



**Episode 37: Felipe Castro**  
*Episode Transcription*

Mik Kersten (00:00:06):

Hello, and welcome to the Mik + One podcast, where I sit down with industry leaders to discuss the project to product movement. I'm Mik Kersten, founder and CEO of Tasktop and bestselling author of *Project to Product: How to Survive and Thrive in the Age of Digital Disruption with the Flow Framework*.

Mik Kersten (00:00:27):

I spent the past couple of months preparing for a new lineup of podcast guests and am very excited to continue sharing insights and learnings from some amazing leaders who are helping organizations to make the shift to product and to technology innovation. Kicking off this new season is Felipe Castro, renowned author, speaker, and trainer on objectives and key results, or OKRs.

Mik Kersten (00:00:46):

Felipe helps organizations transform how they use goals by adopting OKRs, the Silicon Valley framework for goal-setting. Felipe created the OKR cycle, a simple method to avoid OKRs' most common pitfalls that I have found very powerful and useful in my own work. I know a lot of our listeners are in the process of adopting OKRs, but even if you're not, I think Felipe shares some key ideas in terms of understanding how to connect business agility, the concepts of DevOps, to business planning and customer results. Felipe and I did a webinar back in July where we discussed focusing on outcomes and finding flow, and we built on some of those concepts in this podcast.

Mik Kersten (00:01:18):

I'm excited to continue this discussion with him today. So with that, let's get started. Welcome, Felipe. How are you?

Felipe Castro (00:01:27):

I'm great, thank you. I'm recovering from a case of COVID, but I'm fine. I was fully vaccinated so I'm fine, thank you.

Mik Kersten (00:01:34):

That is great to hear, even though you had the breakthrough case, that the symptoms have been mild, I hope.

Felipe Castro (00:01:39):

Yeah, it was... They were mild.

Mik Kersten (00:01:40):

Okay.

Felipe Castro (00:01:40):

So I'm way better than most people thankfully, so yeah.

Mik Kersten (00:01:44):

Okay, and thank you, thank you so much for joining us in spite of that. So for those listening, Felipe I think has just been this incredible OKR guru who's been publishing some very important guidance. I know personally I've been trying to master OKRs for 10 years now, and I've been trying to refine the process for how we do this each year, the structure of how we do this with my organization. And I've just learned a tremendous amount from Felipe and that webinar that we did recently as well.

So, some of the, I think, most interesting lessons for me, Felipe, come from this intersection of how we shift from projects to products obviously, but really how we think about Agile, how we think about



DevOps, and I think one of the most interesting themes is actually how we can measure both daily work. It's the outcomes that we're producing for our organizations, our customers, and our shareholders, and actually how we measure the improvement of daily work, so ...

But before we get into that, and I think they'll be some really key topics for us to cover, can you just tell us a bit about how did you get here, how did you come to be synonymous with OKRs and more recently, even with outcomes?

Felipe Castro (00:02:43):

Okay. Look, I'm an engineer by training, so started working with startup companies, little bit in Silicon Valley and elsewhere. And then I completely changed my career. I became an executive recruiter, headhunter. I recruited for a tech company so we recruited CTOs, agility managers, Agile coaches. Eventually that got me to helping the company's, set up their people ops, HR, etc. and that got me to helping them create performance management, improving performance management.

Felipe Castro (00:03:19):

And then I learned that goals are broken, right? Goals are completely broken. We have technology companies setting goals the same way they might've been doing for decades and they were actually hurting the company, because people were frustrated. They tried to predict the future and ask "What is my target for a year from now for a product I haven't launched yet." So they're basically taking a waterfall approach to goals. While they were using agile and experiments and lean, and all of that.

Felipe Castro (00:03:51):

So I thought, "Hey, this is broken, it's not working," and that's when I actually learned about OKR. I said, "Okay, that's an agile, iterative approach to goals." Yeah, that's the solution, right? That's several years ago, and then I jumped right in and then I was lucky to be one of the few early adopters of that, the early people who were teaching others, of these OKR. And here I am, several years later. That's that.

Mik Kersten (00:04:16):

Okay, and I'm glad you're here, because again, I think there's a lot for us to learn from you. So let's start with the projects, right, I think that's where you and I kind of connected, which is the fact that we're seeing these organizations structure all of their work, all of development, try to structure innovation in technology. Especially enterprise organizations of course, it's different, and what we've seen from Silicon Valley, and we've seen very different results from companies and ways of working that have come from Silicon Valley. But why is it that in your view, projects are no longer acceptable as the way that we actually connect what we build for our customers with how we build it?

Felipe Castro (00:04:54):

Yeah, the thing is for decades, the project had been at the center of how organizations plan. If you think about it, we budget based on projects, we fund based on projects, we staff based on projects. So projects are at the core of enterprises and most organizations. But now, that's not acceptable anymore. Leaders can't take that anymore and employees can't take that anymore. We have many senior leaders, CEOs asking the same question. How do I know if the money invested in projects makes a difference? People are tired of just saying, "Yeah, it's a project."

Felipe Castro (00:05:33):

At the same time, employees can't take that anymore. They want to know, "Hey, how do I know if my work makes a difference?" People want purpose, right? They want to know they're making a difference. Nobody accept anymore doing something, just going through the motions, right? People want more than that, a more humane and fulfilling work experience. So if you add those together, like execs can that in



**Episode 37: Felipe Castro**  
*Episode Transcription*

[inaudible 00:05:59] and employees can [inaudible 00:06:00], you have a very powerful quest for abandoning the whole idea of planning around projects.

Mik Kersten (00:06:04):

How do we get here as well? Because I think you've witnessed the evolution of this, you and I talked about some of the amazing work and some of the experiences with Christian Idiodi around this. How did we end up here? No one wanted basically activity-based projects that don't drive outcomes. Why do you think that so many organizations have landed here in this, I think I've heard you say this as well, this tailor-ist way of managing and basically telling people what to do, having them be disconnected from it. And how are some of the organizations still stuck here?

Felipe Castro (00:06:34):

Yeah, the thing is there's a huge gap between the way the best teams work and most teams work. So most organizations are still following the project-based, IT-based service provider way of doing things, right? [Jeff Patter 00:06:50] has a great story, best way to explain it, is that most IT organizations, they were planned to be, hey, a service provider, right? A company like Accenture, right? Here we take them the requirements and they say, "Hey, that's how much it going to cost and that's the date." And then you [inaudible 00:07:09] around the country to discuss it, et cetera, right? And when Agile came 20 years ago, their [inaudible 00:07:17] where Agile originally came from. That's why one of the principles [inaudible 00:07:20] is cooperation over content negotiation.

