

OKR Objectives and Key Results: what's wrong and how to fix it.

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Introduction

What is Wrong with OKR?

OKR has its heart in the right place. More systematic thinking and planning.

But I believe it has a number of built-in problems, preventing it from being as good as it claims, and hopes.

I cannot find any documentation or case studies to give credence to any of the claims (except 17). These claims, below, could be made of any systematic planning method, and some of *them* have substantial studies and numeric validation. (2, 3, 4)

The purported fact that they are in wide use by large successful corporations, is an indicator of 'something': but not a clear indicator of a well thought out and powerful method. It may just be an indicator that OKR is better than nothing, or OKR is the best they have intellect to understand. What they do is their business, but adoption by others, on that basis, is unfortunately a bad sign of our times. We adopt that which is in fashion, until it fails, then we find a new fashion. Immature but common. You can do better!

Specific Problems with OKR

The 'Qualitative' Objective:

"An Objective is a business goal which is usually not quantifiable" Keegan . (8)
and his example:

"write a light-weight informative overview of OKRs" (8, slide 4)

All other examples I find have the same problems.

This is an excellent example of management bullshit (9). This sort of language has so much ambiguity that no two people will understand it the same way. It is both useless and dangerous as a method of setting objectives. it is also *unnecessary*, since it *can be* clarified and quantified, easily.

I will admit that such fuzzy malpractice is widespread, and ignorance of how to quantify is widespread too, no thanks to the poor teachings of universities, especially Business Schools. This is one reason for the failure of a cousin of OKR, Balanced Scorecard: it failed for the most part, to quantify the non-financial side of the scorecard! (10).

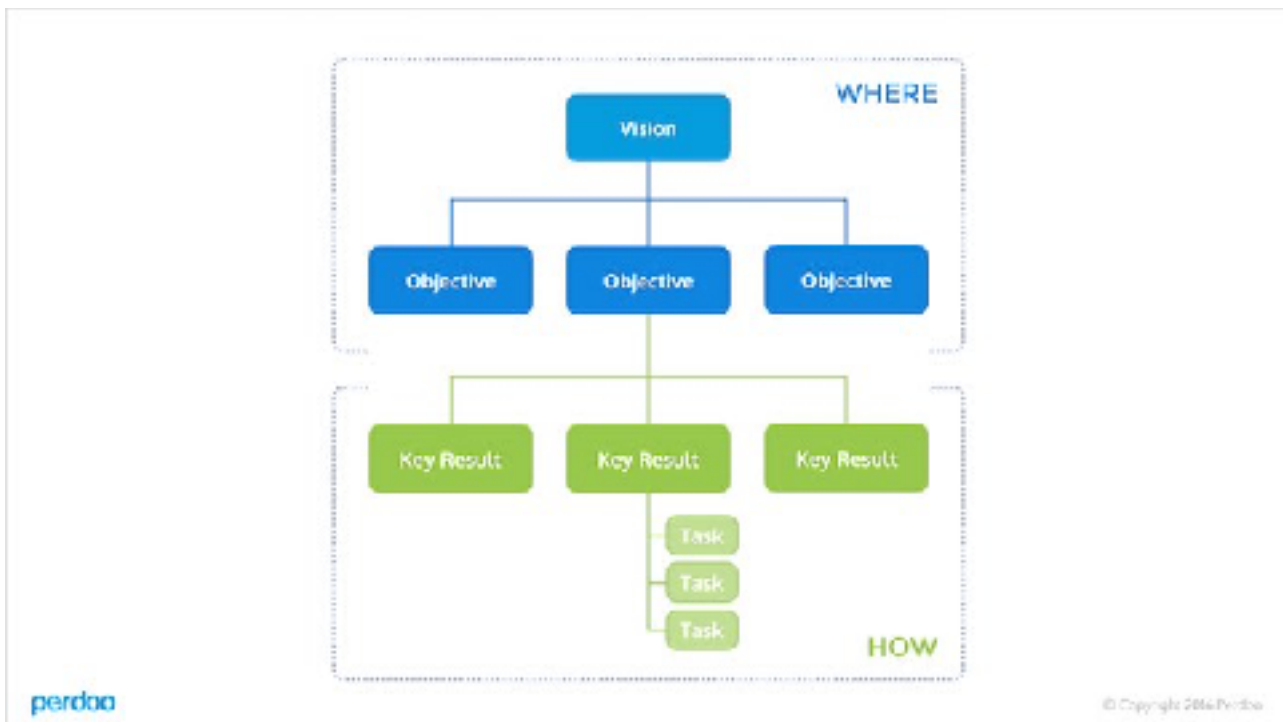
The methods of quantification are treated at length in several of my books (11, 12).

