Improving Alignment, Focus and Feedback with OKRs
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SAFe Fellow
Coactivation
OKRs – an introduction
What are OKRs?

“A management methodology that helps ensure that the company focuses efforts on the same important issues throughout the organization.”

John Doerr
Measure What Matters
Where did they come from?

Invented by Andy Grove as “iMBOs” – Intel Management by Objectives

Larry Page and Sergey Brin embed OKR’s in the company’s DNA

1971 → 1999 → Today
What is an OKR?

“O” = Objective
(what you want to do)

“KR” = Key Result
(how you know if you’ve achieved it)
Set Focus with Objectives

- “Objectives are ambitious and may feel somewhat uncomfortable”
- “Pick just 3 to 5 objectives”

Source: Google

Personal Example – 4 Dimensions:

- **Physical**
  - Maintain the velocity of the first quarter in changing my health despite travel

- **Emotional**
  - Move from “relationship is events” to ”available for relationship” in my personal life

- **Writing**
  - Both profile platform and synthesized fieldstones are ready to enable the 3rd quarter to produce first draft of the book

- **Business**
  - I have made an informed A/B choice about “life after sabbatical” for Coactivation
“Determine around 3 Key Results for each Objective”
“Key Results are measurable and should be easy to grade”
“Key Results should describe outcomes, not activities”

Source: Google
A Personal Example

Objective:
Establish sustainable velocity of quarterly health change

Key Results:
• Lose a total of 27cm across the existing measures (Biceps, Chest, Waist, Hips, Thighs, Calves)
• Achieve an average 30% improvement against baseline for the following:
  • Push Circuit: 12 Reps, Number of circuits in 45 minutes with recovery to 130BPM
  • Pull Circuit: 12 Reps, Number of circuits in 45 minutes with recovery to 130BPM
  • Bosu Squats: Reps to Failure
  • Pushups: Reps to Failure
Measurement drives Feedback and Learning

“The sweet spot for an OKR grade is 60-70%. If someone consistently fully attains their objectives, their OKRs are not aggressive enough”  
Source: Google

- **Physical**
  - Maintain the velocity of the first quarter in changing my health despite travel  
  \[0.66\]

- **Emotional**
  - Move from “relationship is events” to ”available for relationship” in my personal life  
  \[0.90\]

- **Writing**
  - Both profile platform and synthesized fieldstones are ready to enable the 3rd quarter to produce first draft of the book  
  \[0.37\]

- **Business**
  - I have made an informed A/B choice about “life after sabbatical” for Coactivation  
  \[0.90\]
Commitment versus Aspiration

“Google divides its goals into two categories, committed goals and aspirational (or 'stretch') goals.”

John Doerr: Measure what Matters

- **Committed Objective**
  - Applicants will be assessed against the new eligibility criteria when legislation comes into effect on July 1, 2020

- **Aspirational Objective**
  - Significantly reduce call centre volume for progress enquiries through more effective digital notifications
Good OKRs operate at multiple horizons

“The best practice may be a parallel, dual cadence, with short-horizon OKRs (for the here and now) supporting annual OKRs and longer-term strategies”

John Doerr: Measure what Matters
“A healthy OKR environment strikes a balance between alignment and autonomy, common purpose and creative latitude”

John Doerr: Measure what Matters

- **Executive OKR: “What is our strategic focus?”**
  - Reduce operating costs by shifting customers from call-center to digital channels
- **Departmental OKR: “How can we contribute to company strategy?”**
  - Significantly reduce call center volume for progress enquiries through more effective outbound digital notifications (Department 1)
  - Run advertising campaign to raise awareness of our digital capabilities (Department 2)
The OKR Virtuous Cycle

- Call to Action
- Respond
- Share and Align
- Measure Outcomes
- Reflect & Learn
Applying OKRs to SAFe -
A shared language for Business Strategy
The "Big Picture"

Portfolio OKRs

Inspire

Program OKRs

Focus

Product Strategy

Inform

Feature OKRs
OKRs at the Portfolio Level
Establish Strategic Focus with Portfolio Vision

Current State Portfolio Canvas

Future State Portfolio Canvas

Scenario Modelling

Express your annual Portfolio Objectives as OKRs
Sample Portfolio OKRs

Digital Transformation Portfolio OKRs

• Reduce operating costs by shifting customers from call-center to digital channels
  • 33% reduction in call-center volumes for digitally enabled interactions
  • 75% reduction in digital channel churn
  • 40% increase in available digital customer interactions

• Attain market leadership with millennials by addressing their preference for the digital channel
  • 25% increase in revenue generated by millennial customers
  • 30% increase in customer-driven social media references to our digital services

• Increase share of wallet through greater understanding of our customers
  • 30% increase in sales resulting from inbound marketing
  • 15% increase in ARPU
  • 15% reduction in customer churn rate through proactive service interventions
Epic Ideas respond to Portfolio OKRs

**Portfolio OKR**
- Increase share of wallet through greater understanding of our customers
  - 30% increase in sales resulting from inbound marketing
  - 15% increase in ARPU
  - 15% reduction in customer churn

**Epic Ideas**
- Service interventions for customers at risk of churn
- AI driven upsell recommendations for both consumers and sales staff
- Leverage complaint data to drive service improvements
- Simplified product bundles based on “commonly bought together” services
Incorporate OKRs in Epics

Express your Business Outcome Hypothesis as OKRs

Epic: **Service Interventions for customers at risk of churn**

- Objective 1: Automatically assess churn likelihood for customers
- Objective 2: Enable customer service staff to effectively intervene by providing holistic data as to reasons for likely churn
- Objective 3: Reduce churn rate through service intervention rather than discount
Drive your MVP cycle with OKRs

