AgileStrategies

START LESS
FINISH MORE

BUILDING STRATEGIC AGILITY with OBJECTIVES AND KEY RESULTS

START HERE

www.startlessfinishmore.com

Dan Montgomery

- Pioneer in the application of Agile principles to the strategy management process

- Training, coaching and consulting in the areas of strategic planning, leadership development and balanced scorecard for the past 20 years.

- 15-year prior careers in IT project management, group therapy and HR.

- Industry experience includes health care, technology, human services, higher education, natural products, utilities, government, financial services, social entrepreneurship, and construction.

- Veteran of Accenture and Ernst & Young

- Co-author of *The Institute Way: Simplify Strategic Planning and Management with the Balanced Scorecard*

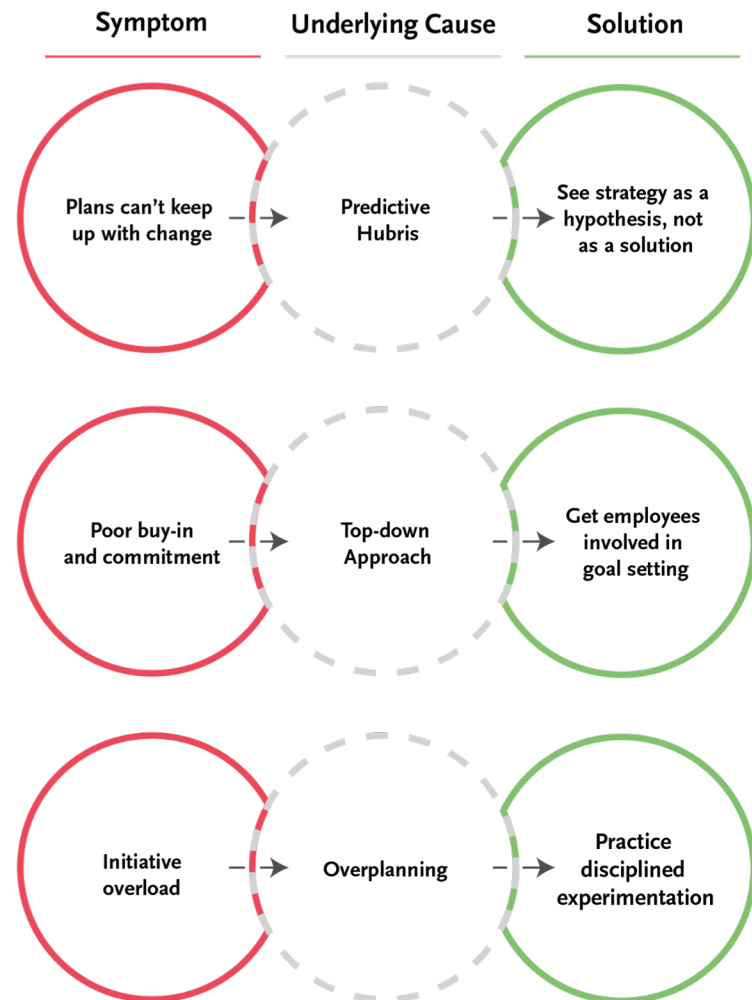- Author of *Start Less, Finish More: Building Strategic Agility with Objectives and Key Results*

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A Cautionary Tale....

