Measure What Matters is venture capitalist John Doerr’s guide to implementing the “OKR management system,” a goal-setting process he adapted from one used at Intel. The OKR system is used at LinkedIn, Disney, and Twitter, among countless other companies.

What Are OKRs?
As its name implies, Measure What Matters helps you figure out what matters at your company and how to measure its success. The first step to knowing what matters is clarifying your OKRs, objectives and key results.

Objectives
The objective is the goal: what the company, team, or individual aims to achieve.

Objectives:
- State the overall goal or vision
- Must be tangible, concrete, and objective
- Must be action-oriented

Example: Hire new employees to meet the needs of the expanding organization.

Key Results
Key results are benchmarks toward the objective.

Key results:
- State the measurable sub-goals that, if achieved, will collectively result in achieving the objective
- Usually include numbers (revenue, market share, active users, growth, and so on)
- Include specific deadlines

Example:
Objective: Hire new employees to meet the needs of the expanding organization.

Key Result #1: Meet with 3 candidates this month for the role of director of finance and hire 1.

Key Result #2: Meet with 5 candidates this quarter for the role of marketing manager and hire 1.

Key Result #3: Meet with 5 candidates this quarter for the role of product manager and hire 1.

How to Implement the OKR System
Step 1: Identify your objectives. Start with the company's biggest priorities. Ask yourself, “What are the most important tasks we need to accomplish in the next three months, the next six months, and the next year?”

Once you've identified your organization-level objectives, departments, teams, and individuals identify their own objectives. About half of an employee's objectives trickle down from the top. The employee creates the other half herself.

Tips:
- Every objective, regardless of whether it’s an individual or department objective, should align with the company’s top objectives.
- At each tier, tackle no more than 3-5 objectives.
- Everyone’s objectives need to be public, including the CEO’s.

Step 2: Identify your key results. For each objective, ask yourself, “What steps do I need to complete to reach my objective?”

Tips:
- Assign only 3-5 key results to each objective. If you need more key results to reach an objective, your objective isn’t narrow enough or isn't framed well.
- Make sure your key results are specific, comprehensive, and aligned. Successfully completing your key results must culminate in achieving your objective.
Everyone's key results need to be public.
Employees should create most of their own key results, whether the objective comes from the top or not.

Step 3: Decide on the length of your OKR cycle. Your team should operate on the same goal-setting schedule, or OKR cycle. For most companies, there are two simultaneous OKR cycles, quarterly and annual. Annual cycles are for long-term OKRs, and quarterly cycles are for short-term OKRs that support the longer-term objectives.

Step 4: Choose a cloud-based management system. To effectively track OKRs, you need a place to store and share them. A cloud-based system is best. (Shortform note: Cloud-based OKR systems include WorkBoard, Ally, Culture Amp, and Asana. You can also simply use shared documents.)

Step 5: Designate an “OKR shepherd.” For the OKR system to work, everyone, from the CEO to the lowest-level employee, has to take part. But you'll likely encounter resistance and procrastination. It's useful to put someone in charge of keeping the rest of the team or organization accountable for setting and working toward their OKRs.

Step 6: Set stretch goals. Eventually, in addition to “committed OKRs” (objectives that must be met for your company to function and thrive), you should create “stretch OKRs,” objectives that make you feel a little uncomfortable because you're not sure you can accomplish them. Stretch OKRs push you to achieve more than you thought possible.

Step 7: Check in with employees weekly or monthly, and continually reassess OKRs. If they're no longer relevant, jointly decide to change or discard them, even mid-cycle.

Step 8: Score and reflect. At the end of each cycle, score your performance for each OKR. Reflect on how you did and what that means about the goals you set. What will you do differently next quarter?

Step 9: Repeat this cycle every month or quarter. Realize that hitting on an effective OKR system takes time, so be patient with yourself, your colleagues, and your administration.

Four OKR Superpowers
The primary benefits of OKRs come from their four superpowers: focus, align, track, and stretch.

