PEOPLE STRATEGY GROUP

People Strategy Playbook

How to Design a Successful OKR Program

Lattice

Orientation

Welcome to Lattice's People Strategy Playbook on how to design and implement a successful OKR Program. **This playbook is intended for People Team leaders, People Programs administrators, or Operations leaders who are intending to build an OKR Program.** On the following pages, you'll learn about seven critical decisions that need to be made in order to best align employees around your organization's most important goals. Each of these decisions, and the main options for each, will be discussed in detail.

Within each decision's options, you'll find:

- Description: What does this option entail?
- Benefits: Why might you choose this option?
- Risks: Why might you decline this option?
- Conditions: What must be true for your organization for this option to work?
- Preparation: What should you do to prepare for this option?
- Follow-through: What must be done afterward for this option to be successful?

At the end of this playbook, you will find sections about bringing your program to life, making your program stick, and a collection of links to additional resources. Finally, you will find a story of how a company in a similar situation to yours thought through the decisions around its OKR program, taking it from concept to reality.

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Getting Started

Preparing to Launch OKRs

The **Objectives and Key Results (OKRs)** framework is a goal-setting methodology that promotes **simplicity**, **frequency**, and **transparency**. Used effectively, it fosters a focused, engaged, aligned, and inclusive company culture.

Don't rush in: Introducing OKRs is a process that can (and should) take several quarters. Employees need to not only understand this new way of setting and tracking goals, but they also need to feel that the methodology is here to stay. Adopting OKRs is also iterative — making changes along the way is part of the process.

If you're considering implementing OKRs, here are some things that should be true about your organization:

- **Leadership believes in OKRs**. Without leadership support, OKRs won't be adopted by the rest of the company.
- **You have an established mission and strategic direction for your organization**. If leadership doesn't have a strong vision for where you're going, aligning team and individual OKRs with your company's will be impossible.
- **Executives trust the process**. Implementing OKRs takes time, resources, and effort. You need leadership to believe not only in the concept of OKRs but to maintain patience and belief through implementation. The juice is worth the squeeze.

An aligned and transparent OKR process is a powerful way to instill a greater sense of meaning within your teams. This playbook will help you craft an OKR process that inspires teams, clarifies what matters most, and provides strategic alignment.

Phases of the OKR Process

Goal-setting frameworks don't function on autopilot — it takes a deliberate approach consisting of three stages. Organizations that successfully use OKRs **prioritize**, **activate**, and **reflect** on each goal cycle. We'll go through what each of these phases entails.

Prioritize, Activate, and Reflect



Prioritize Phase

In the prioritize phase, teams and individuals identify the most important objectives and key results for the cycle. This can occur over the course of one or two team meetings, where the team brainstorms the most important objectives and agrees on what should fall under their OKRs. It can also occur asynchronously, where the manager solicits input and creates the team's OKRs based on that input.

Note that alignment of objectives often happens bottoms-up instead of in a top-down cascade (alignment is discussed in Decision 3, and you'll find links to more resources in the last section of this playbook). This means that while goal setting itself should begin at the top of the organization to establish a strategic direction, the creation and alignment of subsequent levels should be driven by teams and individuals bottoms-up to foster a sense of ownership of OKRs.

Activate Phase

Next, all individuals and teams should meet regularly to ensure everyone is motivated, trained, and equipped to maintain momentum and achieve these critical goals. Learn more about the options for activation in Decision 4.

Reflect Phase

Lastly, when all OKRs are evaluated at the end of a cycle, teams and individuals should measure what was achieved and meaningfully reflect on the process and outcomes. Like the prioritization phase, this should happen with full participation from the team and is often an important lead-in for the next cycle's prioritization phase.

OKR programs differ from organization to organization but should still roughly follow the above process. They should also be rooted in simplicity, frequency, and transparency. See the Additional Resources section for more details on running practical workshops for each of these.

Key OKR Program Roles

OKR Sponsor(s): One or more members of the leadership team that is/are passionate about the benefits that an OKR program brings to the organization, and is/are willing to support it with both words and actions. This requires minimal additional time and should be achievable within the flow of work.

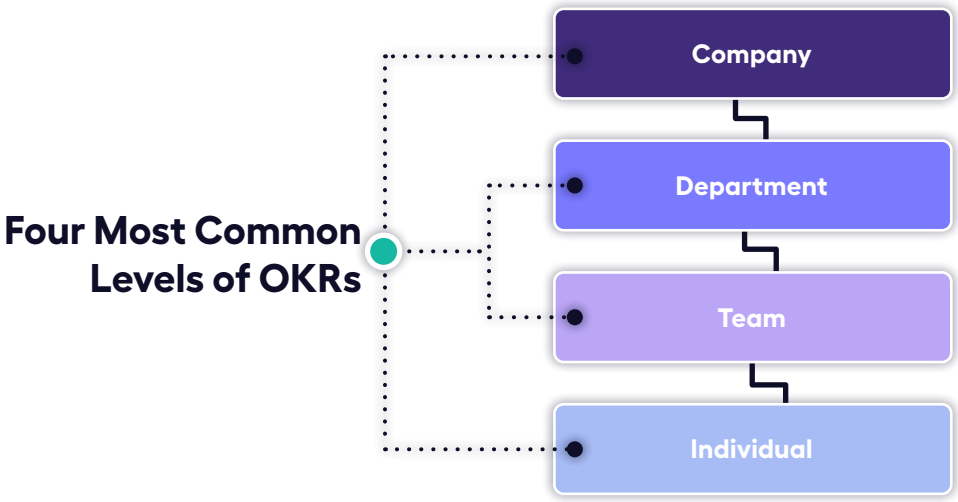
Program Administrator: A People or Operations team member responsible for communicating expectations, organizing training/office hours, monitoring activity/behaviors, and reporting on OKR-related metrics to the leadership team. This requires between 20% and 50% of a full-time employee's time (depending on the decisions below) and can be taken on by one person or divided between two or more individuals.

OKR Champions: Employees who are passionate about OKRs and have undergone additional preparation or training to facilitate OKR activities and guide their colleagues in creating OKRs. This requires minimal additional time and should be achievable in the flow of work. This role is optional but highly encouraged.

Decision 1

How Many Levels of OKRs to Set

To align everyone around strategic initiatives, OKRs need to reach different levels throughout the organization. In balancing simplicity and effectiveness, OKR processes often require OKRs to be created at no more than four organizational levels. The four most common levels are:



Using up to four levels helps limit the time it takes to draft and align your OKRs each goal cycle. That's because you are simply approximating the structure and complexity of your organization, not replicating it. More than four levels is complicated; using one or two levels sometimes doesn't provide enough guidance.

An OKR process that reaches every team and individual helps all individuals engage, contribute, and find purpose in supporting the organization's goals.

Lattice typically recommends three levels of OKRs: **Company**, **Department**, and **Individual**. This strikes a good balance between effectively reaching all parts of the organization with an approach that is simple enough to be effectively implemented and supported.

Option A

Most Frequently Recommended

Company, Department, and Individual

Description

We recommend three levels of OKRs for most of the organizations we work with: Company, Department, and Individual. This approach delivers a balance of the key benefits of the OKR methodology — namely Focus, Alignment, and Engagement — without sacrificing any one outcome in service of maximizing another.

Benefits

- Allows individuals to own OKRs, which drives engagement.
- Shows how departments are contributing to company-level objectives.
- Easier to set up and operate than four or more levels of OKRs.

Risks

- Not as radically focused as a simple Company and Team structure.
- Potential confusion, overlap, or gaps between teams within a department.