The references go into detail as to methods, so I will not work it out here. Let me get you thinking though.

“light-weight’ invites quantification and definition. Exactly how ‘light’ weight, and what is the definition of the ‘weight’ there. The second variable dimension “informative” obviously can be defined and quantified. How informative? for whom? In what sense? Try to Google “measuring informativeness”. The first page is filled with deep ideas and there are about 250,000 hits. Tell me again, ‘not quantifiable’ !

If we do not define the objectives, all of them, so that they are ‘perfectly’ clear (sufficient for purpose), and both quantified and measurable; then we will fail to provably reach them. We will waste many good employees time fooling with such immature views of the real world.

A second problem, with this lack of clarity of objectives, is that we cannot hope to make a clear logical connection to higher-level corporate objectives and visions. You cannot just point from an unintelligible statement to another(unquantified vision), and claim a meaningful relationship. Serious focus and business planning will fall apart quickly.



The Problems with the Key Result.

Key results, OKR says, *can* be ‘quantified’.

“key results are the key results you need to achieve in order to get to the objective” (13).

“At Google they’ll tell you a key result should have a number. This number will allow you to objectively define progress.” (13)

So, suddenly a smaller set of results can be quantified, but the combined result (the Objective) cannot! Somebody lost their logical sense and lots of sheep followed him off the cliff!

So, I can discuss *how well* Key Results (KR) are quantified, but I do not have to argue that they can and should be quantified. That is agreed. In fact that alone can account for some results of OKR, now we have to get the 'O' part quantified too !

KR Problems

The set of KRs are supposed to lead to some degree of achievement of the objective, right? Yes there is absolutely no way to assert, estimate, or show logical connection at all, to the Objective: because it is so poorly defined, and it is 'not quantifiable'.

The notions in OKR of 'progress' are pure subjectivity, I did some quantified stuff and now the undefined objective will happen. If 4 of 5 KR are done then you are 4/5 or .80 on the way to your undefined fuzzy Objective! Give me a break. You cannot make the connection either in theory (when planning, estimating, showing correlation to the objective) or in practice (when measuring progress towards the badly defined unquantified objective)

If you want another way to see how atrociously stupid this O<-KR 'logic is', and I hope that the reader is already so intelligent and educated that they do *not* need further convincing, then I suggest you study (11, 12) my CE and VP books in sections about 'Impact Estimation Tables'. There you will see a constructive alternative idea where the Strategies (Ralph Keeney calls them 'Means Objectives') or 'KR', get their effect on higher level objectives (RK: Strategic objectives) estimated based on evidence, experience and trusted sources.

Not only that but, using the IE Tables (18, a PhD), the impacts on the critical few objectives are all estimated, and later actually measured. In addition the costs and resources are estimated and measured. The subtle point is that the KRs have significant probable impacts, not only on a single fuzzy objective, but they have effects on several other good and bad effects, on other equally critical objectives and resources. Engineers call these side effects. So another problem with the KR is that is blind for side effects, and there is no good reason to fly blind here. If you do you will find out about those effects much later. Too late. Lean practice says you tackle problems upstream. Think 'Lean Startup' experience. OKR is not lean. It is dangerous to business success.

Progress Update Weekly:

"Everyone updates progress every week" (13).

- “1 Set a goal, based on a time period;
- 2 Determine how much daily progress you need to make in order to reach the goal;
- 3 Chart this progress on a line graph;
- 4 Track your daily progress; and,
- 5 Add this progress to the line graph, too”. (14)

I could not find a clear and uniform idea of how to track progress. It seems like you tick off degree of quantified KRs. OK, but...

