



## Organizational Goal setting with Agile

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### ABSTRACT

*Agile is the way we look at things happening around us. Agile is a behavior pattern, how you look at the world's complex situations, how you react to situations, how you visualize a solution, how you reach the solution. You can either think of a complex problem or a situation and worry about it or you break that into meaningful small chunks & try to solve it. Agile adds that fun element of tackling smaller challenges systematically.*

*As we move from the traditional hierarchical working to self-managing and agility, it is evident for teams to see the radical shift in people's day-to-day behaviors. These new ways of working bring in an increased sense of ownership, proactive, open communication, accepting failures, and more importantly trust and transparency among team members.*

*Organizational goals are strategic objectives that a company's senior leadership establishes to outline expected business outcomes and encourage employees' efforts to accomplish the same. Management by objectives by Peter Drucker was the first known organizational goal setting frameworks followed by SMART goals (Specific, Measurable, Achievable, Relevant & Time-bound), KPIs (Key Performance Indicators) and now OKRs (Objectives & Key Results).*

**Keywords:** Agile, Agility, Goal Setting, Leadership, Management by Objectives (MBOs), SMART goals (Specific, Measurable, Achievable, Relevant & Time-bound), KPIs (Key Performance Indicators) and now OKRs (Objectives & Key Results).

### 1. INTRODUCTION

If you want to live a happy life, tie it to a goal, not to people or things. Albert Einstein

The goal-setting framework is a process that gives step-by-step instructions and information on how to organizations get started with companywide goals and what actions to be taken to achieve them in a given time frame.

Goal-setting framework consist of three steps:

1. Setting clear goals for the organization
2. Design a roadmap on how to convert organization plan into action
3. Track and monitor progress

Organization Goal Setting Framework is a process that standardizes the goals and vision of the entire organization to ensure two important points:

1. Each Employees clearly understand what is the exact leadership expectation that has been set for them.
2. Each individual and team goal should be aligned back with the team and company objectives.

Goal-setting frameworks come in varied forms & formats. With this current VUCA (volatility, uncertainty, complexity, and ambiguity), the world is depending largely on how organizations are embracing the change. Organizations with Agile

behavior attributes help teams and organizations thrive by showcasing values such as Respect, Openness, Commitment, Courage, Transparency & Self-Organizing.

Current and future trends indicate that organizations are currently operating in disruptive environments and Agile goal setting framework like OKR are the cornerstone to building a culture of agility and effective change management.

“OKRs are a Silicon Valley Goal management framework. It’s a simple system for creating alignment with dynamic, measurable goals with short cadences”.

OKR (Objectives and Key Results) is a goal setting framework. It is a simple approach to create alignment and engagement around measurable and ambitious goals. OKRs are frequently set, tracked, and re-evaluated. OKR is a simple, fast-cadence process that engages each team’s perspective and creativity.

OKR’s original concept came from Intel and spread to other Silicon Valley companies. Google adopted OKR in 1999, during its first year.

## 2. REVIEW OF LITERATURE / THEORETICAL FRAMEWORK

Organizational goals are strategic objectives that an organization leadership establishes to outline expected outcomes or targets and guide employees' efforts to achieve them.

Goals help define an organization purpose, assist its business growth and achieve its financial objectives. Setting specific organizational goals can also help an organization measure their organization's progress and determine the tasks that must be improved to meet the same.

Organizations should clearly communicate organizational goals to engage employees in their work and achieve the organization's desired objectives. Having a clear idea of organizational goals helps employees determine their course of action to help the business achieve those goals. Employees should also be prepared with the proper knowledge and resources needed as they do their work to help meet the overall organizational goals.

Teams are no longer feature factories; they deliver things that solve business problems. OKRs are the missing link between Agile and Lean and bridge the gap between product and engineering. For this the OKRs cannot be based on activities, but on value / results.

OKRs were initially developed at INTEL by Andrew Grove and were loosely based on Management by objectives by Peter Drucker, later, John Doerr took the concepts to Google.