Felipe Castro (00:07:23):

Content negotiation? What are we talking about? It's because it was created for service providers, right? So can you imagine an internal team discussing a contract with the stakeholder? Doesn't make much sense, right? It only makes sense if you think about ... Oh, it's an external service provider, right? That's the environment where things originated. So that still got that division between the business and technology, right? When people say, "Oh, we need to talk about it with the business. We need to get close to the business." Modern product teams, they don't talk like that, because hey, we're already cross-functional, we're already integrated, we're together. It's our business, it's not the business, right?

Felipe Castro (00:08:04):

And that's the way things have always been organized, been structured. And the challenge is that IT organizations have been optimized for decades to manage projects, so it's not something I can simply flip a switch on, "Yeah, now let's focus on outcomes. Let's change that." It's a huge leap. There's a huge difference between the way the best teams work and most teams work.

Mik Kersten (00:08:27):

Exactly, and I think we both share this passion of helping organizations work the way the best teams work, right? And I think it's just like you said, where we've got decades of IT teams being call centers, being order takers, having work thrown over to them and there not being any feedback loop to the business, so it's dysfunctions on both sides. So I think my hope is that OKRs, and I've seen this actually happen where OKRs can actually be transformational in breaking down those silos, right? And changing the ways of working and helping leaders on both the technology and business side, and ideally it wouldn't be two different sides, of course, and technology organizations, those tend to be one thing ... but actually bring those closer together, move away from those silos.

Mik Kersten (00:09:09):

At the same rate, and I'd love to hear your experiences on this, I've seen OKRs just actually be, and you called this, it's that Tinkerbell approach, right? Where you sprinkle OKRs, nothing really changes with



**Episode 37: Felipe Castro**  
*Episode Transcription*

those silos and things actually get worse because now people are blaming OKRs. They're blaming OKRs for being part of the problem, not being part of the solution. So A, Do you see OKRs as that profound a tool, where you can actually use them to break through those two or three decades of silos that were established through these call centers and through these old models of IT? And then B, why do so many organizations fail to actually leverage OKRs in that way?

Felipe Castro (00:09:52):

The idea is that, what I call the Tinkerbell approach is you take an organization that's using traditional management, traditional approaches, and just sprinkle some OKR on top of it, as if it were some OKR pixie dust, and you're just going to magically turn into Google. And of course we have a tendency of trying to force new tools to our habits, our ways of working instead of actually leaning into the new possibilities of the new tools and changing how we work. So adopting OKRs is never the goal. The goal is to improve performance by changing how you work. So if you're not changing how you work, you're missing the point.

Felipe Castro (00:10:28):

And the story I love to talk about, a true story, about Tinkerbell approach is a very large bank where they had a KPI dashboard for many years and one day they asked the Chief Technology Office was to simply change the label. So the very next day, when people come into the office, instead of KPIs, it says OKRs. Hey, those are OKRs, that's that. They simply changed the label, and that's a true story.

Felipe Castro (00:10:55):

And of course, they're many, many more stories like that, right? And there's a lot of bad advice online about OKR which makes it harder, right? We live in the age of disinformation, right? People online can't agree that the world is round, can you imagine ... Why would they agree that what a good OKR looks like, right? So unfortunately, there's a lot of misinformation online. And what happens is originally, when people in Silicon Valley started explaining about OKR, it was a simple explanation because hey, that's how we work, it's natural for them. So if you're coming from traditional enterprise you think, hey, that's simple. And that's why they started just to sprinkle on top of it. We don't realize, hey, you have to change the whole system, right?

Felipe Castro (00:11:43):

So you can't simply take a part of how Google works and apply it to your company. You have to change the other components as well, right? So that's why it's so hard.

Mik Kersten (00:11:52):

Yeah, and Felipe, also happens to be a bank, this is an experience I had I think eight months ago. And they are adopting, and there's executive sponsorship behind this right up to the CEO and it's a rather large bank, product management. And so the way that they adopted this is they, and I'm not joking, they renamed over 10,000 project managers to product managers. So, even more pixie dust, because it was not just one dashboard, but I think this is exactly what we're seeing. We're seeing a need, and I love the fact that you came from this, from the people operations side, right? Because we've got people in these organizations who know this is a better way of working, who want to be connected to the mission, who want to be connected to outcomes, there actually, there's a lot of bottom-up pull for these things, whether it's through learning, through better tooling.

Mik Kersten (00:12:37):

But I've noticed that, that there's a lot of desire from people building the technology, wanting to innovate for the customers, to adopt these better ways of working. And then I think the challenge is if the structure



**Episode 37: Felipe Castro**  
*Episode Transcription*

that's put in place by leadership actually is this Tinkerbell approach, as you've named it. So I think we're seeing this across the board. So I think my sense is, again, is OKRs are a chance to change that structure. And if you could just now tell us some of the pitfalls that you're seeing in terms of, and you touched on so many of these, so I think obviously we're going to link all of your work from your website because I think there's such a good catalog there. But if you could touch on some of the misinformation, right?

Mik Kersten (00:13:17):

I knew when I was reading Measure What Matters that there was something wrong in the back of my mind on the fact on how a lot of the examples were structured and how I was applying OKRs. I didn't realize till I read your summary of Measure What Matters, your review that, what was it, around 60% of those examples were activities, not outcomes, in terms of how the key results were written.

Mik Kersten (00:13:34):

So if you could tell us just a little bit about how, because I think it has been overly easy for people wanting to adopt these things for the right reasons to fall into the wrong ways of working or just snap back into it and remain in their existing ways of working. So, if you could tell us a bit more about this sort of misinformation and where people can go to find the right kind of information, and then if we could touch on, again, I think the main thing that we need to have leaders do, which is take the right approach, and the right approach truly is about changing the ways of working so. So yeah, speak to the misinformation first, please.

Felipe Castro (00:14:04):

Yeah, sure. Before getting to that, the solution to all of this is unlearning, right? So to succeed, we need to unlearn many of the old ways of working, right? And I love the definition of unlearning that comes from my friend Barry O'Reilly, defines unlearning as the process to move away from mindsets and behaviors that were effective in the past and now limit our success. I know the quote by heart, as much as I repeat it over and over and over again.

Mik Kersten (00:14:34):

Yeah.

Felipe Castro (00:14:34):

Because that's the key thing. If you, as a leader, you're not willing to unlearn, you're not... You're going to say this comes from a completely different way to working. This comes from Silicon Valley, a startup culture, modern product teams. And you don't understand that to apply it, you have to unlearn the old ways of working, you'll fail. You have to be willing to unlearn, unlearning takes time, and unlearning is usually way deeper than you expect, right? So you have to abandon some dogmatic approaches. You have to be able to be open to unlearning. Because there are things that were useful 30 years ago, 20 years ago, 50 years ago, but they no longer represent the state of art. They no longer represent how the modern ways of working or no longer represent how top performance teams work.