Conditions

- Your organization has between approximately 100 and 400 employees, or has no more than a couple of teams within each department.

Preparation

- Ensure every employee and manager has gone through OKR training before they are expected to write their own OKRs. Managers should be conversant in OKRs so that they can help team members.
- Ensure that adequate resources are available when questions arise.
- Optional: Enlist OKR champions so there are OKR experts in each department.

Follow-through

- Senior leadership leads alignment on purpose or mission.
- Senior leadership sets organization-level OKRs.
- Department and team leads translate top-level OKRs into objectives relevant to their function.
- Team leads work with individual contributors to determine individual goals in support of department objectives.
- Individual contributors track and report progress towards goals and discuss in one-on-ones and team meetings.

Option B

Company, Department, Team, and Individual

Description

Using four or more levels of OKRs supports larger organizations with many teams within each department. It supports separate and specific OKRs at the department and team levels.

Benefits

- Scales to large or dispersed organizations.
- Provides clarity between department and team OKRs.

Risks

- An additional OKR layer can reduce agility.
- Requires additional resources to conduct, which can raise operating expenses.

Conditions

- Your organization has multiple teams within a given department, separate subsidiaries, or geographic operating units (typically at ~400+ employees).

Preparation

- Ensure every employee and manager has gone through OKR training before they are expected to write their OKRs. Managers should especially be conversant in OKRs to help their team members. This is important when working with an additional level of OKRs, because that can multiply the number of objectives of individual contributors.
- Ensure that adequate resources are available and discoverable so that if there are any questions, answers are accessible.
- Enlist a cohort of OKR champions so there are multiple experts in each department. These individuals should also be ready to help run your OKR process to allow for better coordination and alignment between levels.

Follow-through

- Senior leadership leads alignment on purpose or mission.
- Senior leadership sets organization-level OKRs.
- Department leads translate top-level OKRs into objectives relevant to their teams.
- Team leads work with individual contributors to determine team and individual OKRs.
- Individual contributors report progress towards goals and discuss in one-on-ones.
- Team leads report progress towards team goals and discuss in one-on-ones and departmental meetings.

Option C

Company and Department *or* Team

Description

This approach uses just two levels of OKRs: organizational and departmental.

Benefits

- Easier to set up and administer at an organizational level.
- More flexible and agile than other options.

Risks

- Because there is little formal alignment at the start of an OKR cycle for individuals, frequent communication and manager check-ins are required to ensure all efforts stay aligned.

Conditions

- You are in a smaller organization or start-up environment where priorities often shift.
- Your organization is flat.

Preparation

- Individual contributors require minimal orientation around working toward company and department OKRs, since they will not generate their own.

Follow-through

- Senior leadership leads alignment on purpose or mission.
- Senior leadership sets organization-level OKRs.
- Department heads or managers lead the creation of department or team-level OKRs that best support organizational OKRs with input from their teams.

Decision 2

How Many OKRs to Own at Each Level

To maintain simplicity in the process and deliver the desired outcome of organizational focus, it is important to limit how many OKRs should be created at each level of your OKR hierarchy.

Consistent expectations for OKRs create fairness across the organization, with all individuals and groups making comparable contributions.

Lattice typically recommends a hybrid approach, where individual contributors work on 1-3 OKRs at a time, but teams, departments, and the company as a whole each have 3-5 OKRs. This provides support for ambitious organizational goals without overloading individual contributors.

There are three general approaches for how many OKRs to have at each level. These are not strict rules to enforce in every case, but valuable guides to prevent OKR creep.

Number of OKRs by Level

OKR Levels	(A) Hybrid	(B) Standard	(C) Focused
Company	3-5	3-5	1-3
Department	3-5	3-5	1-3
Team	3-5	3-5	1-3
Individual	1-3	3-5	1-3

Use the guides in Additional Resources to help plan the OKR writing sessions, as outlined in the Prioritize Phase.

Option A

Most Frequently Recommended

OKRs by Level: Hybrid

Description

In a hybrid approach, individuals work on 1-3 OKRs per quarter, in support of 3-5 OKRs at the team, departmental, and/or organizational level.

Benefits

- Allows enough space for executives and team leads to prioritize up to five OKRs without overwhelming individuals who might only be able to focus on one or two of their strategic OKRs per cycle.

Risks

- With fewer OKRs at the individual level, there's a risk of broader OKRs needing more organizational support to achieve success.

Conditions

- This approach works in most cases, unless you have either a large organizational agenda or a very focused, "bet the company" one.
- For organizations using just company and department/team OKRs, the guideline of 1-3 OKRs per individual can be useful general guidance for individuals, since they are not formalizing their OKRs in a system.

Preparation

- Set clear parameters and expectations for team members and managers about the recommended number of OKRs.

Follow-through

- Senior leadership sets the 3-5 OKRs required to support their strategic initiatives.
- Department and team leaders determine the 3-5 OKRs their group will adopt.
- Team leaders and individual contributors work to set 1-3 OKRs for each team member.

Option B

OKRs by Level: Standard

Description

This option applies 3-5 OKRs to every level in the OKR process. This approach was popularized in John Doerr's book *Measure What Matters*, and his subsequent writings.

Benefits

- Offers the simplicity of a single guideline.
- Offers the most OKRs per level, supporting the largest organizational agenda.
- Avoids the mismatched number of OKRs between levels found in the hybrid approach.

Risks

- Asking individuals to create and complete more than three strategic OKRs, especially in the early phases of a new program, might be overwhelming.

Conditions

- Consider this approach if you have a large organizational agenda to support.

Preparation

- Set clear parameters and expectations for team members and managers about the recommended number of OKRs.

Follow-through

- Senior leadership sets 3-5 OKRs to support their strategic initiatives.
- Department and team leaders determine the 3-5 OKRs their group will adopt.
- Team leaders and individual contributors work together to set 3-5 OKRs for each team member.

Option C

OKRs by Level: Focused

Description

This approach uses just 1-3 OKRs per level. Challenging teams to choose 1-3 OKRs per level, while difficult, will help communicate what is most important for all teams to focus on.

Benefits

- Simpler to establish, communicate, and implement.

Risks

- May not be sufficient to include all desired strategic initiatives.
- May create confusion around where to record other priorities.

Conditions

- This approach can be a good entry point when starting your OKR process.
- This approach might be better suited to smaller organizations using just two levels of OKRs.
- This approach might make sense if “focus” is your most desired organizational outcome from the OKR methodology.

Preparation

- Set clear parameters and expectations for team members and managers about the recommended number of OKRS.

Follow-through

- Senior leadership sets 1-3 OKRs to support their strategic initiatives.
- Department and team leaders determine the 1-3 OKRs their group will adopt.
- Team leaders and individual contributors work to set 1-3 OKRs for each team member.

