# THE OKR GOAL SETTING AND LEADERSHIP SYSTEM

## A Silicon Valley Framework For Rapid Growth

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# The OKR Goal Setting & Leadership System

*Part of The Resilient Advisory Business*

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# Chapter 1: OKR Goal Setting & Leadership System

The first system we'll examine in this book is the power of identifying and measuring OKRs for financial advisors, teams and firms. This framework originated in Silicon Valley, and the acronym stands for **Objectives and Key Results**. It is a simple yet game-changing system for leveling up your business through leadership, accountability and goal setting.

## The Beginnings of OKRs

In 1979, Intel was at a crossroads. Its flagship 800 microprocessor was coming under attack from startup competitors, but more importantly, from Motorola. Motorola had introduced their 1600 microprocessor, and not only were they taking market share, the Motorola product was a better performing microprocessor. Andy Grove was the president and COO of Intel at the time. He held an emergency retreat at the end of 1979 with his team to figure out what to do.

That retreat proved to be a turning point for the company. Out of it grew a new commitment to take on Intel's rivals and level up its product offerings. The company leveraged Grove's existing OKR system to build a plan to crush Motorola. That plan was famously named "Operation Crush" after the Denver Broncos' dominant defense of the late 1970s.

## Silicon Valley Embraces the OKR System

One of the product managers at Intel during this time period was a gentleman named John Doerr. John ended up leaving Intel in the early-1980s and joining the Silicon Valley firm Kleiner Perkins. In 1999, he added Google as a portfolio client to its roster of highly visible tech companies. In his first meeting with Larry and Sergey, allegedly around a Ping Pong table, John outlined the concepts and constructs of an OKR system. He intelligently described how it had helped Intel manage its growth through the 1970s and crush Motorola in the 1980s.

After that first meeting, the Google leadership team saw the benefits of an OKR system and implemented one immediately. The results speak for themselves. Today, Google is one of the biggest companies using OKRs to drive growth. However, Google is certainly not the only company in Silicon Valley to leverage an OKR system to manage goal setting and accountability. Others include Dropbox, AirBnB, Spotify, Twitter, LinkedIn, Facebook and Amazon. OKR systems are not just limited to the tech space. BMW and Disney also use this powerful tool.

## Nonprofits Benefit from OKRs

In 2000, Bill and Melinda Gates set up the Gates Foundation. Right from the beginning, it had a unique problem. On the one hand, it was a startup. On the other, it was instantly the largest nonprofit in the world. Patty Stonesifer was put in charge of running the foundation. She found herself quickly overwhelmed, but fortuitously, sitting in on a board meeting for Amazon, heard about the OKR system and how it was impacting the company in an impactful way.

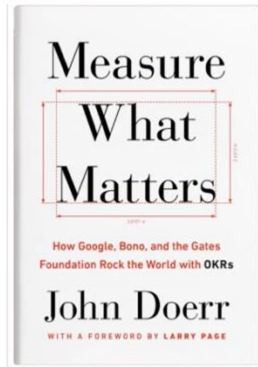
Stonesifer asked John Doerr to come in and present the concept of the OKR system to the board of the new Bill and Melinda Gates Foundation. They implemented it, and the concept has driven fantastic results. In fact, Bill Gates says that when it came to scoping out funding opportunities, "The OKR

System made me confident I was making the right call."

Bono, the lead singer of U2, is also one of the world's most notable philanthropists. His organization, the One Campaign, went through a change where they merged with another nonprofit so they could jointly attack some of their big, audacious goals. That merger created some cultural challenges inside the organization. Bono asked John Doeer to come in and present the OKR structure and concept to the nonprofit. It helped them drive results.

Bono says, "OKRs saved us, really. OKRs forced us to think clearly. They sharpened our strategy, our execution, and our results."

For a deep dive on OKRs and their impact on the Silicon Valley, I suggest John Doerr's fantastic book *Measure What Matters*.