Felipe Castro (00:15:26):

So that's key. And so the thing you need to understand is that if you look throughout OKR history, it has always been about giving people autonomy and clarity of purpose, always. Way back to Andy Grove, CEO of Intel,...

Mik Kersten (00:15:43):

Mm-hmm



Felipe Castro (00:15:43):

... even before that, to Peter Drucker, right? It was always about that. And there's a story that I like to tell which helps understand what we're talking about. Very few people know this, but the founders of Google, Amazon, and Apple, they were all coached by the same person in the formative years of each one of these companies, right? The name of the coach was Bill Campbell, who was called the coach of Silicon Valley. He avoided the limelight. So many people outside of Silicon Valley haven't heard about Campbell. And the great story about Campbell that helps us understand that shared philosophy that he taught Amazon, Apple, Google and many other companies in Silicon Valley. Bill Campbell was the CEO of the software company Intuit at the time and then had hired a few product managers from banks. Again, banks.

Felipe Castro (00:16:37):

And he was in a meeting with the product manager and a team of engineers, and the product manager started to list some features, "Hey I want you to develop this feature, that feature, that other feature ...". And then Bill Campbell jumped out and shouted, "If you ever tell an engineer at Intuit which features you want, I'm going to throw you out on the street. Because that's not how we work here." What we do is we teach them the context. We teach them who the customer is. We teach them the customer needs, the business needs. And then we come up with way better solutions than you ever will by telling what to do, right?

Felipe Castro (00:17:16):

And the idea is not letting the engineers do whatever they want, but again, giving them expanded context, right? Teach them what you want, what expect from them, right? And if you think about it, that's it. Direct opposite of how traditional IT project-based service provider order taker model, right? So that's where OKRs come from, that type of culture. If you read, Andy Grove said the same thing over and over and over again, that's the same message. So it's about giving people, instead of giving them solution, something to implement. You explain the problem you're trying to solve or an opportunity, right? So instead of giving them a list of requirements, you give them a business need or a customer need to address. That's the main idea.

Felipe Castro (00:18:03):

And the language we use today is the language of outcomes. That's the language that the product world has adopted, right? The language comes from non-profits. Because if you think that measuring value is hard in technology, try to measure value in a non-profit. So the idea of outcome planning is that you focus on the difference you're trying to make and then never lose sight of it. That's the point. And that's the type of culture we want, where we agree on the difference we're trying to make. We agree on what we're trying to achieve and why that's important, and then we're going to test different ideas to help us actually achieve that outcome, actually make that difference we're trying to make. Because we don't know that some of the project we do make a difference. Some do not. So the key is not losing sight of what we're trying to achieve. So it's important to talk about that before ... Yeah, there's a lot of misinformation, et cetera ... We need to understand what we're trying to achieve and why is this misinformation so bad.

Mik Kersten (00:19:04):

Yeah, and you're just reminding me right now how profound for me it was reading Drucker's work on non-profits and strategic planning and outcome planning at that point, right? I think this is exactly what we're trying to achieve and somehow we have people who are mission oriented, who want to drive outcomes and the planning systems in place, whether they're waterfall planning systems, project management or just misapplied OKRs and KPIs and strategic planning, are actually completely separating them from this.



Mik Kersten (00:19:28):

Now, the thing that I've noticed, and I think that the thing that's been so fundamental to me around some of the schools of thought around DevOps, let's say DevOps was about flow feedback and continual learning, those were the principles. Of course, the way it's been adopted by many organizations, it's been around just continuous delivery pipelines, but really those were the principles.

Mik Kersten (00:19:45):

And so what I've certainly noticed is that when you've got these fast feedback loops, when you've applied the theory of constraints to your feedback loop and you've actually got a feedback loop back to all the key stakeholders, because there are some people who, in very large organizations, who are close to the customer outcomes, right? People in large organizations who are closer to just needing to build the infrastructure to make sure that the software can run and scale and so on.

Mik Kersten (00:20:07):

So I think the thing that we've noticed over the last decade or two is that the more that you shorten those feedback loops, almost the easier it is. A, you need to break through silos to do it in the first place. You can actually connect people to outcomes because they're part of the feedback loop. The feedback loop is not something that happens six months later when you're measuring some business metric, but everyone's bought into that feedback loop. So I think the way that you described this again with another great metaphor is the wedding cakes and the cupcakes, and if you could just take us a bit through that and how you see that enabling the path to connecting people to outcomes to connecting engineering, development teams to outcomes-

Felipe Castro (00:20:43):

Yeah.

Mik Kersten (00:20:44):

Yeah, take us through that.

Felipe Castro (00:20:46):

Yeah, sure. A useful analogy is to think that, in the traditional approach, in the old ways of working ... organizations, they spend like 12, 18 months building a big wedding cake, right? So you get it approved and then you work, and then you ship it 18 months down the road. In the new way of working, instead of building that wedding cake, teams are trying to sell a cupcake every week or so, right? So every week we try to sell cupcakes. We are learning from it and we're cross-correcting. And that's crucial because you learn, you measure, and you course cross so it's not simply incremental, but it's iterative, so you iterate. So you learn from it and you measure.

Felipe Castro (00:21:26):

And if you think about it, from selling a cupcake every week, think about how many things I can experiment with. How many ideas I can test and how many different variables, right? I can experiment to see what actually works and what customers actually want. You can test flavors, ingredients, sizes, toppings, colors. There's a gazillion things that you can test. And they are always learning and then they are course correcting, and then adjusting, right?

Felipe Castro (00:21:57):

The expression people use in Silicon Valley is, "Nail it before you scale it." So you de-risk first and then you scale it after you've tested it, right? Marty Cagan from SVPG, he said one of the principles he defines



**Episode 37: Felipe Castro**  
*Episode Transcription*

is that product teams would tackle risk upfront. So that's the idea of the cupcake approach, because in the old way of working, all the risks are after we ship the thing 18 months down the road. In the new ways of working, we tackle risk upfront so we are always de-risking, you're always learning, right?

Felipe Castro (00:22:34):

And if proven that that won't work, you can just kill the thing and move on, right? Because you'll learn and avoid all that investment that would ... right? So those short feedback loops are crucial, and that's a core concept of the new way of working and that's why flow metrics are so important. I've worked with many, many, many enterprise organizations over the years and many of them, they have such a ... their lead time is so long that they realize, "Yeah, I want to achieve an outcome at the end of the quarter, but my lead time is 100 days, so it's impossible, because it takes 100 days to ship something."

Felipe Castro (00:23:13):

At the same time, people are already saying at the DevOps stage, they're shipping things every day, right? Several times a day-

Mik Kersten (00:23:19):

Mm-hmm.