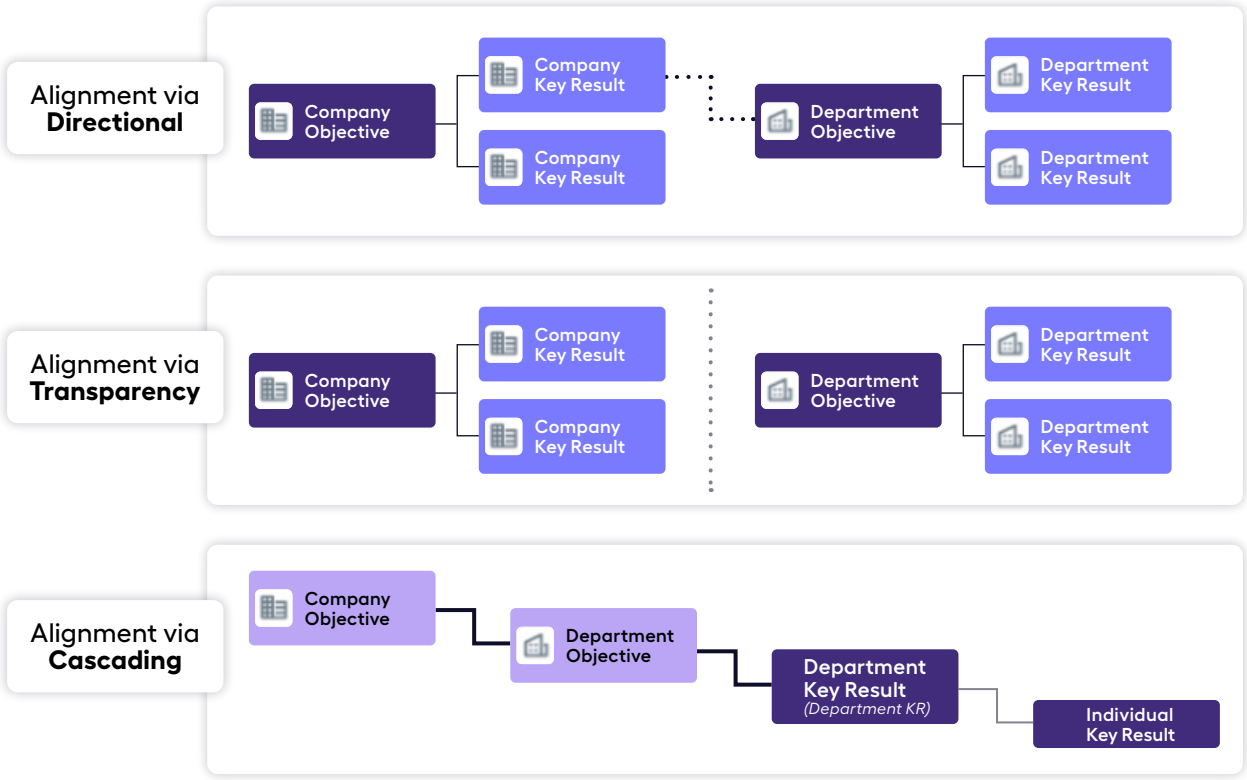
Decision 3

How to Align OKRs

OKRs are popular because they create greater alignment within an organization.

Alignment, or the sense that everyone is working towards the same purpose, is achieved via several activities pertaining to the OKR process, such as setting objective OKRs at each agreed-upon level, having discussions during OKR planning, and reviewing OKR progress. However, one of the most direct ways to create alignment is connecting OKRs to show a relationship between efforts at different levels of the organization. Alignment and consistent process throughout the organization also creates a level playing field across the company, which supports inclusion and reduces bias.

OKRs can be aligned via direction, transparency, or a cascade. This is a nuanced but critical decision. The way that an organization chooses to align OKRs has significant implications on the scope of OKRs that a team or individual can create, as well as downstream effects on how reporting is managed.



Lattice recommends a directional alignment model for connecting your OKRs. Directional alignment, or connection between a lower level's objective and a higher level's key result, is advantageous because it creates a connection between OKRs in your system and will allow you to report on how connected OKRs are as a proxy for overall alignment, while still maintaining flexibility to allow OKRs that aren't obviously linked, or that could logically support more than one higher-level OKR, to exist.

Option A

Most Frequently Recommended

Alignment via Direction

Description

- Top company objectives have their own key results.
- Department objectives are aligned to company key results *but do not automatically contribute towards progress tracking.*
- Team and individual objectives are aligned to department and team key results in the same manner.
- Not all objectives are required to have a "parent" key result.

Benefits

- Individual OKRs are set from the bottom up, giving teams and individual contributors a strong voice.
- Individuals can select OKRs that do not tie to a higher level OKR but are still important in their own right.

Risks

- Lacks the accountability found in directly linking progress, which counts completion of lower-level OKRs toward higher-level OKRs' progress.

Conditions

- Works in most contexts.
- Works well in environments where creativity and experimentation are encouraged.
- Requires a medium amount of administrative effort at each cycle.

Preparation

- Higher-level OKRs must be known and recorded before alignment can be established with lower-level OKRs.

Follow-through

- Senior leaders and department leaders decide how department objectives support organizational key results at each cycle.
- Managers and ICs decide how team and individual objectives support departmental key results at each cycle.

Option B

Alignment via Transparency

Description

- After OKRs are published at the company and department level, and discussed via company-wide and department-wide channels such as all-hands meetings, teams and individuals can create OKRs in the context of the company direction.
- All OKRs at all levels are publicly visible.
- OKRs are not technically connected in either direction, but should be connected in theory. For example, a team's OKRs should support the direction of its department and/or its company, even if there are no direct lines between them).

Benefits

- Requires a low amount of quarterly administrative effort.
- Team and individual OKRs are set from the bottom up, giving teams and individual contributors
  a strong voice.

Risks

- No way to track whether or which teams/ individuals are working to support a given higher-level OKR.
- Lacks the accountability found in progress contribution.

Conditions

- Works best with a quarterly OKR process.
- A good option for organizations new to OKRs.

Preparation

- Because different levels of objectives and key results are not connected in this option, there is no preparation required beyond creating them.

Follow-through

- HR, senior, and department leaders should coordinate all-hands meetings and other communications to announce company-wide and department OKRs.

Option C

Alignment via Cascade

(Rarely Recommended)

Description

- Top company objectives are directly supported by department objectives (not key results).
- Department objectives are supported directly by group and/or individual objectives.
- Key Results are replaced by the objectives in the next level down. The progress of one level's objectives is driven by every supporting level's objective contributions, creating a strict alignment of progress.

Benefits

- Provides strict accountability of progress contribution.

Risks

- This option's administrative effort can generally only be supported by an annual cycle, which means organizations might not be as agile in responding to change.
- This is a top-down approach, which can lessen input and ownership from teams and individuals.
- All participating individuals must be strictly accountable for updating OKR status promptly so that the status of the highest level objectives does not lag reality.

Conditions

- Works best with annual OKR cycles.
- Management must be willing and able to create top-level OKRs that logically predict all OKRs that need to be assigned below them.

Preparation

- Objectives, but not key results, must be announced at the top-most level before alignment can be established.

Follow-through

- Senior leaders and department leaders must establish alignment between the top-most and their levels of cascading objectives.
- If team and individual Level OKRs exist, managers establish alignment between the mid-level and their levels of cascading objectives and key results.

Decision 4

How Frequently OKRs Should Be Created

How frequently you create OKRs relates directly to how responsive your company is to ongoing changes within the organization and in the broader market and economy.

A core component of OKRs is that we turn the annual "set it and forget it" model of traditional goal setting on its head by setting goals more frequently.

Team and individual OKRs are generally recommended to be reset every quarter. This cadence fits well with other natural business cycles, and it is in the Goldilocks zone of being long enough to get big, important work done while still being short enough to keep goals relevant throughout the year. However, other cadence options may suit certain, less common circumstances.

Hybrid Annual & Quarterly

OKR Levels	Company	Department	Team	Individual
Cadence	**Annual**	Quarterly	Quarterly	Quarterly

Best For: *Reducing overhead for executives*

Lattice recommends a hybrid approach, pictured above. Because OKRs can be set at the company, department, team, and individual levels, you can mix and match annual and quarterly updates to best suit your needs.

Option A

Most Frequently Recommended

Hybrid Annual and Quarterly OKR Cadence

Description

This approach pairs annual company-level OKRs with supporting quarterly OKRs at the department, team, and individual levels.

