

WORKPATH

Quantitative Evidence on the Behaviors of High-Performing OKR Teams

Insights from Workpath's large-scale quantitative study on goal delivery



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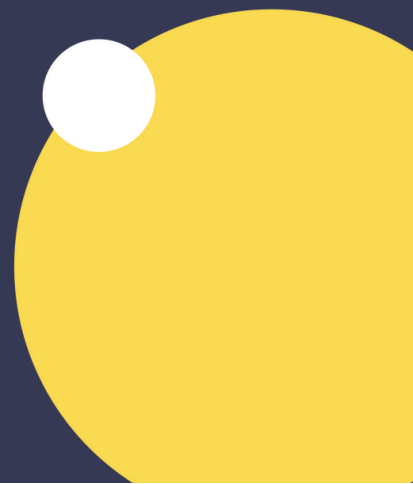


Introduction

While a sound strategy has long been considered the key to business success, the importance of strategy execution has been gaining momentum lately.

Once a strategy is set, the execution seems straightforward: Organizations reach their goals by executing their strategic direction through day-to-day decision-making. Yet, in reality, reliably achieving goals remains challenging for many companies.

And they pay a high price for that.



How Big is the Problem?

We looked at our own platform - Workpath - to size this up. By analyzing anonymized metadata from over 30,000 team goals belonging to 3,600 teams across more than 50 companies of varying sizes, industries, and goal-setting cycles – the discoveries were striking:

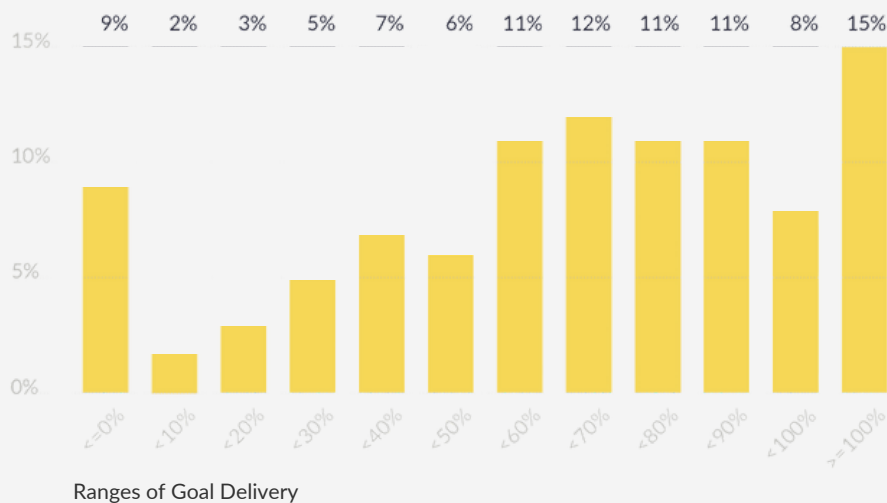
- just one in every seventh goal is achieved in full (100% progress);
- 9% of all goals fail completely (0% progress);
- more than half of all goals do not make it above 70% progress

To put this in monetary terms:

If a company sets 300 team goals per quarter (i.e. 1200 goals per year), and on average, four employees work on achieving a team goal, the completely failed goals alone can result in an inefficient use of resources worth €5.5 million.

Considering only direct costs like salary, not to mention the cost of lost opportunities*.

