Microsoft Viva

Viva Goals
Office Hours

OKR Alignment Best Practices

April 26th
8am PST / 11am EST

Agenda

· Welcome (5 min)

· OKR Alignment Best Practices– featuring OKR expert Wendy Pat Fong (25 min)

· Viva Goals Product Deep Dive: Enhanced Reporting in Viva Goals (15 min)

· AMA (15 min)

OKR Alignment Best Practices

Business leaders are looking for a better way to drive purpose, alignment and results
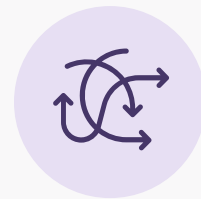
Becoming more strategic with their budget, resources and time

Adapting to a new normal at work, including the digital needs of a hybrid or remote workforce

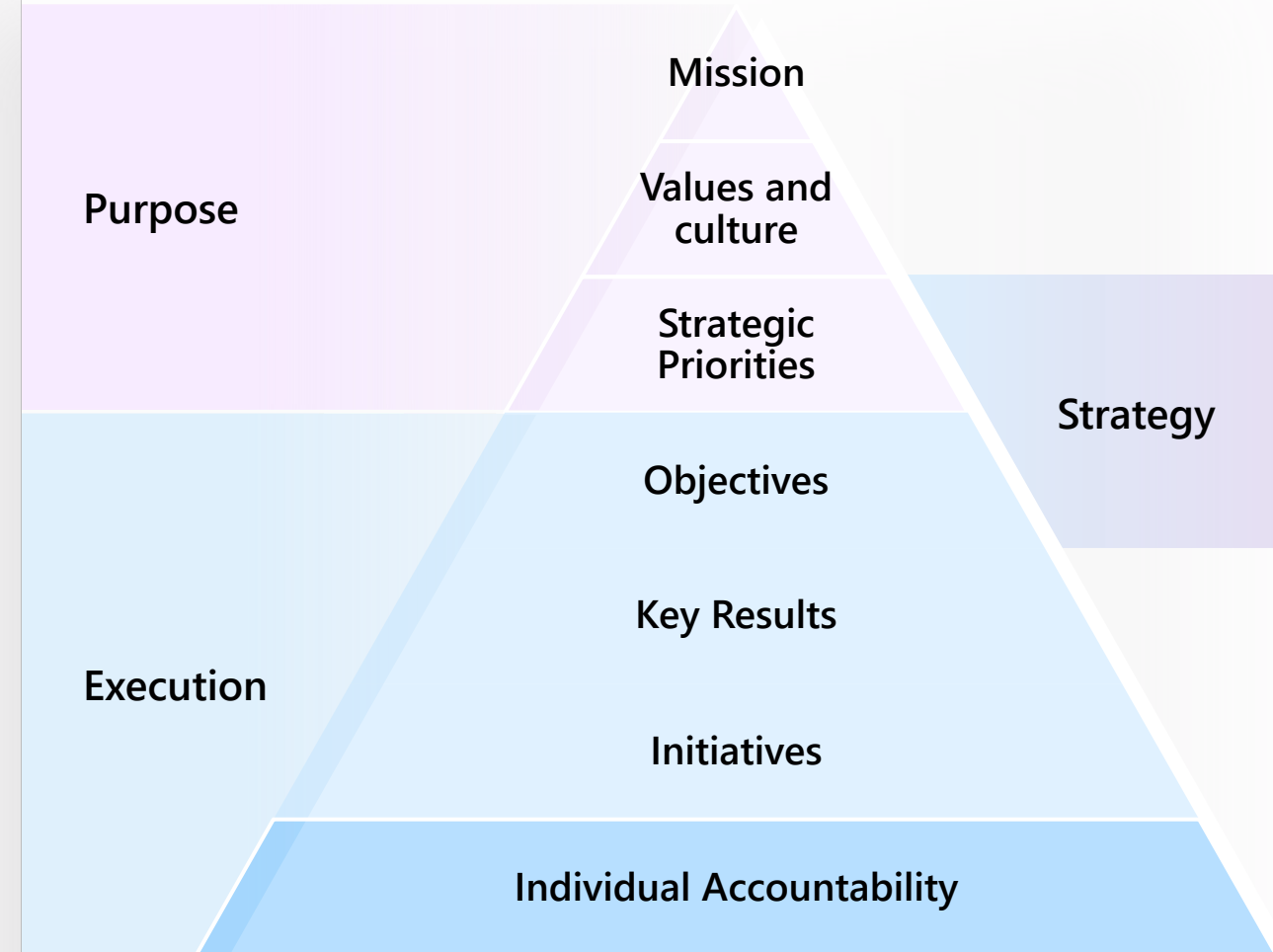Focusing on and communicating top priorities for the organization