OKRs played very key role for Google’s growth and are in the organization’s DNA.



Figure # 1: Chronology of Goal Setting

- Management by Objectives is focused on competition, and encompasses improving existing products and processes. Human knowledge is the fuel in which it works, and this is where top management will realize the need for a new human resources policy for the third millennium.
- SMART Goals promote goal setting more accurately. S is for specific, M for measurable, A for attainable, R for relevant, and T for temporal.

- KPI stands for Key Performance Indicator, which means Key Performance Indicator. This indicator is used to measure the performance of a company's processes and, with this information, collaborate to achieve its goals.
- OKR (Objectives and Key Results) is a complete goal management system with artifacts, events and roles. It is a simple approach to creating alignment and engagement around measurable goals.

### Organizational Goal setting with Agile

“At any level you will have only four or five goals followed by three key outcomes. If everything is a priority, nothing is.” – John Doerr

Instead of setting annual targets, implementing short-term goals, usually quarterly. Unlike traditional targets, which are usually set at the beginning and end of the year, OKRs have a standard three-month cycle. This allows the goals to be adjusted according to the constant changes in the market.

In previous goal setting frameworks, goals were static throughout the year. The period of three months can be customized according to the needs of the company, the ideal would be to find the optimal periodicity, however, this periodicity should be of short validation cycles.

60 % of the goals come from bottom-up teams rather than top-down teams. The top management defines the strategic guidelines and the teams interpret these guidelines by suggesting emerging OKRs. 40 % of the OKRs come from top and middle management. This information reaches the teams and they are responsible for producing 60 % of the complementary OKRs. The OKRs are not cascaded but aligned across all layers of the organization.

What are OKRs?

- OKR (Objectives and Key Results) is a goal setting framework. It is a simple approach to create alignment and engagement around measurable and ambitious goals. Objectives tells us where to go & Key Results how you will get there.
- Agility flavor - OKRs are frequently set, tracked, and re-evaluated – usually quarterly. OKR is a simple, fast-cadence process that engages each team's perspective and creativity.

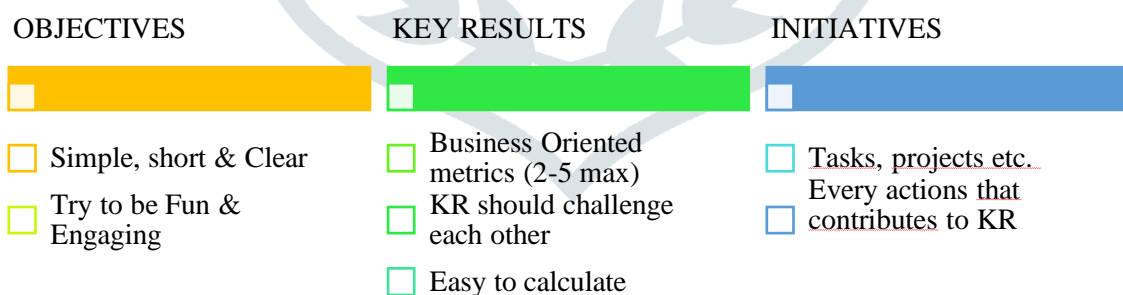


Figure # 2: OKR

Objectives have to be inspiring, ambitious and emotionally engaging, with a team language. It's the motivators that will make people get up from bed with motivation every morning and go to work. One should consider the culture of the organization when writing them. They must not contain numbers; they are general ideas. Key Results will in turn make these ideas land in the world of results.

- Inspirational (aspirational) - Engages Emotionally.
- Not numeric.
- Organization language and humor.
- Ambitious and common.

Key Results must be results; they cannot be routine activities. One of the major difficulties of organizations is in defining key results as activities rather than outcomes. Key Results must contain numbers and can be key KPIs as redundant as this may seem, they can also be levels. Levels are great achievements and steps forward in the ultimate goal. The evidence presented for Key Results may be improvements in indicators or even large deliverables.