Why Strategy Must be Agile
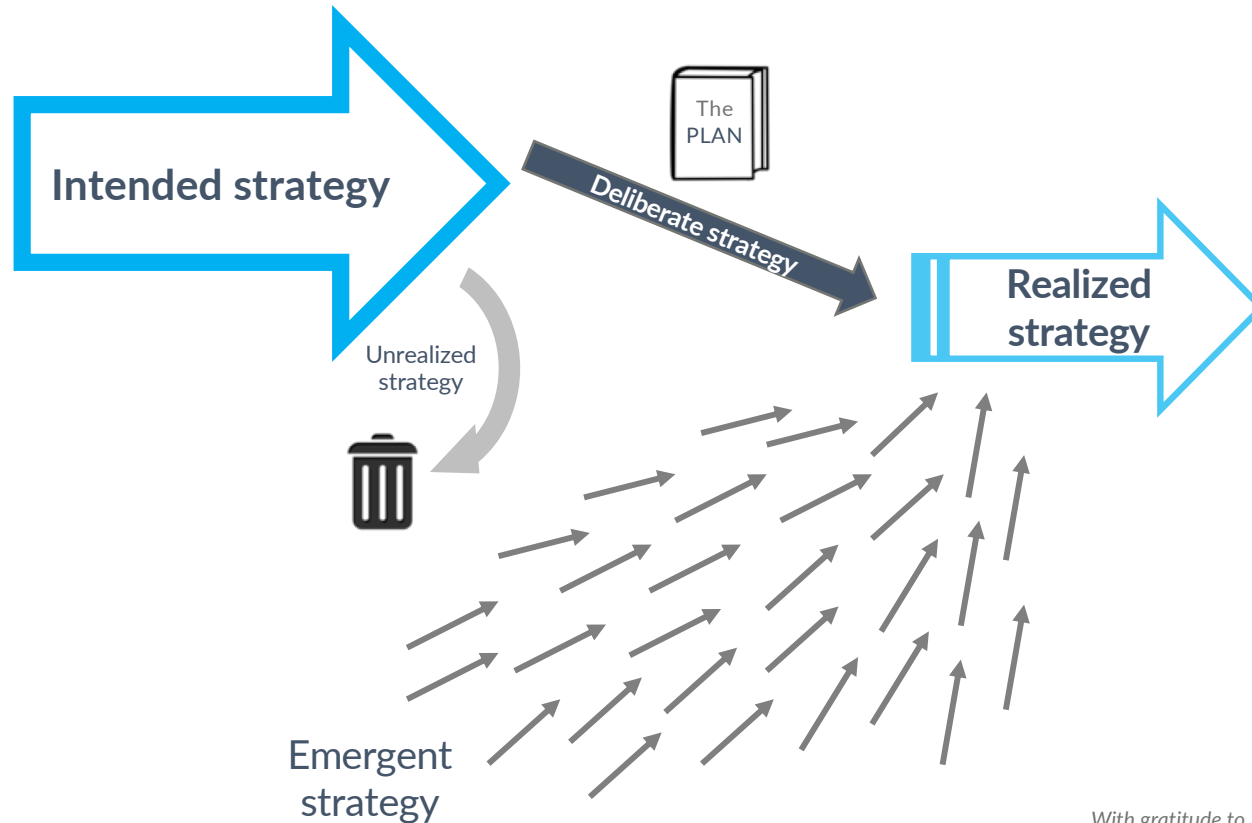
With gratitude to Henry Mintzberg
The Rise and Fall of Strategic Planning
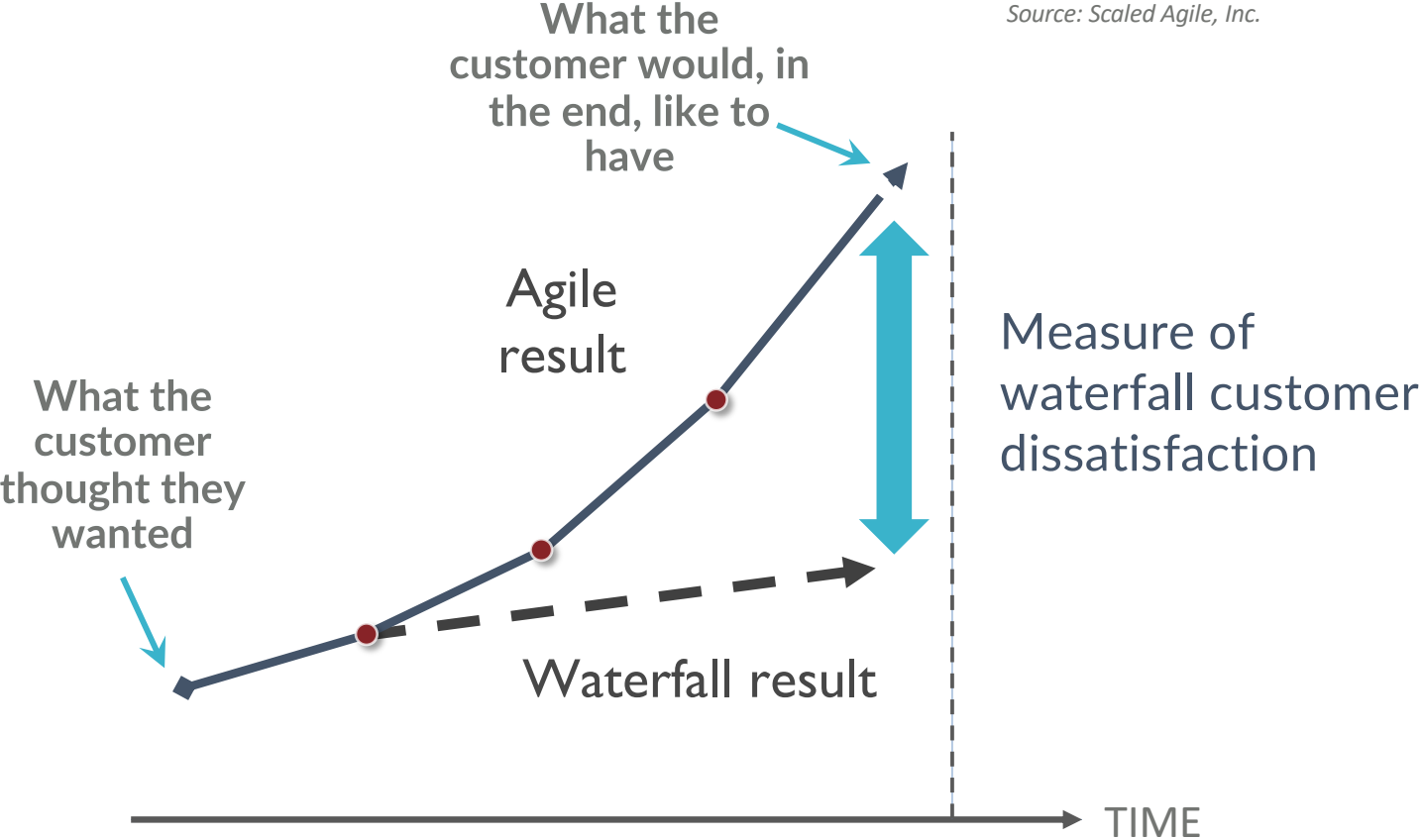
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The Trouble with Strategic Planning

