

NEXT GEN OKR PLAYBOOK

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How (not) to OKR!

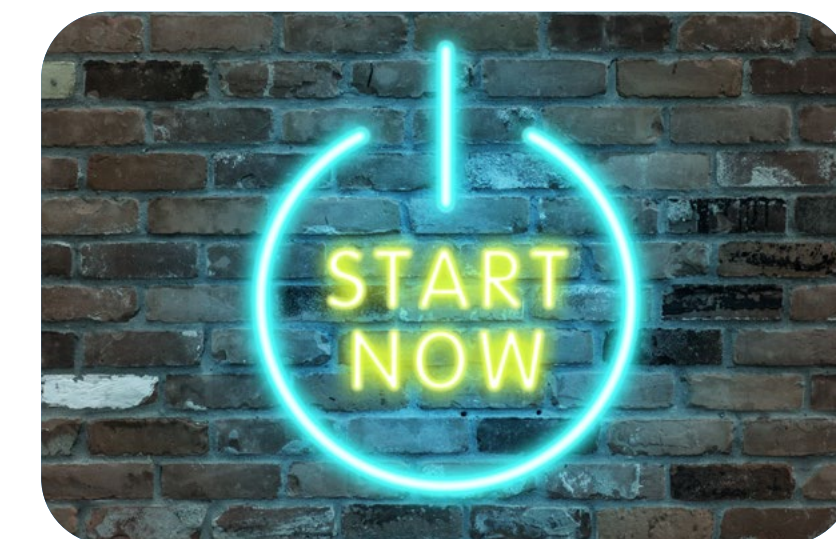
The key challenges and pitfalls
in the use of OKRs

How (not) to OKR!

“We can no longer see the woods for the OKRs,” says Wolfgang Neubauer, who, as Managing Director of ProSiebenSat.1 Tech Solutions – among other things – is jointly responsible for catapulting the TV station into the digital age. In doing so, he looks in frustration at a huge electronic meta-plan wall with all the OKRs, which look like a spaghetti ball with their interconnections.

Wolfgang had fallen into OKR trap no. 1, the OKR jungle. At Deutsche Bahn, Volker Hentschel, who as a member of the board of DB Netz is responsible for maintenance, among other things, very successfully established OKRs in order to increase the speed of implementation. Several months later, he noticed that the motivation level in the OKR teams had dropped. The reason? The steering mechanisms deployed by his department heads did not yet fit the OKR working logic of the teams (trap no. 6.: OKR erosion).

And Carsten Sürig, CFO of Techem AG, could sometimes have flipped his lid – so to speak – in disbelief when the OKR progress meetings were still about “enablers” instead of each initiative delivering a business benefit, an outcome (see Fig. page 7), with its OKRs at least every 6 months. Carsten had to deal with trap no. 3, the “OKR fake”.



“High-level implementation performance is not a product of chance, but the skilful interaction of the three core principles in Enterprise Progress Management®.”

Matthias Kolbus, CEO, Enterprise ProgressMaker® GmbH

This paper is not about the basics of OKRs, these are prerequisites. Rather, the focus is on four central challenges that need to be mastered if productivity and speed gains are to be achieved in the implementation of demanding topics with OKRs. We will also take a look at the six typical OKR traps that people sometimes fall into, in order not to throw in the towel because of frustration after the initial excitement.



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The outcome maxim of OKRs

“If I could name only one success factor for OKRs, it would be “Results-centricity”: All thinking, discussing and acting must be disciplined by the result.

And is that a matter of course? Far from it: If you sit down in status meetings, you quickly realise: Not a trace of results orientation!

Instead of reflecting on which objective state is to be achieved by the CRM’s introduction or the Governance project, how progress towards this objective state looks like and which benefits have already been achieved, everything revolves around activities, milestones, etc.! In a CRM project, it is completely irrelevant how many functions have already been implemented or which interfaces have been integrated, because what ultimately matters is to increase the cross-selling rate and customer satisfaction. In a reorganisation project, as a mere means to an end, it is completely irrelevant how many RACI matrices have been created, job descriptions updated or committees described, if the aim is to shorten decision-making paths and increase time-to-market.

The retrospective question “What is different after the project has been successful, and what has been achieved as a result?” is the only decisive one in terms of results orientation! This applies to both classic projects and OKRs.



“What is different after the project has been successful and what has been effected as a result?”