Aligning and connecting work groups that are either siloed and disconnected, or doing redundant work

Alignment: 3 Ways

1. **Top-Down Alignment**

   From mission, vision down to strategic priorities, OKRs and then initiatives

Purpose

Mission

Values and culture

Strategic Priorities

Strategy

Execution

Objectives

Key Results

Initiatives

Individual Accountability

Alignment: 3 Ways

When we talk about alignment of OKRs, we need to consider

1. **Top-Down Alignment**

   From an organizational level, down to departments/teams, and then individual level
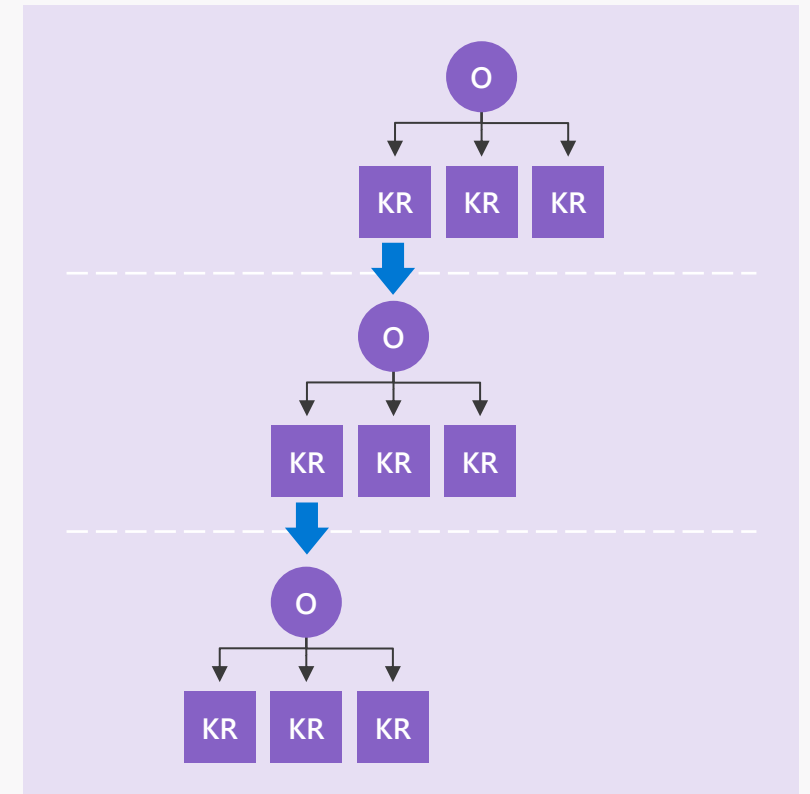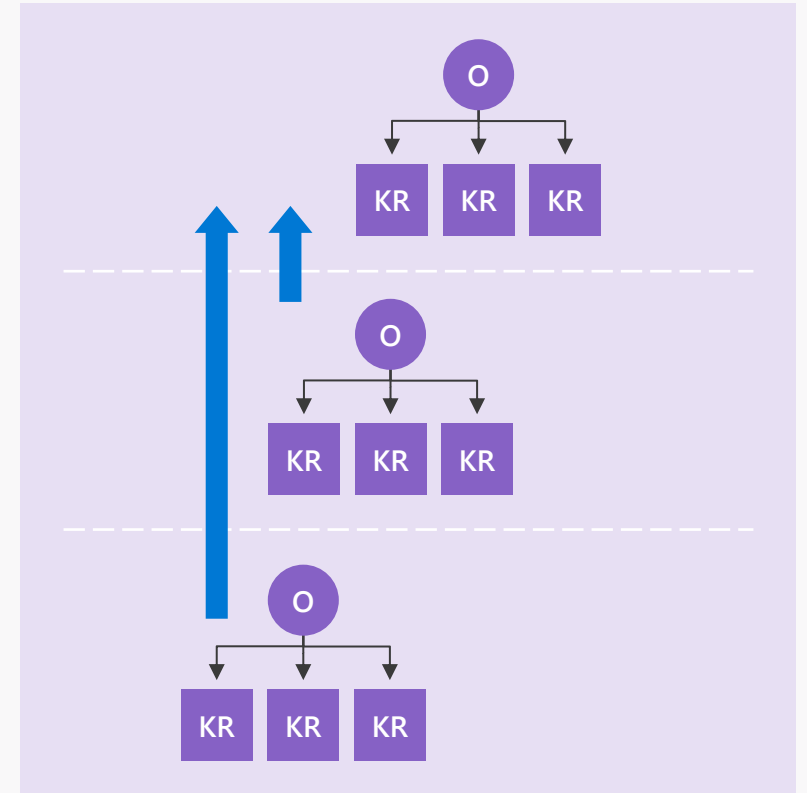
Alignment: 3 Ways

