

2021



# Annual Planning with OKRs

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## ANNUAL PLANNING TIMELINE OVERVIEW

### 1-3 MONTHS PRIOR TO 2021

- ✓ Executives and senior leadership begin annual planning meetings and conversations.
- ✓ Executives and senior leadership write company-level annual OKRs, as well as Q1 company OKRs.

### 1 MONTH PRIOR TO 2021

- ✓ Executive and senior leadership communicate company-level OKRs to team leaders.
- ✓ Team leaders and senior leadership discuss team priorities and focus for the upcoming year.
- ✓ Team leaders write team's Q1 OKRs that align with company-level OKRs.
- ✓ Workshops can be held to engage and educate teams if they aren't already familiar with OKRs.

### FIRST FEW WEEKS OF 2021

- ✓ Team leaders should roll out Q1 team OKRs, making sure to communicate the right expectations for the upcoming quarter to their team.
- ✓ Team OKRs are cascaded to individuals, either using the Duality Method or the Classic Method.
- ✓ Team leaders should start scheduling regular check-ins, mid-quarter reviews and end-of-quarter reviews with team members.

# Annual Planning with OKRs



**Annual planning is the most critical piece in setting your company up for success for the year.** With a concrete plan, you'll gain a clear idea of where your organization is headed, how you'll define success, and a clear understanding of how you'll execute your organization's mission and vision.

The power in OKRs is that they provide a roadmap to reach your most ambitious goals, and give you the waypoints to chart a course you may not have ever thought possible. If unexpected roadblocks happen along the way, your company will have the ability to adjust and adapt much more efficiently when everyone knows what the most important work needs to be to drive the business forward.

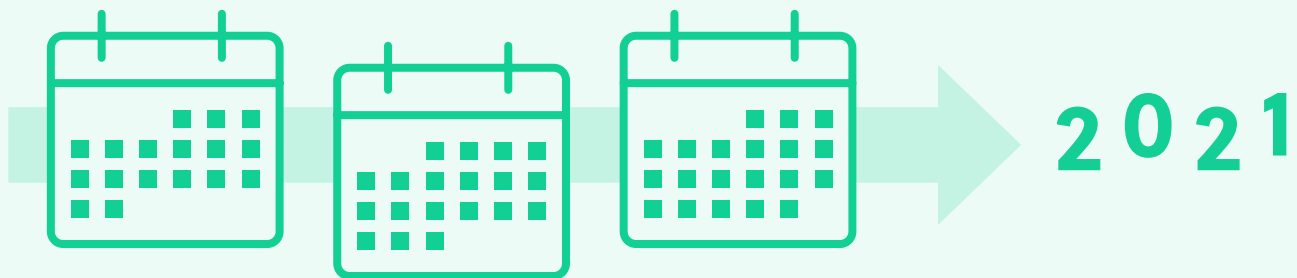
Annual planning isn't going to just happen in one leadership meeting. It's going to take some time to map out, but it will be well worth it in preparing your teams for the next year ahead.

Our Annual Planning Guide will walk you step-by-step through every component of planning with OKRs so you can hit the ground running in 2021. We'll include details about what you need to do at the leadership level, down to how every individual will be involved in the company's most important goals.

Once you complete the steps in our guide, you should know exactly where your company is headed in the new year and how you are going to achieve your most ambitious plans.

[\*If this is your first time rolling out OKRs, read our blog post here on getting started.\*](#)

**Let's get started.**



## 1-3 months prior to 2021

### Who needs to be involved:

Executives/senior-level leadership

### What needs to happen:

For smaller companies with OKR experience, we recommend leadership start annual planning four to six weeks before the start of the new year. For larger companies, or companies without OKR experience, we recommend that executives and senior-level leadership begin meeting and discussing annual company goals for 2021 two to three months prior to the start of the year. This will also be the time to discuss first quarter company goals as well.