Distribution of Goal Delivery Rates



*see Appendix for a detailed calculation

The Role of OKRs

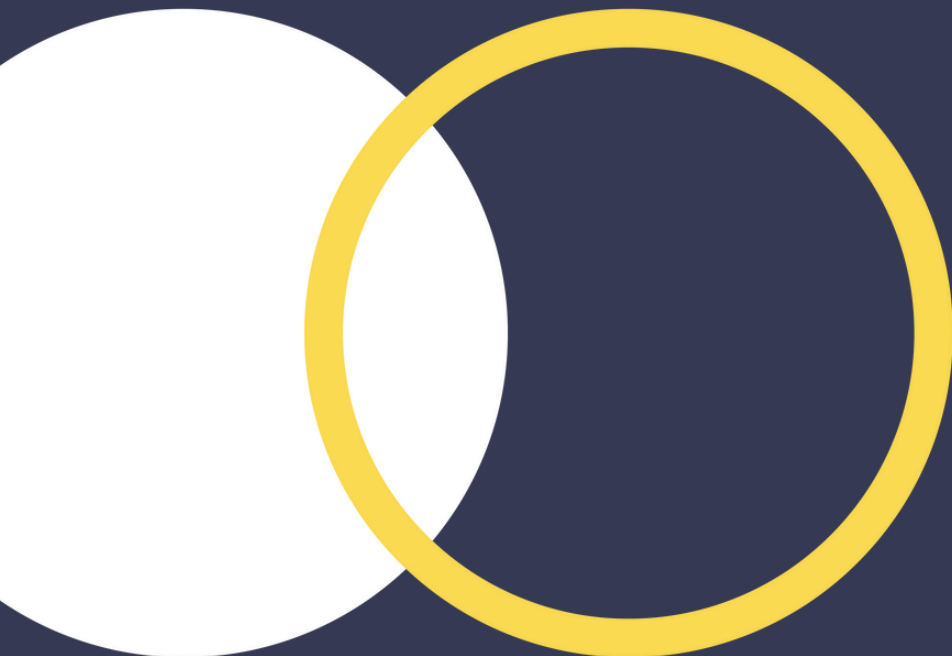
OKRs offer a framework to bridge the identified gap between strategy and execution.

The methodology supports teams to focus on the value creation for customers and supports continuous measuring of the created value through data. Program Leads, responsible for the successful introduction of OKRs, know this is easier said than done.

The implementation requires changes in behavior on all levels and thus, focusing first and foremost on the most important aspects is key.

With this research, we contribute to the consideration of what are the most important behaviors and how they can be fostered.

For easier reading OKR, objective, and goal will be used interchangeably from here on.



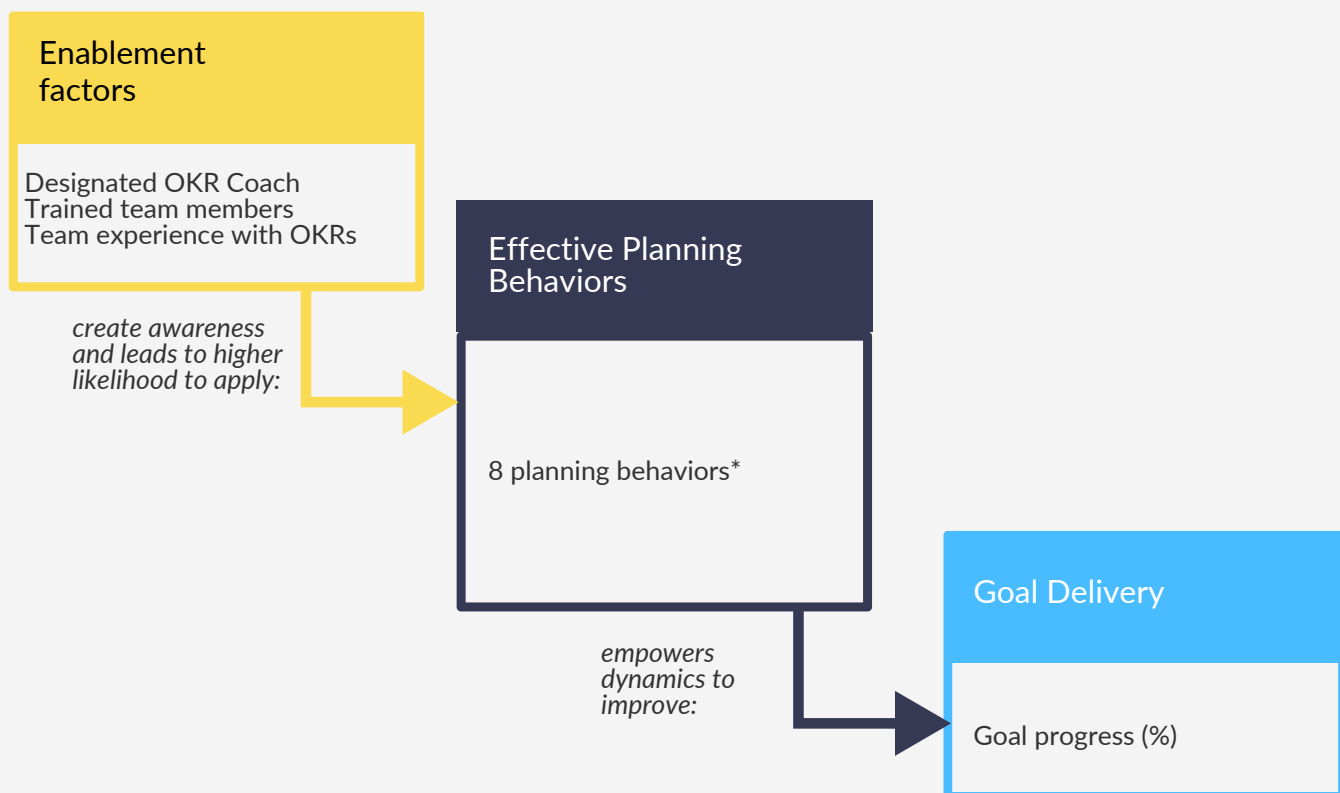
What Drives Goal Delivery Success?