When we talk about alignment of OKRs, we need to consider

2. Bottom-Up Alignment

While Top-Down Alignment is to ensure we are all moving towards the same direction, Bottom-Up is where the empowering of employees come in. We want to encourage everyone to think about the "how" to get to our "why"
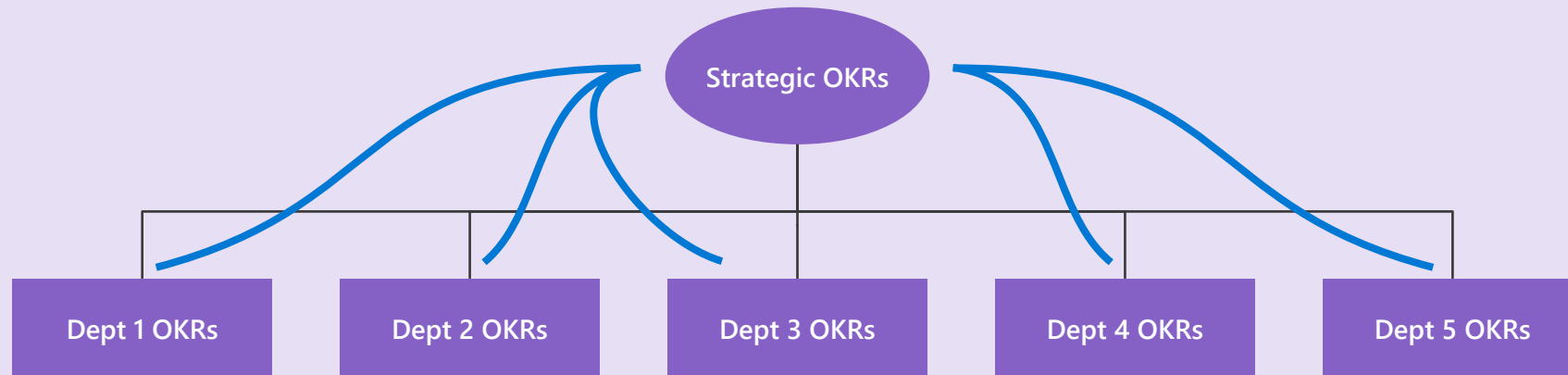
Alignment: 3 Ways

When we talk about alignment of OKRs, we need to consider

3. Horizontal Alignment

Cross collaboration is important to ensure alignments

Loose vs Tight Alignment

Tight Alignment

- The "original" way of cascading OKRs to the next level.

- A Key Result becomes the next level Objective

- Work wells for:
  - Small companies with minimal level of hierarchy
  - Teams with very distinct roles and responsibilities
  - Organizations that do not rely highly on cross-collaboration
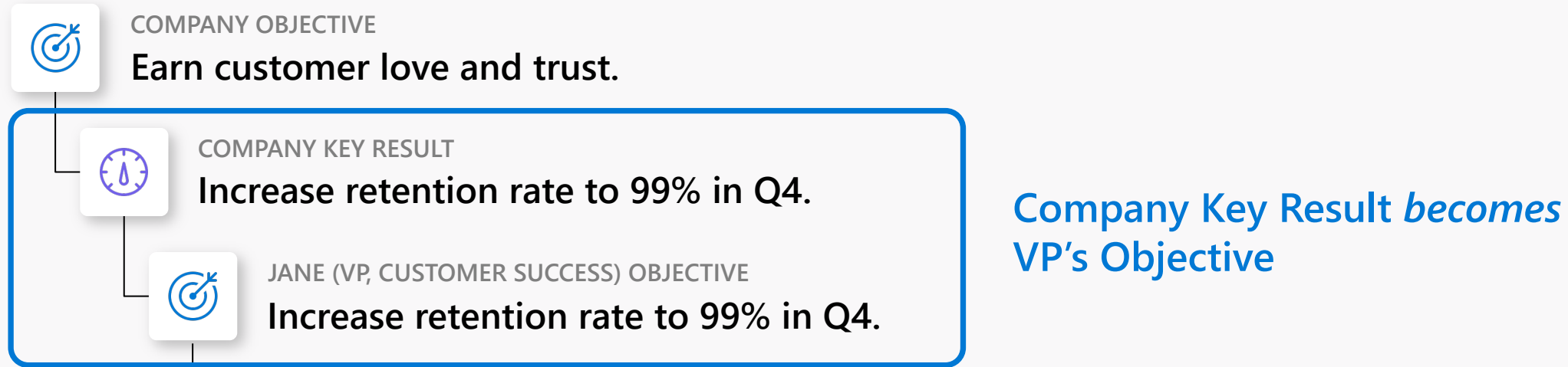 - KR is highly measurable and easily "assigned"