The best OKR adoptions assume that different goals have different rhythms, as tactical goals tend to change much faster than strategic goals. Then OKR decouples strategy and tactics by adopting a cyclic pattern (nested cadences).

- A strategic cadence with long-term, high-level OKRs for the business that are not definitive. The organization should maintain an ongoing strategic conversation and revise the company's OKRs if necessary.
- A tactical cadence with short-term OKRs for teams.
- A follow-up cadence with regular check-ins to track results along the way.

OKRs have nested cadences, as they understand that different goals have different cycles.

1. An annual strategic cadence to define the organization's strategic objectives for the coming year (annual objectives). These objectives are not fixed, but serve as a basis for quarterly objectives and should be discussed frequently.
1. A quarterly tactical cadence, where the middle management OKRs and quarterly operational teams are prepared, always following the guidelines of the annual strategic OKRs. These OKRs are defined at the beginning of the quarter and terminated at the end of the quarter.
2. A weekly operational rate for monitoring tactical and operational OKRs. This cadence is the heart of the OKRs system, at this meeting the progress of the OKRs is monitored. If this progress is not adequate, an action plan needs to be defined.

## Characteristics of OKRs

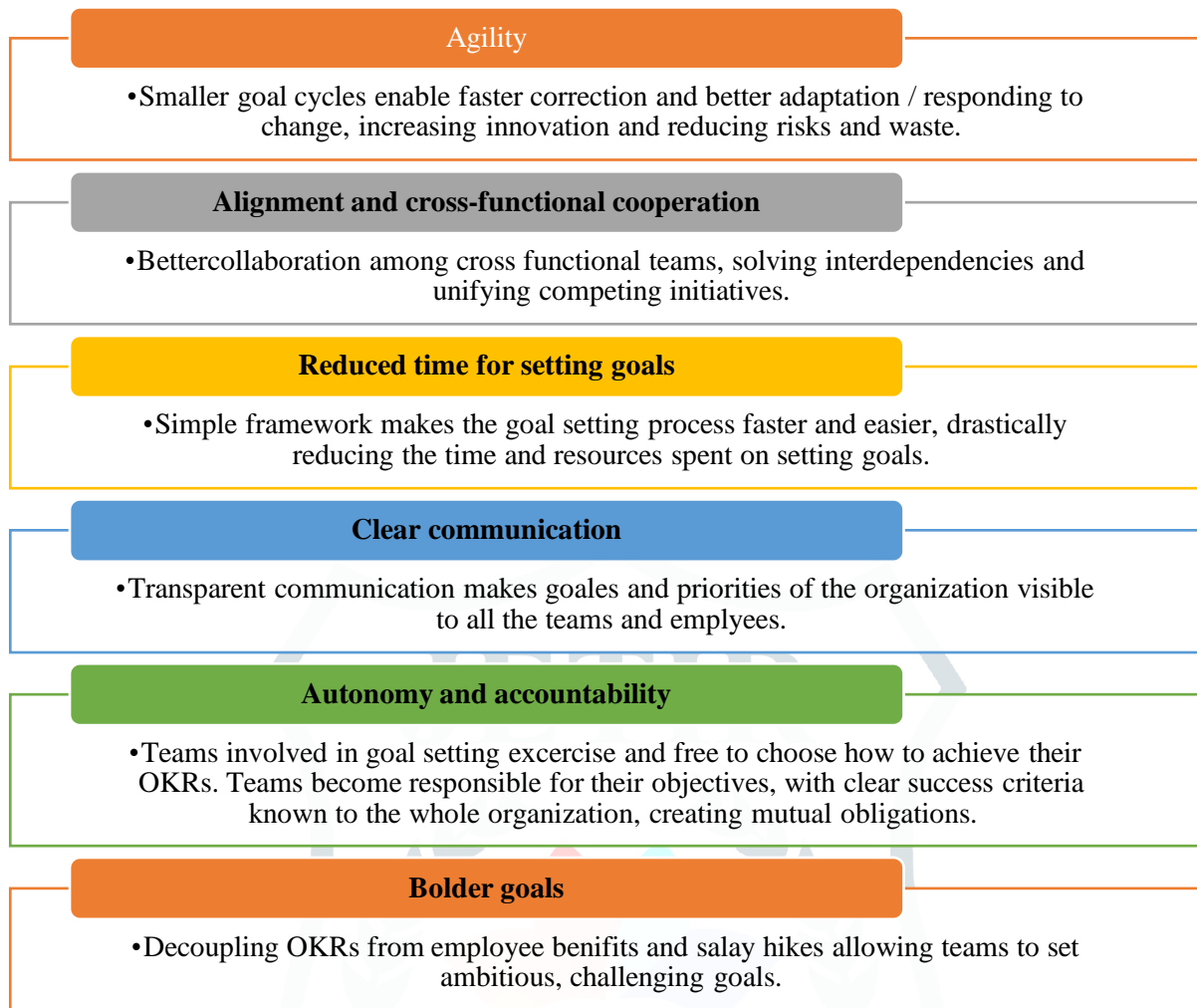


Figure # 3: OKR Characters

### 3 RESEARCH DESIGN / METHODOLOGY

This study involves quantitative approach for research. The data will be collected using structured questionnaires from agile teams. The quantitative approach would be used to get a good understanding of how teams are successful implementing agile at scale framework with leadership influence. Quantitative approach and questions including qualitative in some context of this study to enable generalization of the results over a larger agile team to obtain a better knowledge of how the impact of leadership & teams drive towards achieving desired outcomes & results. The study revolves around people & agile at scale framework implementation.

The sample size for collecting the data was 475 across different IT industry sectors. Primary data was collected using a structured questionnaire containing both open-ended and closed-ended questions with Respondents including profiles - Developers, Testers, Scrum Masters, Product Owners, Business Representatives, Agile Coaches, Release Train Engineers, Solution Train Engineers, Tech Managers & other Service team members. Due to the pandemic, Questionnaires will be hosted online & video interviews were conducted where ever necessary for Data collection.

For this research study, convenience sampling will be more useful. Convenience sampling enables easy selection of the population under study and also helps in fulfilling the objectives of the research. The organizations (IT majors) who are currently in Agile at scale mode, sample will be decided on the basis of their Delivery predictability, faster time to market, employee motivation, productivity increase & defect reduction.