We took a look at our data to identify which specific goal-planning behaviors teams can use to increase their chances of success.

We also examined how enabling factors may influence teams' use of these behaviors. In our hypothesis model, we assume that enablement factors promote certain behaviors.

These behaviors in goal planning are associated with higher goal delivery.

Workpath Hypothesis Model: Enablement, Planning Behaviors and Goal Delivery



*see Appendix for a list of the eight planning behaviors

Program Leads and Teams can benefit from our findings when establishing a strong goal-setting practice with OKRs.

Have a look at the following section to learn more about our three key insights:

Insight 1: How to Minimize Goal Failure in the Future?

Let's return to the €5.5 million wasted resources from our example company. What can we learn when comparing the failed goals with 0% progress with those that reached some goal achievement to avoid completely failed goals in the future?

First, the question is: Were the teams serious about the goals, or were they doomed to fail from the start? To rule this out we can rely on the fact that all of these goals were proactively activated by the teams after planning.

Looking at the data, we found these three most remarkable behaviors that distinguish failed from successful goals:

- Goals for which teams do not share ownership have a 53% higher relative rate to fail completely;
- Goals for which teams do not commit contribution have a 21% higher relative rate to fail completely;
- Goals for which teams do not determine progress through metrics have an 18% higher relative rate to fail completely.

It should not go unmentioned that there may well be external reasons that lead to 0% progress on goals. For example, a short-term change in circumstances leads to a change in priorities and ultimately to the abandonment of certain goals even during a goal cycle.

Teams that adhere to these three behaviors – share ownership, commit contribution, and determine progress through metrics – are much less likely to miss their goals completely.



Insight 2: 4 OKR Planning Behaviors to Increase Goal Delivery

In analyzing our data, we found that teams that adhere to the eight goal-planning behaviors we studied achieve better goal delivery on average.

In fact, it's good to know that even following some behaviors leads to higher average goal achievement. We suggest focusing first on what seems to have the greatest impact.

So, in what follows, we will focus on four of the eight planning behaviors. Those that appear to have the greatest impact.

Teams that apply those four behaviors can already achieve up to 12.5% more goal delivery:

1. Assigning ownership
2. Committing to goal contribution
3. Determining progress with metrics
4. Focusing by defining small goals

Goals, where all examined behaviors are followed, perform up to 30% better than goals where none of the behaviors were used.



1 Assigning Ownership

Clearly assigning responsibilities within a team has been shown to be associated with higher goal achievement.

While our statistical research can only prove correlations, based on our extensive experience, we have some assumptions about the cause-and-effect relationships involved:

- Assigning responsibility for a Key Result reinforces the owner's sense of ownership for progress. This leads to intrinsic motivation, resulting in more detailed planning and continuous execution despite potential distractions from ad hoc issues.
- Extrinsic factors such as social pressure that comes with transparency, and being nudged by

the tool or colleagues, make the owner more aware of the need to drive progress.

- Address possible blockers early on. Possible blocks can be addressed to the right person and dealt with more quickly if the owner is clear.
- In cases where more than one person is needed to achieve the Key Result, clear assignment of an owner helps to motivate team colleagues and work together on progress.

However, randomly assigning responsibilities doesn't work. People have to be part of the process in which ownership is distributed and need to be equipped with the necessary resources, knowledge, and authority to drive the goal.

2 Committing to goal contribution

Making one's own contribution transparent to another goal at the same or higher level within the organization is associated with higher goal achievement.