Felipe Castro (00:23:20):

... and that they're testing ideas way faster. So one of the what I call enabling capabilities of focusing outcomes and using OKR is having a tech environment that enables experimentation. So unless you have that, unless teams can deploy with confidence, they can actually have short feedback loops, they have a short enough lead time and so on and so forth. They won't be able to experiment, because if every time you deploy something, everything breaks. Experimenting will be way, way harder.

Mik Kersten (00:23:57):

Yeah, exactly. And I think there's two parts of this, right? Because what I've noticed is in some organizations, they've put so much focus on, and I completely agree that that environment that enables fast feedback and experimentation, is critical, which is why DevOps is often so transformational. But alone, it's not enough, because if all we're measuring is our ability to quickly deploy things, we're not necessarily measuring whether that's driving an outcome. And so I think I want to come back to this because I think it gets back to measurement but you said something so important right now, Felipe, that I've actually found so effective in my discussions ever since I heard you say it, is that if your time to value. So basically lead time for things that have been asked for by customers, asked for, let's say by business partners or flow time in terms of how quickly they'll actually deliver it to create that feedback cycle. It's just a subset of lead time.

Mik Kersten (00:24:42):

If that is over, and this is what we're seeing, I'm seeing everywhere, because we measure this at Tasktop, if it's over 90 days, you can't apply OKRs effectively because your feedback cycle will be too long. I think to me it's basically as simple as that, which is to create those conditions that you need to get that autonomy, that clarity of purpose and have people bought in and actually delivering faster and understanding whether what they delivered drove that outcome, whether it drove retention, active usage, net promoter scores, whatever, however we're looking at measuring this, we need to shorten that flow time. We needed to shorten how quickly we can deliver value. So if you could reflect on this.

Mik Kersten (00:25:23):





By far, the number one thing that I encounter is, in terms of organization... Number one is organizations need to basically measure their improvement of daily work, not just work. So they need to measure where they are on that journey from building wedding cake after wedding cake and having feedback in 18 months, to actually being able to build those cupcakes and have that fast feedback on whether it's MVPs, simple level of complete ... Whatever measure used, there's ways ... this is a self-problem, right? There are ways of building those cupcakes and measuring how those cupcakes are doing before you scale the cupcakes into wedding cakes.

Mik Kersten (00:25:57):

So if you could just speak to that, how do you see it? My point of view on this is again, we need to measure that reduction in time to value, time to outcomes. You would call it time to outcomes, time to value. To make sure that the teams get that feedback within the quarter. By the way, for our own product development teams, I get very concerned if that feedback cycle, the flow time, is under a sprint. Sorry, it's over a sprint, it's over two weeks. Because of course, the teams work on faster cadences than quarters as well so they can learn during the quarter and learn in time for that next OKR planning cycle and the next release planning cycle.

Mik Kersten (00:26:36):

But what has been your experience with this? Because I think one of the fundamental problems I see everywhere is we've got these ... basically these flow times are 240 days, 120 days, just usually over 90 days.

Felipe Castro (00:26:46):

Yeah, so that's, going back to the idea that the way the best teams work is completely different than the way most teams work. If you take a modern product team, they have flow time in days or even-

Mik Kersten (00:26:58):

Yep.

Felipe Castro (00:26:58):

... hours, right? They instrument the product so they have, before they called it telemetry, observability, whatever term you want to use, they can measure the software they're working on, they're proudly working on, so they can measure if people are using it, doing it, buying it, whatever, right? They understand the metrics.

Mik Kersten (00:27:16):

Mm-hmm.

Felipe Castro (00:27:16):

They are close to the customer needs and the business needs, right? They work together as a cross-functional teams that have a product manager, engineers, designers working together every day. They know how to run experiments, they know how to test ideas. So they have access to all the modern techniques for using, right?

Felipe Castro (00:27:35):

If you compare that to a traditional enterprise, IT, it's the opposite. It's usually they don't instrument. They have very low observability or telemetry, if you will. They have very long flow times. Oh, 90 days, 100 days, very common. They're very far away from the customer. They're very far away from the business



**Episode 37: Felipe Castro**  
*Episode Transcription*

they don't understand. They don't know how to measure things. They never measure anything, they have very limited experiences in metrics, in measurement, right? So it's completely opposite, right?

Felipe Castro (00:28:08):

So definitely, if you have a flow time of say, over 90 days, using a quarterly OKR is impossible.

Mik Kersten (00:28:14):

Yeah.

Felipe Castro (00:28:15):

Right? Usually what I recommend is in those cases, let's start with a six month OKR, let's make sure that one of our enterprise or at least be use level [inaudible 00:28:27] to reduce the flow time. So a useful way to measure it that I've used in the past is the number of teams with a flow time of under X days.

Mik Kersten (00:28:38):

Yeah, exactly.

Felipe Castro (00:28:39):

Because people can be from different places, very different environments-

Mik Kersten (00:28:41):

Yeah.

Felipe Castro (00:28:41):

... context matters. You can't compare teams, but what is an organization is how many teams we have in the whole enterprise that have, say, a flow time under seven days.

Mik Kersten (00:28:52):

Yeah.

Felipe Castro (00:28:53):

And then you can decide if yeah ... and of course 10 is not a magic number, but we want to measure it in days, not weeks, and definitely not months. And so other, something like seven days, how many teams we have [inaudible 00:29:04]? And then after that, each team can decide whether to improve it more or not, right?

Felipe Castro (00:29:09):

But that has to be a also enterprise level priority-

Mik Kersten (00:29:12):

Yep.

Felipe Castro (00:29:12):

... because if you're trying to [inaudible 00:29:15] transformation and you're not focusing on that, again, you're kind of missing the point. Because if you want to be data driven, you want to make [inaudible 00:29:23] data, experiments, et cetera, but your environment is not allowing people to do that. One way to think about it is you're competing using the tools and techniques of 30 years ago. Most IT organizations, they develop software the way Silicon Valley developed like in the 90s.



Mik Kersten (00:29:39):  
The way that microchips were developed.

Felipe Castro (00:29:45):  
Yeah. But it's been a while, right? And that's the big problem, right? So therefore, creating that environment that enables experimentation is key, right? This is one of the enabling capabilities that you almost have to have.

Mik Kersten (00:30:04):  
So Felipe, you surprised me just now, and this is now obvious again, once you say it, but not obvious before you say it. So you will tell organizations just to have a six month OKR, I've been stuck again ... there's only quarterly and annual, but you'll actually go ahead and say, "Let's just start with six months."

Felipe Castro (00:30:20):  
The thing is, you can have whatever cadences as you want, right? So you can have multi-year OKRs. You can have annual OKRs, quarterly OKRs, whatever. The things about quarterly OKRs is first of all, it's the natural rhythm of the finance cycle so it helps-

Mik Kersten (00:30:35):  
Yeah.