#### Plan of the Study conducted as stated below:

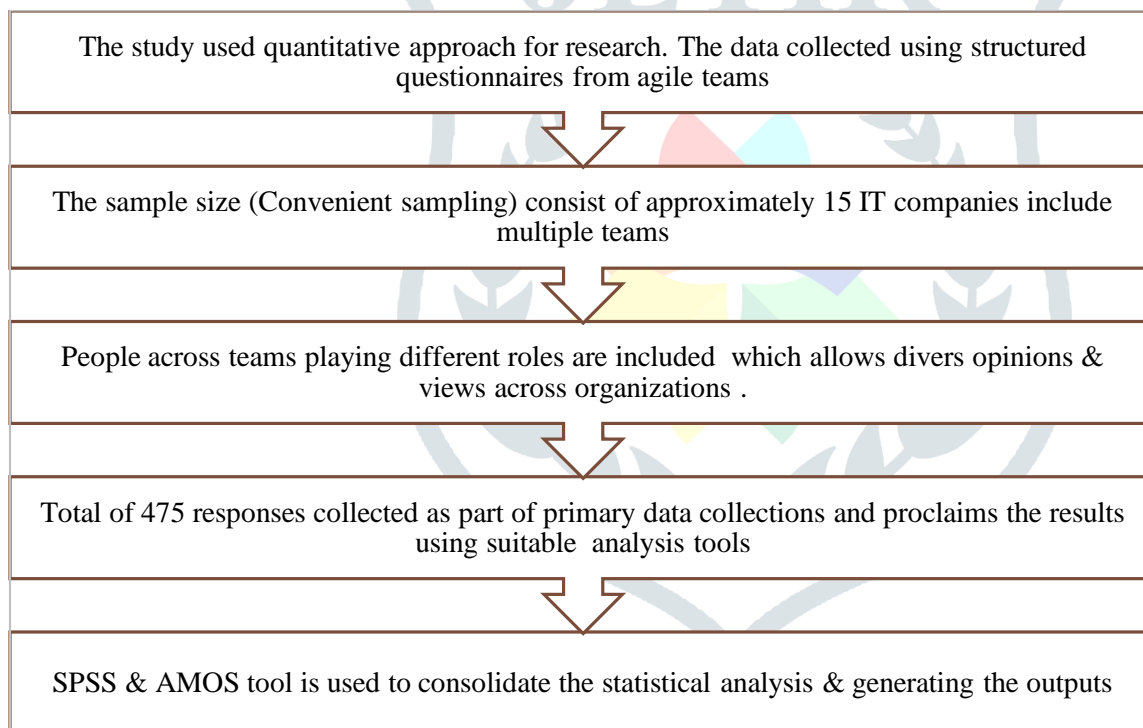


Figure # 4: Methodology

4 ANALYSIS AND INTERPRETATION /RESULTS & DISCUSSION

Demography and varied roles of respondents:

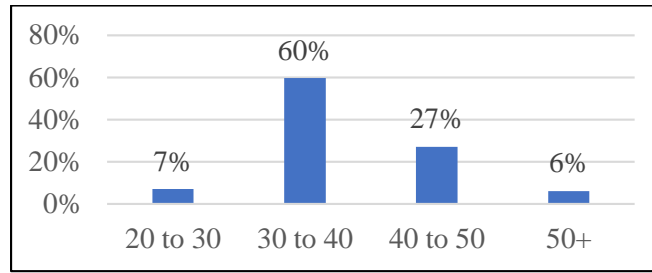


Figure 5. Respondent Age Group

The Role You Play in Agile & Scale Environment

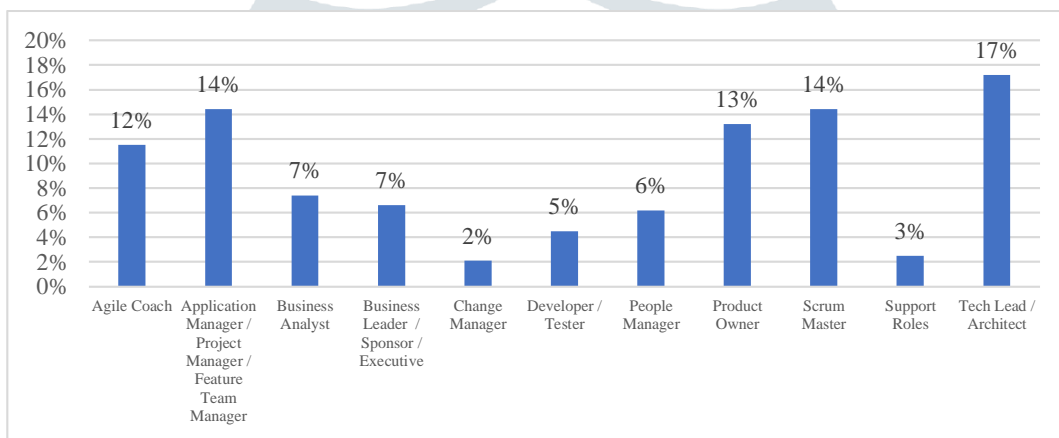


Figure 6. Respondent's The Role You Play in Agile & Scale Environment

From the following table we can observe that, about 52.0% of the respondents were working in a company with size of 10000 + employees. Following bar chart also shows taller bar corresponding to the same.

Company size		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1000 - 5000 Employees	82	17.3	17.3	17.3
	10000 + Employees	247	52.0	52.0	69.3
	5000 - 10000 Employees	124	26.1	26.1	95.4
	less than 1000 Employees	22	4.6	4.6	100.0
	Total	475	100.0	100.0	

Table 1: Company Size

From the following table we can observe that, statement “Mutual transparency allows better collaboration” had a high mean value of 4.74 with a standard deviation of 0.5.

