

# Research on Optimization of Enterprise Strategy Execution Based on Objectives and Key Results Method (OKR)

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**Abstract:** Objectives and Key Results (OKR) as an efficient tool of objective management, OKR tools can help enterprises clarify strategic direction, optimize strategic execution, and achieve business objectives. The Goals and Key Results approach (OKR) features include clarity and measurability, challenge and achievability, focus on critical results, hierarchy and synergy, and continuous improvement and adjustment. In today's business competition, optimizing enterprise strategy execution is the key to maintaining competitiveness and achieving sustainable development. This paper will put forward some suggestions for the optimization of enterprise strategy execution.

**Keywords:** OKR; Enterprise strategy; Execution optimization

## 1. Introduction

In today's rapidly changing business environment, enterprises are facing enormous market competition pressure. In order to ensure the sustainable development and competitive advantage of the enterprise, it is essential to improve the strategic execution. The objective and key results method (OKR), as an efficient tool of objective management, can help enterprises clarify objectives and measure the completion of objectives through key results so as to optimize the strategic execution of enterprises. However, in the implementation process, enterprises often encounter some difficulties and challenges, mainly including unclear goal setting, lack of challenge in key results, poor communication and collaboration, and lack of continuous tracking and adjustment. In order to overcome these difficulties, enterprises need to adopt corresponding strategies to ensure the effective execution of OKR and the smooth promotion of strategy. This paper will discuss the difficulties in the implementation of OKR and analyze the goals of multiple O and their corresponding KR1, KR2, and sub-indicators <sup>[1]</sup>.

## 2. Basic concepts and main features of OKR

### 2.1 Basic Concepts



Figure 1: Concept of OKR <sup>[2]</sup>

Objectives and Key Results (OKR) is an objective management tool in which Objectives stand for goals and are the specific results that enterprises expect to achieve. Key Results are specific indicators to measure the achievement of goals. Combining goals with concrete actions, OKR is designed to help

a business or team set clear, well-defined goals with measurable, challenging key results (As shown in figure 1).

## **2.2 Main Features**

### **(1) Clarity and measurability**

OKR emphasizes clarity and measurability of goals. Each goal (O) should have specific, measurable key results (KR) so that the team has a clear picture of progress and completion. At the same time, OKR focuses on key results that best reflect the achievement of goals, avoiding team distraction. Several key outcomes should be set under each goal to ensure that the goal is achieved [3].

### **(2) Challenge and realization**

OKR goals and key results should be challenging, inspiring the team's potential, but achievable at the same time to ensure that the team remains motivated and confident. In addition, OKR supports multiple levels of goal setting, from the company level to the team level to the individual level. This hierarchical structure helps to ensure synergy and consistency between goals at all levels [4].

### **(3) Continuous improvement and adjustment**

Objectives and Key Results (OKR), an efficient management-by-objectives tool, is widely used in strategy execution and team management in many enterprises. The OKR implementation process requires continuous tracking and feedback to adjust and optimize goals and key results in a timely manner. This continuous improvement mechanism helps ensure that goals are successfully achieved, enabling organizations to more effectively drive teams to achieve business goals and improve overall performance [5].

## **3. Difficulties in OKR implementation**

### **3.1 Unclear strategic direction leads to the lack of necessary source basis for goal setting**

OKR emphasizes trial and error, but it does not allow enterprises to blindly try and make mistakes in the context of no strategy, whether it is the company-level OKR or the department and employee-level OKR must be set in a unified strategic context. However, in the process of implementation, there are some problems, such as employees not having a clear understanding of corporate strategy and a lack of understanding of strategy. From the perspective of enterprise development, the strategies at different stages of development are different. Due to misunderstandings about strategy, many enterprises lack the awareness to take the initiative to sort out corporate strategy or even lack the ability to plan their own strategy. OKR is required to be considered in a larger strategic context. The rapid iteration of the Internet business environment requires us to think more seriously about the company's strategic direction and effectively identify the strategic goals and realization paths for the company's future development by encouraging trial and error. The goal setting is not clear and specific due to insufficient understanding of corporate strategy. Vague goals make it difficult for employees to understand and execute.