The two outcome principles of OKRs

In the case of OKRs, two principles apply with regard to this outcome maxim

Principle 1:

No Objective without outcome or impact!

No matter whether after 3 or 6 months, shorter makes no sense, and OKRs must not run longer for good reasons.

At the end of the OKR, at least one outcome, and preferably one impact, is achieved (see next page). This consistently puts a stop to all “enablers” and long-running projects, where the first benefit sometimes takes years to materialise! An Objective that intends to create clarity after 6 months on what the CRM architecture or marketing strategy looks like is a no-go! It’s all output!

Many OKR implementation efforts fail on this principle because those involved do not manage to realign in their minds with regard to the results maxim.



“Using OKRs correctly means re-aligning the mind and really bringing progress into focus.”

Thinking skills – mnemonic devices and examples

1 **INPUT:** Key Actions

“In the making”

- Three letters of success?
T.U.N. (Goethe)
- Analyse, design, develop,
produce, present, sell,
programme ...

Inputs are important, but are neither described nor measured in the OKR. **How** a problem is solved is up to the OKR team, and as is well known, many roads lead to Rome.

2 **OUTPUT:** Key Result, Objective

“Paper Work”

- Concepts
- Documentation
- Findings
- Sources of potential
- Plans
- ...

Ask provocatively: **So what?!** A plan, a tool, a process develops too little emotional traction for the Objective. Output variables can play an important role in the Key Results.

3 **OUTCOME:** Key Result, Objective

“Cool effect

- Problem solved
- Throughput increased
- Waiting time shortened
- Process improved
- PoC/Pilot, LOI, MVP, NVP
- ...

Outcomes are realised **improvements, end effects**. They can inspire, and are the focus of the Objective. They are the direct upstream variable before the impact.

4 **IMPACT:** Objective

“P&L: Profit and Loss”

- More turnover
- Less costs
- Higher market share
- Satisfied customer
- Increased NPS
- ...

Impacts are the long-term reason why **OKRs** are pursued in the first place. It usually takes many outcomes to generate impact. In a business context, these are usually monetary values, but they can also be a change in culture or market position.

How the ProgressMaker® strengthens your success

Which of the descriptions best fits your situation?

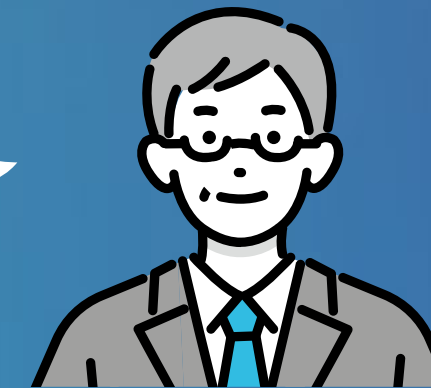


"I lead innovation and IT, my focus is on digitalisation and change projects."

Great match for me!

"I am a member of the board, I have my focus on controlling at a high flight level."

That applies to me too!



"I am an OKR team member and support the Module owner in terms of OKR implementation."

That's me!

"My focus is on module management and OKR controlling; I have less to do with OKR implementation."

That sounds more like me!

"I am the CFO of the company, I am mainly concerned with profit and cost management."

That describes me!



None of this fits. How else does ProgressMaker® lend its support?

Find out now



Principle 2:

Each Key Result must achieve an outcome and/or impact

The first principle of the OKR results maxim is the outer results cycle, which ensures that every 3 or 6 months an outcome or impact must be achieved in each project. The second principle ensures within this outer results cycle that work in each OKR is progress-centric and not activity-centric.

If, for example, a process is to be 20 % more efficient (Objective),

the following would be bad Key Results:

- Number of process workshops
- Process analysis completed

The former would be a pure input variable: an absolute no-go!

Key Results must be at least output- or outcome measures.

The **latter is strictly a milestone** and thus, not an evaluation parameter

KEY RESULTS:

- Number of identified sources of process potential
- Number of realised sources of process potential