<b>Descriptive Statistics - Mutual transparency allows better collaboration</b>					
	N	Minimum	Maximum	Mean	Std. Deviation
As a team (including Ops and support) work together to continuously improve our collaboration	475	3.00	5.00	4.1853	.74019
Teams are co-responsible and practice sustainability by avoiding concentrated roles and knowledge held by one single person	475	1.00	5.00	3.9768	1.03396
Teams are committed to expose our objectives, constraints and priorities to our partners	475	2.00	5.00	4.0253	.88315
On all organizational levels, synchronization points are set up, known by all teammates and carried out, including: daily meetings, backlog grooming, inter-team sessions, demonstrations	475	2.00	5.00	4.2337	1.08018
Mutual transparency allows better collaboration	475	3.00	5.00	4.7411	.50556
Managers seek to facilitate communication, sharing of knowledge and cross training of teammates both internal and external	475	1.00	5.00	4.1032	.97862
Time is dedicated to sharing of knowledge, onboarding of new arrivals, mentorship pairings, strengthened influence of most knowledgeable colleagues	475	2.00	5.00	4.1389	.91267
Team contributes to continuous improvement and take part in retrospectives openly	475	3.00	5.00	4.4105	.54916
Trust takes place in the team's culture.	475	3.00	5.00	4.4274	.57780
Regular feedback is natural and constructive, without judgement	475	2.00	5.00	4.4316	.67275
Experimentation and right to failure are core principles of our team	475	1.00	5.00	3.8695	.84433



Raising an issue is considered valuable as it drives continuous improvement	475	3.00	5.00	4.4063	.70946
Team adheres to a high standard by themselves in order to provide the best quality of product possible to clients	475	2.00	5.00	4.4947	.60368
Team values and rules exist and are built and shared by the entire team (manager included). Instead of pointing fingers, we try to lead by example.	475	2.00	5.00	4.3326	.82606
Agile & Agile at scale maturity assessments are carried out at an interval of 6 - 12 months	475	1.00	5.00	3.8568	1.17666
Valid N (list wise)	475				

Table 2: Descriptive Statistics - Mutual transparency allows better collaboration

From the following table, we can observe that, statement “Openness” had a high mean value of 3.96 with a standard deviation of 0.3,3 and statement “Self-organization” had a low mean value of 3.95 with a standard deviation of 0.36.

<b>Descriptive Statistics – Agile Behavioral attributes</b>					
	N	Minimum	Maximum	Mean	Std. Deviation
Self-organization	475	1.00	5.00	3.9495	.36395
Respect	475	1.00	5.00	3.9516	.34337
Commitment	475	1.00	5.00	3.9516	.35545
Coverage	475	1.00	5.00	3.9537	.35275
Openness	475	1.00	5.00	3.9558	.33144
Transparency	475	1.00	5.00	3.9516	.35545
Valid N (list wise)	475				

Table 3 : Descriptive Statistics - Behavioural attributes

From the following table, we can observe that, statement “Team Involvement” had a high mean value of 3.96 with a standard deviation of 0.33, and statement “Retrospective” had a low mean value of 3.96 with a standard deviation of 0.34.

Descriptive Statistics – OKR Implementation Exercise					
	N	Minimum	Maximum	Mean	Std. Deviation
Frequency	475	1.00	5.00	3.9558	.34394
Team Involvement	475	1.00	5.00	3.9642	.32605
Facilitation	475	1.00	5.00	3.9558	.32502
Retrospective	475	1.00	5.00	3.9579	.34113
Workshops	475	1.00	5.00	3.9579	.33488
Valid N (list wise)	475				

Table 4: Descriptive Statistics - OKR Implementation Exercise

From the following table, we can observe that, statement “Participation” had a high mean value of 3.96 with a standard deviation of 0.3 and statement “Respect” had a low mean value of 3.95 with a standard deviation of 0.35.