Company Level

Objective: Earn Customer Love and Trust

KR 1: Increase customer satisfaction to 99%

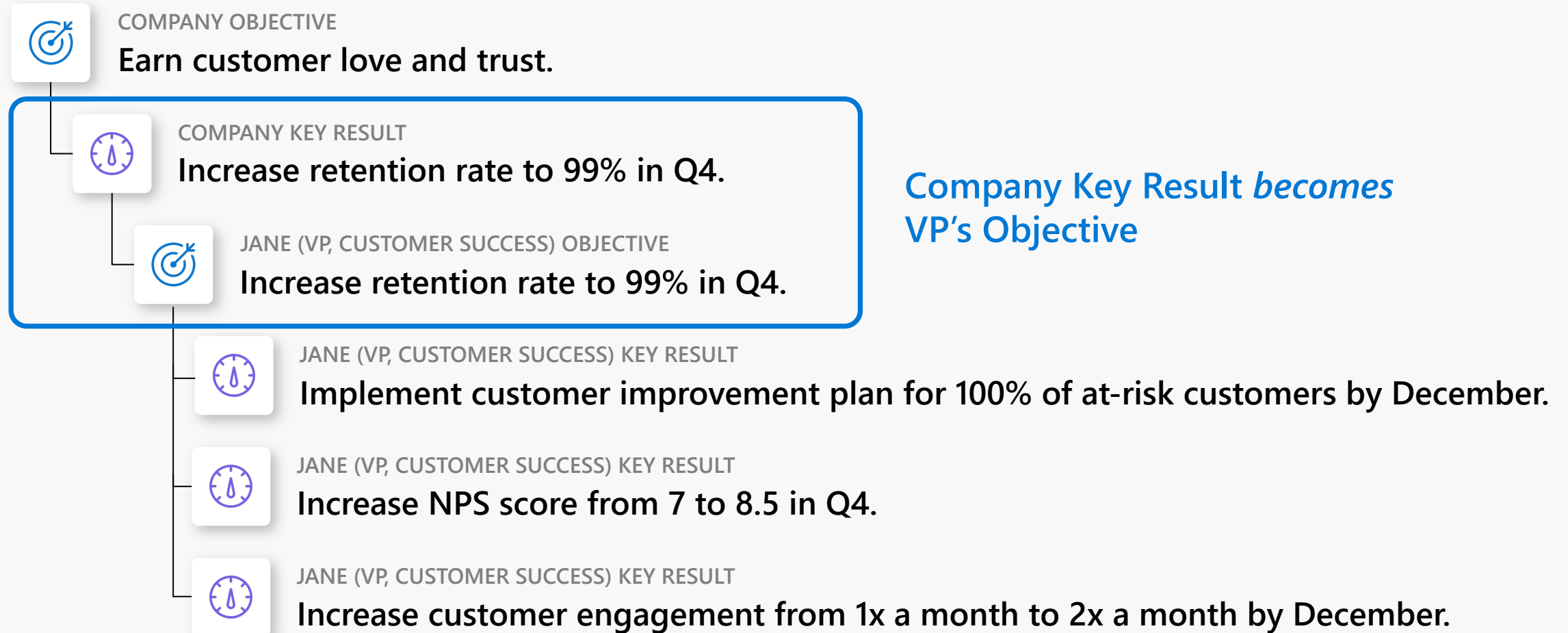What is the next step for the VP of Customer Success?

Tight Alignment

COMPANY OBJECTIVE
Earn customer love and trust.

COMPANY KEY RESULT
Increase retention rate to 99% in Q4.

JANE (VP, CUSTOMER SUCCESS) OBJECTIVE
Increase retention rate to 99% in Q4.

Company Key Result *becomes* VP's Objective

Jane would "inherit" their OKR from the company level i.e. the key result set by the leader 1, would automatically become objective for the VP of customer success.

Jane would have to modify the OKR to show their objective "increase a KR of "increase retention rate of 99%" amongst others OR create a multi alignment for the KR of "increase retention rate of 99%" to be align to both company objective and VP objective.

Tight Alignment

COMPANY OBJECTIVE
Earn customer love and trust.

COMPANY KEY RESULT
Increase retention rate to 99% in Q4.

JANE (VP, CUSTOMER SUCCESS) OBJECTIVE
Increase retention rate to 99% in Q4.

Company Key Result *becomes* VP's Objective

JANE (VP, CUSTOMER SUCCESS) KEY RESULT
Implement customer improvement plan for 100% of at-risk customers by December.

JANE (VP, CUSTOMER SUCCESS) KEY RESULT
Increase NPS score from 7 to 8.5 in Q4.