Felipe Castro (00:30:36):  
... being connected to the budget, et cetera, right? Also, if you were to focus on outcomes, a quarter is usually enough time to think back and work small and fast [inaudible 00:30:48], right? So the idea is you plan around quarters but you ship every day. So again, another one from Barry, the idea is you want to think big, start small, and learn fast. So the quarterly cycle allows you to think big. Yeah, those are the outcomes you want to achieve in the quarter, but start small and work small. Short iterations, testing different ideas, the cupcake approach, right?

Felipe Castro (00:31:16):  
So quarterly is usually where we begin. But, you can do the six month OKR if you want. And usually, in an enterprise where in the beginning, if you have a very long lead time, you kind of have to do that. Otherwise, OKRs just going to be shipped [inaudible 00:31:33], shipped out [inaudible 00:31:34], et cetera. But the six month OKR is just a transition thing. You shouldn't be doing that over time. That should be ... you should change that. If you're working in software, I'd say-

Mik Kersten (00:31:45):  
Yeah.

Felipe Castro (00:31:45):  
... because another thing is I worked with say, retail organizations where the supply chain organization started to use OKR. And then we have things like building a warehouse. You don't do that in a quarter, right? So you have to fit your natural rhythm, all right? But for a software organization, you have to understand that the power of short feedback loops, the importance of it, and you have to understand that the moment you adopt a six month OKR, you're kind of letting yourself off the hook.

Mik Kersten (00:32:17):  
Mm-hmm.



**Episode 37: Felipe Castro**  
*Episode Transcription*

Felipe Castro (00:32:18):

So that's something you want to avoid, usually. I've also seen some organization adopt a four-month OKR cycle, which is usually a sign that there's something wrong.

Mik Kersten (00:32:31):

Okay, okay.

Felipe Castro (00:32:34):

There's no causation involved; it's just these are patterns-

Mik Kersten (00:32:37):

Yeah.

Felipe Castro (00:32:37):

... that I've seen, right? But every time I see an organization using a four month OKR cycle, if you ask them, "Why do you do that?" Oh, because planning takes so long.

Mik Kersten (00:32:47):

Yeah.

Felipe Castro (00:32:48):

So instead of solving the planning problem, they change the cycle, which is not the best way to do it. If you've planned around outcomes, if you have product teams, things are more stable, because they have clear mission, right? Each team has a purpose. So if you have a persistent model, like [inaudible 00:33:09] likes to call it, have a clear strategy with that persistent model, which each team has a clear purpose, it's much, much faster to set OKRs. I've seen people create OKRs in two hours going into the second cycle because hey, it's persistent, it's stable. We're working on the same purpose. It's the same domain. So the next one, hey, in two hours you'd do it, because it's more about updating than actually a do-over.

Felipe Castro (00:33:36):

So again, the usual way to start is with annual OKRs for the organization or for business units and quarterly OKRs for teams. But, you may have to customize it for exceptions.

Mik Kersten (00:33:50):

Yeah, it is, Felipe, to me it's amazing I think ... I speak to this quite a bit where modern product management makes this so much easier to adopt OKRs. I've seen this. If you have persistent product value streams and teams, you give them that autonomy, they can set these things quarterly quite easily, it really does get easy. If you don't have the persistence, you're rearranging teams, you're reassigning people to multiple things, it doesn't work. You're just kind of launching almost ... it feels like a new planning process every time you do this every quarter, so ...

Felipe Castro (00:34:16):

Yeah, but ... build on what you just said, "Oh yeah, using modern product management makes it much easier." Actually, it's impossible, because it's a piece ... this comes together, right? So you're taking a tool that comes from the modern product management approach, right?

Mik Kersten (00:34:36):

Mm-hmm.



Felipe Castro (00:34:38):

Again, experimentation, cupcake approach, measurement, instrumentation, autonomous teams, cross-functional teams, all of that. Autonomy, purpose, all of that. And you're taking one piece out of it? You say, "Yeah, I'll be using all of this piece here." And yeah ... so if you're thinking about a car, I'm taking this piece out of the BMW and put in my Ford. Yeah, it kind of doesn't fit, right? You have to get the rest of the system together, right? Because you can't do that. And that's why in the cupcake approach, people completely destroy OKR because they try to fit it to the way they work instead of using as a leverage, as a forcing function to change how you work, right?

Felipe Castro (00:35:24):

So again, many, many organizations, they fall into the trap of using OKR in name only, because they don't understand. They either don't understand how modern product teams work, they don't understand all of that. And there's you calling it a digital transformation. That's the big challenge.

Felipe Castro (00:35:46):

It's a journey, you won't get there overnight. But every quarter you can improve. And if you focus on say, reducing the flow time, you can drastically improve that from a quarter to the next and if the next one will get better, and then get better. And next quarter, people will be able to start experimenting ... if they learn more about the customers and they learn about metrics, so always improving. What I usually teach people is that OKRs can be imperfect, and they will be imperfect in the beginning, but we're going to take baby steps to a better measurement and better OKRs over time. Because one thing is I understand where I'm headed. I understand the difference I'm trying to make. I understand the change in organization we're trying to achieve. And my OKRs are imperfect, I say, "That's what I can do now."

Felipe Castro (00:36:33):

A second thing is being lazy and doing the cupcake ... the Tinkerbell approach and yeah, let's keep working the way we always did. Let's just rename 10,000 people and yeah, now they're product managers. And that's the challenge. But if you decide, yeah, we do have digital transformation, we want to work like the way those companies work, you should actually do it instead of just saying yeah, we have Post-it Notes and whatever.

Felipe Castro (00:37:04):

And one of the things that's key is that ... we didn't talk about it, is that as part of outcome planning, we need to bring a precise and actionable language, because the whole idea is ensuring everybody uses the same language. And changing the language we use is key because otherwise we fall back into old habits. So if you look my material from say, five years ago, I used the term value in the past, right? And what I learned is I started writing about OKRs in 2015 and I did my first talk at Agile 2016 and many people started saying, "Yeah, I know what's value. Value is I show code to the stakeholder." No, that's not. So, we need to change the language, that's why the whole community adopted the language of outcomes.

Felipe Castro (00:37:57):

And instead of using the term value which is fuzzy, open to interpretation, is not measurable, our company makes a specific definition. So it's a term of art, meaning it's specific. Definition, that's the one we're going to use. So an outcome, outcomes are the magical beneficial effects you want to create. So what are the benefits you want to create and how you're going to measure it. And you can get those magical beneficial effects can be for your organization, it can be for a customer, or it could be for another employee.



Mik Kersten (00:38:32):  
Mm-hmm.