The only interesting measure of real progress is going to be delivery of the higher level objectives. And we have, in current OKR, totally failed to quantify them always (not just on the odd occasion), so that is not generally possible.

I really do not believe for one instant that doing all the KRs is itself sufficient to reach the objective, even if it were quantitatively defined. You have to measure the movement towards the objective itself. You KRs are just a hopeful theory of what you have to do to reach the objective.

So the notion of updating OKR charts is at best a measure of stuff done, but that is not good enough to get control over delivery of real and critical objectives.

In my world (11,12) we measure weekly progress towards our critical objectives, themselves. Of course people who cannot even define those objectives measurably would have a problem doing that. So they fallback on 'stuff done that we hope will bring a nice objective home'.

How can we improve OKR practice?

I think the structure of OKR is useful and simple: it is the detail of implementation that I have objections to. So I propose some improvements, OKR II.

I hope these improvements will not remove the simplicity, or if some added ideas increase the burden slightly, then I would expect that to be the minimum price for making OKR work much better in practice. "Things should be as simple as possible, but no simpler" (no. AI did not actually provably say that. But I published it in 1988 (16), so I'll take credit. But he was of that persuasion (15)

Tom's OKR Rules:

1. **All Objectives and Key results will be quantified, if they are 'improvements'.**
2. **All Objectives and Key results will explicitly cross-reference higher-level objectives or visions which they pretend to support**
3. **The following quantified levels of any O or KR are permitted: Past, Tolerable, Wish, Stretch (see 11, 12 for more detail), Intel calls this a 'landing Zone'.** Thursday, 2 February 2017
4. **The only valid measure of 'good work' is actual *measurement of improvement* of the Objective, in the direction of a constraint (Tolerable) and a target (Wish, Stretch). This should be done early and frequently.**
5. **For serious and critical work, an Impact Estimation Table (12) can, optionally, be used, to get a better overview of how all Key results (aka strategies) affect all related Objectives. One day of effort might be needed, and that is worth it for serious work, using serious time and money.**
6. **The stakeholders involved for any O&KR may be listed.**
7. **Risks involved with each O&KR may be listed.**

I believe these improvements will improve the delivery of some of the OKR 'attributes' below, but only my own experience with such suggested systems (4, 5, 6, 11, 12) leads me to believe it.

And someone, a research body perhaps, should undertake to measure and validate the difference, as well as the current OKR levels of these attributes, which are of course all measurable.

Though of course, as predicted in this fluffy culture, there is virtually no respectable evidence as to how good the method is. Just a lot of fluffy claims, in the spirit of the non quantifiable immature culture that OKR currently represents.

"Of course there are also hard facts about what OKR can do for your team, although not many case studies (17) have been made public yet." Henrik-Jan van der Pol: (13)

Hmmm, after all these years, so few studies!

I am happy to join in any serious effort to make OKR much better. Right now I could not recommend it to a serious clients as it is currently presented, without feeling I was wasting their time.

There may be some readers out there, who I do not yet know about, who have already taken steps in a serious direction; and I would invite co-operation, enlightenment, case studies and facts.

‘Advertised But Not Proven’ Attributes of OKR (1)

1. Objectives Definition
2. Key Results Definition
3. Measurability
4. Critical thinking framework
5. Discipline: Helping Employees Work Together
6. Focussing Efforts
7. Measurable Contributions
8. Organizationwide Sharing
9. Visibility into Goals across the organization
10. Align Effort
11. Foster Long-Term Thinking
12. Open Measurement of Progress
13. Support Cross Functional Communication
14. Transparency (on Topics, Priorities)

from another source (2)

15. updated
16. aspirational
17. not tied to compensation, rewards, and reviews

And my snake oil will cure any disease that interests you. One person got 8.5% better using it.

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Chris Mason PhD: "I've not seen any research supporting that OKRs, as a specific methodology, is effective."
Nice with 8.5% sales at Sears, firms using the improved methods that I suggest, report 300% productivity and more (Intel, 6) and many other detailed cases and references in the VP book (12).
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