- Grove was hard on everybody, most of all himself. A proudly self-made man, he could be arrogant. He did not suffer fools, or meandering meetings, or ill-formed proposals. (He kept a set of rubber stamps on his desk, including one engraved BULLSHIT.) The best way to solve a management problem, he believed, was through "creative confrontation"—by facing people "bluntly, directly, and unapologetically."⁷

- As he once told The New York Times, Intel managers "leave our stripes outside when we go into a meeting." Every big decision, he believed, should begin with a "free discussion stage ... an inherently egalitarian process."

- “Doerr, if you want to be a really good general manager someday, you need to get out in the field, sell, get rejected, and learn to meet a quota. You can have all the technical expertise in the world, but you’ll succeed or fail in this business based on whether your team makes their numbers.”

- Less is more. “A few extremely well-chosen objectives,” Grove wrote, “impart a clear message about what we say ‘yes’ to and what we say ‘no’ to.” A limit of three to five OKRs per cycle leads companies, teams, and individuals to choose what matters most. In general, each objective should be tied to five or fewer key results. (See chapter 4, “Superpower #1: Focus and Commit to Priorities

- Set goals from the bottom up. To promote engagement, teams and individuals should be encouraged to create roughly half of their own OKRs, in consultation with managers. When all goals are set top-down, motivation is corroded.

- No dictating. OKRs are a cooperative social contract to establish priorities and define how progress will be measured. Even after company objectives are closed to debate, their key results continue to be negotiated. Collective agreement is essential to maximum goal achievement.

- Stay flexible. If the climate has changed and an objective no longer seems practical or relevant as written, key results can be modified or even discarded mid-cycle.

- Dare to fail. “Output will tend to be greater,” Grove wrote, “when everybody strives for a level of achievement beyond [their] immediate grasp Such goal-setting is extremely important if what you want is peak performance from yourself and your subordinates.” While certain operational objectives must be met in full, aspirational OKRs should be uncomfortable and possibly unattainable. “Stretched goals,” as Grove called them, push organizations to new heights.

- A tool, not a weapon. The OKR system, Grove wrote, “is meant to pace a person—to put a stopwatch in his own hand so he can gauge his own performance. It is not a legal document upon which to base a performance review.”

- An organization may need up to four or five quarterly cycles to fully embrace the system, and even more than that to build mature goal muscle.

- Not one Intel product was modified for Crush. But Grove and his executive team altered the terms of engagement. They revamped their marketing to play to the company’s strengths. They steered their customers to see the value of long-term systems and services versus short-term ease of use. They stopped selling to programmers and started selling to CEOs.

- When you’re really high up in management, you’re teaching—that’s what Andy did.

- What made the system so strong is that Andy would say, “This is what the corporation is going to do,” and everybody would go all out to support the effort. We were part of a winning team, and we wanted to keep winning.

- At lower levels, people's objectives and key results might encompass close to a hundred percent of their work output. But managers had additional day-to-day responsibilities. If my objective is to grow a beautiful rose bush, I know without asking that you also want me to keep the lawn green. I doubt I ever had a key result that said, "Walk around to stay on top of employees' morale." We wrote down the things that needed special emphasis.
- Intel excelled at declaring great generalizations and translating them into actionable, coordinated programs.
- "Bad companies," Andy wrote, "are destroyed by crisis. Good companies survive them. Great companies are improved by them."
- It is our choices ... that show what we truly are, far more than our abilities. —J. K. Rowling
- Measuring what matters begins with the question: What is most important for the next three (or six, or twelve) months?
- While paring back a list of goals is invariably a challenge, it is well worth the effort. As any seasoned leader will tell you, no one individual—or company—can "do it all." With a select set of OKRs, we can highlight a few things—the vital things—that must get done, as planned and on time.
- To quote the late, great Bill Campbell, the Intuit CEO who later coached the Google executive team: "When you're the CEO or the founder of a company ... you've got to say 'This is what we're doing,' and then you have to model it. Because if you don't model it, no one's going to do it."
- In a survey of eleven thousand senior executives and managers, a majority couldn't name their company's top priorities. Only half could name even one. Leaders must get across the why as well as the what. Their people need more than milestones for motivation. They are thirsting for meaning, to understand how their goals relate to the mission. And the process can't stop with unveiling top-line OKRs at a quarterly all-hands meeting. As LinkedIn CEO Jeff Weiner likes to say, "When you are tired of saying it, people are starting to hear it."
- Objectives and key results are the yin and yang of goal setting—principle and practice, vision and execution. Objectives are the stuff of inspiration and far horizons. Key results are more earthbound and metric-driven.
- Key results are the levers you pull, the marks you hit to achieve the goal. If an objective is well framed, three to five KRs will usually be adequate to reach it.
- Some companies begin with an annual cycle as they transition from private to public goal setting, or from a top-down process to a more collaborative one. The best practice may be a parallel, dual cadence, with short-horizon OKRs (for the here and now) supporting annual OKRs and longer-term strategies.
- In my experience, a quarterly OKR cadence is best suited to keep pace with today's fast-changing markets. A three-month horizon curbs procrastination and leads to real performance gains.