## Reflection before creation.

Just like you do on a quarterly basis, it's important to reflect on this past year's annual goals before you begin developing new goals for 2021. If all of the annual goals your organization implemented a year ago still hold true today, congrats! You're definitely in the minority. If you're like most organizations, you probably had to pivot some of your annual OKRs to fit the new mold that COVID forced us into.

When reflecting on the past year's annual goals, make sure to ask these questions:

- Which goals are not applicable right now? E.g. in-person events
- How much did COVID affect our completion of annual goals?
- Which goals do we want to roll over for the new year?
- What have we learned from the goals we didn't reach?
- Did we write good OKRs? If not, how do we improve upon that for the new year.
- Celebrate wins!

If there's one takeaway you should have regarding OKRs, it's that they are always a learning experience. Even if you hit 100% on an OKR, there's always something you can take away from it.

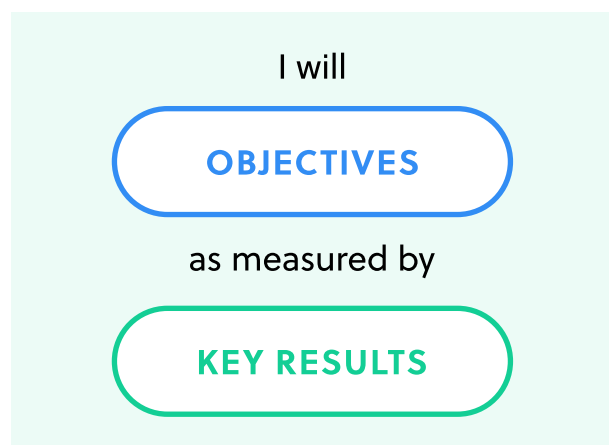
These discussions on annual planning may not just be one or two discussions, and it might take a few weeks. Be realistic about how much time this will take and the key stakeholders that need to be involved in the decision making.

# Connecting mission, vision and values

Keep in mind what OKRs are and what they aren't.

Annual company-level OKRs should be connected to your organization's mission, vision and values. Knowing where you are going and how you're going to get there is the key to success for organizations, as well as for individuals.

Your organization's mission is your reason for being. It's what the company does, who benefits and how they benefit. The mission maintains a focus on day-to-day activities and motivates and inspires the organization.



The vision is an audacious dream of a future reality based on the success of the work you do.

Lastly, values create a sense of purpose around mission and vision. They are the shared beliefs that define how your organization conducts business. They also inform both business strategy and execution initiatives.

Just like for quarterly OKRs, your annual OKRs should be three to five objectives that describe "what" needs to be achieved. They are qualitative, actionable, ambitious and time bound. Each objective should have three to five measurable key results.

## OKRs aren't:

- ✗ Unrealistic or ambiguous goals
- ✗ General actions you plan to take
- ✗ Overly specific to be constraining
- ✗ Task lists

[Watch our webinar on creating the right culture through mission, vision and values](#)

# Steps to create your OKRs

## 1. Write your OKRs.

Make sure your company's mission, vision and values are established.

Choose which kind of objectives you want to create: committed or aspirational. You should have three to five in total. (Some can be committed and some can be aspirational)

**Committed:** A goal that will be achieved. Resources and schedules should be adjusted to make sure it gets done.

**Aspirational:** An ambitious goal with no clear path to get there. It might roll over year over year and sometimes change ownership.

For experienced leaders or those with an established goal-setting practice in place, annual objectives might come more easily. Many times, it's not about charting a brand new course, but rather, making adjustments to the direction of already successful goals from the previous year and plotting a slightly different direction.

But if this is your first time implementing OKRs, or if you're looking for some structure to build best practices, there are five broad categories to consider.

## We'll call this the "5 Ps"



**Profit**



**Product or Service**



**People**



**Promotion**



**Progress**



### **Profit (How you make money)**

This first objective is a financial one. We're not saying money always comes first, but this category can be a good place to start, since it often fuels the growth of other areas of the company.

Depending on your organization, this objective could be attributed to the sales team, the finance team, or simply revenue generated from your product or service if you don't have salespeople.