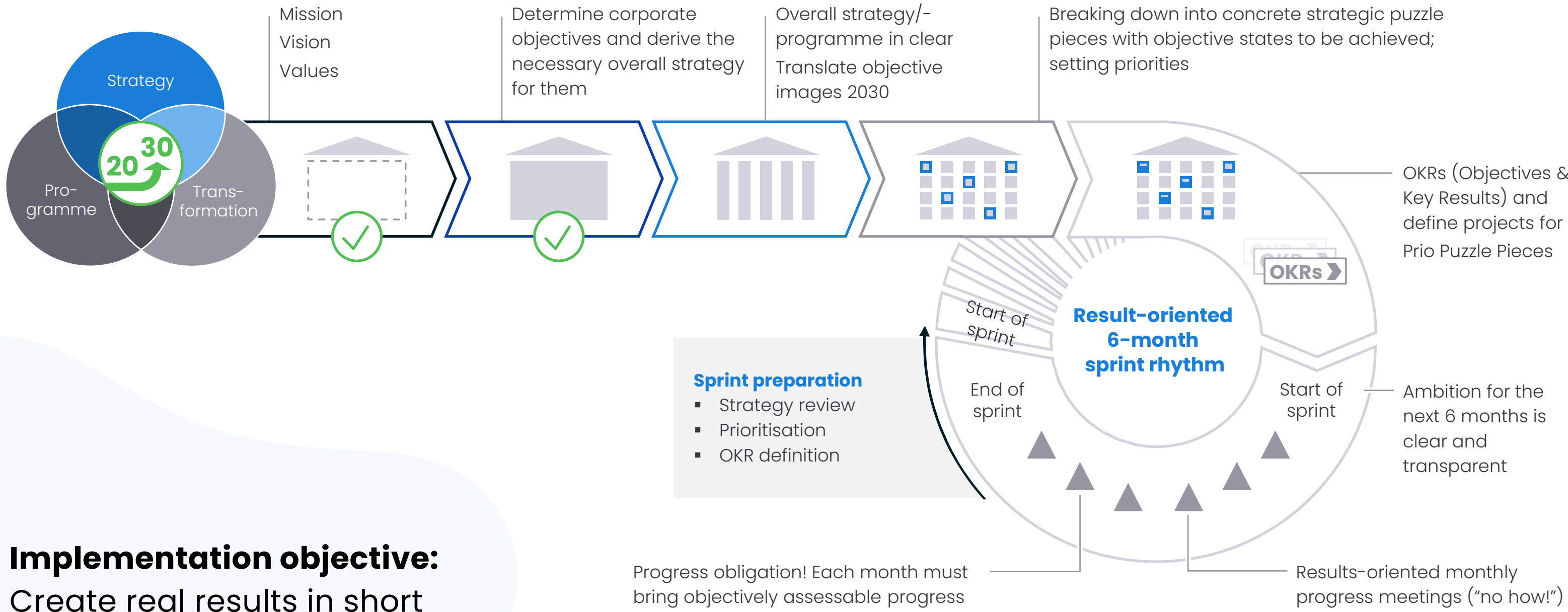




The highlight of the second principle:

Each (!) Key Result must grow every month!

No matter how little or much - the main thing is that there is progress! This achieves exactly the same on a small scale within each OKR as Principle 1 does on a large scale: The OKR team spends the first few months not only analysing processes, in order to get the first Key Result off to a flying start, but is also forced to realise at least one process potential in the first month. We call this second principle the “golden rule of progress”.



Implementation objective:
 Create real results in short cycles for the priority themes

The 4 challenges of successful OKR establishment

Whether it concerns the company-wide introduction of OKRs in all areas or “merely” a major programme or transformation: Four challenges need to be overcome if OKRs are to ensure greater productivity and speed of implementation.

Challenge 1:

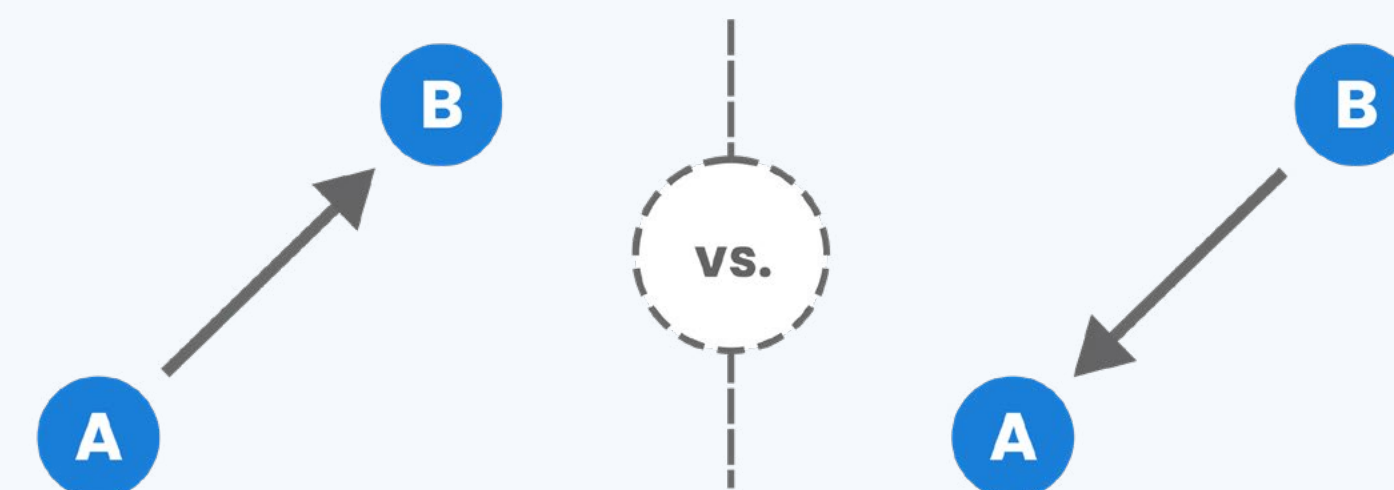
Finding the right entry point

With an “all-in” approach, thyssenkrupp steel switched over completely to OKRs in all areas of the company from one day to the next, and with tremendous success: Each initiative, each area had to describe its objective states in 3 to 5 years, in order to then strive towards these with OKRs in half-year sprints. The energy service provider Techem initially launched four initiatives regarding the digitalisation of heating cost billing with an “OKR sneak-in”, gained experience with them for a year and then brought all further company initiatives under the OKR umbrella. After the managers in both cases had discovered the advantages of the OKRs for themselves, they transposed these onto the operational day-to-day business by themselves, so to speak. The energy company engine is taking the opposite approach: OKRs initially only in order to master the operational day-to-day business driven by KPIs more effectively.



“Consistently thinking in terms of the result and working in this way means a real focus on results.”

Optimisation thinking vs. breakthrough



Systematically from “A>B” to “B>A” e

So, what is the best way to start?

The strategy, individual programmes, or daily business?

First on a small scale, or everywhere?

Go **“all-in”** if you want to quickly reap the benefits in terms of implementation performance and bring your organisation into a networked, issue-centred collaboration (“silo-breaking”).

The other side of the coin: You need a sufficiently large, experienced support organisation.

Rule of thumb

Two topics respectively for a champion (supporter)

Example:

10 topics/initiatives are to be highlighted/prioritised using OKRs. To this end, you’ll need a support team for at least 2 years consisting of 5 people, who are tasked with supporting those responsible for these initiatives with applying OKRs correctly.





Tip

Grab at least two or three pilot themes at an **“OKR sneak-in”**. Definitely not just one! The experience gained will be too one-sided as a result.

It is optimal if these 2 to 3 pilot topics overlap, in order to train the management of OKR dependencies.

And: Do not take a marginal topic to simply perform a “Taste Test”. The effect is always: “And? What did this deliver with OKRs?” You must pilot OKRs where there is real entrepreneurial “zest for success” so that OKRs can show what can be achieved by thinking and working in this way. This is the only way to create a desire for more.



“High-performance implementation efforts are not a rational but a highly emotional challenge. With the ProgressMaker® you bring tangible traction to implementation!”

Matthias Kolbus, CEO, Enterprise ProgressMaker® GmbH

INFORMATION MEETING

The right tips and the best next steps

In a no-obligation discussion, you can find out what Enterprise Progress Management® can do for your organisation.

Arrange an appointment

OKR-CHAMPIONS

All about OKR Champions

As an OKR Champion, you are the centre of success with OKRs in the organisation. Lend your teams wings.

Become an OKR Champion

Challenge 2:

Mastering the “Mindset Change”

For OKRs, a mindset change is needed, especially within the meaning of the OKR results maxim (see above). Both the definition of the OKRs, the work in the OKR teams and the steering of the OKR teams proceed differently than in classic project management.

The definition is not a project objective, but an objective state - described from the future. In teams, the focus is not on activities and milestones, but on the Key Results that need to be made to grow.

In the status meetings, only three things are of interest:

- 1. Have you achieved the Objective?**
- 2. Is there progress, i.e. are all Key Results growing?**
- 3. Where can we help (support/decision needs)?**

The following applies: No “how”, that is, no plans, no input/activity fixation. But that doesn’t happen by itself, it has to be conditioned.





