

OKRS AND OGSM: WHAT'S THE DIFFERENCE?

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INTRODUCTION

OKRs and OGSM: What's the difference?

Both [OKRs](#) (objectives and key results) and OGSM (objectives, [goals](#), strategies, and measures) are strategic planning and goal management tools used by individuals, teams, and organizations. Interestingly, each system also has its origins in the arrival of new, post-World War II management theories and business models.

OKRs evolved from [MBOs](#) (Management by Objectives), a goal-setting system developed by Peter Drucker, an Austrian-born American and influential thinker who left Germany in the 1930s for the United States and eventually settled in California. There, his MBO theory was adopted early by Hewlett Packard.

Grove then taught iMBOs to John Doerr, who coined the term "OKRs."

OGSM, on the other hand, spawned from the work processes developed during the Occupation of Japan following its Allied surrender in 1945. It can then be traced to car manufacturing assembly lines like Honda in the 1950s before it eventually showed up in the United States. The concept originated from multinational, top-down management thinking due to the fact that so much industry of post-War Japan was overseen by Allied countries.

OKRs evolved from a different mindset: When people help choose a course of action, they are more likely to see it through. Because of this personal investment, OKRs are intrinsically flexible and dynamic—more human. This humanness brings teams together, encouraging a constant dialog to adjust and improve decision making in real-time.

While these historical accounts can seem like nuances, they provide insight into the key, modern differences between OKRs and OGSM. In this resource, we will provide those as we answer these questions:

- What's the main difference between OGSM and OKRs?
- OGSM and OKR examples
- How often are OGSM set?
- Does OGSM integrate employee feedback?
- What kind of goals are set with OGSM?
- Where is OGSM practiced?
- Benefits and pitfalls

What's the main difference between OGSM and OKRs?

The main difference between OGSM and OKRs is that OGSM use [similar terms but with different meanings](#). These meanings draw directly from the opposite ways both temporally define a business cycle.

First and foremost is that in OGSM, an Objective and Goal are two separate things. An Objective of an OGSM is what needs to be completed in the long term, as in several years, and should [echo a company's mission statement](#). Goals are the benchmarks for completing the Objective and will usually be tied to financial achievements. Under Goals are Strategies, which are the written-out plans on how these goals will be realized. Beneath Strategies are Measures, which will be the "key results" to monitor if the pre-planned strategies are working or not.

In OKRs, Objectives are [a public statement on what you want your team to accomplish](#). They are paired with Key Results, which explain how the objective will be measured and reached. Objectives are meaningful and align clearly with a company's mission statement—but they are not a complete, multi-year battle plan.

With OKRs, KR's can be related to financials as a metric rather than the purpose in and of itself, but the bulk should reflect the topmost important things to change in the immediate future, however that is defined by the organization, [but usually quarterly](#). Key Results are specific with clear metrics for this change that [can be graded](#) with "complete" or "incomplete" at the end of an OKR cycle. If all key results are graded "complete," the objective should be successfully reached.

Both OKRs and OGSM focus on defining the company objective and how it will be measured. OKRs are active, helping to synchronize the individual objectives and bring efficient control over the completion of set goals. OGSM methodology helps a company better identify the required strategies to prioritize work.

OGSM and OKR examples

OGSM requires plans to be explicitly written out before metrics are in place, OKRs leave this out.

To better illustrate this difference and others of OGSM vs. OKR, take a look at this American football example. The OKR is pulled from John Doerr's "[Measure What Matters](#)" and shows how a head coach might lead his team to a Super Bowl victory.

Objective:	Win the Super Bowl
Key Result 1:	Passing attack amasses 300+ yards per game.
Key Result 2:	Defense allows fewer than 17 points per game.
Key Result 3:	Special-teams unit ranks in top 3 in punts return coverage.

With OKRs, this isn't meant to encompass everything that's happening but only those things that make a truly meaningful difference. These OKRs can also help set the baseline for other team member's choices for their OKRs.

This is how the same endeavor might be written out in OGSM:

Objective:	Win the Super Bowl
Goal:	\$750 million in direct bonus / endorsements
Strategies:	Triple current passing attack. Double amount of tackles per game. Quadruple amount of punts return coverage
Measures:	Passing attack amasses 300+ yards per game. Defense allows fewer than 17 points per game. Special-teams unit ranks in top 3 in punts return coverage.

How often are OGSM set?

While the OGSM framework does strive to create a plan for day-to-day operations, Goals are typically done annually or even up to every 3 to 5 years.

OKRs are usually quarterly but can vary greatly across teams and organizations, sometimes down to monthly OKR cycles. Because of this, [OKRs are more about pivoting as you gain new knowledge](#).

Does OGSM integrate employee feedback?

OGSM establishes benchmarks for performance management but there is no set rhythm for 1:1s or check-ins like there are with OKRs. Because of this, if a Strategy is not working, it may take longer to correct the course.

With OKRs, whatever cadence is chosen will provide the basis for the "sibling" of OKRs, [Conversations, Feedback, and Recognition \(CFRs\)](#). CFRs should be happening through the OKR cycle and should take place in the 1:1s and during the grading portion.

CFRs help bring more information to the binary "yes or no" grading of OKRs.

What kind of goals are set with OGSM?

As shown earlier, an OGSM Goal will usually be tied to financial achievements. These types of goals are known as "outputs" because they are outcomes, such as increasing sales by 40% over the course of the next year. But while outputs are good, they shouldn't constitute all the strategic goals within an organization.

OKRs strive to [find the balance of outputs with "inputs,"](#) which are the specific tasks that need to be completed to reach an objective, such as redesigning a company website.

[As Jeff Bezos wrote in a 2009 letter to shareholders,](#) "We believe that focusing our energy on the controllable inputs to our business is the most effective way to maximize financial outputs over time."

This is a key difference between OKRs and OGSM.

Where is OGSM practiced?

OGSM is practiced mainly by large, international corporations like Coca-Cola, Procter & Gamble, KPN, Reckitt Benckiser, Honda, Mars, MetLife, and Triumph International. Its origins in post-war Japan speak to this internationalism as many of the companies investing in revitalizing Japan's economy in the 1940s and 50s were Allied nations making strategic decisions from headquarters overseas.

Benefits and pitfalls

Like all popular management methodologies, OGSM has its benefits but also its pitfalls. One benefit is the ability to see and plan the "big picture." But, a major pain

point with OGSM is that an organization can spread itself too thin by focusing on too many strategies and not really measuring what matters.

For the individual employee, too, OGSM may seem nebulous or "too big." Because while one of the innovations of the OGSM Honda assembly line was that anyone on the line could stop production and make an improvement, there is no set cadence to make sure these voices are heard all the way at the top. Good ideas may go unheard, and thus morale may sink.

Lastly, the unfortunately salacious acronym of "OGSM" might be seen as a bigger obstacle when promoting the adoption of a new company management method.

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

Are you practicing OGSM and are curious about OKRs—or vice versa? We love questions! For anything OKR-related, feel free to reach out to hello@whatmatters.com. To learn how to get more out of OKRs make sure to look at our [FAQs](#), [Resources](#), and [Stories](#) here on WhatMatters.com.

Or, if you're looking for an OKR coach, [check this out](#).



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