Benefits

- Bridges longer-term 3-5 year strategy with shorter-term quarterly actions.
- Reduces overhead for senior leadership.

Risks

- Fast-growing companies or those in fast-moving industries may need to update company OKRs more frequently than annually.
- Especially for companies that have four or more levels of OKRs, setting department, team, and individual goals can prove challenging to manage at the start of a quarter. If this is the case, setting semi-annual department goals as part of the hybrid model may be advantageous.

Conditions

- Works well in most industries, company sizes, and types of organizations.

Preparation

- Ensure your OKR platform can handle different goal cycle durations for different levels.

Follow-through

- Senior leadership should update or change any OKRs that aren't relevant each quarter as priorities change.
- Department and team leaders follow a quarterly cadence of the Prioritize, Active, Reflect cycle, with individuals following behind.

Option B

Quarterly OKR Cadence

Description

OKRs at all levels–company, department, team, and individual–are updated quarterly.

Benefits

- The whole organization can respond more rapidly to changing internal and external conditions.

Risks

- Organizations trying to move fast may become overly focused on the OKR process.
- Senior leadership may spend more time on goal creation than execution.
- Departments, teams, and individuals must wait for the organizational OKR update to move forward with their respective cycles.

Conditions

- Works best with fewer OKRs per quarter, fewer OKR levels, and with non-cascading alignment.
- Best for small organizations in fast-changing industries or markets.
- Requires significant time from senior leadership.

Preparation

- Set a quarterly cadence at all levels for your OKR platform.

Follow-through

- Administrators may need to keep senior leaders accountable for frequent updates.
- Senior leadership should regularly review the effort and impact of this quarterly process to ensure it is worth the investment.

Option C

Annual OKR Cadence

(Rarely recommended)

Description

OKRs for all levels are set annually.

Benefits

- Low administrative effort.

Risks

- The slow pace of updates means the OKR process risks being ineffective and irrelevant. This risks employees falling into the “set it and forget it” trap that the OKR methodology was built to avoid.

Conditions

- It might be better suited for larger organizations in slower-moving industries.

Preparation

- Set an annual cadence at all levels for your OKR platform.

Follow-through

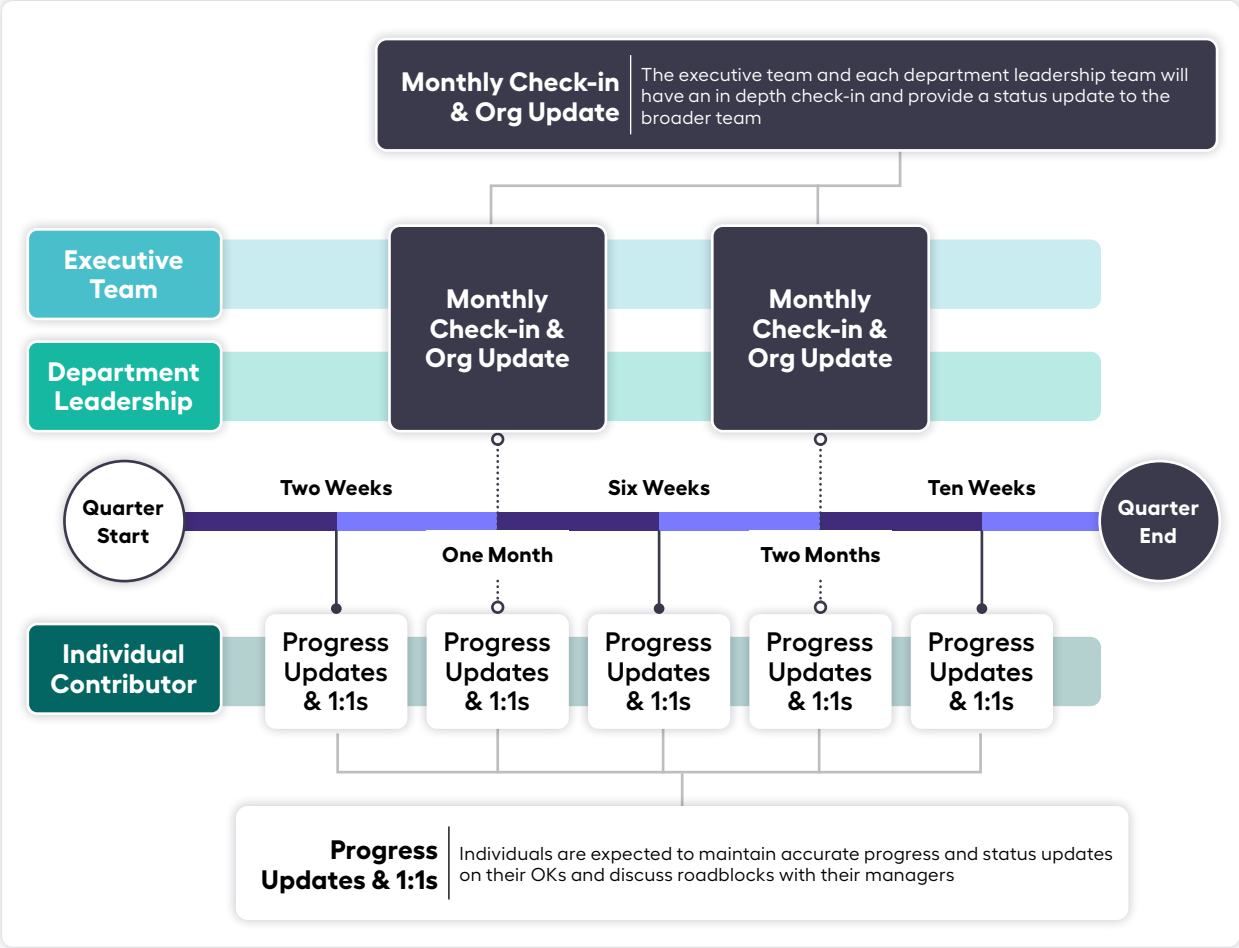
- Senior leadership should regularly review whether this option provides the frequency required to maintain employee engagement and market competitiveness.

Decision 5

How Frequently to Check and Reflect on OKRs

While OKRs serve as a springboard for all kinds of frequent, ad-hoc interactions within your organization, the OKR "check-in" is a process for all teams to meet at a regular cadence to ensure OKR progress, risks, and confidence levels are regularly shared and the organization stays synchronized in its effort to achieve its objectives.

While teams can meet as frequently as they want about OKRs, they should not meet less frequently than your company-wide "check-in" cadence.



An OKR goal cycle (quarterly or annual) can then end with a richer reflection phase that allows the entire organization to think deeply about the past goal cycle. Simply gathering to discuss successes, surprises, and shifts identified in the check-ins from the last cycle can dramatically impact the next round of OKRs.

Lattice recommends a monthly OKR check-in for all teams. (For more on what typical OKR check-ins and reflections entail, check out the Additional Resources section at the end of this playbook.)

Option A

Monthly Check-Ins

Most Frequently Recommended

Description

Lattice typically recommends a minimum monthly company-wide “check-in” cadence. Individual teams should be empowered to review OKRs more frequently if it suits them, but monthly is the minimum standard.

Benefits

- This ensures OKRs will be revisited at least twice during a typical quarterly cycle, thereby preventing the “set-it-and-forget-it” trap.
- Keeps teams engaged with their OKRs while not overburdening them.

Risks

- It may not be frequent enough for focused and fast-moving organizations.

Conditions

- This works in most situations.