### **3.2 The enterprise lacks innovation ability and continuous improvement is difficult**

OKR requires companies to continuously evaluate and adjust. However, in practice, continuous improvement may be difficult to achieve due to various reasons (such as corporate culture, organizational structure, etc.). One of the most important is the lack of innovation ability of enterprises; many enterprises use OKR to stimulate the creativity of employees and encourage the company to continue to trial and error and innovation. But can the introduction of OKR tools alone drive innovation? In fact, the management tool itself can help the cultivation of corporate culture, but if the enterprise only focuses on the tool but does not pay attention to the construction of the innovation culture required by the tool itself, OKR will certainly not be able to effectively help the construction of the enterprise innovation culture, let alone promote employees to continue to innovate and challenge higher goals. The implementation of OKR first requires the top leaders of the enterprise to break the imprisonment of their own thoughts, establish an open and innovative culture within the enterprise, take the initiative to embrace OKR so that employees can fully think freely, and create a high-performing team with "innovation ability" [6].

### 3.3 Lack of employee motivation and difficult cross-departmental collaboration

On the one hand, if the key results are not closely related to employees' personal development or motivation, employees may lack the enthusiasm to participate and execute, and the enterprise may face the problem of resource allocation in the pursuit of key results. Unclear priorities or uneven allocation of resources can lead to critical projects being blocked. On the other hand, cross-departmental cooperation and communication are key to the implementation of OKR. In practice, however, interdepartmental barriers and poor communication can hinder the achievement of goals. And in some cases, there is disconnect between strategy and practice. This may be because the strategy is too ambitious or the operational level is difficult to align with. Therefore, enterprises need to clarify goals, improve quantitative indicators, optimize resource allocation, strengthen cross-functional collaboration, improve employee motivation, ensure the alignment of strategy and operations, strengthen risk management, and promote continuous improvement. Only then can companies truly leverage OKR to optimize their strategic execution.

## 4. The role of objective and key results method (OKR) in the optimization of corporate strategy execution

### 4.1 Help enterprises to clarify the strategic direction

First, OKR ensures a shared understanding and awareness of strategic direction across the organization by setting clear, well-defined goals (O). This helps to unify thought and action and avoid the fragmentation and waste of resources. Second, OKR emphasizes focusing on the key results (KR) that best reflect the achievement of the goals, thus ensuring that the team is focused on achieving the most important business goals. This focus on key results helps reduce ineffective efforts and improve strategy execution. Finally, OKR supports multiple levels of goal setting, from the company level to the team level to the individual level. This hierarchical structure helps achieve synergy and alignment between goals and enhances the efficiency of cooperation between teams (As shown in figure 2).



Figure 2: The benefits of OKR<sup>[7]</sup>

### 4.2 Build an open and transparent working atmosphere and bond all employees efficiently

OKR enables employees to fully understand the work objectives of the upper level and even the highest level of managers, so that all employees can deepen their understanding of the company's development, promote trust and cooperation among team members, and thus help improve the executive ability of all employees. In setting personal goals, OKR gives employees a great degree of autonomy, allowing employees to adjust according to the actual situation. Employees start from a small place, the operability and realizability are greatly improved, the big dream formulated by the management is put into action and implemented, so that employees can maintain a sense of commitment to the goal with a mindset of ownership, and help enterprises break the constraint of the traditional system to improve management efficiency.

### ***4.3 Help enterprises with continuous tracking and feedback***

The OKR implementation process requires continuous tracking and feedback in order to adjust and optimize goals and key results in a timely manner. This continuous improvement mechanism helps to ensure the continuous optimization of strategy execution. The objective and key results method (OKR) plays a significant role in the optimization and execution of enterprise strategy. Organizations can achieve business goals more efficiently and improve overall performance through continuous tracking and feedback. Therefore, incorporating OKR into the enterprise strategic management system effectively enhances the execution of enterprise strategy.