Here are our assumptions for the underlying causes:

- Understanding how the team goal contributes to the big picture provides a sense of purpose and motivation to work towards the team goal.
- Alignment discussions between management and the team, which lead to a vertical goal commitment,

help minimize the risk of obstacles in goal achievement early on, as well as during the execution phase when blockers occur

- Linking the goal to a higher-level goal raises the management's awareness, which leads to a sense of responsibility for progress on the part of the owner, arising from the desire to meet management's expectations.
- Alignment discussions between teams lead to clear expectations on both sides regarding requirements and supply, resulting in more realistic goals;



- By working together, teams can leverage their strengths and expertise, identify potential roadblocks, and develop solutions that are mutually beneficial.

Committing to goal contribution is especially successful when cross-departmental collaborations are common and well-established and when compliance with commitments is an important part of the company's culture.

Determining progress with metrics

Measuring progress using "metric" key results has been shown to be associated with higher goal delivery.

Based on our experience we could see the following reasons:

- "Metric" key results enable also the depiction of small progress;
- Metrics offer transparency of true progress and a chance to intervene at an early stage enabling higher goal delivery;
- Metrics help the team to understand their ability to influence and thus priorities work accordingly;

- Metrics help to learn early what work drives progress and reflect what should (not) be further processed

The described benefits of metric progress measurement can be experienced especially when the data is kept up to date.

Metrics tempt to equate goal progress with impact.

So, be careful: If "metric" key results are not updated based on real metrics but are misused to depict the gut feeling of the team, goal progress should be taken with a grain of salt.

4

Focusing on small goals

Goals with 2-3 key results show higher goal delivery on average.

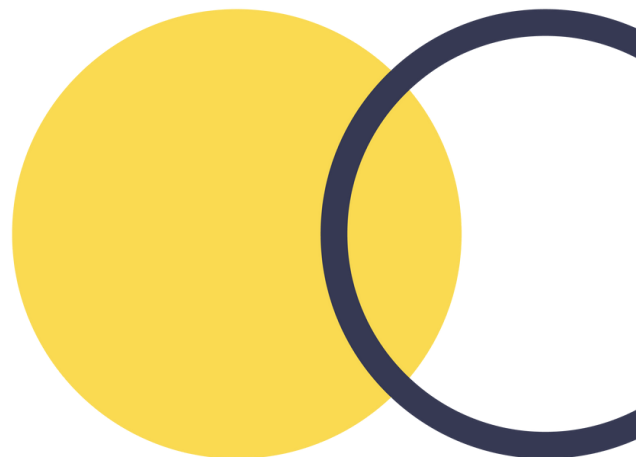
The role of a key result is to measure a value promise the objective contains. This means for each promised value at least one key result needs to be set.

Here are our assumptions for the underlying causes of why goals with 2-3 key results show higher progress:

- Intra-team or team leadership discussions upfront lead to a common focus on the most important promises of the specific goal early on;
- Avoiding switching costs in execution by focusing on a few topics instead of jumping between efforts for multiple key results;
- Realistic planning and sufficient time to achieve all key results planned.

Of course, the number of 2-3 key results is only a ballpark figure.

The reasonable number of promises a goal should entail depends on the team size, the number of goals per team, and the proportion of work the team spends on working on OKRs.



Insight 3: Enablement Makes the Difference – the Right Tool is Key

It is likely that many Program Leads have already guessed that the way teams conduct their OKR planning is critical to the successful achievement of goals. Yet, many wonder what steps they can take to ensure the successful implementation of the aforementioned behaviors in their organization.

At Workpath, we are committed to an integral approach to enablement and software. Taking another look at the data, we asked ourselves: Does enablement indicate a lower risk of failure or better goal achievement? And what role does the tool play in this?

Looking at the enablement, we found a positive influence for all three examined factors:

- Coach available to the team;
- Having at least one team member trained in the methodology;

- Prior experience with goal setting using OKRs

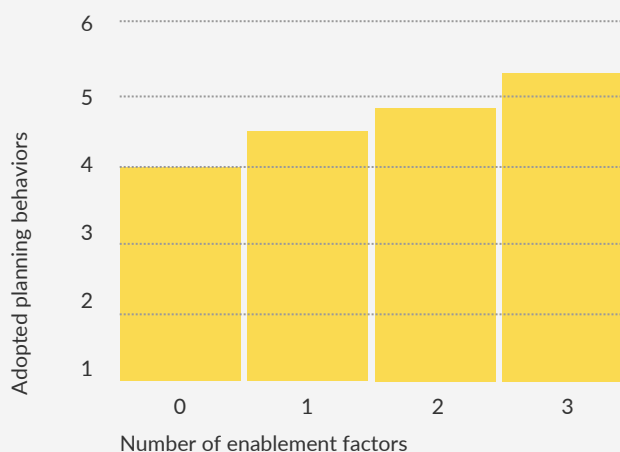
Teams that show all three enablement factors appear to be less likely to fail completely (0% progress) at goal achievement. To be precise, your risk of completely failing goals can be reduced by one-third from 9% to 6%.