Preparation

- Select and configure your OKR platform to allow for shared progress updates.
- Encourage teams to nominate OKR champions outside of team managers — or seek volunteers — to help the check-in process be more of a share-out and group problem-solving session, versus something more punitive.

Follow-through

- Senior, department, and team leaders practice monthly check-ins with their reports, between reflections at the end of each OKR cycle.

Option B

Mid-Quarter Check-Ins

Description

A company-wide “check-in” cadence at each quarter’s midpoint and end/start. Individual teams should be empowered to review OKRs more frequently if it suits them.

Benefits

- Lower effort for the organization.

Risks

- Typically not frequent enough of a milestone to keep OKRs top of mind for teams, and rarely contributes to the development of good OKR habits in an organization.

Conditions

- Often used by organizations where all levels are on a semi-annual or annual OKR creation cadence (Decision 4, Option C).
- This can also be a good option for organizations without full support or buy-in from leadership for the OKR process.

Preparation

- Select and configure your OKR platform to allow for shared progress updates.

Follow-through

- Senior, department, and team leaders practice semi-quarterly check-ins with their reports, between reflections at the end of each OKR cycle.

Option C

Weekly or Semi-Weekly Check-Ins

Description

A company-wide OKR “check-in” cadence of every 1-2 weeks. Individual teams are on the same cadence as the organization.

Benefits

- More frequent check-ins keep OKRs top of mind for all levels.
- The full company is in lock-step on OKR updates.

Risks

- Requires significant effort and dedicated time.
- Unless true progress can be made in the time allotted, employees may begin to view the check-in as unnecessary or as a “check-the-box activity.”

Conditions

- More frequent check-ins can work if you have an extended program team or network of OKR champions that can work to ensure compliance with such a rigorous check-in schedule.
- It might be more suited for smaller, fast-moving organizations with fewer OKRs.

Preparation

- Select and configure your OKR platform to allow for shared progress updates.
- Encourage teams to nominate OKR champions to help the check-in process be more of a group problem-solving session versus something more punitive.

Follow-through

- Senior, department, and team leaders practice weekly or bi-weekly check-ins with their reports, between reflections at the end of each OKR cycle.

Decision 6

How OKRs Relate to Performance Reviews

Performance reviews recognize and reward individual and team achievement. Progress toward OKRs is part of that achievement, and so introduces the question of how to incorporate them.

The reason why you *might* have heard that OKRs need to be separate from performance reviews is that OKRs are meant to represent aspirational goals, and by tying OKR completion to a performance evaluation, you encourage people to set easier, achievable goals.

That being said, OKRs don't need to be ignored as part of a performance conversation. On the contrary, there should be a template for discussing individual achievements in a performance review setting.

There are three ways to consider tying OKRs to performance reviews:

- Impact
- Direct Formula
- Disconnected

Lattice typically recommends using a subjective impact approach. This includes OKR efforts in the performance discussion without it impacting a person's rating or bonus calculation. Keeping OKR completion separate from ratings and bonus calculations reduces opportunities for bias.

Option A

Most Frequently Recommended

Impact

Description

OKR efforts are included in the performance review discussion, but data points regarding OKR completion are not included in a person's rating or bonus calculation. For example, you could have a performance review that evaluates an individual on their competencies, exhibition of values, and overall impact. In impact questions, you can ask a manager to rate an individual on the value they provided to the company based on their OKR efforts

Benefits

- This avoids the downside of people setting easy or less meaningful goals to achieve higher ratings and bonuses.

Risks

- Because this is a subjective measure, it poses a risk of unconscious bias or intentional discrimination.

Conditions

- This works in most situations.

Preparation

- Ensure there's a question in the performance evaluation that references the impact of a given person's efforts (e.g. "Referencing this person's OKRs, what impact did they have on the team's or company's success?").
- Enable employees and managers to update OKR progress throughout the year to demonstrate their efforts' impact on the team's or company's success. Do this via training, reminders, and norms for taking time to update OKR progress.

Follow-through

- During performance reviews, all employees and their managers reflect and comment on their OKR efforts' impact on the team and company.
- During performance reviews, senior, department, and team leaders discuss OKR performance with those they review.

Option B

Direct Formula

Description

Achievement toward OKRs directly impacts performance ratings and, potentially, compensation. There is often a difference in how the two varieties of OKRs are treated:

- **Committed/operational OKRs** are measurable goals that can and should be achieved by the end of the cycle. These are often operational metrics that must be hit at 100% to have a well-functioning organization.
- **Aspirational OKRs** are intentionally bigger than what is achievable by the end of a cycle. They could represent the best-case scenario for a given project or KPI. Achievement in the range of 60-70% is considered a success.

Benefits

- Allows flexibility to match OKR, review, and bonus process to an individual or team's role in the organization.

Risks

- Because different groups within the organization often have different combinations of committed and aspirational OKRs, this approach can create misunderstanding, miscommunication, and resentment.

Conditions

- Works best in groups with a majority of committed operational targets, such as sales, call centers, and customer support.

Preparation

- All stakeholders must understand the difference between the two types of OKRs: operational/committed and aspirational.
- Senior leaders and HR must determine formulas for how OKR performance is measured and how it impacts rating and bonuses. Consider having differentiated formulas for committed and aspirational OKRs.

Follow-through

- HR, senior, department, and team leaders should periodically review whether using the direct formula is creating misunderstanding, miscommunication, or resentment.
- If the company uses the direct formula just for select teams or departments, leaders should periodically review whether this selective practice is fair.

Option C

Disconnected

Description

This approach draws clear boundaries on OKRs being a business process and performance being a people process by completely disassociating OKRs from performance reviews.

Benefits

- This provides a clear division between business and people processes.

Risks

- It requires heavy education and program management.
- It can confuse teams and individuals by giving them two sets of goals, only one of which impacts rating and bonus.

Conditions

- Companies with disconnected OKR and performance programs often have very strong cultures that encourage aspirational behaviors and risk-taking for their OKR programs. The disconnect ensures that employees are entirely motivated to “go big” and not be held back by the system.
- Programs with only two levels — company and department — will likely use this option.

Preparation

- For organizations that still have merit-based compensation, one way this is handled is to make clear at the start of a year that the metrics or KPIs that tie directly to compensation decisions are separate from OKRs.
- If desired, senior, department, and team leaders establish KPIs, apart from OKRs, which impact rating and bonus.

Follow-through

- HR, senior, department, and team leaders communicate clearly and consistently about the performance management, OKR, and KPI processes.

Decision 7

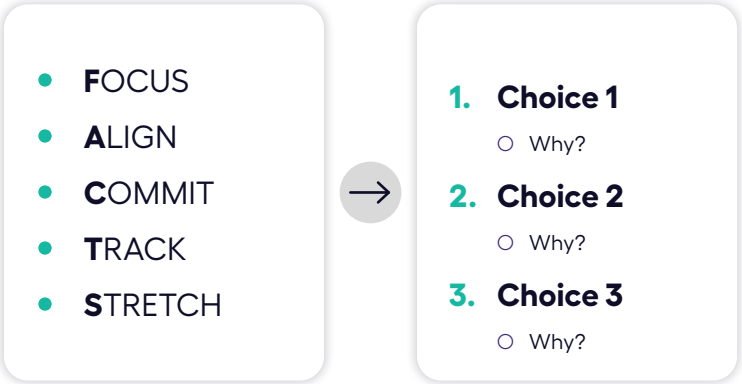
How to Measure Success for OKR Programs

If you're investing time and effort in an OKR process, you naturally want to know whether it's successful.

As OKRs have evolved over the years, and since organizations often adapt the methodology to their specific process, the true measure of success of an OKR program is very specific to your organization. Your choices in the OKR process influence how you measure success. This section presents several success measures for you to consider.