Felipe Castro (00:38:35):  
So I can be a platform team, that I'm developing a tool that's going to be used either by, I don't know, people who work at the branches of the bank or another development team, another product team, and that's totally fine. So it can have different audiences for your product. And the same, exactly the same concepts apply, you can use the same techniques, the same ideas of measurement and learning and product, et cetera. But when you start talking about outcomes as the magic beneficial effects, you need to make the distinction between outcomes and activities. Activities are what you do. Projects, programs, activities, epics. So activities are what you do and outcome is the difference you made, the [inaudible 00:39:20] effect you made because of what you did.

Felipe Castro (00:39:22):  
And then you start to define what you want to achieve and not lose sight of that. And that's the real power. Because many people are trying to measure value. Value is not measurable. Value is useful as a high-level concept, so you can say value streams, you can say the different value. I don't have problem with that. But on a day-to-day, Oh, let's measure value. I've seen many organizations ... Oh, we have a ... This is our business value measurement. How can you measure that? It's not a single metric. So unlearning the idea they should measure value as part of the solution. Instead, talking about the outcomes you want to achieve, bringing that new language is important.

Mik Kersten (00:40:09):  
Yeah, Felipe, I could not agree more and I actually want to talk about these buckets of activities and key results and objectives and whenever you say this, I think it's so important that we adopt this outcome language. I think value streams are about driving outcomes on their own, just like anything we deliver, any activity that we do. If it's not rooted in the outcome and a measurable outcome, why are we doing it? Are we just rolling faster in the wrong direction?

Mik Kersten (00:40:30):  
Now annoyingly, on the top right of the Flow Framework, I put business results. It actually said, and I agonized over every word in the Flow Framework, but it was business outcomes. For the longest time I said, "Okay, well it's key results, I better make it results because I fundamentally believe in OKRs." But I think it will evolve into outcomes at some point. So-

Felipe Castro (00:40:49):  
Yeah, yeah. Well one of the reasons non-profits use outcomes because results, you can say something, "Oh, this is the deliverable that resulted from our project." Because they can use result in that sense as well, right? This is the result of our work. We shipped this thing. So that's why the results can be misused as well. Everything can be misused, right? So, we need a new language to change the conversation, right?

Mik Kersten (00:41:16):  
This is I think some of the crux of where these things break down in sort of large-scale transformations, again, working [inaudible 00:41:23] in silos ... We've been talking a lot about banks so a CEO of a global bank that I'm working with, he's behind making the organization technology innovative, bringing these new ways of working. He's actually doing just amazing things. I'm amazed that the CEO was involved, because that's how important ... and this is back to Christian Idiodi. He actually mentioned, this was fascinating to me, is that CEOs need to get involved because they're the only ones who can really break



through ways of working. If lines of business are structured in a certain way and there is no chance to create that common cloud platform, whatever is needed, to provide the right technological environment for fast feedback and innovation, that might need to come from the CEO. And the way that budgeting and planning is done might need to come from the CEO.

Mik Kersten (00:42:04):

So this individual actually I think created the right approach, put in place OKRs and then some of the key ideas behind the shift to product, agile, and DevOps principles, and then it's interesting because at that level, at the level of the business and the various lines of business, the outcomes are really clear, the outcomes that they want. Having to do with market share, having to do with great systems of engagement and digital experiences that their users love and their customers love and such. And in this case actually making sure that the business banking helped lift this particular, actually, region out of COVID, because that was a key thing and improve the economy.

Mik Kersten (00:42:43):

So this were just amazing aspirational objectives that were set forth. And then of course I think ... I often see happening and I imagine you often see happen is that when those get translated to that next layer down, of course there are problems without persistent teams and without enough autonomy that next layer down, things get translated into activities. And I've actually personally struggled with this where you've got these three year, these one year objectives, they're very meaningful. You've got very meaningful ways of measuring the outcomes. And then they have, you've got such long feedback cycles. They're such lagging indicators because... You've got some fast indicators like net promoter scores, but revenue, market share, retention, those tend to be lagging indicators.

Mik Kersten (00:43:22):

So in these... and I think you've got such a discipline and rigorous way of thinking about these trees and these cascades and in the end where there's a graph of outcomes that the organization needs to be bought into. Seeing this challenge in terms of turning those business high level ones into sort of actionable outcomes at the various levels of the organization and not falling back into what often happens, which is they get turned into these waterfall road maps, is the bottom line. I see top level OKRs being turned into low level activity road maps. So have you learned how to stop that from happening?

Felipe Castro (00:43:58):

Yeah, sure. That's the old way of working. So, we need to understand that first of all, our brains are wired. Our brains evolved over many years to behave in a certain way. So our brains are wired to think about activities, right?

Mik Kersten (00:44:11):

Mm-hmm.

Felipe Castro (00:44:13):

Our brains are wired to look at the fastest solution about the fastest thing, right? Whenever you see a problem, your instinctive reaction of the vast majority of folks is to say, "Okay, what can we do? Who can do it? What's the due date?" So we start discussing projects right away.

Mik Kersten (00:44:29):

Yep. Mm-hmm.

Felipe Castro (00:44:29):



**Episode 37: Felipe Castro**  
*Episode Transcription*

You've never stopped to discuss what are you trying to achieve here, how we measure if it's successful, et cetera, right? So that's why I love the quote from Ash Maurya, "Love the problem, not your solution. Life is too short to build something nobody wants." So we have to fight our natural tendency to think about activities.

Mik Kersten (00:44:45):  
Mm-hmm.

Felipe Castro (00:44:46):  
That's why outcome planning is so important. And so the first thing we do is to learn to manage separate buckets. So you're going to put your OKRs separately from the activities, right? So the idea is that the objective describes the problem or opportunity you're working on. The results can describe the outcomes you want to achieve, the magical beneficial effects. That's the second bucket. On the third bucket you're going to put your activities. What are our options? What ideas do we have? So we can test different ideas, different hypotheses. So you can think of that as the idea bucket. So if there's one thing that I've learned over all those years is that if you allow people to mix things and oh, I have outcomes and activities together, you end up with a to-do list.

Mik Kersten (00:45:37):  
Yeah.

Felipe Castro (00:45:37):  
Right? You won't improve. So being disciplined in separating them, it's fine. What I tell people is, okay, if in the beginning all you have is projects, Okay, you're saying that I have zero OKRs and you have a big idea bucket. It's better to start that way because it's uncomfortable. Because it forces you to change because hey, I have zero tasks. Yeah, that's kind of the idea because it forces you to start discussing, "Why are we doing this? What are we trying to achieve? What success looks like?" If we succeed with this thing, what would change? So there are several different techniques that we teach people on how to convert existing projects, how to figure out the outcome they want.

