

OKR-BASED STRATEGIC PLANS FOR BALANCING LONG AND SHORT-TERM STAKEHOLDER NEEDS

Abstract. *Strategic plans (i.e., goals, objectives, durations, outcomes, and expectations) are highly dependent upon the situational context. Strategic plans vary widely for each culture, region, nation, economy, institution, organization, enterprise, subcomponent, revitalization initiative, and project. Western commercial markets are notoriously fast paced (i.e., five-year strategic plans with quarterly initiatives, projects, and reporting). However, Western markets are quickly speeding up to two-year strategic plans with monthly initiatives, projects, and reporting). The most advanced organizations apply bi-weekly and weekly project initiatives! Keys to successful Strategic Plans are shorter timeframes, alignment, adaptable metrics, sustainability, and independent review.*

A common method, practice, tool, and metric is the Objective and Key Result (OKR) which originated in Silicon Valley and is now a de facto standard performance measurement system. The top-level strategic plan consists of only three to five long-term "Objectives" directly tied, linked, and aligned to "Key Results (KRs)," and not much more (i.e., hence the term OKR). Each OKR is directly tied to quarterly initiatives, projects, and outcomes. A common mistake, weakness, or anti-pattern of the OKR system is for strategic plans to contain hundreds of (cascading) OKRs which is simply nonsense.

The OKR system allows for "short-term" Key Results to be measured, attributed, aggregated, and directly aligned to cumulative outcomes representing "long-term" Objectives (i.e., KR values are stacked against overall Objectives). Another key word here is "Alignment" (i.e., Objectives are directly linked to an organization's strategic values, visions, and intent; KRs are directly linked to Objectives; and initiatives, projects, and outcomes are directly linked to KRs. This directly "Aligns" the entire organization to its Strategic Plan which is crucial to organizational success by minimizing waste.

OKRs may be planned or forecasted over the entire Strategic Plan's time horizon (i.e., two years, five years, or longer). However, OKRs work best when they are planned, replanned, elaborated, adjusted, and updated for each period of performance (i.e., quarter, month, etc.). This allows for consideration and adaptation to emergent risk, uncertainty, opportunities, and environmental changes. Unplanned OKRs due to (or representing) emergent short-term opportunities may be accounted for by limiting or keeping the total number of OKRs, Objectives, KRs, initiatives, projects, and outcomes to a bare minimum (or creating buffering OKRs for emergent situations).

OKR-based Strategic Plans are most impactful when they directly target innovation, creativity, originality, differentiation, service gaps, and overall customer experience. That is, OKRs favor stretch goals or challenging outcomes over simple outputs, activities, and business-as-usual. However, it's important to use caution because it's quite common for executives to establish "Reality Distortion, Gaslighting, Torture, or Waterboarding goals" (i.e., build a pyramid on a shoestring budget with a small army of captive slaves who may not use straw in their bricks). Using bottoms up organizational participation and involvement in establishing OKRs, initiatives, projects, and outcomes helps ensure realistic sustainability is balanced against stretch goals.

Summary. So, what have we covered? Strategic Plan time horizons vary greatly. A quantitative OKR system may be used to measure its impact. The overall time horizon may be shortened and the strategic plan itself periodically revised to ensure its adaptability to dynamic environments. OKRs may be elaborated in shorter time periods such as quarters or months, and tied directly to revitalization initiatives and projects. OKRs must also be kept to a minimum and buffering OKRs may be used to account for emergence and maximum sustainability. OKRs must be written to account for legal, moral, ethical, environmental factors, etc. Finally, Strategic Plans must be periodically reviewed by independent agents to ensure all stakeholders are adequately represented. OKR-based Strategic Plans are effective tools for balancing long and short term needs when properly applied.

Footnote. *All numeric systems like OKRs are subject to Goodhart's Law (i.e., OKRs will be satisfied in spite of international, domestic, organizational, or local laws and statutes). That is, people naturally bend the rules (and people) to achieve their OKR targets. Sustainability, social and environmental responsibility, ethical (human) considerations, and resource constraints must be intentionally built into OKRs (as OKRs are independent of ethical and resource constraints). OKRs are easily abused by selfish institutions and individuals. For instance, an OKR may be, "Maintain a Waste Management System within Budgetary Constraints" (so an inexpensive waste pipeline may be built to a local river using underpaid and severely abused child labor around the clock). However, the Waste Management director may get rewarded for achieving the OKR. Therefore, Strategic Plans should be independently reviewed on a periodic basis to ensure their efficiency, effectiveness, sustainability, legality, social responsibility, etc.*