### **Product or Service (What you sell or do)**

This second objective is around your product or service. These are the goals you have for what you sell, whether that's accounting software or yoga clothing, or the service you provide, such tax preparation or fitness classes.



### **People (Who your team is)**

This third objective is around your people. Your internal team of employees is one of your most valuable (and expensive) assets, so use this category to set goals around hiring, employee engagement, company culture, or business operations.



### **Promotion (How you get the word out)**

This fourth objective is around promotion. This category can be used for buckets such as marketing, advertising, branding, content, public relations, and other ways that you get the word out about what you do.



### **Progress (What will dramatically move the business forward?)**

This fifth and final objective is Progress, and this category is a bit unique. What you want to consider is a goal that will dramatically move your business forward.



Once you've figured out your objectives, you need to choose which kind of key results you want to create (three to five for each objective.)



**Metric:** (Most common) track quantitative outcomes designed to gauge success on an objective



**Milestone:** Used to convert a binary outcome into a key result

When possible for key results, use this formula:

**Verb + what you're going to measure + from "x to y"**

For example: "Increase attendance from 350 to 500 people"

[For more on writing OKRs, check out our guide on how to write great OKRs for a team here.](#)

# Steps to create your OKRs

## 2. Edit your OKRs.

After a productive brainstorming and writing session, it's best to step away from your writing for a day or so. Then, come back with some fresh eyes, a red pen, and a tough attitude to edit down your first draft to only the absolute essentials.

**Take a look at your OKRs and make sure they adhere to the 5 OKR superpowers.**



**Focus:** What OKRs can be eliminated?



**Alignment:** Who are the stakeholders you might have forgotten?



**Tracking:** If we have this conversation next month, can we track if we were successful?



**Transparency:** Where are there unseen implications or bottlenecks?



**Stretch:** Are my OKRs propelling the business forward?

# Validate your OKRs through the necessary and sufficient test

When looking at your objective and its key results, ask yourself:  
**"Are all these Key Results *necessary* to achieve my Objective?"**



**If yes**, then they pass the necessary test.

**No**

**If the answer is no**, spend more time refining the OKRs to be more relevant and measurable.

Next, ask yourself:  
**"Will accomplishing my key results be *sufficient* enough to achieve my objective?"**



**If the answer is yes**, then they pass the sufficient test.

**No**

**If the answer is no**, you need to spend more time defining stronger key results.

The biggest mistake you can make when first writing OKRs is not starting the process in the first place. Patience and iteration is key and few, if any, organizations get it perfect on the first try.

# Steps to create your OKRs

## 3. Aligning your OKRs

At this point, you'll have written the story for where the company is headed:

- Increasing revenues!
- Delighting customers!
- Expanding into a new market!

But to be successful, you need to know how the plot of your story unfolds...

- How do we measure success?
- Who is in charge of each goal?
- How will our teams work together?
- When are we going to reach our goal?

Provide details for these four elements, which spell out the word **PLOT**, to make sure your OKRs are aligned.

### Process

What you want to get done

### Level

Where in the company it's happening – Organization, Team, or Individual

### Owner

Who is responsible for success

### Time period

When it will be completed – Annual or Quarterly

# Steps to create your OKRs

## 4. Measuring your OKRs

OKRs are measured in two ways:

**Percent Complete:** Measures broader goals, tracking success as a percentage

**KPI:** Measures specific goals, tracking success as a specific metric

Note that when measuring, we like to have a “from” and “to” number.

There’s one last measurement question you need to ask.

“When it comes time to update this goal, where will I get the data from?”

- Is it entered manually?
- In a spreadsheet?
- In another app?
- Or is the source unknown?




Think about that before you finalize things.