JANE (VP, CUSTOMER SUCCESS) KEY RESULT
Increase customer engagement from 1x a month to 2x a month by December.

Loose Alignment

- The newer term of "alignment" instead of cascading
- Empower each level of the organization to decide how best to support higher level OKRs
- Work wells for:
  - Larger organizations with high matrix structure
  - Highly collaborative organizations
  - Main outcome of OKR is alignment (and progress calculated bottom up is secondary)
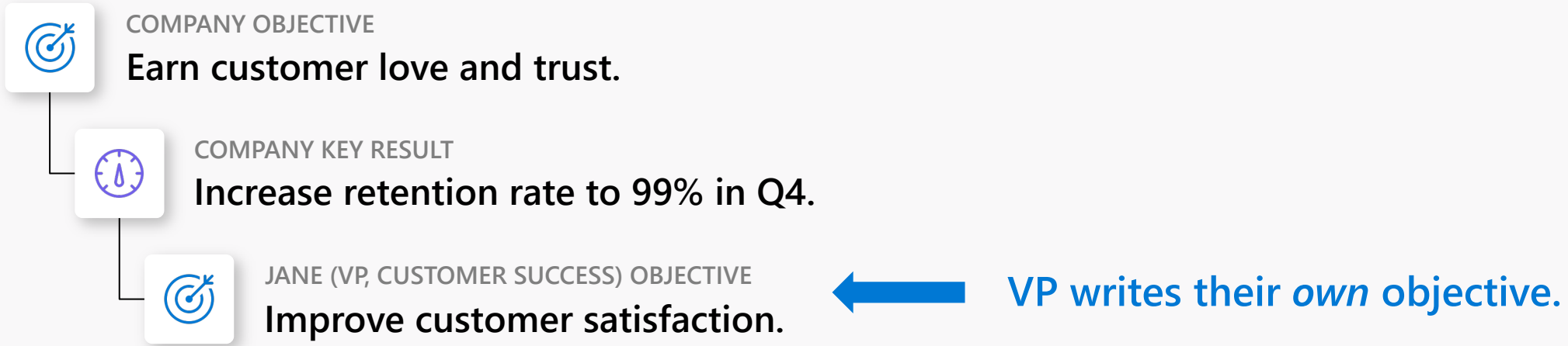
Company Level

Objective: Earn Customer Love and Trust

KR 1: Increase customer satisfaction to 99%

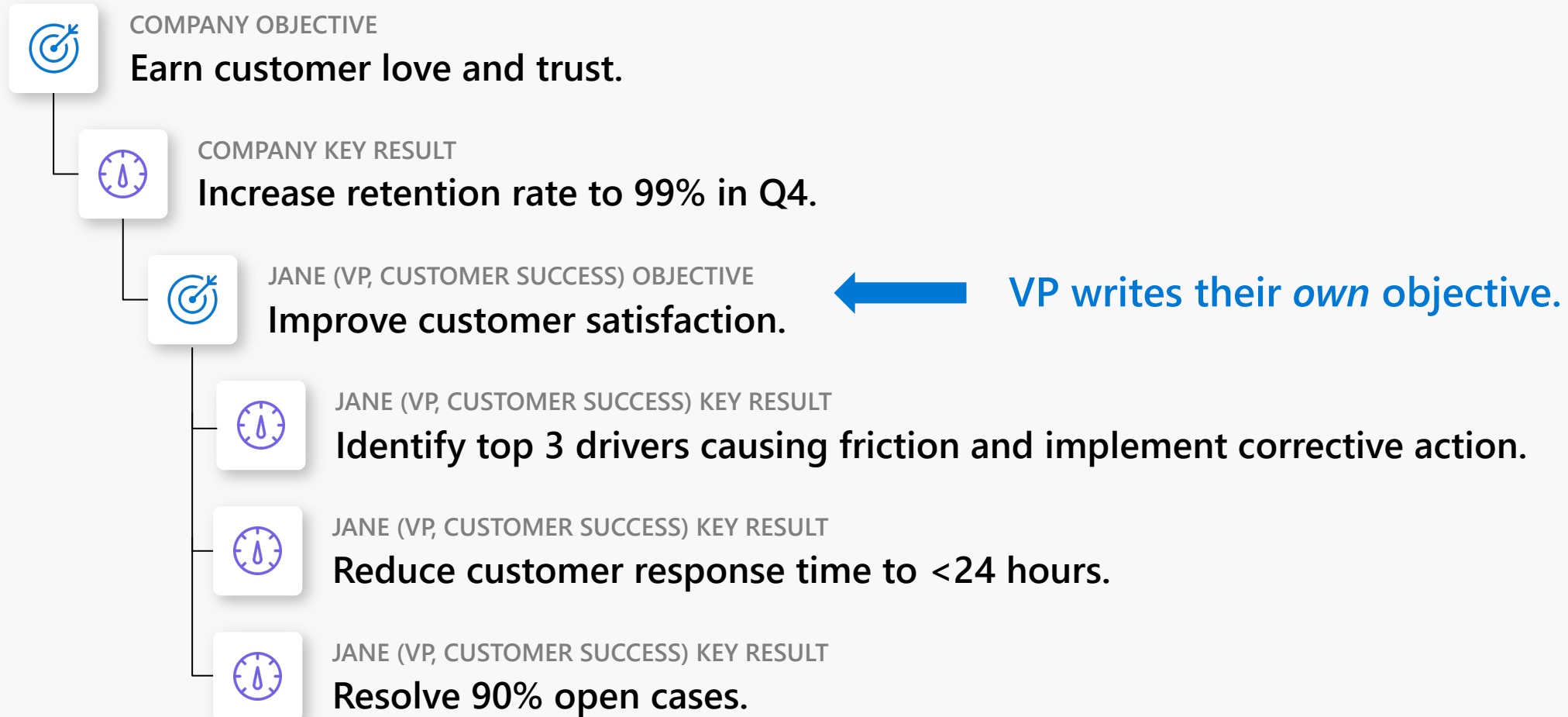What is the next step for the VP of Customer Success?