- Plans can't keep up with rapid change, disruption and opportunity
- Poor buy-in and commitment from employees
- Too many projects result in fewer actually getting done

Symptom	Underlying Cause	Solution
Plans can't keep up with change	Predictive Hubris	See strategy as a hypothesis, not as a solution
Poor buy-in and commitment	Top-down Approach	Get employees involved in goal setting
Initiative overload	Overplanning	Practice disciplined experimentation

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Reduce Risk by Iterating

What the customer would, in the end, like to have

Source: Scaled Agile, Inc.

Agile result

What the customer thought they wanted

Measure of waterfall customer dissatisfaction

Waterfall result

TIME

Source: Scaled Agile, Inc.

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Strategic Agility

THE CAPACITY TO SENSE AND RESPOND TO
DISRUPTION AND OPPORTUNITY
WHILE CONTINUOUSLY GENERATING
NEW VALUE FOR YOUR CUSTOMER

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Agile Decision Rules

1. Don't overanalyze - gather just enough data to decide.
2. Don't try to be too precise about unknowable details.
3. Create options to make better decisions when more is known.
4. Don't commit to detailed plans too far into the future.
5. Defer decisions until the last responsible moment.
6. Centralize control for decisions that are infrequent, impact the whole organization, or provide economies of scale.
7. Decentralize all other decisions.

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OKR Benefits

1. Fast strategy feedback and learning

2. Simple and easy to teach

3. Engages and aligns workforce with strategy

4. Forward-looking employee performance management

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What's an OKR?

Objective

- "Where do we want to go?"
- Qualitative and aspirational
- Ambitious and somewhat uncomfortable
- Set by the team
- Reviewed and reset quarterly

Key Result

- "How will we know if we're getting there?"
- Quantitative measure and target based on business outcome
- A stretch, but not impossible (50%)
- Shared transparently