One way to help you find what your actual measures should be is to start with the desired outcomes you have from an OKR program, also referred to as the OKR superpowers, and choose which matters most.

How will OKRs help your organization?



Since OKRs cannot deliver any of these outcomes until the process becomes an organizational habit, we can add one more category to measure when it comes to success, and that's "**compliance**," as we initially measure whether habits are developing.

Lattice recommends starting with the compliance measure of success to help embed OKRs in your organizational culture. It often takes as many as three quarters to become proficient at OKRs as an organization, so setting the bar too high too early can be demotivating.

Option A

Compliance Measures of Success

Description

This approach starts with smaller, achievable targets in the first quarter of OKR adoption, before scaling expectations over the next few quarters. For example, in your first quarter using OKRs, consider a success metric such as "60% of all employees own at least one OKR." In future quarters, you can work toward 100% of employees owning at least one OKR. The point is that employees must establish OKRs as a habit before the organization can strive for perfection.

Benefits

- Realistic goals and effort.
- It can be scaled over time.

Risks

- Showcasing modest early results could be demotivating.

Conditions

- Works best with organizations just starting the OKR process.
- Pick at least one measure to track and improve upon quarter over quarter:
  - » % of Individuals Owning OKRs.
  - » % of Individuals with an OKR update.
  - » % of OKRs updated in the last 30 days.
  - » % OKRs overdue.

Preparation

- Ensure the entire organization is aware of the intended progression of metrics, and which are most important to start.

Follow-through

- Senior, team, and department leaders regularly review compliance measures of success and implement methods of improvement as necessary.

Option B

Alignment Measures of Success

Description

This measure captures how well the OKR process aligns with and contributes to company goals. Each organization may have a different definition of alignment, but the two main ways to measure it are OKR structural reporting and employee sentiment.

- OKR structural reporting can be measured via the percentage of individual and team OKRs aligned to a department or organizational goal.
- Employee sentiment refers to whether individuals feel that their OKRs align with company goals, generally measured via an engagement survey.

Benefits

- Reinforces OKR culture across the organization.

Risks

- If you over-rotate to encourage that all work is aligned, you may end up with fewer goals being set as people struggle to match their priorities with their company's.

Conditions

- If using OKR structural reporting, you must have an OKR platform that either includes analytics and dashboards or allows the export of such data.
- If using employee surveys as a success measurement, ensure they include the necessary question(s).

Preparation

- Select at least one of these measures to track and improve upon over time:
  - » % of employees in the organization with at least one OKR aligned with company priorities.
  - » Increase in % of employees responding favorably when asked, "I feel aligned to company priorities."

Follow-through

- Senior, team, and department leaders regularly review alignment measures of success and implement methods of improvement as necessary.

Option C

Engagement Measures of Success

Description

This measure captures ongoing employee engagement that is related to the OKR process. Adding specific engagement questions to your engagement survey around alignment, transparency, and focus can help you determine whether your OKR program has the intended impact. Examples include Likert-scale questions such as "I'm able to prioritize my work according to my goals" and "I understand how my work contributes to company goals."

Benefits

- This draws a direct connection between the OKR program and engagement.
- It allows for specific engagement drivers to be linked to a live program, where feedback can help impact the direction of that program.

Risks

- Input that's derived solely from subjective employee survey data.

Conditions

- Requires a survey program including the necessary question(s).

Preparation

- It's ideal to start with baseline engagement data before measuring potential improvement from launching an OKR program.

Follow-through

- HR, senior, department, and team leaders review engagement survey results over time and implement action plans and OKR program updates as necessary.

Bringing Your OKR Program to Life

Designing your program with the decisions above is the critical first phase, but launching it requires a different muscle. To ensure success in bringing your program to life, consider the following steps, which include communication, support, and enablement.

1. Announce that your OKR program is happening.

- Ensure your OKR program is announced to the entire organization.
- Announcements should be clear and thoughtful, highlighting the program's purpose, intentions, timeframes, and key milestones.
- Leveraging a standing all-company meeting or annual kick-off is a great opportunity to share the launch and vision for your OKR program.
- A company-wide communication should follow that initial announcement sharing any helpful resources, timelines or key milestones.

2. Support leaders responsible for modeling key program behaviors.

- The successful launch and adoption of an OKR program comes down to people leaders' ability to model the right behaviors at the right time to help bring the program to life for their teams.
- Leaders must embody the values and behaviors that the OKR program aims to promote, such as transparency, prioritization, or alignment, setting an example for their teams to follow.
- Ensure training focuses on both the fundamentals of crafting OKRs as well as key behavioral expectations leaders must embody to both launch and maintain a healthy program.
- Key OKR Leadership Behaviors:
  - **Crafting OKRs:** Leaders must allocate the needed time for their teams to connect, discuss, craft, and align their OKRs.
  - **Activating OKRs:** OKRs must be updated, reviewed, and discussed by teams consistently. A leader's responsibility is to ensure these habits are established and maintained.
  - **OKR Reflection:** Before setting their next round of OKRs, leaders ensure that the successes, surprises, and *shift* from the current cycle are discussed and identified within their team.

3. Enable OKR Champions to maintain momentum.

- Enabling OKR Champions to maintain momentum is another highly recommended element in launching a successful OKR program.
- OKR Champions should be individuals within the organization who are passionate about OKRs and can help keep the program on track. They serve as catalysts for each of the three phases of the OKR cycle as well as resources to other employees throughout.
- Host additional OKR Champion training to ensure they are equipped to support the creation and evolution of OKRs in alignment with your program expectations.

4. Enable employees based on your program design decisions.

- Employees should be trained to understand key program design decisions and expectations for crafting their OKRs.
- Training should be tailored to the specific needs of each population (e.g. different functions that may have different focuses, or employees vs managers), with a focus on developing the skills and perspectives necessary to have meaningful OKRs.
- Ensure training and enablement resources are available in advance to support your program's initial launch and onboarding of new employees and people leaders.

5. Continue offering support and resources.

- Offering continual support, enablement, and guidance throughout a program's launch and implementation is critical.
- People leaders & employees should have access to resources and guidance as they navigate the OKR process, ensuring they stay aligned with the program design structure and expectations, and feel supported.

Bringing an OKR program to life requires careful planning, intentionality, and a commitment to supporting employees at all levels of the organization. By announcing the program, supporting leaders, enabling champions, training employees, and offering continual support, organizations set themselves up for success for the long run.

Making Your OKR Program Stick

Adopting an OKR program can significantly change your company's operations, and the rhythm of your OKR program needs to fit into the other rhythms of your organization. This starts with your business cycle, which dictates when your organizational OKR prioritization can occur. You should also consider scheduling your engagement surveys to occur directly ahead of organizational and department OKR prioritization, so that action plans can be incorporated directly. Other organizational rhythms that should be integrated are performance reviews, manager 1:1s, departmental all-hands, organizational all-hands, and feedback pushes, to name a few. Clearly, designing and implementing your OKR program can't happen in a silo; it needs to be done within the context of your organization. The more integrated OKRs become with other programs across the organization, the better adopted they will be.