“Tell me, if our theme was a huge success, what then exactly is actually different?”

Mini objective state
=
Objective



Progress criterion
=
Key Result



However:

- No dry-runs
- Don't try and kick-start some big change drama with regard to the OKRs!

That unsettles everyone involved more than it helps.

You can master these two challenges with a lightness of content coming from the question of the objective state:

“Tell me, if our theme was a huge success, what then exactly is actually different?”

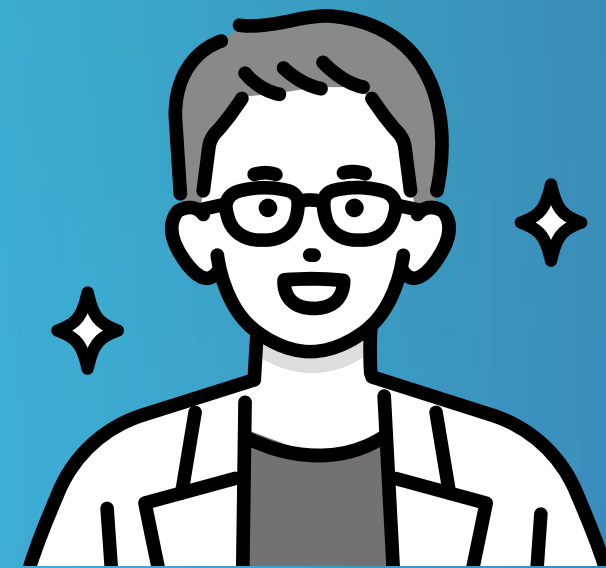
This can be worked out and discussed to great effect in objective stories. From these objective states, you cut a slice and describe what will be achieved as a mini objective state in the next 3 or 6 months. To then ask together with the teams how they can tell that progress is really being made on a monthly basis,

The fact that the mini objective state is then called “**O**bjective” and the two to four progress criteria are then called “**K**ey **R**esults” is just the way it is and hardly worth a marginal note.



“What are you guys doing here, actually?”

“I can’t say that precisely, we work in an agile fashion.”



Challenge 3:

OKRs and planning – no contradiction!

Somewhat exaggerated, but by no means uncommon, the hype surrounding agility & the like is often used to justify a lack of focus on results.

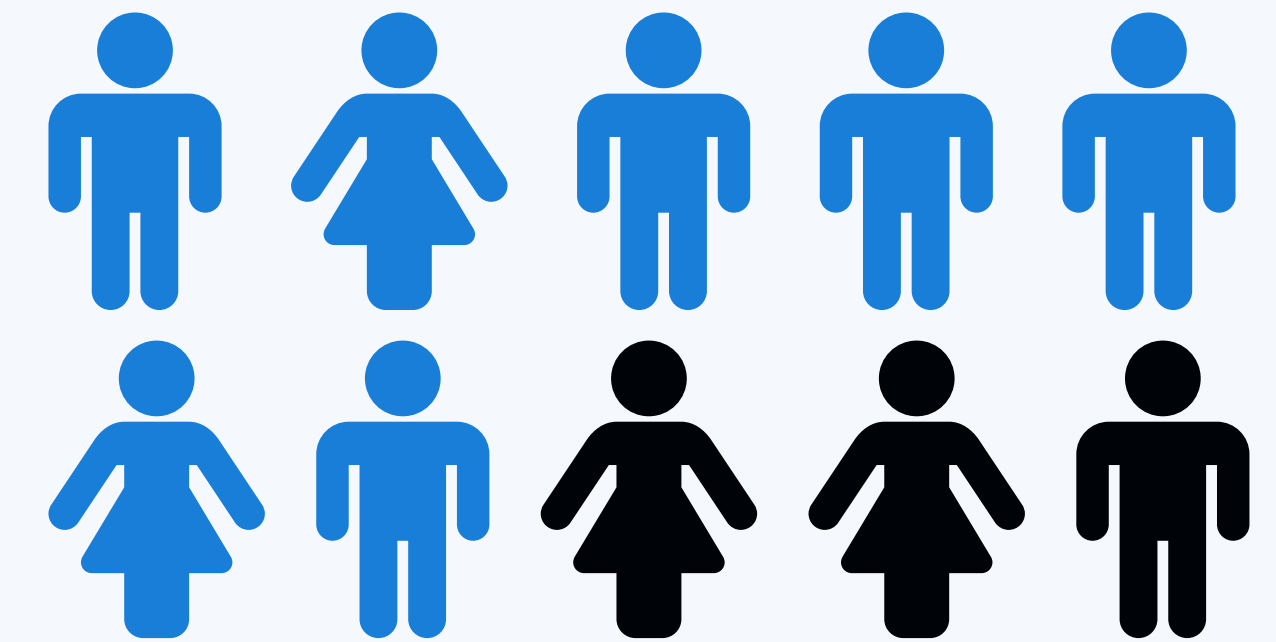
OKRs and planning are not only not contradictory by nature, they must go hand in hand! Planning needs two levels for good OKR management: **Outcome KPIs and objective states.**