If we go back to the example company that is struggling with €5.5 million of wasted resources, that would be a saving of around €2 million per year.

Based on these results, we assumed that enablement factors such as “a trained team member” increase the awareness that it is worthwhile to apply certain goal-planning behaviors. And indeed, we were able to confirm this correlation.

The more enablement factors apply to a team, the more effective planning behaviors the team adopts.

Relationship of Enablement Factors and Goal Planning Behaviors



We figured out that for teams where all three examined enablement factors are met the planning behaviors are applied around 21% more frequently than by teams that show none of the enablement factors (5.61 vs 4.65). To further strengthen the importance of enablement factors, results from a previous research project show that users on our platform that have received training on OKRs are 75% more active on a bi-weekly basis.

The results make clear, besides the growing experience of the teams, continuous enablement throughout the organization is among the most important aspects. To avoid frustration at the beginning and to bridge the time until the teams have gained enough experience consistent guidance from the get-go is required. In addition to proven formats such as OKR Coach Masterclasses and e-learning for all teams, the tool plays a major role.

As for enablement, a proper tooling solution certainly offers quite different benefits than a simple solution, such as an Excel spreadsheet.

In the Workpath solution, we put special emphasis on supporting teams in the identified useful behaviors. Features like the Key Result Assistant help teams to understand the relevance of certain behaviors.

Others, like the Drafting Module nudge teams to apply the beneficial behaviors naturally when moving through the goal-planning process.



What This Means for You

From our research, we suggest the following key takeaways:

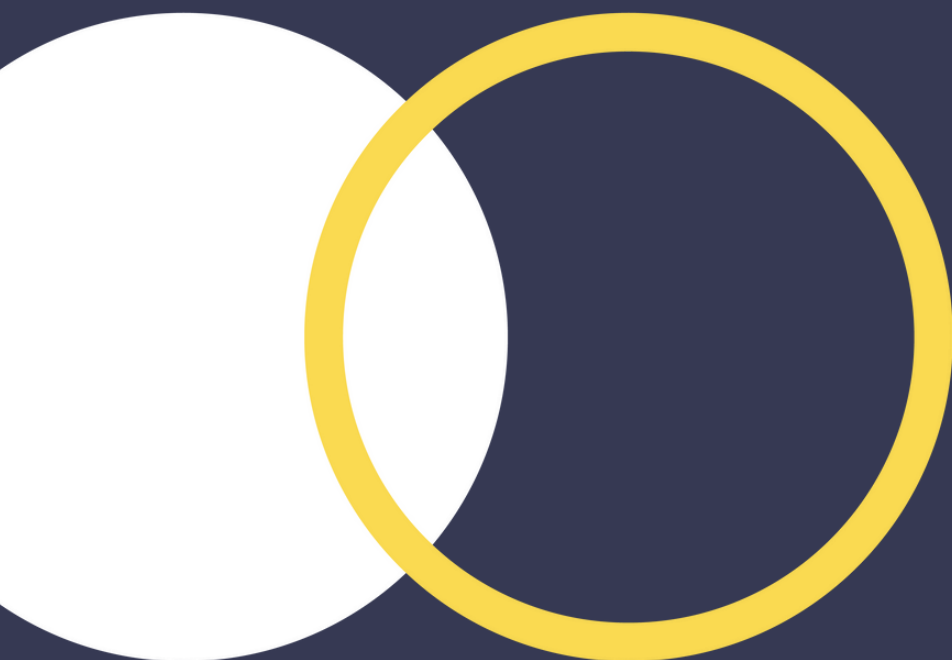
(1) The success of team goal achievement is significantly related to the behavior of the teams in the goal-planning phase.

(2) Teams that address these four behaviors can achieve high levels of goal achievement:

- Assigning ownership
- Committing to goal contribution
- Determining progress with metrics
- Focusing by defining small goals

(3) Enablement by coaches and training of team members in the method helps teams to understand and reliably apply the helpful behaviors in goal planning.