The other way to ensure OKRs stick is by ensuring very individual within the organization has a role to play when it comes to embedding OKRs into the fabric of day-to-day operations:

Leadership "walk the talk" on OKRs by

- Actively participating in workshops and training
- Reinforcing the purpose of OKRs, such as alignment and transparency
- Communicating updates regularly
- Committing to reviewing and updating OKRs

Managers embed the OKR mindset into the culture by

- Actively participating in workshops and training
- Creating an environment of psychological safety for their teams
- Integrating OKRs into one-on-one discussions
- Reinforcing good OKR habits with employees
- Gathering and communicating feedback on the OKR process

Employees deliver on OKRs by

- Actively participating in workshops and training
- Embracing the spirit and purpose of OKRs (versus seeing them as an opportunity for sandbagging or vanity metrics)
- Providing honest OKR updates and feedback

Making Your OKR Program Matter

Objectives and key results form the bridge between your company's strategy and individuals' day-to-day activities and achievements. Creating this link gives your entire workforce better alignment, engagement, productivity, and morale. But this theoretical link needs to be supported by real outcomes.

You'll know your program is working when:

- Individuals and teams prioritize, achieve, and then reflect on projects and deliverables that align with strategic initiatives (measured via your platform).
- Employees derive energy and meaning from understanding the big picture that their work supports (measured via your engagement survey).
- Employees feel aligned with company priorities (measured via engagement survey).
- The organization can document measurable progress toward your strategic initiatives (measured via the OKRs themselves).

Over time, your OKR program will matter most when it becomes embedded in your organizational culture. Through successive cycles of setting, meeting, and reflecting on OKRs as an organization, you can gather feedback and find the right mix of objectives, check-ins, metrics, and more to tailor your OKR program to your organization's specific needs.

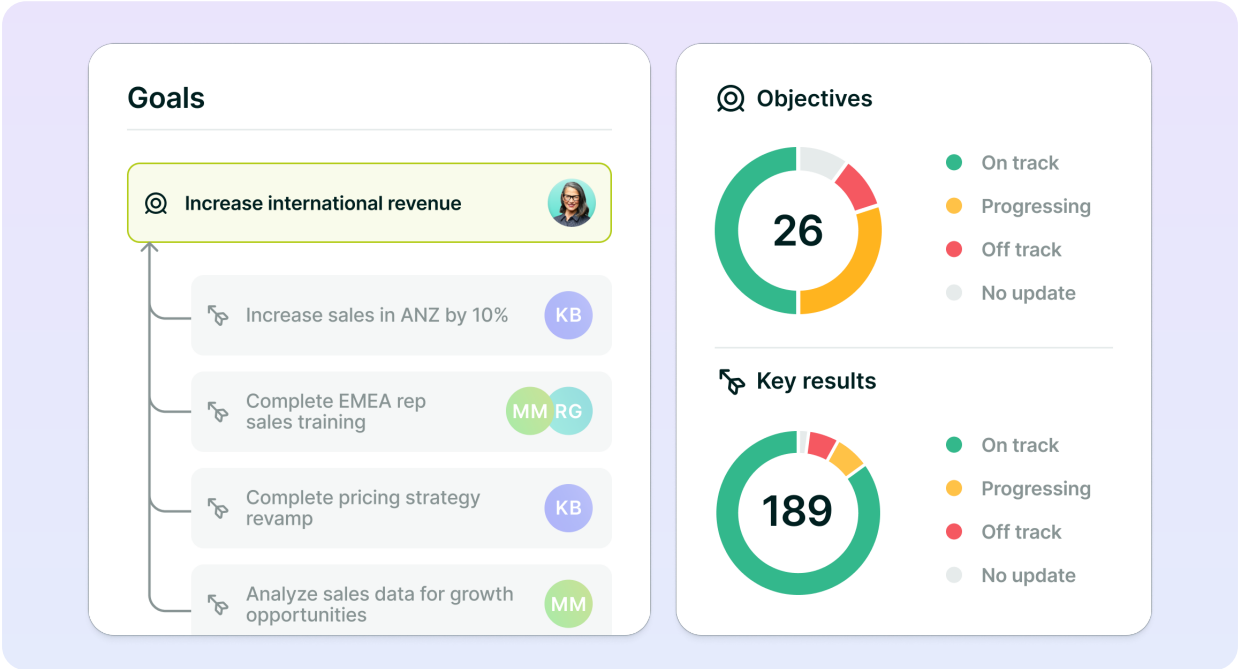
How Lattice Helps

Lattice's People Strategy Group + Platform

Clear OKRs activate every employee around your company strategy, connecting people success to business success. But getting to that point takes work — not to mention several critical decisions, as you've just learned.

Goal-setting methodologies aren't universal, and what works for one business isn't guaranteed to work for another. While iteration is expected, practical experience with OKRs can go a long way in mitigating mistakes. That's the benefit of having an OKR partner who's seen it all.

Lattice's People Strategy Group empowers you to build an OKR strategy that inspires your people and delivers business results. Our team of goal-setting and HR strategy experts is available to support Lattice customers and help implement the programs that work best for their organization.



With Lattice, leaders can track goal progress and identify strategies to keep the company on track.

Their guidance comes paired with software that makes it effortless to configure, track, and reflect on your goals, no matter your company's scale or approach to OKRs. Lattice injects OKRs into everyday moments like one-on-ones, status updates, and performance check-ins, so they continuously guide work rather than collecting dust in a spreadsheet.

Schedule a platform tour to learn more about Lattice's suite of people success services and tools.

Additional Resources

To round out your knowledge about OKRs and OKR programs, check out these additional Lattice resources.

Writing Effective OKRs:

How to Set Meaningful and Effective OKRs

How to Write Effective OKRs - Plus Examples

Overview of OKRs and OKR Programs:

The Complete Guide to OKRs

HRs Complete Guide to Goal Setting

The COO's Guide to OKRs

OKR Templates:

Lattice Quarterly OKR Template

Conducting Effective OKR meetings:

Tools and Resources for the Prioritization, Activation, and Reflection phases

Slides for Running Effective OKR Workshops

Slides for Running Effective OKR Check-Ins

Garnering Support for OKR Programs:

How to Get Executive Buy-In for Goals

Appendix: How WidgetCo Built Its OKR Strategy

Need help contextualizing this playbook? Here's a story of how one company, WidgetCo, built its OKR program using our playbook's key decisions.

Ellen Davis, CEO at WidgetCo, had just finished reading *Measure What Matters* by John Doerr and had decided that OKRs were the answer to the company's problems. Davis subsequently handed out copies of the book to each of her employees.

Like many organizations that have pursued OKRs, it all began with a leader being inspired. The stories in *Measure What Matters* — from Intel inventing the methodology to Google achieving legendary growth using it — have convinced most leaders that goal-setting is worthwhile.

With the gift of the book, it was clear that Ellen would make sure WidgetCo launched OKRs that year. But where to begin? Her first order of business was deciding on who would own the program.

After meeting with her People Team leader, she quickly realized that that team wouldn't have the bandwidth to own and manage an ongoing strategic goals program. The need for quarterly OKR-setting necessitated the continued ownership of at least one person at 20-50% capacity. While there was a junior resource on the People Team with the bandwidth, he didn't have the authority to push and manage her team of leaders to adhere to this new process.

So Ellen tapped her Chief of Staff, Andy, to lead the program. Andy's first task was to assemble a program that would work for WidgetCo. Luckily they had the OKR playbook from Lattice's People Strategy Group to guide them.

Decision 1: How Many Levels of OKRs to Set

The first proposal for OKR levels came from Ellen, who wanted all OKRs connected to her company priorities. "Let's keep it simple—we craft company OKRs, and everyone can align their OKRs to those at the top."

Playing devil's advocate, Andy said, "But if OKRs aren't the sum total of all our work, just the largest priorities, will everyone at every level be able to find a match between their priority and one of the company OKRs? We're not a 100-person company anymore."

Ellen considered this a fair point. It wouldn't be that useful to create broad, generic, company-level OKRs to allow maximum alignment. It would be better if there was space for local priorities — and the best way to introduce that might be to introduce a secondary level of department OKRs.