Loose Alignment

COMPANY OBJECTIVE
Earn customer love and trust.

COMPANY KEY RESULT
Increase retention rate to 99% in Q4.

JANE (VP, CUSTOMER SUCCESS) OBJECTIVE
Improve customer satisfaction. ⟵ VP writes their *own* objective.

Jane has the flexibility to localize and thinks about how they want to contribute to the company objective

One thing to note is that each VP in this scenario is also going through this exercise of localizing their team efforts in the goal of achieving the company objective.

Loose Alignment

COMPANY OBJECTIVE
Earn customer love and trust.

COMPANY KEY RESULT
Increase retention rate to 99% in Q4.

JANE (VP, CUSTOMER SUCCESS) OBJECTIVE
Improve customer satisfaction. ← VP writes their *own* objective.

JANE (VP, CUSTOMER SUCCESS) KEY RESULT
Identify top 3 drivers causing friction and implement corrective action.

JANE (VP, CUSTOMER SUCCESS) KEY RESULT
Reduce customer response time to <24 hours.

JANE (VP, CUSTOMER SUCCESS) KEY RESULT
Resolve 90% open cases.

Great! I have an alignment model in mind. What do I align to again?
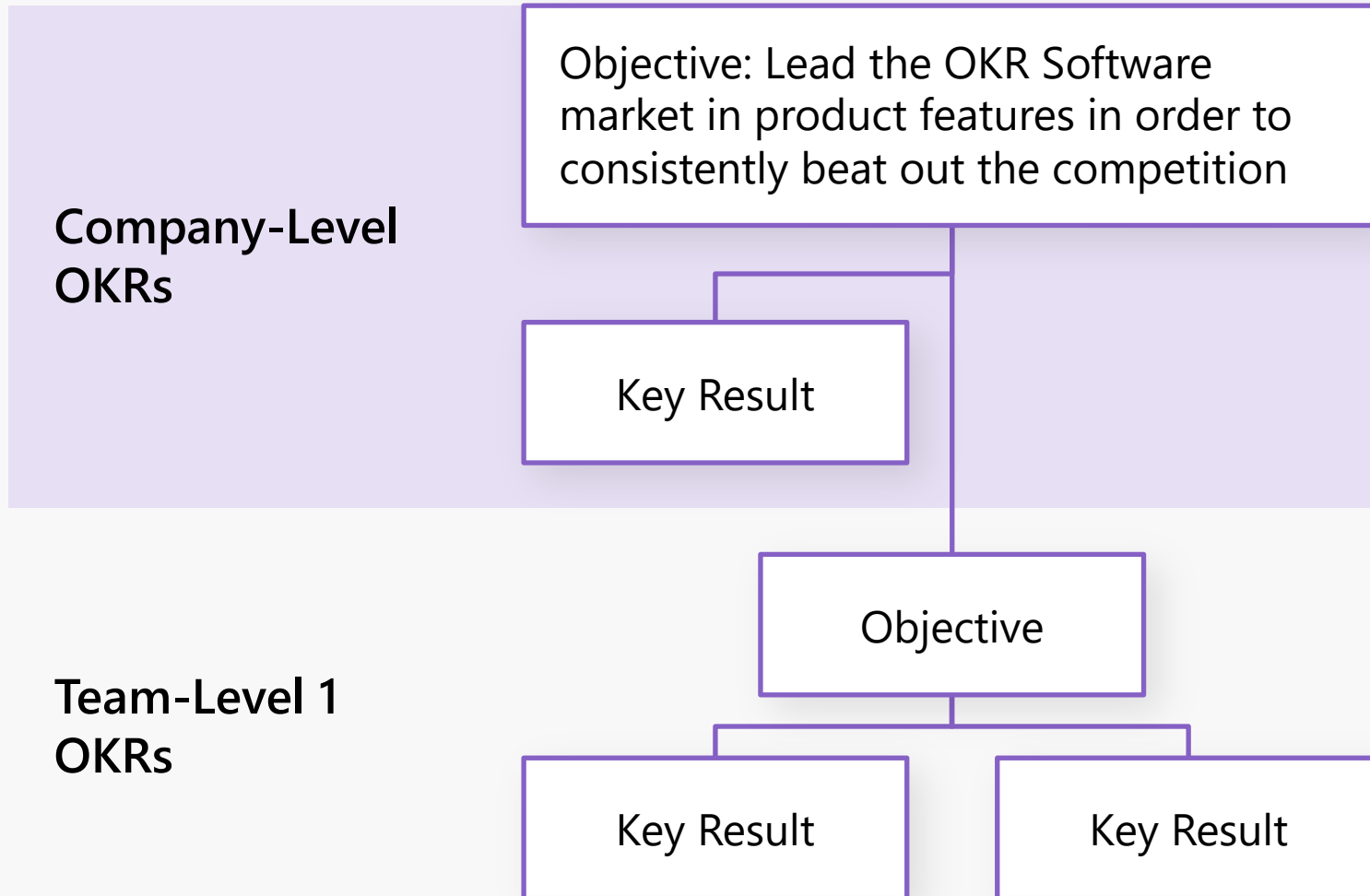
Objective and/or KR