Result KPIs can be financial or other company-relevant parameters, e.g. delivery reliability at thyssenkrupp or punctuality at Deutsche Bahn. If the case is very simple, the objective state for achieving a specific KPI objective is already covered via a single OKR:



“In 6 months, we are proud to have automated 5 of the 10 critical interfaces, and have reduced process costs by 8%.”

If this OKR even only requires a team of a maximum of seven people, nothing further needs to be planned. Let's go. If more than seven people are needed, the OKR must be broken up for reasons of effectiveness - mind you, in compliance with the OKR results maxim (see above)!



Entrepreneurial ventures are usually more complex: In order to increase customer satisfaction and EBIT margin per customer (KPIs), Techem GmbH considered what would have to be different for this to happen in three years' time and precisely described 35 individual objective states that would have to be achieved for this to happen:



“By reducing free-text fields by 80%, the customer query rate in the service department dropped by 30%.”



“Through a new service partner model, we tripled the immediate solution rate regarding customer concerns.”

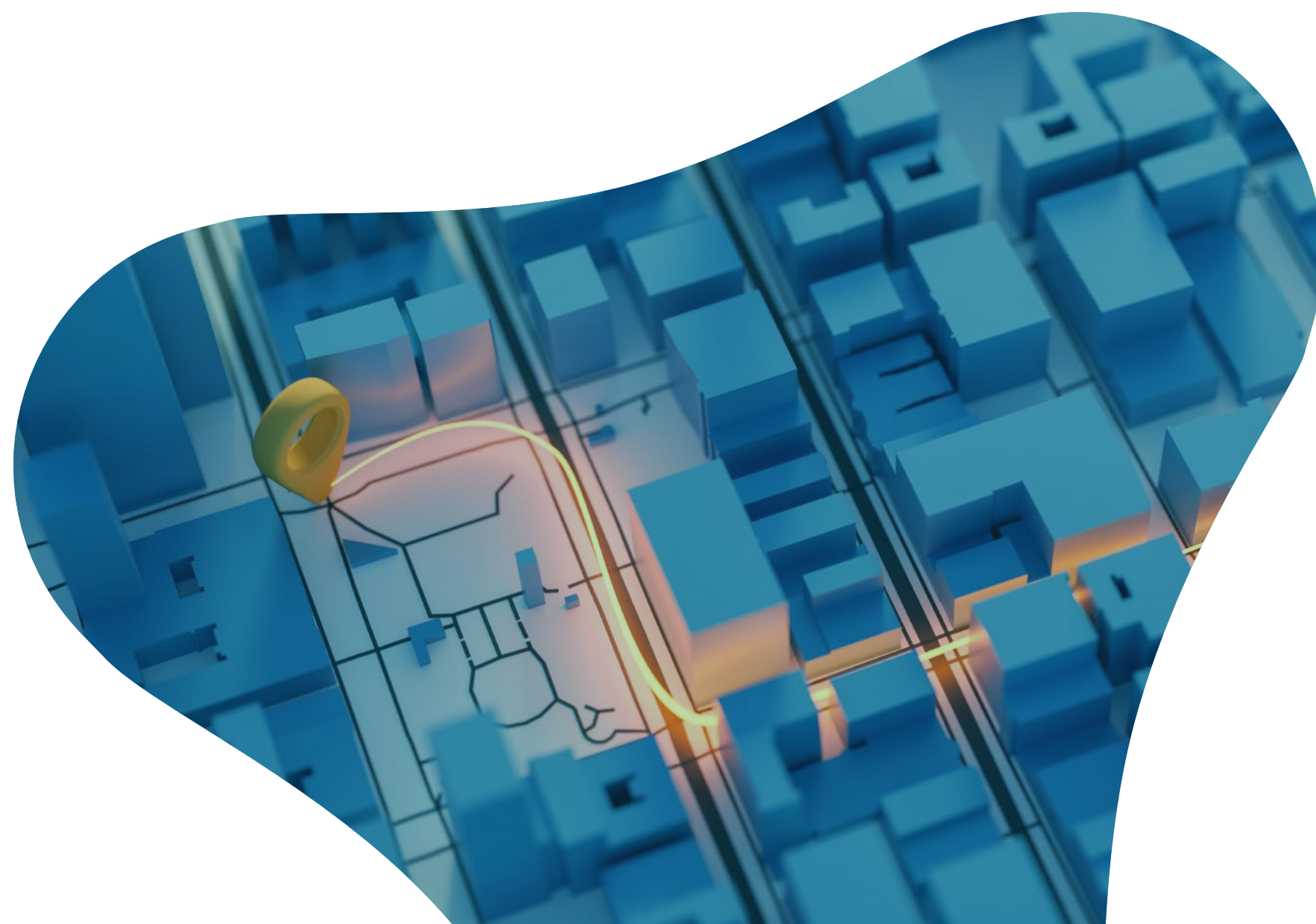


The user experience in the customer portal is such that our customers demonstrably have a ‘wanted-found’ experience – and no longer suffer a ‘wanted desperation’ experience.”

Use 35 individual objective states are interdependent. Thus, the user experience can only be achieved if objective states in terms of improved processes have been reached beforehand. Anyone who ignores this planning dimension and simply starts with OKRs, or structures them only in terms of KPIs, i.e. without the dimension of the fundamental objective states, quickly ends up in the OKR jungle (see below, OKR trap 1) or even in the OKR cacophony (see below, OKR trap 4).

The interdependencies of these individual objective states – also known as meta-OKRs – are modelled into an overarching roadmap for the coming years. When compared to classical planning, this road map is not input/activity-centred and ultimately only serves to provide a clear indication of the priorities for the next 3- or 6-month OKR sprint:

From which of the superordinate objective states is a slice to be cut off, i.e. an OKR to be defined, in order to get closer to the objective state and the associated KPIs?



Challenge 4:

OKR consequence and the existing project landscape

Depending on how you enter the OKR world (see Challenge No. 1), the questions will rear its head sooner or later:

- What should we do with the ongoing projects?
- Especially with those that have been running for a longer period?