Epic
Service interventions for customers at risk of churn

MVP
Predictive Model assessing churn likelihood

MVP OKRs
- Verify that a model can assess likelihood of churn based on historical data
  - The model accurately predicts churn for 50% of churn events in the past 12 months
  - The model falsely predicts churn likelihood no more than 20% of the time
- Validate that a customer service officer can design an intervention based on model outputs
  - Test CSR’s are confident to initiate an intervention without further research 75% of the time based on model outputs
  - The model’s intervention summary misses less than 20% of the trigger events associated with the churn for 200 churn events which occurred in the past 12 months
OKRs at the Program Level
Focus your ART with Annual OKRs

Objective 1: Move from Reactive to Proactive Customer Service by utilizing Predictive Models
- 20% of call center traffic moved from inbound to outbound
- Outbound customer service calls have 50% less AHT than inbound
- Save 60,000 staff hours annually by utilizing risk models to automate process decision making.

Objective 2: Improve Service Quality by placing better information in the hands of Customer Service staff

Objective 3: Produce more Targeted and Timely marketing by leveraging data
Annual ART OKRs through the Portfolio Lens

Portfolio OKRs

ART OKRs

Strategy & Investment Funding

Lean Governance

Agile Portfolio Operations

Response

Call to Action

Monitor Mission Progress
ART OKRs influence Product Strategy

Call to Action

Product Manager Ideas

Team Ideas

Stakeholder Ideas

Response

Alignment Check
Leverage OKRs at the Feature Level

MVP

Predictive Model assessing churn likelihood

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Features & Benefits (FAB) Matrix

<table>
<thead>
<tr>
<th>Feature</th>
<th>Benefit Hypothesis</th>
</tr>
</thead>
</table>
| Churn Prediction Model trained on historical data | - Verify that a model can assess likelihood of churn based on historical data  
  - The model accurately predicts churn for 50% of churn events in the past 12 months  
  - The model falsely predicts churn likelihood no more than 20% of the time |
| Alpha Churn Prevention Customer Service View | - Validate that a customer service officer can design an intervention based on model outputs  
  - Test CSR’s are confident to initiate an intervention without further research 75% of the time based on model outputs  
  - The model’s intervention summary misses less than 20% of the trigger events associated with the churn for 200 churn events which occurred in the past 12 months |
Leveraging Feature OKRs

- Test Feature OKRs during exploration
- Build KR measurability into the Feature
- Ensure both Product Management and Teams have access to KR data
OKRs “complete” PI objectives

The problem with most PI Objectives

- Proof of concept with mock sounds
  - 80% of ride events trigger the broadcast of an associated mock sound
  - 85% of test candidates can identify mock sounds in presence of 90db of background noise

- Help with radar POC
  - Response time from collision threat event to emergency braking < 25ms
  - Braking response to obstacle detection avoids need for emergency braking 90% of time

- Decide to create or buy engine noise
  - Costings and samples have been obtained from 3 vendors of engine noises
  - 2 design approaches have been identified and sized for creation of engine noises

Solving the problem with OKRs
### OKRs at Inspect & Adapt

#### Objective

<table>
<thead>
<tr>
<th>Objective</th>
<th>Planned BV</th>
<th>Actual BV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proof of concept with mock sounds</td>
<td>7</td>
<td>6</td>
</tr>
</tbody>
</table>

#### Score

<table>
<thead>
<tr>
<th>Objective</th>
<th>Score</th>
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</thead>
<tbody>
<tr>
<td>Proof of concept with mock sounds</td>
<td>0.72</td>
</tr>
<tr>
<td>80% of ride events trigger the broadcast of an associated mock sound</td>
<td>0.75</td>
</tr>
<tr>
<td>85% of test candidates can identify mock sounds in presence of 90db of background noise</td>
<td>0.69</td>
</tr>
</tbody>
</table>

*Feels kinda subjective*

*Now we’re talking!*
Relentless Improvement with OKRs
Get Serious about Relentless Improvement

What percentage of your improvement backlog items are fulfilled?

How do you know?
“Check” is vital to PDCA

- “Set a clear goal or target state for the situation”
- “Be clear on the measure of performance”
- “Consider how to collect the data to later evaluate and check the effectiveness of any action items”

Sobek & Smalley: Understanding A3 Thinking
## Set OKRs for your improvement items

<table>
<thead>
<tr>
<th>Problem</th>
<th>Objectives</th>
<th>Key Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Little to no progress is being made with test automation, leading to late-phase defects and extended regression cycles</td>
<td>All teams are effectively improving in their adoption of unit test automation</td>
<td>• 100% of teams have at least one member practicing full TDD&lt;br&gt;• 100% of teams have 3 members at novice proficiency with unit test automation</td>
</tr>
<tr>
<td></td>
<td>All teams are practicing non-automated BDD</td>
<td>• 75% of stories have fully specified Gherkin Acceptance Tests&lt;br&gt;• 100% of teams are confident facilitating specification by example sessions with their Product Owners</td>
</tr>
</tbody>
</table>
Closing Thoughts
You have to build your measurement muscle

Setting KR’s is hard work, but you will see instant rewards as you flush the assumptions that might have brought you undone down the road.
Set and forget is a recipe for disaster

“Without frequent status updates, goals slide into irrelevance; the gap between plan and reality widens by the day. At quarter’s end, we’re left with zombie OKRs”

Bill Pence, AOL CTO
Start somewhere, not everywhere

- ART Mission OKRs
- Feature OKRs
- PI Objective OKRs
- Personal OKRs
- Portfolio OKRs
- Epic OKRs
- Improvement OKRs
Begin With Yourself
Questions
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