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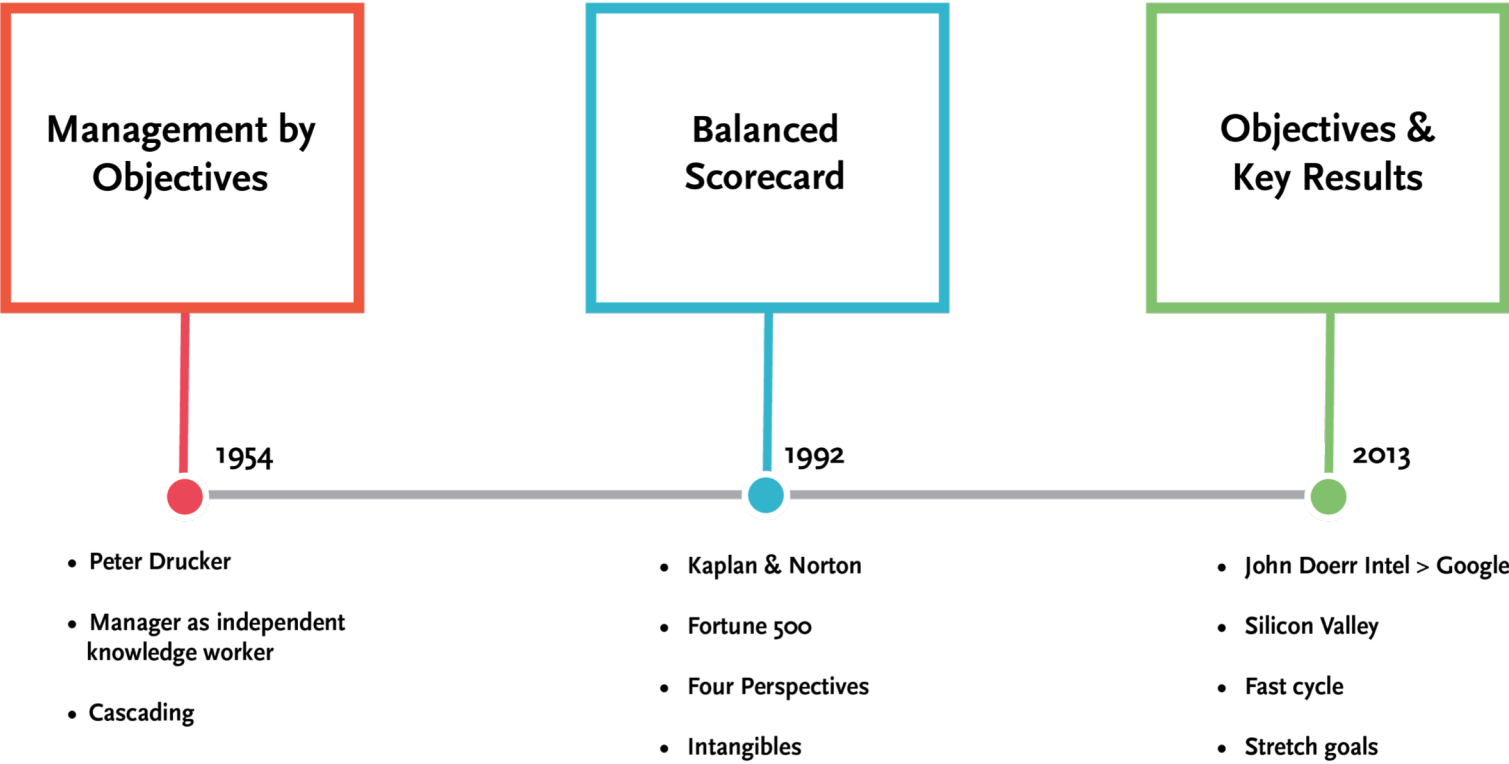
Who's Using OKRs?

Silicon Valley

- Intel
- Google
- LinkedIn
- Adobe
- Intuit

And Beyond

- ING Bank
- Target
- Kroger
- BMW
- City of Denver
- Sunswept Resorts
- Charities Aid Foundation

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OKR Heritage

Management by Objectives	Balanced Scorecard	Objectives & Key Results

1954   1992   2013

- Peter Drucker
- Manager as independent knowledge worker
- Cascading

- Kaplan & Norton
- Fortune 500
- Four Perspectives
- Intangibles

- John Doerr Intel > Google
- Silicon Valley
- Fast cycle
- Stretch goals

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Intuit

OKRs as a Strategy Execution Tool

- Strategic challenge = move multiple products aggressively from the desktop to the Cloud

- Greatest value = transparency across the organization has fostered horizontal alignment that reduced "silos"

- Monthly 360 feedback conversations

- Used automated system to track and share goals and track conversations

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- Managers spent an average of eight hours per employee while, to quote VP People, "demoralizing everyone involved."