If you want to get off to a successful start with OKRs, it must be clear to every employee, and to every cog in the system:

As long as nothing new comes along, the old will always apply!

This means that all projects and topics will initially be managed consistently as before. This puts a stop to implementation lethargy, because everything will soon be done anew anyway. As soon as the KPI and objective landscape is in place (see challenge no. 3), which usually takes two to three months, you can systematically place the existing project portfolio next to this structure and decide on the basis of three categories:

Category 1

Can the project be assigned to exactly one of the sub-objective states? If so: Are more than 50% done already? Then just get ready! If no: convert to OKRs.

Category 2

If no clear assignment to one but several of these sub-objective states is possible: Then it is usually one of those typical, long-running projects that take years until they once deliver a benefit: consequently breaking the project into individual OKRs in terms of the elaborated objective state landscape.

Category 3

And if there is no clear reference to any of the sub-objective states and KPIs, this is often a sign that the project can be left alone.





Especially in category 2, the following reflex motion will occur again and again:

”

“In the project, this whole thing involving OKRs makes no sense! We have to do the market analysis first, then create the marketing concept and train the sales force before we can approach the customers.”

As a rule, this is just a frame of mind that needs to be broken through. Those who do not consistently challenge each project to see if it can be broken down into OKR speedboats in a different, objective-state-driven rather than activity-driven way, each of which delivers at least one outcome after six months (see OKR results maxim above), will never reap the productivity and speed effects of OKRs.

The 6 typical OKR traps

OKR trap 1:

The OKR jungle

After the first successful OKR tests and the experience that if OKRs are designed to be compact in terms of scope, time and resources, they produce relevant results very quickly, the following happens: There are more and more OKRs and you can no longer see the woods for the trees. Neither is the relationship of the individual OKRs to KPIs really clear, nor can the interdependencies of the OKRs be managed effectively.



“We can’t see the woods for the OKRs!”

Wolfgang Neubauer, Managing Director ProSiebenSat.1 Tech Solutions

Solution

Drag a “what” level between the “why” (KPIs) and the “how” (individual OKRs) level with the objective states (meta-OKRs) to be achieved in the longer term (see also Challenge 3).