Felipe Castro (00:46:20):  
But going back to the enterprise planning, the challenge we have is not only our brains are wired in a certain way, which is not to think about outcomes, but all the business processes that we've been using for 50 years were planned around projects as well, right? If you open the capital expenditure page at Wikipedia, it actually says, "Capital expenditure process is about ranking a series of projects and analyzing the return and actually deciding which project you're going to work on." That's from Wikipedia, telling us how to do budget.

Mik Kersten (00:46:56):  
Yep.

Felipe Castro (00:46:56):  
Right? So that's how core it is.

Mik Kersten (00:46:59):  
Yep.

Felipe Castro (00:47:00):





**Episode 37: Felipe Castro**  
*Episode Transcription*

And if you go, say, how strategy planning is usually taught is executives set a bunch of enterprise goals or enterprise priorities, all those beautiful things they are describing, and then the next step is defining a series of strategic initiatives or projects, right? So usually what happens is at the very top you have outcomes, things like revenue, improving customer satisfaction, retention, whatever. And then suddenly you have something like implement Salesforce CRM.

Mik Kersten (00:47:29):  
Yep.

Felipe Castro (00:47:29):  
Correct? And then delivering that project becomes the goal. And I don't care about making a difference, I care about shipping the thing at the date, at the time, within the budget. People lose purpose. They lose autonomy. And then executives complain, "Why can't we innovate?" Well, because it's structural. So you have to... Even if you're implementing Salesforce, Yeah, okay, what are you trying to achieve with Salesforce? Oh, we want to reduce call handling time at the call center. Okay, so Salesforce [inaudible 00:48:00], right? You can still use Salesforce, but there's a gazillion different ways to implement Salesforce. Using Salesforce is a constraint leaders give to the teams, right? Okay, you'll be using Salesforce. After that, it's up to you.

Mik Kersten (00:48:11):  
Yep.

Felipe Castro (00:48:12):  
Correct? It'll be a Salesforce. Of course you have a budget as a constraint, you have a few constraints, right? But you have the autonomy to achieve the outcome given the constraint, right? Stephen Bungay, the author of an amazing book titled *The Art of Action*, I strongly recommend the book. He told me that the role of a leader is to make decisions only she or he can make. All right? So, we'll be using Salesforce or using whatever else for CRM, that's a decision that has to be taken, right? Ideally, at least at the business unit level, right?

Mik Kersten (00:48:45):  
That still goes in the activity bucket, though, right? Yeah.

Felipe Castro (00:48:50):  
No, we can make decisions about which CRM to use.

Mik Kersten (00:48:51):  
Yeah.

Felipe Castro (00:48:52):  
That's a decision. But the teams, how to implement it-

Mik Kersten (00:48:52):  
Mm-hmm.

Felipe Castro (00:48:55):  
... to achieve it, the output we want, that's up to the teams, right? So the CEO or the CIO, whatever, can choose its Salesforce. But after that, it's up to the teams how can you leverage Salesforce to achieve the outcomes you want, because we have a business case saying that we invest in Salesforce because we



**Episode 37: Felipe Castro**  
*Episode Transcription*

want to achieve those outcomes here. Whatever you put in your business case, that's your OKR. And now the team has the autonomy with the details of implementation around sales. So, one way to explain it because sometimes when you tell people, give teams a problem instead of a solution, people understand that they have 100% autonomy. They can do whatever they want. That is not correct. The idea is that you can have constraints, right? Any organization has constraints, right?

Felipe Castro (00:49:43):

So for example, at Google you can have ... Oh, this team is working on Gmail, so yeah, it has to be Gmail. You're kind of the Gmail product team. You have a second team. Yeah, you're working on what's next after Gmail. New mail app, whatever. And we have another team, hey, what's next after messaging? So they have different levels of freedom. How many degrees of freedom do you have? But it's not about telling everyone at Google, "Do whatever you want." That's not the point. Otherwise you don't have a strategy. You don't have alignment, et cetera. But it's about understanding how many degrees of freedom you have and always letting the specifics up to the teams.

Felipe Castro (00:50:20):

So it can be Salesforce. Salesforce is just a platform we use, just a technology we use. Again, there is a million different ways to implement Salesforce. So Salesforce is a constraint, and you still have to achieve. Those are the outcomes we will be achieving together, right? Another that's useful, remember the story about Thomas Edison, that he tried 100 different ways to make a light bulb?

Mik Kersten (00:50:42):

Mm-hmm.

Felipe Castro (00:50:43):

And, "You failed 100 ways." No, I learned 100 ways that won't work. I'll soon learn the way that will work. That's a great analogy of testing different versions, different iterations of the light bulb, right? So a light bulb is not a solution, because you have the freedom to test 100 different versions of the light bulb. But hey, I need to use something to use electricity to provide light. Yeah, that's a kind of light bulb, right?

Felipe Castro (00:51:08):

But if you have the freedom of testing several different iterations of that, or several different iterations of the cupcake. You're selling cupcakes. I'm not telling you the flavor, the ingredients, the size. I'm just telling, "It's a cupcake." Right? So, you still have several degrees of freedom and autonomy to the teams. Does that make sense?

Mik Kersten (00:51:27):

Completely makes sense, Felipe, and I think I certainly learned this the hard way. I used to over-constrain our product value streams. So I don't know if this is good or bad, but I think that this kind of decision making at the right levels, I will no longer be involved in planning OKRs for any product value stream or any department. Just the company annual and quarterly ones so that they have full autonomy over those and how they drive the company annual and quarterly OKRs.

Felipe Castro (00:51:55):

Yeah, I would adjust that. I would recommend adjusting that because we tend to go the extremes.

Mik Kersten (00:52:00):

Yeah.



**Episode 37: Felipe Castro**  
*Episode Transcription*

Felipe Castro (00:52:01):  
So it's either 100% top-down, 100% bottoms-up. It's a conversation.

Mik Kersten (00:52:05):  
Right.

Felipe Castro (00:52:05):  
Right? So there's a great article on how Slack launched a new product and they have a graph. It's a U-shaped graph of the amount of time that the CEO spent with the team, right? So in the beginning, setting the vision, discussing the OKRs, discussing what you're trying to achieve, very high, lots of time from the CEO. Then it drops to almost to zero-

Mik Kersten (00:52:25):  
Yep.

Felipe Castro (00:52:25):  
And at the end, checking the quality, mainly discussing, auditing, right? So you set the vision, right? Agree on what we're trying to achieve. They have the autonomy on the how, and at the end you come back and say, "Yeah, did it work? Let me see it. Let me test it, let me ... " So ensure quality, ensure that the experience makes sense. So that's a great analogy, a great explanation.

Felipe Castro (00:52:49):  
One of the leadership principles of Amazon is that leaders, they audit the details. I don't kind of like that they audit, but the idea is that they understand what's going on and they challenge the teams, right? The teams have a high degree of agency and autonomy, but it's about the leadership to challenge them and ask questions.