Superpower #1: Focus
OKRs clarify your focus by limiting you to 3-5 objectives at a time. Remember that every time you commit to something, you make yourself unavailable to commit to something else, so choose your commitments wisely. Once you've chosen where to put your focus, commit to those objectives.

OKRs also clarify your focus by limiting you to 3-5 key results per objective. Because the success of your key results must result in the success of your objective, you need to create key results carefully. For example, the three sets of key results (KRs) below are all proposed paths toward the objective of winning the Indy 500, but only one set is focused enough to get you there.

Weak KRs
So-So KRs
Strong KRs
Objective: Win the Indy 500.

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READ FULL SUMMARY OF MEASURE WHAT MATTERS
READ COMPLETE GUIDE TO MEASURE WHAT MATTERS

Here’s a preview of the rest of Shortform's Measure What Matters summary:guide:
In 1999, Google was a small startup with an ambitious goal: to make the internet relevant and accessible to everyone. Unfortunately, founders Larry Page and Sergey Brin had zero experience managing a company, and there were already 17 other search engines competing for market dominance. Page and Brin had to figure out how to break down their broad, ambitious mission into manageable, measurable pieces, and they had to do it quickly. Luckily, venture capitalist John Doerr, who had a 12% stake in the company, had just the tool: a management system he'd learned as an Intel employee in the '70s.

Doerr rechristened Intel's process the “OKR management system,” and Doerr's Measure What Matters is a guide to implementing this system. As its name implies, the book helps you figure out what matters at your company and how to measure its success.

What Are OKRs?

OKR stands for Objectives and Key Results. They help companies, teams, and individuals set, measure, and reflect on goals in a structured, meaningful way.

Objectives

The objective is the goal, what the company, team, or individual aims to achieve. In other words, the objective is the...

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Shortform Exercise: Is Your Current Management System Working?

Doerr and Grove designed OKRs to be an improvement on traditional management systems. Whether or not you're in a management position, examine the management system currently in place at your company and decide if the OKR system, or parts of it, could help your company function more efficiently.

What system of management is in place at your organization? What are its features? (For example, is there a clear goal-setting procedure in place? How often are the goals reviewed? Are they public?)

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Measure What Matters Summary Measure What Matters Guide Chapters 4-6: Superpower #1—Focus and Commit

Chapters 4, 5, and 6 introduce superpower #1, focus.

How to Implement OKRs for focus: Create OKRs at the organizational level, the departmental level, the team level, and the individual level. At each tier, create no more than 5 sets of objectives and key results. Limiting the number of OKRs keeps you focused on what matters most.

This OKR superpower has two facets: 1) focus on your priorities, and 2) commit to the OKR process. We'll look at “focus” first.

There are 3 steps to creating OKRs that focus your attention

1. Identify your objectives
2. Identify your key results
3. Check the quantity and quality of your OKRs

Identify Your Objectives

The first step of the OKR process is figuring out the “Os,” your objectives. Every individual and team in the company will have
their own objectives and key results, but in order for these OKRs to be meaningful, they need to align with the organization's highest objectives, so start with these.

To determine your organization's highest objectives, ask, "What are the most important tasks we need to accomplish in the next three months, the next six months, and the next year?"

You can't do everything. Answering these...

**Shortform Exercise: Focus on Your Priorities**

The first OKR superpower involves figuring out your priorities and committing to them. Use these questions as a guide.

Whether or not you're a manager, you can use the OKR tools to focus your goal-setting process. What will the length of your OKR cycle be? (Monthly? Quarterly?) What cloud-based tools will you use?

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**Measure What Matters Summary Measure What Matters Guide Chapters 7-9: Superpower #2—Align and Connect**

Chapters 7, 8, and 9 cover superpower #2, align and connect.

**How to Implement OKRs for alignment:** Everyone in the company makes their own OKRs, and everyone's OKRs are visible to everyone else. This provides the transparency needed for people to connect their goals with those of the company and their peers.