- In total, Adobe was spending 80,000 manager hours – equivalent to 40 full time people – on a process with no discernible value.

- Replaced with "Check-in" process of continuous performance management using OKRs and frequent feedback conversations, decoupled from compensation.

OKRs as a Tool for Performance Management

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OKRs in a Startup Incubator

- Incubators in 35 cities, 300 clients at a time
- Accelerator = 2 years' progress in 3 months
- Each startup has:
  - Monthly strategy cadence
  - Weekly cadence focused on refining understanding of customer value
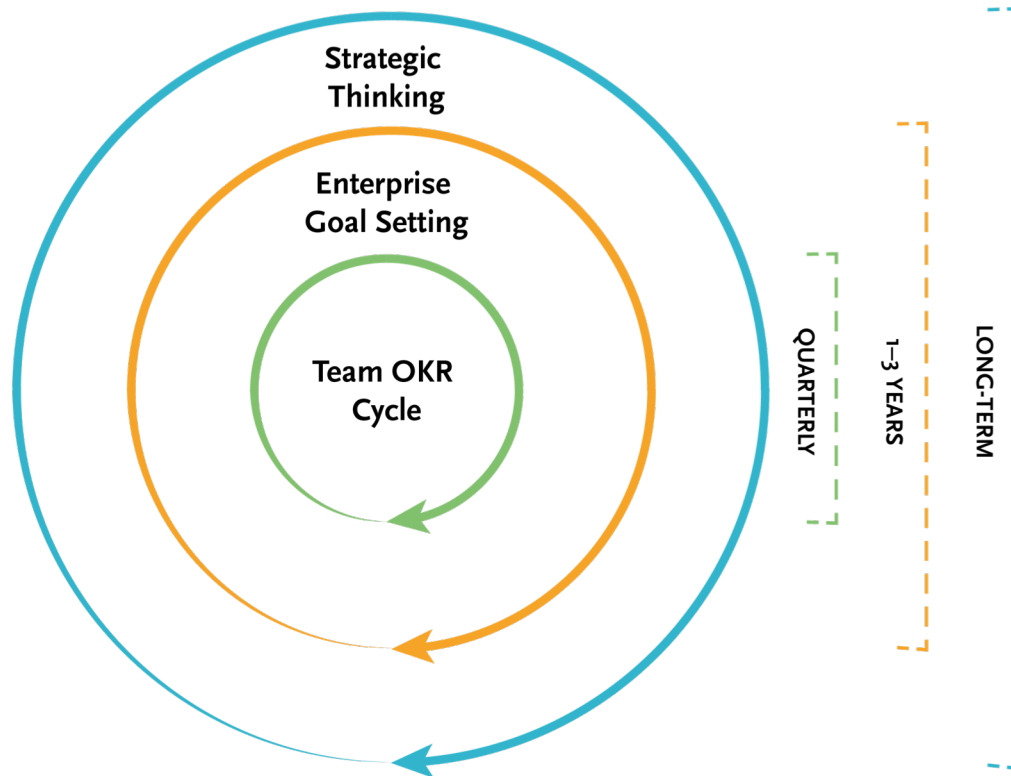- Focus on outcomes, not milestones

Agile Strategy Management Cycle

Minimum Viable Strategy

✓ Purpose
✓ Values
✓ Vision
✓ Key Strategies

…. And everything else is iterative

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The Agile Cadence

- Strategic thinking is both long-term and continuous
- Enterprise goal setting cycle depends on industry dynamics
- Quarterly team-level goal setting

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OKR Maturity Model

LEVEL ONE
Roofshots

- Commit to known projects
- Process improvements
- Good for teams with high "business as usual"
- Build muscle for goal setting and accountability

LEVEL TWO
Moonshots

- Aspiration to stretch into unfamiliar territory
- Experimental
- High risk, high reward
- Bigger emphasis on dialogue and learning

LEVEL THREE
Continuous

- Variable cycles depending on scope
- Focus on peer to peer commitments with less top down management
- Requires self-challenging teams and high trust

Summary: OKR Do's and Don'ts

Do

Stay focused on business outcomes, not tasks

Don't

Imitate Google: (Follow a prescriptive approach)

Do

Align Objectives and Key Results with overall strategy

Don't

Imitate Sears: (Implement OKR tactically, not strategically)

Thank you!

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Available at Amazon

Kindle and Paperback

www.amazon.com/author/montgomerydan

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