(4) Appropriate tooling will empower the Program Lead Office to sustainably facilitate the desired behaviors across the organization.



The Authors



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Team Lead UX Researcher

Anne is driving qualitative and quantitative research on Outcome Management and OKRs at Workpath.

As an expert in qualitative research, she provides insights into the strategy execution process in enterprise organizations and identifies opportunities to drive better business outcomes with Workpath solutions.

Prior to this role, Anne has co-led Customer Success Management at Workpath since 2019.



[Connect here with Anne](#)

Stefan Berreiter

Data Engineer and Scientist

Combining his expertises ranging from Data Engineering and Data Science to Agile Coaching and Organizational Development, Stefan Berreiter aims to connect the dots with quantitative data.

He brings in past experience on large scale quantitative research leveraging millions of data points to create unique insights to improve goal delivery.



[Connect here with Stefan](#)

Methodology

The research results are based on anonymized metadata from 30,200 team goals belonging to 3,600 teams across 54 companies of varying sizes, industries, and goal-setting cycles. In order to ensure robust results we conducted a comprehensive analysis varying from methods like a comparison of mean values to multiple linear regressions.

For now, our statistical model delivers a view on a large number of goals, the concrete cause-effect relationships need further mixed-methods (quantitative and qualitative) research and backing via replication and ongoing study of the domain. To provide a holistic view, we will be studying behaviors in the second important phase of goal setting, the Execution Phase, going forward.



The Measurements

ENABLEMENT FACTORS (BINARY)		
Designated OKR Coach	OKR Coach assigned to team	yes/no
Trained Team Member	Trained team member in team > 0	yes/no
Team Experienced with OKRs	The cycles team participated in the OKR process > 0	yes/no
PLANNING BEHAVIORS (BINARY)		
Assigning Goal Ownership	Share of key results assigned to a team member >= 50%	yes/no
Sharing Goal Ownership	Number of key results of the goal assigned to a team member that is not the goal owner >= 1	yes/no
Determining Progress with Metrics	Number of key results of type "metric" >= 50%	yes/no
Committing to Goal Contribution	Number of vertical or horizontal alignment links (outgoing) > 0	yes/no
Starting Goal Planning Early	Goal creation before the official cycle start	yes/no
Focusing on Few Goals	Number of team goals in parallel <= 2	yes/no
Focusing by Defining Small Goals	Number of key results in goal = 2-3	yes/no
Staffing Sufficient Collaborators	Number of team members >= 3	yes/no
Initiatives Ahead of Goal Start	Number of initiatives attached to the goal before goal start >= 1	yes/no
GOAL DELIVERY (%)		
Goal Delivery	Goal progress at goal end date; with progress exceeding 100% counted as 100% and progress below 0% counted as 0%	0% - 100%
CONTROL TYPES (CATEGORY)		
Team Type	The hierarchy level in the organizational structure in Workpath is the team of the goal belongs to	Operational Middle Layer Leadership
State of Product	State of the product when the goal was active (early = before 2021, middle = 2021, recent = 2022 and later)	Early Middle Recent
Goal Cycle Length	Number of months of the cycle in which the goal was active (three, four, or six months)	Quarter Tertial Biannual

Thought experiment: cost of failed goals

This is an educated guess based on averages. We assume a company with 100 teams and 300 goals per quarter.

Assumptions
 Failed goals per quarter: 9% of 300 goals = 27 goals
 Budget for a full time employee (FTE): 25,000 Euro
 Time spent on a team goal: 6 FTE / 3 goals per quarter

Calculations
 Budget spent on a team goal = 6 * 25,000 Euro / 3 = 50,000 Euro
 Cost for failed goal deliveries: 27 * 50,000 = 1,350,000 Euro
 Cost for failed goals per year = 1,350,000 * 4 = 5,400,000 Euro



WORKPATH

Workpath is the Enterprise Outcome Management platform that helps businesses define and achieve their most important goals, especially in tough economic times when resources are scarce.

We help enterprises execute on efficiency and savings goals, identify unseen waste, course-correct quickly and focus resources where they matter most. So that they can achieve their goals and bounce back to growth quicker and with less risk.

Customers who use Workpath include Metro, DB Schenker, E.ON, Bosch and some of the leading global brands in car manufacturing, ERP and furniture retail. As one of the fastest growing technology companies in Europe, Workpath is a winner of the Deloitte Technology Fast 50 Award 2022.

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