Research shows that highly-aligned companies are twice as likely as non-aligned or badly-aligned companies to be top performers.

For employees to align their goals with their company's goals, they need to know their company's goals. This seems obvious, but, according to one study, **only 7% of employees actually know what their company's overarching strategy is** and how they're expected to contribute to its success. This is why the transparency of OKRs is so important.

**The Benefits of Transparency**

In order for everyone's goals to be aligned and contributing to the same ultimate objective, **everyone's goals, and their progress toward those goals, need to be transparent.** The OKR system builds this necessary transparency into the process. CEOs can look at the goals of their executives, managers, and junior staff, and junior staff can (and should) look at...
Shortform Exercise: Align Your Goals with Your Company’s

Aligning your individual goals with your company’s goals is critical for your company’s long-term success. Reflect on how you can use communication and transparency to make your objectives more aligned.

Think of a time when you and a colleague or boss weren’t aligned. (Maybe you and a peer were unknowingly working on the same tasks, making the work redundant. Or maybe your boss had one set of expectations, and you had another.) What was the situation? How was it resolved?

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Measure What Matters Summary Measure What Matters Guide Chapters 10-11: Superpower #3—Track

Chapters 10 and 11 cover superpower #3, track progress.

How to Implement OKRs for tracking: OKRs are always measurable, and at the end of each OKR cycle you score them. These scores help you track your progress, and they indicate when you need to double down on a particular goal or when you should revise or abandon it.

Unlike traditional business goals, OKRs aren’t set in stone. OKRs are “living, breathing organisms,” and there are three phases to tracking an OKR’s life cycle: setup, midlife tracking, and wrap-up.

The Setup Phase

The setup phase is when you decide what cloud-based system you’ll use to track your OKRs, determine the length of your OKR cycles, and designate your “OKR shepherd.” Refer to “Checklist: Focus and Commit” in Chapter 4. All of these actions will make tracking possible in the next phase.

The Midlife Tracking Phase

Studies show that people are motivated by tangible signs of their progress toward a goal, and that making progress can be more motivating than receiving a bonus, receiving public recognition, or even achieving the goal itself.

But for progress to be motivating, people need to see it. This is why midlife check-ins are...

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Shortform Exercise: Track Your Progress

The third OKR superpower is tracking your progress to stay accountable. Take time to figure out how you’ll measure and track progress toward your goals.

Write down one to three of your personal or professional goals for the week, month, or year.

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Chapters 12 and 13 cover superpower #4: Stretch toward outstanding achievement.

**How to Implement OKRs for stretching:** Some of your OKRs should be especially challenging. Expect “stretch OKRs” to score between 0.4 and 0.6. Setting challenging goals allows your company to continue innovating.

**Google and Stretch Goals**

This is how Google distinguishes between regular objectives (“committed objectives”) and stretch objectives (“aspirational objectives”):

- **Committed objectives** are the goals that need to be met within a set period of time for the company to prosper. Additionally, these goals need to be 100% or near-100% complete (or receive a score of 1.0) by the deadline. Committed objectives include sales and revenue goals around product releases, customer satisfaction, and hiring.

- **Aspirational objectives** are goals that reflect the bigger picture, outside of day-to-day needs, and focus on big, ambitious ideas. These are often called stretch goals or, in the words of Jim Collins, “Big Hairy Audacious Goals.” (Shortform note: For more on Big Hairy Audacious Goals, [read our summary of Collins’s Good to...](#)

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**Shortform Exercise: Stretch Yourself**

Continually striving to achieve greater things is the fourth OKR superpower. Stretch yourself by creating your own ambitious goals.

Think of a time you set a big goal and achieved it. What attitudes and practical steps led to your success? What can you learn from the success?

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Part 2 of Measure What Matters explores two workplace systems that the OKR management process doesn't explicitly address: CFRs, the tools of effective performance management, and positive company cultures.

