



OKRs vs. KPIs: **Achieving Success with** **Objectives & Key Metrics**



WHITEPAPER

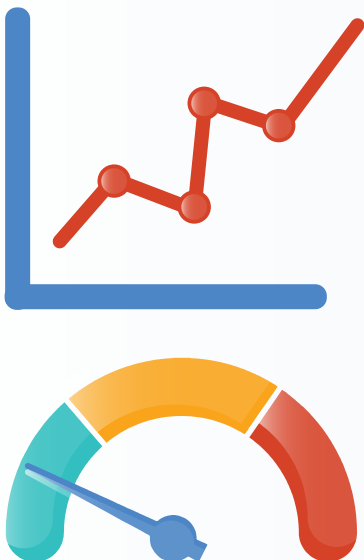
Setting and measuring goals is a must for organizations aiming to thrive. The two most popular frameworks for this kind of process are **Objectives and Key Results (OKRs)** and **Key Performance Indicators (KPIs)**.

Even though these two are geared toward achieving success, they do, however, have distinctive characteristics that set them apart. **OKRs** focus on inspiring and measurable objectives, and **KPIs** provide specific metrics to evaluate performance. Choosing the right framework depends on the organization's objectives and desired outcomes.

You're probably wondering, **"Which is best for me to use?"** So let's take a deeper look at OKRs and KPIs and highlight when each approach should be used.

KPI

A single data point to track and monitor performance of a particular area.



OKR

A framework to drive strategic objectives.



What Are OKRs?

Objectives and Key Results (OKR) is a goal-setting framework that originated in Intel and gained prominence through its adoption by tech giants like Google. OKRs help organizations articulate and communicate their strategic objectives while simultaneously defining measurable results that indicate progress.

OKRs define objectives as ambitious, qualitative statements that describe what **an organization wants to achieve within a specific time frame**. These objectives should be inspiring, challenging, and aligned with the company's mission and vision. Key Results, on the other hand, are **specific, measurable, and time-bound milestones** that indicate progress toward the objectives. Key Results serve as quantifiable indicators of success and are usually set at a stretch level that pushes teams to go beyond their comfort zones.



What Are KPIs?

Key Performance Indicators (KPIs), on the other hand, are a set of quantifiable metrics used to evaluate the performance of individuals, teams, or the entire organization. KPIs are often derived from the broader strategic objectives of the organization and focus on specific areas or processes that are critical to success.

KPIs are typically more specific and operational than OKRs, providing a **clear measurement of performance**. They are often numeric, helping track progress over time. Different functions or departments can vary depending on their goals and objectives. Sales teams might track KPIs such as revenue growth, customer acquisition, or conversion rates, while customer support teams may measure KPIs like customer satisfaction scores or response time.



OKRs vs. KPIs

While both **OKRs** and **KPIs** are goal-setting frameworks, they serve different purposes within an organization. Here are some **key differences**:

OKRs

Focus on setting **ambitious, strategic goals** and defining measurable milestones to track progress.

Typically **broader and cascaded** throughout the organization, aligning teams and individuals toward a common mission.

Emphasize **qualitative objectives** that inspire and guide actions.

Allow for **more flexibility and adaptability** as they are designed to encourage experimentation and learning.

Focus



Scope



Qualitative vs. Quantitative



Flexibility



KPIs

Concentrate on measuring **specific aspects of performance**, often related to operational efficiency or productivity.

Tend to be **narrower in scope**, concentrating on specific areas or functions.

Usually **quantifiable metrics** that provide a clear measurement of performance.

Often **more static**, serving as benchmark measurements that need to be consistently tracked and improved.

OKR Examples

Objective: Increase the order value of customers.

Key Results:

- 1 Increase upsell conversion in email marketing by 20%.
- 2 Increase the number of product page cross-sells by 50%.
- 3 Establish a customer loyalty scheme and secure 3000 members.
- 4 Increase use of first purchase discount by 40%.

Objective: Create a workplace people love and increase employee retention

Key Results:

- 1 Increase employee net promoter score to 35%.
- 2 Get employee attendance of monthly social to 90%.
- 3 Put all managers through coaching training.
- 4 Increase training satisfaction score to 85%.

KPI Examples

Marketing KPI Examples

- % Cost Per Lead
- % Customer Acquisition Cost
- % MQL to SQL Conversion
- % Unique Users
- % Average Order Value

HR KPI Examples

- % Retention Rate
- % Time to Hire
- % Absenteeism Rate
- % Employee Net Promoter Score (eNPS)
- % Diversity

Should You Use OKRs or KPIs?

The choice between **OKRs** and **KPIs** depends on the organization's needs, context, and goals. **Here are some scenarios where each framework shines:**

OKRs

OKRs are suitable when organizations need to align teams and individuals toward a common mission, set ambitious goals, and foster innovation and growth.

KPIs

KPIs are valuable when organizations require specific measurements and focus on operational efficiency, performance evaluation, or process improvement.

In some cases, **organizations may choose to use both frameworks** simultaneously. **OKRs** can provide a strategic direction, while **KPIs** offer the necessary measurements to track progress and performance.





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