They chose Option A for Decision 1.

Decision 2: How Many OKRs to Own at Each Level

At first, Ellen and Andy thought this one would be simple. "John Doerr says 3 to 5, so let's coach people to set 3 to 5," Ellen said.

But then, giving it a second thought, she remembered the recent results of their employee engagement survey. "Andy, do you remember the big theme from those engagement results?"

"Yeah, people felt overwhelmed. They felt like we had too many priorities, and they were always shifting," he replied.

"So, we need to focus," she said. Nodding together, they decided a proposed guideline of 3-5 company and department objectives would work to create the top-level focus, but they should simplify things for individuals by suggesting that they own no more than 3.

They chose Option A for Decision 2.

Decision 3: How to align OKRs

"What's there to decide here?" Andy asked when the program design turned to the question of alignment. "Remember the football team example from *Measure What Matters*? The GM wants to 'make money for the owners' as his objective, so he tells the head coach to win the Super Bowl and the PR team to fill the stands. It's simple: tell your direct reports what to focus on."

"I thought that too when I first read it," Ellen agreed, "but then I realized that the next few pages in the book overshadowed the example. If we assign work to our direct reports, we are only cascading goals like we always have. The power of OKRs is letting each person create *directionally* aligned objectives."

"What's the difference?" Andy asked.

"Well, that football team example? The GM just needs to create the key result of 'fill the stands to 88%' without telling the head of PR what their objective is. Then, the head of PR thinks about what they can focus on that will have the most impact and move that attendance needle. The head of PR then has the *autonomy* to say, the objective should be to 'Reposition our team as a family activity in Baltimore," for example. OKRs aren't cascaded down; they are mainly aligned upwards."

They chose Option A for Decision 3.

Decision 4: How frequently OKRs should be created

While Ellen and Andy both liked the idea of quarterly goal-setting, they wanted a process that would stick.

"Let's be real," Andy said. "We have annual goals right now. I can't picture us resetting our company objectives every 90 days, especially since they are so influenced by our board commitments."

"But what if our key results are 'off' throughout the year?" Ellen asked.

"Well, what if we revisit company key results quarterly, expecting they might change?" Andy proposed. "That way, we can give more up-to-date guidance to the organization."

"I like that. But let's still encourage departments and individuals to craft new OKRs each quarter. We need to build a strong habit of reprioritizing across the business, not just setting and forgetting our goals," Elle said.

They chose Option A for Decision 4.

Decision 5. Frequency for OKR Check-Ins and Reflections

Andy and Ellen needed help with this decision. They wanted to ensure they introduced a process that added more rigor but didn't overwhelm the team. They called in their head of people to review the HR calendar for the coming year.

Based on a recent performance initiative to drive continuous feedback throughout WidgetCo, quarterly check-ins had just been rolled out, as had a focus on weekly one-on-ones. While Ellen's first impulse was to make OKR check-ins weekly, she realized that the manager one-on-one could be a good place for informal OKR discussion, and the formal check-in could be less frequent.

Monthly seemed like a good balance. However, the team decided that even a monthly team check-in would seem too onerous if introduced as a new meeting and not simply as an agenda item in existing team touchpoints.

They chose Option A for Decision 5.

Decision 6. How OKRs Relate to Performance Reviews

"While we have you, can we discuss how OKRs should tie into our new quarterly review process?" Ellen asked the head of the people team.

"We want to make sure people aren't incentivized to set easy goals, but we also want to reward those who achieve great things by way of their OKRs."

The head of people said there was no goal metric involved in the performance rating, but they would be open to introducing it. "It's tricky. If we tell people their OKRs weigh on their performance rating, they will set targets they will easily hit. But if we tell them OKRs are completely separate from their performance review, they might give OKRs less of their focus."

For WidgetCo, the connection between OKRs and a person's performance rating could not rely directly on the OKRs' completion percentage. Rather, it needed to be based on the perceived impact of the OKR. That "measure of impact," which would be discovered based on discussion and interpretation of the work, would allow a manager to reward someone who truly stretched themselves to achieve impactful OKRs even though they didn't reach 100% completion.

They chose Option A for Decision 6.

Decision 7. Measures of Success for OKRs

"This is a big effort," Andy said. "How will we know if we're successful with OKRs?"

The team, which now included the people team leader, had an even bigger philosophical question to tackle. Was success as simple as "we achieve the OKRs we set out to achieve?" That was important, but seemed to ignore the amazing promise of cultural transformation so apparent from the stories in *Measure What Matters*. Was participation the end goal? Everyone knew a measure of compliance could just as easily show fear of retribution as it did enthusiasm for the program.

After considering this problem, Ellen made a decision. "What I care about is whether or not we have the right habits around prioritizing and communicating," she said. "The whole company should be communicating."

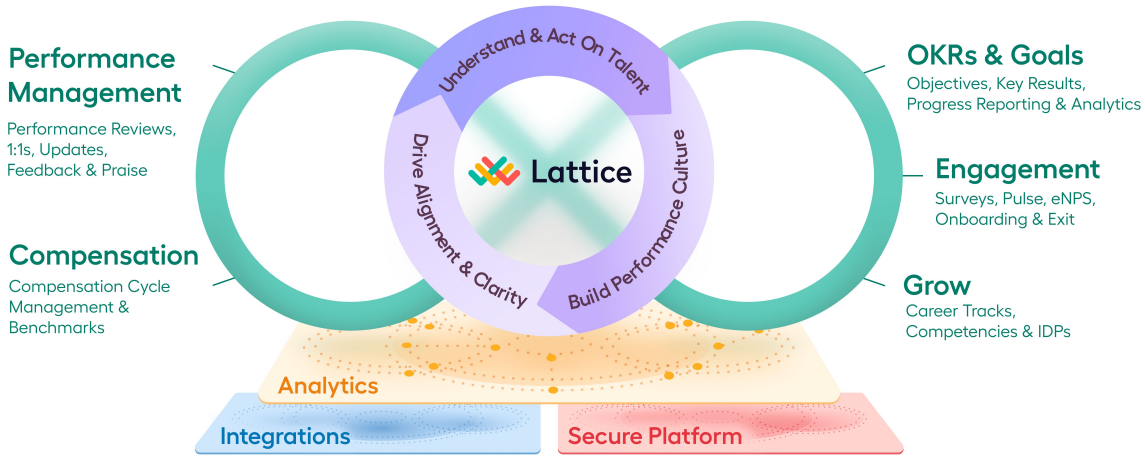
With that statement, it seemed like success would have to be gleaned from a number of sources. Compliance, in the form of OKR ownership and updates, could show that habits were being formed quarter over quarter. And communication, in the form of a better understanding of company priorities, could essentially be measured by an increase in sentiment shown in how employees answered the engagement survey questions, "I know what is expected of me" and "I know how my work connects to the company's top priorities."

The team agreed that this was a good starting point. These measures would likely change over time, but so would a lot of things about their program.

They chose Options A and C for Decision 7.

About Lattice

Lattice is the people success platform that enables HR leaders to develop engaged, high-performing teams. By combining continuous performance management, employee engagement, development, compensation, and growth in one solution, organizations get powerful, real-time analytics that leads to actionable insights turning managers into leaders, employees into high performers, and companies into the best places to work.



The Lattice People Success Platform

Lattice works with companies that aspire to put people first. Whether redefining the beauty industry or building self-driving cars, all of our customers have one thing in common: They value their employees and want to invest in the development and success of their people. To see Lattice's platform in action, schedule a product tour.

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