Measure
What
Matters
How Google, Bono, and the Gates
Foundation Rock the World with OKRs
John Doerr
WITH A FOREWORD BY LARRY PAGE

## OKRs for Financial Advisors and Teams

Given the highly effective nature of OKRs on these successful companies and organizations, why have we not heard about them as financial advisors? OKRs are simple by design. They stand for Objectives and Key Results:

> *An* ***Objective*** *is an ambitious and aspirational goal that makes you a little uncomfortable.*
>
> ***Key Results*** *are clear and measurable results that will lead to achieving the objective.*

**An example of OKRs:** The most popular way to describe and understand how OKRs work in practice is by looking at an NFL franchise. The General Manager has one Objective: make money for the owner. Potential Key Results for a General Manager, then, could include winning the Super Bowl and having home game attendance exceed 98% capacity.

Achieving these two Key Results will generally make money for the owner of the NFL franchise.

To show you how this would then flow through the organization, the Head Coach and the Head of Marketing would have the own OKRs that flow directly from those of the General Manager. The Head Coach would have an Objective to win the Super Bowl. You can see how this clearly aligns with the General Manager's OKR, and more specifically, to his Key Results. The Head Coach knows that today, to win the Super Bowl, you need two Key Results:

1. To build a top five statistical defense.
2. To average 4.3 yards per carry.

In other words, the team needs a dominant defense and a great running game.

Now, the Head of Marketing will have a different set of OKRs. Speaking to the Key Results of the General Manager, the Head of Marketing's Objective is to maintain home game attendance above 98%. To achieve this Objective, the Marketing team could seek two specific Key Results:

1. Run four summer promotional campaigns to encourage new season ticket holders.
2. Secure 12 preseason interviews with the stars of the team to create a marketing buzz.

Taking this example one step further, the Head Coach could extend this system by helping to set OKRs for both the Offensive Coordinator and the Defensive Coordinator. For the Offensive Coordinator, the Objective is to build the most dominant run attack in the league. To achieve it, the Key Results could be:

1. Make sure the offensive line is averaging seven pancake blocks per game.

2. Scheme four new run sets that the league has not seen from this team yet.

The Defensive Coordinator might have an Objective to build a top five defense in seven categories. To achieve this, Key Results could include:

1. Generating seven defensive line hurries per game.
2. 12 linebacker stops behind the line of scrimmage.

**Transparency**

One of the most effective components of an OKR system, whether it's for your advisory business or for an NFL franchise, is transparency. The Offensive Coordinator knows the OKRs of the General Manager, the Head Coach, and the Head of

Marketing. This transparency is what helps drive results because it keeps everybody on the same page and ensures accountability is perfectly clear.

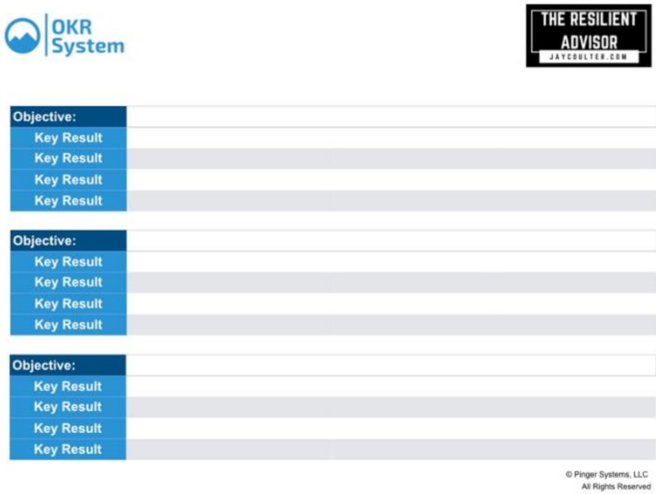
Here is another example of how an OKR could work. Let's say my Objective is to *build adoption and establish thought leadership of the OKR framework in the financial advisor community.*

So, the Key Results I'm looking for each quarter to meet this Objective include:

1. Present the OKR system to 4,000 professional advisors.
2. Generate 2,000 OKR workbook downloads.
3. Start 100 quarterly OKR trials.

Through this framework, I can measure my Key Results every quarter. To the degree in which I am able to achieve them, I will know if my Objectives are being met.

Download an Excel or PDF Workbook that you can use as a financial advisor to build OKRs for yourself and your team. (jaycoulter.com/rab-okr)




*Sample OKR Worksheet*

**An OKR example for a financial advisory team:**

**Objective:** Streamline our investment story and wealth management process.

**Key Results:**

1. Build a "Flagship" story with pitchbook.
2. Remove 25% of the orphaned funds in the book.
3. Convert 10 households to the new system.