- To safeguard quality while pushing for quantitative deliverables, one solution is to pair key results—to measure “both effect and counter-effect,”
- But to paraphrase Voltaire: Don’t allow the perfect to be the enemy of the good.² Remember that an OKR can be modified or even scrapped at any point in its cycle. Sometimes the “right” key results surface weeks or months after a goal is put into play. OKRs are inherently works in progress, not commandments chiseled in stone.
- “The art of management,” Grove wrote, “lies in the capacity to select from the many activities of seemingly comparable significance the one or two or three that provide leverage well beyond the others and concentrate on them.”
- We learned the three watchwords for entrepreneurs: • Solve a problem • Build a simple product • Talk to your users
- KEY RESULTS 1. Hire 1 director of finance and operations (talk to at least 3 candidates). 2. Source 1 product marketing manager (meet with 5 candidates this quarter). 3. Source 1 product manager (meet with 5 candidates this quarter).
- I was wide open about my progress or lack of it. I’d tell my people, “Here are the three things I’m working on, and I’m failing at this one miserably.” As companies scale, people need to see the CEO’s priorities and how they can align for maximum impact. And they need to see it’s okay to make a mistake, to correct it and move on. You can’t fear screwing up. That squelches innovation.
- Until your executives are fully on board, you can’t expect contributors to follow suit—especially when a company’s OKRs are aspirational. The more challenging an objective, the more tempting it may be to abandon it. People naturally look to their bosses in setting goals and following through.
- The hairier the mission, the more important your OKRs.
- Aaron Levie, founder and CEO of Box, the enterprise cloud company. “At any given time,” Aaron said, “some significant percentage of people are working on the wrong things. The challenge is knowing which ones.”
- Research shows that public goals are more likely to be attained than goals held in private. Simply flipping the switch to “open” lifts achievement across the board. In a recent survey of one thousand working U.S. adults, 92 percent said they’d be more motivated to reach their goals if colleagues could see their progress.
- Meritocracy flourishes in sunlight.
- As general manager, I cascade my goal down to the next level of management, the head coach and the senior vice president of marketing.
- Now, what’s wrong with this picture? Here’s a clue: The SVP’s key results are a mess. Unlike the head coach’s KRs, they’re unmeasurable. They’re not specific or time bound. How do we define “improvement,” for example, in the team’s media coverage?

- Fortunately, we have an alternative. Precisely because OKRs are transparent, they can be shared without cascading them in lockstep. If it serves the larger purpose, multiple levels of hierarchy can be skipped over.

- Paul Buchheit

- An optimal OKR system frees contributors to set at least some of their own objectives and most or all of their key results. People are led to stretch above and beyond, to set more ambitious targets and achieve more of those they set: “The higher the goals, the higher the performance.” People who choose their destination will own a deeper awareness of what it takes to get there.

- redundancy. At MyFitnessPal, every OKR has a single owner, with other teams linking up as needed.

- OKR values: • They make everyone’s goals more visible. Users gain seamless access to OKRs for their boss, their direct reports, and the organization at large. • They drive engagement. When you know you’re working on the right things, it’s easier to stay motivated. • They promote internal networking. A transparent platform steers individuals to colleagues with shared professional interests. • They save time, money, and frustration.

- As noted in chapter 4, the simple act of writing down a goal increases your chances of reaching it. Your odds are better still if you monitor progress while sharing the goal with colleagues—two integral OKR features. In one California study, people who recorded their goals and sent weekly progress reports to a friend attained 43 percent more of their objectives than those who merely thought about goals without sharing them.

- As we track and audit our OKRs, we have four options at any point in the cycle: • Continue: If a green zone (“on track”) goal isn’t broken, don’t fix it. • Update: Modify a yellow zone (“needs attention”) key result or objective to respond to changes in the workflow or external environment. What could be done differently to get the goal on track? Does it need a revised time line? Do we back-burner other initiatives to free up resources for this one? • Start: Launch a new OKR mid-cycle, whenever the need arises. • Stop: When a red zone (“at risk”) goal has outlived its usefulness, the best solution may be to drop it.

Critico

- In both one-on-ones and team meetings, these wrap-ups consist of three parts: objective scoring, subjective self-assessment, and reflection.