The OKR trap 2:

The fixation on activity

We humans are, by nature, more activity-focused and prefer to talk about what has been done and what needs to be done next, by whom and by when, rather than about **Objectives** and progress criteria (**KRs**). It is not for nothing that this fixation on activities is the pattern of classic project management. If you can't find your way out of such patterns, you won't experience a sustainable performance gain with OKRs.

Solution

Run all OKR status meetings according to the “no how” motto! No “how” focus on Objective, progress and conditions. In the OKR teams, always start with the reflection of the Key Results, before the activities are talked about, which are also only planned for 4 to 8 weeks ahead on a rolling basis.

OKR trap 3:

The OKR fake

If the OKR teams are not initially and adequately supported both in OKR creation and in OKR work (weekly's etc.) by an appropriate OKR supporter/ OKR champion, this quickly leads to classic management in agile fur: Essentially, the same thing is done as before, except that the project objective is now called "Objective" and the milestones are called Key Results.

The effect: this creates another method and administration monster without any benefit!

VIDEO

Agility – not a question of organisational form!

In this video, you will learn everything you need to know about agility, WHAT and WHERE TO focus, fake agility, the 6-month cycle and structural discipline.

[Video ansehen](#)

Solution

OKR teams need to understand that an Objective is not the synthesis of what one thinks one has to do (activity thinking), but the genesis from which what has to be done is derived. Establish an OKR supporter structure to provide a sense of achievement that illustrates how this way of thinking and working makes you more successful.





OKR trap 4:

The OKR cacophony

Everyone works with OKRs, but everyone works differently! The decisive challenges - the growth initiative, digitalisation or increasing employer attractiveness - are topics that can only be mastered across divisions. Between the silos, so to speak, lie the great sources of implementation performance potential. If the OKRs are not orchestrated with the help of comprehensive roadmaps, in order to arrive at the decisive priorities for the next sprint on the basis of the relevant, cross-departmental dependencies, among other things, a lot of performance potential remains unnoticed.

Solution

Create one and the same OKR rhythm for all! In 80% of cases, OKR terms of 6 months are a good idea. If the business year is the same as the calendar year, the successes of the current sprint are celebrated across the divisions in December and June, respectively, and priorities and scope for the next sprint are agreed.

OKR trap 5:

The tool enticement

OKRs are a question of attitude: Do we think and work consistently in terms of the result and focus our discussions precisely on these aspects? Or do we fall back into old patterns and prefer to ask for the exact plan for the coming months or years and want to know who will do what next and when?

There are great OKR tools on the market, no question! Be it ally.io, Cascade, Leapsome, ProgressMaker® or Workboard, to name but a few. But anyone who thinks they can enjoy the performance gains of OKRs with a tool is misguided.

INVESTIGATIONS HAVE SHOWN

Reduce PMO effort by up to 80%

Intelligent measure management and tracking ensure results and reduces PMO effort by 70-80%

[Read more](#)

Solution

First OKR structures (objective states etc.) and OKRs without tool!



OKR trap 6:

The OKR erosion

It is not uncommon for OKRs to be understood and accepted more quickly at board and staff level than at the “sandwich level” (division managers & co.). The reasons for this are complex, but often have to do with the commitment and transparency that OKRs bring in a positive sense. Because of the “no-how” principle and the “golden rule of progress” (an element of the OKR results maxim - see above), non-performance in status meetings can no longer be concealed with good PowerPoints or clever rhetoric.

Therefore, OKRs may be negated as not being a good fit, or only applied at the working level.

Solution

OKRs are the (!) steering tool, including in all top management meetings, and are used consistently top-down - without exception! It usually takes 18 months for everyone involved to realise how productive this approach is for themselves as well.

Progress-oriented OKRs

Actionable, efficient and progress-oriented OKRs to increase performance

Leverage high performance teams for extraordinary success.

IMPLEMENTATION STRENGTH

This is how OKR works

Answers to the most pressing questions on the topic of OKRs - making teams burn with motivation, passion and pride.

[Increase implementation strength](#)

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Execute Things Faster

EPM Enterprise ProgressMaker GmbH | Kampstraße 4 | D-20357 Hamburg

Telefon: +49 (0) 40 4013 789 - 0 | E-Mail: info@progressmaker.io

www.progressmaker.io

Management:

Matthias Kolbusa, Florian Hellberg