- When should I align to what?

Aligning Objectives to Objectives or Key Results?

We recommend starting the OKR and alignment process by aligning **Objectives to Objectives**. This simplifies the process and ensures alignment exercises are completed.

Once an organization matures and finds a need for an additional level of granularity, *and is committed to the alignment exercise,* they can start aligning Objectives to specific Key Results.

Company-to-Team Level OKR

Company-Level OKRs

Objective: Lead the OKR Software market in product features in order to consistently beat out the competition

Key Result

Team-Level 1 OKRs

Objective

Key Result

Key Result

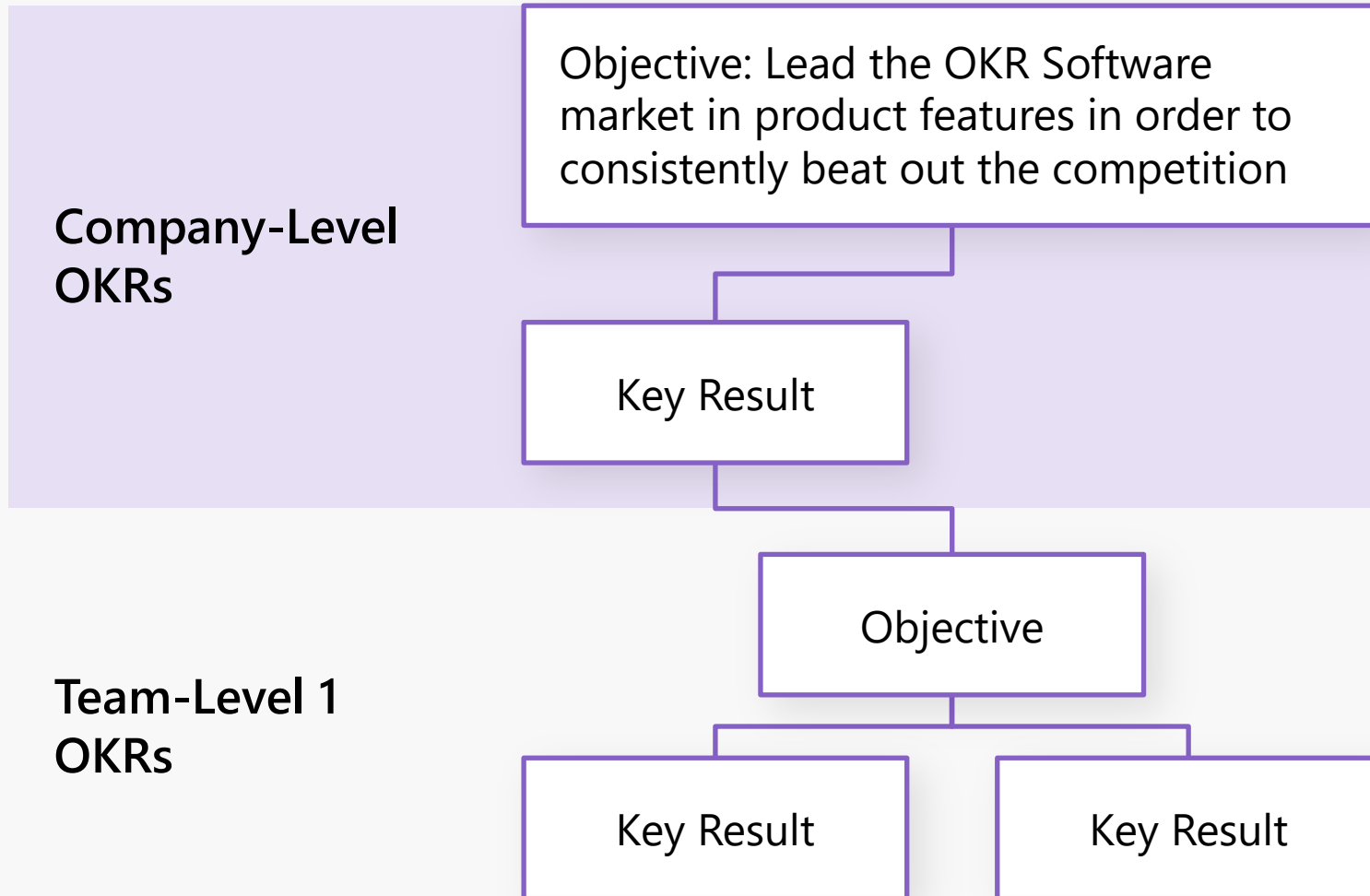**Critical Things to Remember**

- All objectives are aspirational

- Localize to your group and align objective to objective

- Not all objectives need to align up (80/20 rule)

- OKRs graded on its own

Aligning Objectives to Objectives

Aligning Objectives to Objectives is best suited for:

- Orgs with a low maturity in OKRs

- Outcome for alignment is more centered around visual representation and transparency.

- Objectives aligned are not 100% dedicated to moving a specific metric

- Objectives are not passed down/cascaded to the next level

Company-to-Team Level OKR

Company-Level OKRs

Objective: Lead the OKR Software market in product features in order to consistently beat out the competition

Key Result

Team-Level 1 OKRs

Objective

Key Result

Key Result

Critical Things to Remember

- For more mature teams, linking an objective directly to a key result is recommended.

- The alignment shows how the objective will directly has an impact on moving the progress of the key result forward

Aligning Objectives to Key Results?

Aligning Objectives to Key Results is best suited for:

- Org with a higher maturity level

- Outcome for alignment is for additional granularity, along with proper calculation of progress from bottom up.

- Objective is 100% impactful to the progress of an KR.