## **5. Suggestions for optimization of corporate strategy execution based on objectives and Key results method (OKR)**

### ***5.1 Identify key outcomes and quantify team/individual goals***

For each strategic objective, specific key results need to be developed to measure the achievement of the objectives. Key results should have clear timelines and be measurable so that the team has a clear picture of the progress and achievement of the goals. Goals tell us where we want to go, and key outcomes guide us how to get there. Setting key outcomes (KRs) needs to be relevant, specific, measurable, and achievable. In OKR, you can either create a new product directly or import key results with one click. Different members are responsible for the key results, and the person in charge can set the target value, completion value, completion time, participants and progress. Progress and feedback on key outcomes will be publicly and transparently displayed to all participants and stakeholders. By implementing the key results to each department and team, the goal is turned into specific actions, so that each member can clearly understand the team and their own tasks, help everyone to understand each other and collaborate efficiently in daily work, and improve the execution. Taking "increasing market share by 10%" as an example, key results can include "increasing the number of new customers," "improving customer satisfaction," "optimizing product performance," and so on. Specific sub-indicators can be further developed for these key results, such as "50% increase in the number of new customers", "customer satisfaction increased to more than 90%" and so on.

### ***5.2 Related items, track the target execution***

In the implementation process, OKR can be combined with employee performance management to ensure that employees' personal goals are consistent with the enterprise's strategic goals. Motivate employees to actively contribute to the realization of OKR through regular performance evaluation and feedback. And OKR is just the beginning of management by objectives. Comprehensive tracking of the implementation can better achieve the goal and avoid the formalization of target management. After the goals (O) and Key Outcomes (KRs) have been identified, all participants can feedback on progress and challenges in the [comments] to find a successful path to achieve the goals. Team leaders can track the performance of all goals of the management team and individuals in All Goals. At the same time, OKR supports associating with projects, tasks, approval, attendance, and other data. Team members can associate tasks, customers, documents, approvals, forms, etc., with the goal of providing real-time feedback on progress. Team leaders can know the working status of each member, the work needed to achieve the goal, product sales trend and market share, etc., optimize the working ideas and management processes, and promote the achievement of the goal.

### ***5.3 Statistical data to understand the progress of target implementation***

In the process of implementation, it is necessary to constantly monitor the completion of key results and adjust and optimize according to the actual situation. If a key result fails to reach the expected goal, it is necessary to analyze the cause in time and take corresponding measures to improve it. At the same time, it is also necessary to adjust the strategic objectives according to the actual situation to ensure the execution of the enterprise strategy and competitiveness. OKR provides visual data statistics of target progress and score, and you can browse all target information in the target list, which supports excel export. By viewing the target statistics in the OKR, we can help you to distinguish the priorities in the complicated work, clarify the direction of time and energy, focus and concentrate on the key results to be completed by the team/individual, and maximize work efficiency.

#### 5.4 Constantly optimize OKR execution process

When business managers use OKR tools, we need to ensure that the goals (O) are challenging and achievable, and that the key results (KR) are clear, measurable, and closely linked to sub-indicators. In the process of implementation and tracking, regularly monitor the progress of KR and sub-indicators, find problems in time and take corresponding measures. At the same time, the OKR must be adjusted and optimized when the market environment or internal conditions change, and the OKR must be adjusted in a timely manner to ensure that it is consistent with the enterprise's strategic objectives. In conclusion, by clarifying and focusing on core strategic objectives, optimizing the OKR execution process, establishing a linkage mechanism between OKR and performance management, and cultivating OKR culture and team collaboration, enterprises can effectively optimize strategic execution based on objectives and key results (OKR) method. This will help companies stay ahead of the curve and achieve sustainable development in a competitive market environment.

#### 6. Conclusion

Objective and Key Results (OKR) -based strategy execution optimization is an effective method that can help enterprises clarify goals, quantify results, monitor progress, and adjust strategies in time. By implementing measures such as full participation, regular review and adjustment, incentive, reward and punishment, and strengthening communication and collaboration, enterprises can continuously improve their strategic execution, achieve sustainable development and enhance competitive advantages.

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