- Learning “from direct experience,” a Harvard Business School study found, “can be more effective if coupled with reflection—that is, the intentional attempt to synthesize, abstract, and articulate the key lessons taught by experience.” The philosopher and educator John Dewey went a step further: “We do not learn from experience ... we learn from reflecting on experience.”

- Here are some reflections for closing out an OKR cycle: • Did I accomplish all of my objectives? If so, what contributed to my success? • If not, what obstacles did I encounter? •

If I were to rewrite a goal achieved in full, what would I change? • What have I learned that might alter my approach to the next cycle's OKRs?

- We borrowed from Jim Collins: "What can you be the best at in the world?"

- That was our biggest advantage: We aimed higher.

- In philanthropy, I see people confusing objectives with missions all the time. A mission is directional. An objective has a set of concrete steps that you're intentionally engaged in and actually trying to go for.

Gates dixit

- The biggest risk of all is not taking one. —Mellody Hobson

- A BHAG is a huge and daunting goal—like a big mountain to climb. It is clear, compelling, and people "get it" right away. A BHAG serves as a unifying focal point of effort, galvanizing people and creating team spirit as people strive toward a finish line. Like the 1960s NASA moon mission, a BHAG captures the imagination and grabs people in the gut.

- Edwin Locke, the patriarch of structured goal setting, mined a dozen studies for a quantitative correlation between goal difficulty and achievement. The arenas ranged widely, but the results were "unequivocal," Locke wrote. "[T]he harder the goal the higher the level of performance Although subjects with very hard goals reached their goals far less often than subjects with very easy goals, the former consistently performed at a higher level than the latter." The studies found that "stretched" workers were not only more productive, but more motivated and engaged: "Setting specific challenging goals is also a means of enhancing task interest and of helping people to discover the pleasurable aspects of an activity."

- my favorite definition of entrepreneurs: Those who do more than anyone thinks possible ... with less than anyone thinks possible.^{fn1}

- Google divides its OKRs into two categories, committed goals and aspirational (or "stretch") goals. It's a distinction with a real difference. Committed objectives are tied to Google's metrics: product releases, bookings, hiring, customers. Management sets them at the company level, employees at the departmental level. In general, these committed objectives—such as sales and revenue goals—are to be achieved in full (100 percent) within a set time frame. Aspirational objectives reflect bigger-picture, higher-risk, more future-tilting ideas. They originate from any tier and aim to mobilize the entire organization. By definition, they are challenging to achieve. Failures—at an average rate of 40 percent—are part of Google's territory. The relative weighting of these two baskets is a cultural question.

- Larry Page observes, "tend to assume that things are impossible, rather than starting from real-world physics and figuring out what's actually possible."

- At Google, in line with Andy Grove's old standard, aspirational OKRs are set at 60 to 70 percent attainment. In other words, performance is expected to fall short at least 30 percent of the time. And that's considered success!

- At the start of the period, not a single goal may look possible. And so the Googlers are pushed to ask harder questions: What radical, high-risk action needs to be considered? What do they need to stop doing? Where can they move resources or find new partners? By deadline, a healthy fraction of those impossible goals are somehow attained in full.
- In pursuing high-effort, high-risk goals, employee commitment is essential. Leaders must convey two things: the importance of the outcome, and the belief that it's attainable.
- But as Larry Page says, "If you set a crazy, ambitious goal and miss it, you'll still achieve something remarkable."
- Engineers struggle with goal setting in two big ways. They hate crossing off anything they think is a good idea, and they habitually underestimate how long it takes to get things done.
- Microsoft CEO Satya Nadella has pointed out: In a world where computing power is nearly limitless, "the true scarce commodity is increasingly human attention."
- as Albert Einstein observed, "Not everything that can be counted counts, and not everything that counts can be counted."
- "We embraced OKRs because our performance management process was moving to a more frequent cadence. When Pact adopted OKRs, we officially killed our annual performance review. We replaced it with a set of more frequent touch points between managers and employees. Internally, we've dubbed this 'Propel.' It consists of four elements: "The first is a set of monthly one-on-one conversations between employees and their managers about how things are going. "The second is a quarterly review of progress against our OKRs. We sit down and say, 'What did you set out to accomplish this quarter? What were you able to do—and what weren't you able to do? Why or why not? What can we change?' "Third, we have a semiannual professional development conversation. Employees talk about their career trajectory—where they've been, where they are, where they want to go. And how their managers and the organization can support their new direction. "The fourth bit is ongoing, self-driven insight. We're constantly surrounded by positive reinforcement and
- It centers on five questions: • What are you working on? • How are you doing; how are your OKRs coming along? • Is there anything impeding your work? • What do you need from me to be (more) successful? • How do you need to grow to achieve your career goals?
- five critical areas have emerged of conversation between manager and contributor: Goal setting and reflection, where the employee's OKR plan is set for the coming cycle. The discussion focuses on how best to align individual objectives and key results with organizational priorities. Ongoing progress updates, the brief and data-driven check-ins on the employee's real-time progress, with problem solving as needed.^{fn3} Two-way coaching, to help contributors reach their potential and managers do a better job. Career growth, to develop skills, identify growth opportunities, and expand employees' vision of their future at the company. Lightweight performance reviews, a feedback mechanism to gather inputs and summarize what the employee has accomplished since the last meeting, in the context of the organization's needs. (As noted earlier, this conversation is held apart from an employee's annual compensation/bonus review.)

