OODA & OKRS:
HOW CAN THEY WORK TOGETHER?

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INTRODUCTION

OODA & OKRs: How can they work together?

Those who have served in the military are probably familiar with the OODA loop, which stands for "Observe, Orient, Decide, and Act." The loop is a concept originally designed to help service members with combat process operations, particularly at the campaign level.

OODA was developed by the military strategist and the United States Air Force Colonel John Boyd, who conceived of the process to help with success in air-to-air combat during the Korean War. It became popular during the Military Reform movement in the 1970s and 80s, which sought to alleviate needlessly complicated and costly weapons systems and over usage of unsustainable military practices like exhausting the enemy through personnel and material losses.

Outside of the military, the loop is being applied to help foster commercial processes, particularly with strategy. Service members who are familiar with OKR (Objectives and Key Results) may already see the parallels between the two.

In this resource, we'll dig into these parallels more and answer these questions:

— How does the OODA Loop work?

— What is an example of the OODA Loop in business?

— How can OODA complement OKRs?

— If I have questions, where should I send them?

How does the OODA Loop work?

If you are new to OODA or need a refresher, pretend you are a fighter pilot in a dogfight. In this battle of life or death, you must observe, orient, decide, and act in order to save not only your mission but your life.

1. **Observe:** Survey everything around you. As Marine fighter pilot and Top Gun instructor Dave Berke tells Business Insider, "In a plane, this is not just the enemy pilot you're facing off against. You're also aware of each of the gauges in your cockpit, and you're aware of your place in the sky. You may be tracing your opponent's every move, but if you lose sight of your relationship to the ground, you're done for."

2. **Orient:** Boyd considered this the most important part of OODA but it is often misunderstood. Boyd actually referred to it as the German term schwerpunkt, which loosely translates to "the main emphasis." It's a connection to reality that, Farman Street writes, "recognize the barriers that might interfere with the other parts of the process." These barriers could include things like unfamiliar tactics from other cultures, such as kamikaze attacks were for many American forces in World War II, to the disparity between real battle experience and academy. Simply put, it's the recognition that an opponent has a life as complex as your own—all while the situation keeps changing.

3. **Decide:** Once everything is observed and oriented, it's time to rationally decide what to do.

4. **Act:** Also known as the test stage, this might be the most difficult for people because it can be easy to get stuck on wanting all the information. But the OODA loop is all about speed. Berk adds, "You're not going to have 100% of the information you want."

Once these steps are completed, OODA begins again. But it's not so simple. It doesn't guarantee that you will come out of a battle flying instead of in a parachute. But it does provide a quick template to build a plan should that become the case.

As Boyd writes in "The Mind of War": "The ability to operate at a faster tempo or rhythm than an adversary enables one to fold the adversary back inside himself so that he can neither appreciate nor keep up with what is going on. He will become disoriented and confused…"

This emphasis on speed, comfort with unpredictability, and continuous testing is why OODA has made the jump out of the military and into the business world.

What is an example of the OODA Loop in business?

As Leadership Forces points out, the evolution of Netflix and its eventual defeat of movie rental king Blockbuster is a great example of OODA. (Interestingly, Netflix also uses OKRs.)

Netflix was founded in 1997 by serial entrepreneurs Marc Randolph and Reed Hastings. Hastings entered the Marine Corps and spent the summer of 1981 in the Officer Candidate School at Marine Corps Base at Quantico.

While Hastings hasn't officially stated that OODA was part of the Netflix strategy, his emphasis on a company culture of freedom and responsibility is aligned with the individual-centric OODA loop.

After Blockbuster declined a chance to buy Netflix for $50 million in 2000, Netflix realized that in order to defeat its foe, it needed to Observe and Orient.

Leadership Forces writes, "YouTube was founded in February 2005 and sold to Google in November 2006 for $1.65bn. The fact that one of the most dominant internet companies made that acquisition strongly suggested that some very clever people believed online videos were going to be popular over the next few years. That deal was public knowledge—yet not everyone will have 'observed' it and considered 'how does this affect my business?' Internet speeds were increasing—what new opportunities would that bring?"

On January 15, 2007, Netflix announced that it would launch streaming videos.

As DVD sales fell with the new technology, Blockbuster filed for bankruptcy protection in 2010.

Netflix has continued to be nimble to evade its would-be competitors, often seemingly clairvoyantly developing products to help it stay afloat years down the line. For example, in 2012, Netflix launched its own original series like "Lilyhammer" and "House of Cards".

With increasingly expensive contracts from its media partners, Netflix knew it had to create addicting originals to keep the subscriptions coming—especially as it lost such lucrative favorites like "Friends" to new competitors like HBO Max.

In 2019, Netflix again made a move by making New York's Paris Theater home to its original movies. In an era where content is king, Netflix knows that in order to be crowned, it needs its movies to play for at least seven days in a theater in order to earn award nominations—once again disrupting the industry, but this time with competitors like AMC and Regal Theatres.

How can OODA complement OKRs?

While the business world is fast, it's not as fast as a dogfight. Therefore, OODA can be useful in crafting great Objectives and Key Results because they give a battlefield urgency to them.

OODA can also be a great way to get a pulse on an opponent and the overall zeitgeist of a sector. New questions may arise like:

• Am I jumping to a conclusion?

• Am I biased?

• Is there additional information I haven't received yet?

• Am I aware of the consequences?

OKRs, in turn, help give a vocabulary to the decision and act steps of OODA. They enable you to concisely articulate the WHAT and the HOW.

OKRs are also a way to communicate and measure this progress throughout the organization before the OODA Loop starts again.

With this, a much more formidable battle plan can be drafted—and measured for success with Key Results. And, just like OODA, OKRs are made to pivot as new information becomes available.

Remember that CFRs, the part of the OKR system that stands for Conversation, Feedback, and Recognition, is a handy framework for discussions that highlight when a new decision needs to be made.

As Berke adds, "I have aggressively made decisions and taken actions, and then I've coupled that with being deliberate… so that when I find myself in difficult, demanding environments, my goal is to not be surprised by them."

If I have questions, where should I send them?

Are you familiar with OODA either in the military or in the business world? Have you used them with OKRs? Let us know by emailing us here and be sure to check out all the other FAQs, Resources, and Stories here on WhatMatters.com.

Or, if you're looking for an OKR coach, check this out.

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