**Traditional Annual Feedback vs. Continuous Performance Management**

Most leaders agree that the traditional system of annual performance reviews doesn't work: According to studies, only 12% think the process is "highly effective" and only 6% think it's worth their time.

They're probably right. Traditional performance review tools like rankings and bell curves, combined with recency bias, mean that annual reviews often aren't measured well or fairly. They also don't give feedback until long after it's most useful.

In contrast, Doerr's system of continuous performance management allows managers to give feedback regularly, help employees improve throughout the year, and address issues as they arise. Continuous performance management is more about managing and coaching than about judging employee performance.

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**Annual Performance Review vs. Continuous Performance Management**

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**Shortform Exercise: Implement CFRs**

Conversations, feedback, and recognition are the keys to a successful performance review system. Reflect on how you can foster them at your company.

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Describe your company's performance review system. Is it constructive and motivating, pointless and demoralizing, or somewhere in between? Why?

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**Measure What Matters Summary**


We've discussed the explicit benefits of OKRs and CFRs, but there are also benefits of using the OKR system that are more implicit. You gain these benefits just by working through the OKR/CFR process, irrespective of the process's outcomes.

**Zume Pizza**

The goal of Zume Pizza is to use technology to quickly deliver cheap, healthy, delicious pizzas to consumers in the Bay Area. (Shortform note: In January 2020, Zume Pizza rebranded itself as Zume, Inc., a company that creates the technological infrastructures needed to make food production and delivery more efficient and less wasteful.) Zume Pizza is one company that recognizes the subtler benefits of using the OKR system.

**Side Benefit #1: OKRs Force Executives to Set Realistic Goals**

When Zume co-founder Alex Garden worked as a general manager for Microsoft's Xbox Live, he found that the objectives set by executives were often unrealistic or impractical because these leaders weren't in touch with the day-to-day operations of the company.

Conversely, executives who use OKRs have to figure out what key results will lead to their objectives. They need to know the how, as well as the what. **OKRs and CFRs provide...**

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Measure What Matters Summary Measure What Matters Guide Chapters 18-21: How to Build a Positive Culture

In Chapters 18, 19, and 20, we look at what a healthy company culture looks like, why it's important, and how to build it with OKRs and CFRs.

What Is Culture and Why Is It Important?
Culture is a company's beliefs and values, and the behaviors surrounding those beliefs and values. Most importantly, culture is a shared sense of purpose.

Research shows that companies with positive cultures outperform those without them. In one study, of the companies with healthy cultures, 96% received high scores for “systematic innovation” and 96% had “increased market share.”

This may be because employees understand their organization's purpose and their purpose within the organization. When a company's culture is cohesive and everyone knows its purpose, employees can make decisions quickly and reliably.

How Do OKRs and CFRs Contribute to a Positive Culture?
In one study, researchers found that “high-motivation cultures” depend on two elements: catalysts and nourishers. Catalysts are elements of a company that support the work being done. These elements include goal setting, learning from failure, transparency, engaging in meaningful work, and freely sharing...

Shortform Exercise: Reflect on Your Workplace Values

Your company's values make up the foundation of your workplace culture. Reflect on your own values and whether or not they align with your company's.

Why does your work and your company's work matter? How does your work contribute to the company's goals and values?

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Checklist for Developing a Successful OKR System

Although the OKR system is relatively simple, it can be hard to implement in the beginning. Review these tips to make OKRs work for you:

- **Tackle no more than 3-5 objectives** per cycle, and choose carefully (a cycle could be quarterly, monthly, or annually). Trying to work on more than 5 OKRs at one time dilutes your focus and spreads your resources too thin.
- **Similarly, only assign 3-5 key results to each objective.** If you need more key results to reach an objective, that's a sign the objective isn't narrow enough or isn't framed well.
- **Make sure your key results are specific, comprehensive, and aligned.** Successfully completing your key results must culminate in achieving your...

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