- Here's the precious opportunity for people to say to their leaders, What do you need from me to be successful? And now let me tell you what I need from you.

- Institute peer-to-peer recognition. When employee achievements are consistently recognized by peers, a culture of gratitude is born. At Zume Pizza, the Friday all-hands "roundup" meeting concludes with a series of unsolicited, unedited shout-outs from anyone in the organization to anyone else who's done something remarkable.

- Joseph Suzuki (director of marketing): I thought it another diet program—Just follow this process and you'll be thin and beautiful. It felt like bookkeeping, one more administrative exercise. But OKRs had an effect on me I didn't expect. When I did my biweekly check-ins, it gave me a couple minutes to think about what I was doing, and how my goals rolled up to what the company needed for the quarter.

- Alex: Every two weeks, each person at Zume has a one-hour, one-on-one conversation with whomever they report to. (Julia and I converse with each other.) It's a sacred time. You cannot be late; you cannot cancel. There's only one other rule: You don't talk about work. The agenda is you, the individual, and what you are trying to accomplish personally over the next two to three years, and how you're breaking that into a two-week plan. I like to start with three questions: What makes you very happy? What saps your energy? How would you describe your dream job? Then I say, "Look, I want to tell you what my expectations are. Number one, always tell the truth. Number two, always do the right thing. If you meet those expectations, we'll unconditionally back you, one hundred percent of the time. And I will personally guarantee you that you're going to achieve your next set of personal and professional goals over the next three years." And we go from there.

Key

- You need a culture that high-fives small and innovative ideas. —Jeff Bezos

- In Project Aristotle, an internal Google study of 180 teams, standout performance correlated to affirmative responses to these five questions: 1. Structure and clarity: Are goals, roles, and execution plans on our team clear? 2. Psychological safety: Can we take risks on this team without feeling insecure or embarrassed? 3. Meaning of work: Are we working on something that is personally important for each of us? 4. Dependability: Can we count on each other to do high-quality work on time? 5. Impact of work: Do we fundamentally believe that the work we're doing matters?

- In The Progress Principle, Teresa Amabile and Steven Kramer analyzed 26 project teams, 238 individuals, and 12,000 employee diary entries. High-motivation cultures, they concluded, rely on a mix of two elements. Catalysts, defined as "actions that support work," sound much like OKRs: "They include setting clear goals, allowing autonomy, providing sufficient resources and time, helping with the work, openly learning from problems and successes, and allowing a free exchange of ideas." Nourishers—"acts of interpersonal support"—bear a striking resemblance to CFRs: "respect and recognition, encouragement, emotional comfort, and opportunities for affiliation."

- Leading the world in online higher education, Coursera jumped into OKRs in 2013, just one year after its founding. With timely input from then-president Lila Ibrahim, an Intel alumna who revered Andy Grove, the organization tried something rare and exemplary. They connected OKRs explicitly to the company's values and lofty mission statement, a clear expression of its culture: "We envision a world where anyone, anywhere, can transform their lives by accessing the world's best learning experience." Coursera rolled up its team-level objectives to top-line strategic objectives, which in turn rolled up to five core values: • Students first. Engage and increase value to students; extend reach to new students. • Great partners. Be a great partner to universities. • Think big and advance pedagogy. Develop an innovative, world-class education platform. • Care for teammates and be human, be humble. Build a strong, healthy organization. • Do good, do well. Experiment and develop a sustainable business model. Each core value was mapped to a corresponding set of OKRs. As an example, here is an OKR for "students first":

- OKRs furnished the pathway for Coursera's mission. They enabled teams to articulate their goals and to align with the company's objectives—and with its broader values, as well.

- "In the past," Dov told me, "when employees just needed to do the next thing right—to follow orders to the letter—culture didn't matter so much. But now we're living in a world where we're asking people to do the next right thing. A rulebook can tell me what I can or can't do. I need culture to tell me what I should do."