**To recap, there’s a four-step process for producing great OKRs:**




- 1. Write your OKRs**
- 2. Edit your OKRs**
- 3. Align your OKRs**
- 4. Measure your OKRs**

# Annual company OKR examples:




▼  **1. Expand into the Latin American market and capture 15% of market share from our competitors in one year**

-  a. Conduct comprehensive LATAM market research and SWOT analysis report and deliver to senior management by Jan. 31st
-  b. Hire and train 4 bilingual sales executives by Feb 10th
-  c. Launch Spanish-language MVP version of product with top 5 requested features by March 1st

▼  **2. Achieve record revenue while maintaining profitability**

-  a. Increase sales of new enterprise-level accounts from \$31M to \$50M
-  b. Expand add-on service revenue from existing customers from \$12M to \$22M
-  c. Optimize headcount and negotiate contracts to maintain 10-11% profit margins

▼  **3. Host a live virtual event for 1,000 customers in September to celebrate rebranding**

-  a. All rebranding components (logo, tagline, colors, website, all copy) completed by July 1
-  b. Reach 1,000 registrants for the event by August 1
-  c. Spend less than \$45K on all marketing promotion for event

[For more OKR examples for every department, go here.](#)



# 1 month prior to 2021

## Who needs to be involved:

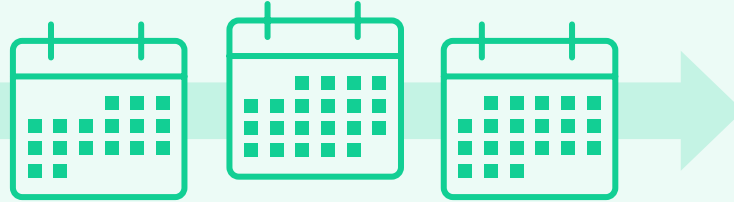
Executive leadership and team leaders

## What needs to happen:

By December, executive leadership should communicate with directors and team leaders on annual company-level goals and how those will align with the team's quarterly goals. Discussion with team leaders is key to ensuring every team understands the priorities and focus for the upcoming year.

If team leaders need more training on OKRs, this is an ideal time to make sure they have the support and coaching they need on OKR best practices. Plan to run interactive workshops to help engage and educate teams during this time if they are not already familiar with the OKR framework. A refresher also never hurts!

2021



## First few weeks of 2021/new quarter

### Who needs to be involved:

The entire company

### What needs to happen:

In the first few weeks of 2021 and the new quarter, team leaders should roll out Q1 team OKRs, making sure to communicate the right expectations for the upcoming quarter. This is the time to start scheduling regular check-ins throughout the quarter and plan for a mid-quarter review, as well as time for everyone to score and review OKRs at the end of the quarter. The cycle repeats itself each quarter, with team and company-level quarterly OKRs always keeping alignment with the company's annual goals.





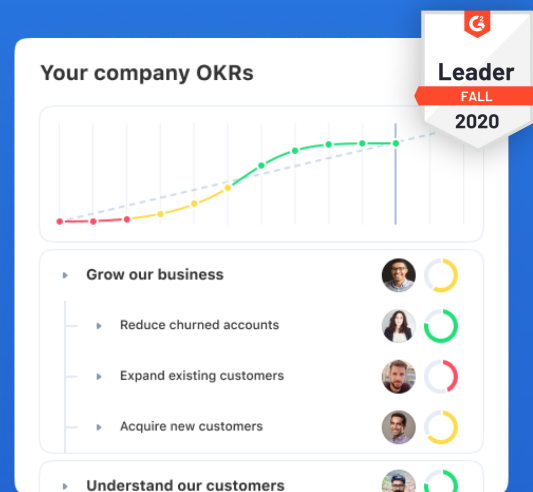
# It's your time to shine

Annual planning might feel harder this year as you try to really assess how this past year went and where you go from here. Don't be intimidated. You now have the steps you need to make 2021 your organization's most prepared year yet.

And lastly, don't hesitate to ask for help. Our team at Ally.io is always here to help assist you in making sure your organization is successful with OKRs and sees the full benefits of using them.

## Don't have an existing OKR tool in place?

Consider Ally.io for tracking and measuring your OKR performance. It only takes seconds to [sign up for a 14-day free trial](#), and you can begin tracking OKRs in under 15 minutes.



GET A DEMO

TRY FOR FREE