Tools for SMALL Businesses

Level 1 Question 2: Do we have a one year and three year targets?

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| **Title** | Objectives and Key Results (OKR) |
| **Why** | The purpose of OKRs is to connect company, team, and personal goals to measurable results while having all team members and leaders work together in one, unified direction. |
| **What** | The acronym OKR stands for Objectives and Key Results. The OKR is a popular management strategy for goal setting within organizations.  OKR’s are used for the 1 year time horizon and broke down into periods of 3 months  **Key definitions:**  Objective: “Where do I need to go?”  Objective are:   * statements that inspire and set direction * Derived from the Company’s Mission, vision and overall strategy * Qualitative and Ambitious’   Key Results: “How do I know I’m getting there?”  Key Results:   * measure progress toward an objective * Measurable results indicate how this goal can be achieved * are Measurable * Key results needs to be SMART: Specific, Measurable, Achievable, Relevant, Time bound   Initiatives: What will I do to get there?”  Initiatives describe the work required to drive progress on Key Results |
| **How** | The OKR approach takes departure in the overall Strategy and ambition   1. The company takes departure in the Overall Aspiration (Vision) 2. The leadership team agrees on the company’s overall strategic ambition: Where do we want to be in 5 years? Revenue, Markets, Products, People etc. 3. Where do we want to be in 3 years? Revenue, Markets, Products, People 4. The OKR Framework focuses on the next 12 months. 5. The Team Brainstorm annual OKRs 6. The Team prioritizes OKRs after severity and urgency 7. The team choses 3-5 OKRs for Q1, Q2 etc. 8. The OKRs are communicated to the organization 9. Each team can make sub OKRs that are related to the overall OKRs 10. One or more initiatives are defied for each Key result. 11. The progress on each OKR is Tracked during the Quarter 12. At the end of Q1, the tea reflect and reassess OKRs for the upcoming Quarter |
| **OKR**  **Examples** | **Example 1**  Objective:  We have a pricing strategy for all new products  Key Result:   1. We know the pricing strategies of our 3 largest competitors 2. We have created a dashboard with the necessary KPIs 3. We have established a price history of the last 2 years and identified the 4 most successful products   Objective:  We are creating a modern workplace that encourages cooperation and creativity  Key Result:   * We have an innovation room with a smart whiteboard and VR glasses * We hold an in-house innovation competition * We have introduced a fun Friday with presentations from gust speakers   Objective:  We are introducing an agile process optimization  Key Result:   * We have introduced target and process management software * OKR are implemented in a 10-week program * We plan to introduce at least 3 further OKR compatible agile optimization processes within the next 8 months   OKR Dashboard  Table  Description automatically generated |
| **Template** | |  |  | | --- | --- | | 1 Year Horizon  Objectives   * .. * .. * ...   Key results   * … * … * … | 3-5 year horizon  Objectives   * .. * .. * ...   Key results   * … * … * … | |