- Objectives are cascaded from the top level

Special use cases: KR alignment to 2 Objectives

There are cases where to avoid duplication of a KR, a recommendation is to enable multiple alignments. This is best suited when the KR is cascaded down in tight alignment.
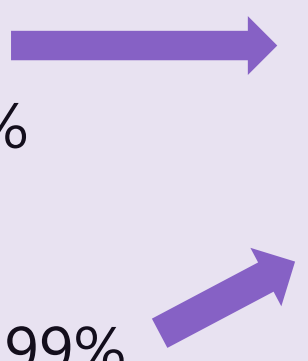
For example:

Company objective: Earn customer love and trust
Company KR: Increase retention of customer to 99%

VP objective: Increase retention of customer
VP KR: Increase retention of customer from 80% to 99%

In Viva goals, we would represent create the KR once and align to both objectives

Product Feature Deep Dive:
OKR Program Analytics

Enhanced Reporting with Viva Goals

To ensure a successful roll out of the OKR program, OKR Champions & Team Admins need to be able to track health of OKRs, teams and users, which ultimately helps deliver business impact.

How does tracking these metrics help?

Track Meaningful Engagement: Understand the hygiene and adoption of OKRs within teams through deployment, rollout & engagement phases of the program, with metrics - which helps drive actions enabling the success of the OKR program.

Identify bottleneck and act: Enables a bird's eye view of the health of OKRs, teams and users, follow up with team owners or OKR owners directly to drive action to clear the bottlenecks.

Benchmarking/Comparison: Compare metrics, identify best practices of best performing teams and understand if other teams can follow a similar template to achieve success.

Executive Leadership Review Meetings: Having all relevant data in a single place helps drive efficient decision making.

AMA

Continue the conversation in Viva Goals Community

Wendy will be in the <u>Viva Goals Community</u> for the next 30 minutes answering any questions from this session!

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Thank you!

Please make sure to take our exit poll so we can better serve you next time!

Have questions? Reach out to GoalsOfficeHours@Microsoft.com