Descriptive Statistics - Maturity assessment					
	N	Minimum	Maximum	Mean	Std. Deviation
Participation	475	1.00	5.00	3.9642	.29905
Stakeholder engagement	475	1.00	5.00	3.9600	.34446
Knowledge sharing	475	1.00	5.00	3.9579	.32204
Openness	475	1.00	5.00	3.9621	.32904
Respect	475	1.00	5.00	3.9516	.34946
Transparency	475	1.00	5.00	3.9474	.36074
Valid N (list wise)	475				

Table 5: Descriptive Statistics - Maturity assessment (MA)

**HYPOTHESIS:****Hypothesis # 1**

- H0 – Agile Behavioral attributes (commitment, courage, focus, openness, and respect) play a very important role in Scaled agile implementation
- H1 - Agile Behavioral attributes (commitment, courage, focus, openness, and respect) don't have any important role in Scaled agile implementation.

One-Sample Test						
	Test Value = 3					
	T	DF	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Agile Behavioral attributes on OKR implementation	49.833	474	.000	1.24547	1.1964	1.2946

Table 15: Hypothesis 4

- The T value corresponding to the mean difference between Agile Behavioral attributes and a fixed mean value of 3 was 49.833 and its corresponding p-value was  $0.000 < 0.05$ .
- Since the p-value was less than 0.05, we can conclude that Agile Behavioral attributes (commitment, courage, focus, openness, and respect) play a very important role in Scaled agile implementation.

**Hypothesis # 2:**

- H0 - Agile manifesto [(1) Individuals and interactions over processes and tools. (2) Working software over comprehensive documentation. (3) Customer collaboration over contract negotiation. And, (4) Responding to Change Over Following a Plan] play a very important role in OKR implementation
- H1 - Agile Manifesto [(1) Individuals and interactions over processes and tools. (2) Working software over comprehensive documentation. (3) Customer collaboration over contract negotiation. And, (4) Responding to Change Over Following a Plan] doesn't have any important role in OKR implementation

One-Sample Test						
	Test Value = 3					
	t	DF	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Agile manifesto play a very important role in OKR implementation	23.600	474	.000	1.10316	1.0113	1.1950

Table 5: Hypothesis 6

- The T value corresponding to the mean difference between the agile manifesto and a fixed mean value of 3 was 23.6 and its corresponding p-value was  $0.000 < 0.05$ .
- Since the p value was less than 0.05, we can conclude that Agile manifesto [(1) Individuals and interactions over processes and tools. (2) Working software over comprehensive documentation. (3) Customer collaboration over contract negotiation. And, (4) Responding to Change Over Following a Plan] play a very important role in OKR implementation.

**5. CONCLUSION**

A famous quote from Mahatma Gandhi, "be the change you want to see", exactly reflects the Agile behavioral attributes. Organizations with Agile behavioral attributes helps to build more adaptive organizations.

With this current VUCA (volatility, uncertainty, complexity, and ambiguity), the world is depending largely on how organizations are embracing the change. Organizations with Agile behavior attributes help teams and organizations thrive by showcasing values such as Respect, Openness, Commitment, Courage, Transparency & Self-Organizing.

Current and future trends indicate that organizations are currently operating in disruptive environments and Agile goal setting framework like OKR are the cornerstone to building a culture of agility and effective change management.

Many experts in the Agile community believe that the only solution is to focus on a change is the agile Mindset. It happens that change Mindset is not actionable, we need to change the structure systems and underlying processes. The alternative is to focus on practical actions that can change the way organizations operate.

The OKR is the right tool to transform the Mindset through changes in practices, you can not expect OKRs bring results already in the early adoption cycles.

The industry study recommends at least 4 cycles of OKRs to start getting these benefits. Definitely the OKRs should make organizational culture of the party to go right.

To conclude, OKRs are not only for the IT organizations. OKRs worked well across industry sectors. Below are few examples of organizations who successfully implemented & benefited from using agile goal setting, that is OKRs.



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