Why the Secret to Success is Setting the Right Goals

We're at a critical moment. Our leaders, some of our great institutions are failing us. Why? In some cases, it's because they're bad or unethical, but often, they've taken us to the wrong objectives. And this is unacceptable. This has to stop. How are we going to correct these wrongs? How are we going to choose the right course? It's not going to be easy.

For years, I've worked with talented teams and they've chosen the right objectives and the wrong objectives. Many have succeeded, others of them have failed. And today I'm going to share with you what really makes a difference -- that's what's crucial, how and why they set meaningful and audacious goals, the right goals for the right reasons.

Let's go back to 1975. Yep, this is me. I've got a lot to learn, I'm a computer engineer, I've got long hair, but I'm working under Andy Grove, who's been called the greatest manager of his or any other era. Andy was a superb leader and also a teacher, and he said to me, "John, it almost doesn't matter what you know. Execution is what matters the most." And so Andy invented a system called "Objectives and Key Results." It kind of rolls off the tongue, doesn't it? And it's all about excellent execution. So here's a classic video from the 1970s of professor Andy Grove.

(Videó) Andy Grove: The two key phrases of the management by objective systems are the objectives and the key results, and they match the two purposes. The objective is the direction. The key results have to be measured, but at the end you can look and without any argument say, "Did I do that, or did I not do that?" Yes. No. Simple.

John Doerr: That's Andy. Yes. No. Simple. Objectives and Key Results, or OKRs, are a simple goal-setting system and they work for organizations, they work for teams, they even work for individuals. The objectives are what you want to have accomplished. The key results are how I'm going to get that done. Objectives. Key results. What and how. But here's the truth: many of us are setting goals wrong, and most of us are not setting goals at all. A lot of organizations set objectives and meet them. They ship their sales, they introduce their new products, they make their numbers, but they lack a sense of purpose to inspire their teams.

So how do you set these goals the right way? First, you must answer the question, "Why?" Why? Because truly transformational teams combine their ambitions to their passion and to their purpose, and they develop a clear and compelling sense of why.

I want to tell you a story. I work with a remarkable entrepreneur. Her name is Jini Kim. She runs a company called Nuna. Nuna is a health care data company. And when Nuna was founded, they used data to serve the health needs of lots of workers at large companies. And then two years into the company's life, the federal government issued a proposal to build the first ever cloud database for Medicaid. Now, you'll remember that Medicaid is that program that serves 70 million Americans, our poor, our children and people with disabilities. Nuna at the time was just 15 people and this database had to be built in one year, and they had a whole set of commitments that they had to honor, and frankly, they weren't going to make very much money on the project. This was a bet-your-company moment, and Jini seized it. She jumped at the opportunity. She did not flinch. Why? Well, it's a personal why. Jini's younger brother Kimong has autism. And when
he was seven, he had his first grand mal seizure at Disneyland. He fell to the ground. He stopped breathing. Jini's parents are Korean immigrants. They came to the country with limited resources speaking little English, so it was up to Jini to enroll her family in Medicaid. She was nine years old. That moment defined her mission, and that mission became her company, and that company bid on, won and delivered on that contract. Here's Jini to tell you why.

(Video) Jini Kim: Medicaid saved my family from bankruptcy, and today it provides for Kimong's health and for millions of others. Nuna is my love letter to Medicaid. Every row of data is a life whose story deserves to be told with dignity.

JD: And Jini's story tells us that a compelling sense of why can be the launchpad for our objectives. Remember, that's what we want to have accomplished. And objectives are significant, they're action-oriented, they are inspiring, and they're a kind of vaccine against fuzzy thinking. You think a rockstar would be an unlikely user of Objectives and Key Results, but for years, Bono has used OKRs to wage a global war against poverty and disease, and his ONE organization has focused on two really gorgeous, audacious objectives. The first is debt relief for the poorest countries in the world. The next is universal access to anti-HIV drugs. Now, why are these good objectives? Let's go back to our checklist. Significant? Check. Concrete? Yes. Action-oriented? Yes. Inspirational? Well, let's just listen to Bono.

(Video) Bono: So you're passionate? How passionate? What actions does your passion lead you to do? If the heart doesn't find a perfect rhyme with the head, then your passion means nothing. The OKR framework cultivates the madness, the chemistry contained inside it. It gives us an environment for risk, for trust, where failing is not a fireable offense. And when you have that sort of structure and environment and the right people, magic is around the corner.

JD: I love that. OKRs cultivate the madness, and magic is right around the corner. This is perfect.

So with Jini we've covered the whys, with Bono the whats of goal-setting. Let's turn our attention to the hows. Remember, the hows are the key results. That's how we meet our objectives. And good results are specific and time-bound. They're aggressive but realistic. They're measurable, and they're verifiable. Those are good key results.

In 1999, I introduced OKRs to Google's cofounders, Larry and Sergey. Here they are, 24 years old in their garage. And Sergey enthusiastically said he'd adopt them. Well, not quite. What he really said was, "We don't have any other way to manage this company, so we'll give it a go."

(Laughter)

And I took that as a kind of endorsement. But every quarter since then, every Googler has written down her objectives and her key results. They've graded them, and they've published them for everyone to see. And these are not used for bonuses or for promotions. They're set aside. They're used for a higher purpose, and that's to get collective commitment to truly stretch goals.
In 2008, a Googler, Sundar Pichai, took on an objective which was to build the next generation client platform for the future of web applications -- in other words, build the best browser. He was very thoughtful about how he chose his key results. How do you measure the best browser? It could be ad clicks or engagement. No. He said: numbers of users, because users are going to decide if Chrome is a great browser or not. So he had this one three-year-long objective: build the best browser. And then every year he stuck to the same key results, numbers of users, but he upped the ante. In the first year, his goal was 20 million users and he missed it. He got less than 10. Second year, he raised the bar to 50 million. He got to 37 million users. Somewhat better. In the third year, he upped the ante once more to a hundred million. He launched an aggressive marketing campaign, broader distribution, improved the technology, and kaboom! He got 111 million users.

Here's why I like this story, not so much for the happy ending, but it shows someone carefully choosing the right objective and then sticking to it year after year after year. It's a perfect story for a nerd like me.

Now, I think of OKRs as transparent vessels that are made from the whats and hows of our ambitions. What really matters is the why that we pour into those vessels. That's why we do our work. OKRs are not a silver bullet. They're not going to be a substitute for a strong culture or for stronger leadership, but when those fundamentals are in place, they can take you to the mountaintop.

I want you to think about your life for a moment. Do you have the right metrics? Take time to write down your values, your objectives and your key results. Do it today. If you'd like some feedback on them, you can send them to me. I'm john@whatmatters.com.

If we think of the world-changing goals of an Intel, of a Nuna, of Bono, of Google, they're remarkable: ubiquitous computing, affordable health care, high-quality for everyone, ending global poverty, access to all the world's information. Here's the deal: every one of those goals is powered today by OKRs.

Now, I've been called the Johnny Appleseed of OKRs for spreading the good gospel according to Andy Grove, but I want you to join me in this movement. Let's fight for what it is that really matters, because we can take OKRs beyond our businesses. We can take them to our families, to our schools, even to our governments. We can hold those governments accountable. We can transform those informations. We can get back on the right track if we can and do measure what really matters.

Thank you.

(Applause)