For an analyst on the same team, the OKRs might be different:

**Objective:** Build consistency in the client investment matrix.

**Key Results:**

1. Identify 30 households for potential conversion and schedule the meetings.
2. Build actionable database of all orphaned funds.
3. Attend three training sessions on the "flagship story."

These examples should give you some ideas about how you can build OKRs for you and your team.

## Simplicity and Measurement

One of the most important things to remember when you build OKRs is to make sure you keep them simple. Over-engineering OKRs tends to hurt results. You'll notice, in the downloadable Workbook, that there is a scorecard at the top. On this scorecard, you'll want to put in the quarter, because you'll want to keep track of your OKRs and results over time. You'll also notice a column with a percentage grading system for your OKRs.

Let's return to the Intel story. Operation Crush was a success. Andy and his team were able to remove Motorola as a competitive threat by leveraging nine simple OKRs. Those nine OKRs were then passed down through the entire organization. Line managers, sales managers and sales reps built their own OKRs to meet the Objective of crushing Motorola.

Andy Grove, the creator of OKRs summed it up best as he describes OKRs as

**"...a very, very simple system."**

But they do drive results. In fact, during the time period of Operation Crush, one of Andy's lieutenants came up with an even simpler formula for articulating OKRs. This was necessary because nearly 1,000 employees were involved in the operation.

During Operation Crush, one manager simplified the process of building an OKR even farther. He narrowed it down to this simple formula:

**Simple OKR Formula**

I will __Objective___as measured by __Key Result__.

The key word in the sentence above? *Measured.* An OKR system helps you measure your own results and measure the results of your team members in a very transparent way.

## The 4 Key Benefits of OKRs

Here are the main benefits of using OKRs as a financial advisor:

1. They will help you focus and commit to priorities so you can keep your eye on the ball, and your teammates can keep their eyes on the ball.

2. They align teamwork, which gets rid of ambiguity surrounding what you're trying to achieve as a team or as a firm.

3. OKRs provide a clear mechanism for tracking accountability.

4. They help you build bigger and bigger goals.

## OKRs and Leadership

As I'm sure you can see, there are multiple benefits to using an OKR system. What I have found while implementing this process into advisory practices is that it provides an excellent opportunity to demonstrate leadership and empower the various stakeholders in your organization.

1. Everyone on your team or in your firm can see exactly what you are focused on for the OKR period.

2. Everyone on your team can see how you as a leader are focused on your OKRs and the results you achieve.

3. As a leader, you are able to drive the high-level OKRs so your team can align with your vision.

4. Using this system, your team is empowered to make their own Key Results. This action drives ownership of the results.

## Scheduled OKR Review Sessions

Experts on the OKR process say it is imperative that OKRs not be used as compensation evaluation tools. The OKRs should be very ambitious by design. As a leader, you do not want your team "sandbagging" their Key Results. In fact, you want your team to fall short of achieving 100% of their Key Results because they have set their goals incredibly high. In general, managers at Google and other companies hope to achieve about 70% of each Key Result. This system will not help you achieve dramatic growth if you are always achieving 100%!

## Scheduled OKR Setting Sessions

Again, the OKR setting process provides an opportunity to both empower your team and demonstrate leadership. Let your team take the first stab at determining what their OKRs should be for the upcoming period, whether it is a month or a quarter. Then, have an open dialogue over the course of one or two meetings to solidify and mutually agree upon their OKRs.

Remember, the key to success is simplicity. Over-engineered OKRs will not get results!

# About Jay Coulter

Jay Coulter, CFP®, CIMA® is an investment strategist and practice management consultant. His businesses are focused on serving investors, financial advisors, teams and firms. Jay is also the host of **The Resilient Advisor Podcast** as well as the author of **The Resilient Advisor** (2017) and **Conquer Worry** (2016). Jay holds an M.B.A. from the Goizueta Business School at Emory University and a B.S. in Business Management from The University of Tennessee. Jay has earned the **Certified Investment Management Analyst®** and **Certified Financial Planner®** designations.

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