Mik Kersten (00:53:07):  
Yep.

Felipe Castro (00:53:11):  
Right? Think about the Socratic method, right? You're asking questions and you're helping them learn and develop. The thing is, you have to adjust your style of leadership to how ready the teams are, the level of readiness from the teams and the fluency they have, right? Andy Grove, former CEO of Intel and the father of OKR, he called it ... you have to be depending on the context, right? So for example, if you have a marketing executive that's very senior, understand everything on how to market Tasktop, yeah, go ahead. But now if you hired a marketing executive from another company that never worked with Tasktop before, or have never work your workspace before, she may know a lot about marketing, but she doesn't know a lot about your space or your product.

Mik Kersten (00:53:58):  
Yeah.

Felipe Castro (00:53:58):  
So even a very senior exec may need coaching in the beginning, because in that context, she's not ready, right? So you have to adjust your leadership style to the context of each team. So, I'm sure if you have several product teams, you have a team that you know, hey, with a five-minute explanation they'll just do the right thing. And you have another team that unless I talk to them like every day, they're going to mess



up because they're learning, right? So, I like to explain it like ... let's say you have a two-year-old, a 10 year old, and an 18 year old. Yeah, you kind of know where the degrees of freedom that you can give each one, right? But it depends on the context, right? So, it's not about not being there, it's about asking questions, setting the stage, and adjusting to what they need from you.

Mik Kersten (00:54:49):

Yeah, Felipe, I think that's such great guidance because I certainly see this, you've got these different product value streams, each with this sort of different amount of learning that's needed, a different amount of experience within the organization in the market and the rest, and I actually find that Dave Snowden, he'll be an upcoming guest on the podcast. Cynefin is just amazing for this, right? Because if you've got highly complex or chaotic parts of your organization, they might need that or bringing new and highly uncertain things to market, you're saying, "Adjust your planning, your inspection and creation."

Mik Kersten (00:55:20):

I guess the thing is I've always been trying to lean away from helping teams create the OKRs, but of course, the inspection is an amazing thing about them, because you've got this very good cadence. But you're saying there are those cases where being more collaborative and more involved for even senior leaders on things that might require faster sense-making and more uncertainty is reasonable.

Felipe Castro (00:55:41):

Yeah, definitely so going back to checking the quality, for example, right? Gibson Biddle used to be a VP of Product at Netflix. He tells an amazing story about Netflix. He was a new product executive at Netflix. And Reed Hastings, the CEO, he would go in the product and send emails, "Hey, I was checking in, I tried to do this and it was kind of weird." Because he was kind of checking, right? And he was at the same time teaching Gibs how to lead, right? Because, hey, this is like auditing the details. So, being concerned and being down there with, right? The checking and teaching folks, this is important. It's not about 'do whatever you want', but of course over time, you adapt your style but always checking the details and is this what we care about? Is this important, right?

Felipe Castro (00:56:36):

And again, Andy Grove, "Delegation is not abdication."

Mik Kersten (00:56:41):

Right.

Felipe Castro (00:56:41):

To delegate is not to abdicate. So, it's still on you. So, you're still the CEO. It's about adjusting your leadership style. Netflix calls it leading with intent, not control. So, the idea of intent-based leadership, but also includes checking, "Hey, how did it go? Let me check. Let's check the details." Right? That's important as well because a big part of the role as a leader is to develop your team, that's probably priority number one, right? So simply, "Hey," the let it go approach, that's not the point. It's understanding what to do, what not to do and creating a safe environment where people can ask questions and try different things. But again, being able to challenge the team in a positive way, all right? And asking, "Can you explain me the rationale behind that, because... "

Felipe Castro (00:57:38):

An example, real example. I was working with another bank, but this bank is actually doing a great job and the team was doing their OKR tracking, so they're doing that every week, tracking. And the director



**Episode 37: Felipe Castro**  
*Episode Transcription*

was attending that tracking, right? And then they were showing the numbers and they were comparing the customer service by the bot. There's a bot where it tracks, etc.

Mik Kersten (00:58:02):  
Mm-hmm.

Felipe Castro (00:58:02):  
And they were measuring the percentage of customer requests that were solved by the bot, right? That's one key result, and the other one is the percentage of requests that were solved by a human in the first attempt. And she looked at the data set, the data is showing that the bot solved more things than the human? That data is wrong. And then the team was like, "What?" And they looked ... Oh yeah, the data's wrong. Definitely wrong, because that's impossible, right? Our technology is not that good yet. So that's the type of thing that a leader needs to do. Hey, this number doesn't make sense. Or challenge, "Why did you choose that metric? Why not another metric?" Asking questions, leading with questions. It's very important and it's hard. It's a huge shift on how we lead, on how we manage, but that's how you get the full potential of your team, right? That's how you allow people to flourish, allow people to actually deliver extraordinary results. So it requires a major transformation.

Felipe Castro (00:59:08):  
With my team, I struggle with the same things as everyone else because sometimes you want to say things in 30 seconds and sorry, that was not clear, and have to take the time to write things. And then as I start writing like the briefing, let's discuss what we're trying to achieve. As I start to write say, "Hey, I haven't thought about that. Hm, it's a lot of details I haven't thought about so there's no way they could do that alone, right? Because we haven't agreed on what we're trying to achieve. So it's a huge shift, requires us to unlearn lots of lots things, but it's extremely powerful, right? And it's a journey that every quarter you can improve, there's a step change every quarter, right?"

Mik Kersten (00:59:48):  
Mm-hmm.

Felipe Castro (00:59:49):  
People that are actually dedicated to doing that, every quarter gets better and better and better and better. The thing is, know what you're getting to. Understand the change you're trying to make and never lose sight of that. And just keep doing that, you'll see the benefits right away.

Mik Kersten (01:00:07):  
That's awesome, Felipe, that's such amazing guidance. And I think that was an amazing conclusion to this as well. So any closing thoughts?

Felipe Castro (01:00:15):  
Yeah, we didn't talk about the bad advice we have online. We can just link to the article-

Mik Kersten (01:00:21):  
Yes.

Felipe Castro (01:00:21):  
... there are many articles about that, because the very important about understanding what you're trying to achieve, why focusing on outcomes is so important, then actually... As long as people understand there's a lot of bad advice online and it's not about OKR, it's allowing people to shift from projects to



**Episode 37: Felipe Castro**  
*Episode Transcription*

outcomes, and OKRs [inaudible 01:00:42] for doing that, I think that's the most important message. And then if you realize that, yeah, you can see that this advice doesn't make sense because this is clearly an activity or that other thing here, it is not measurable ... So, I think that's the most important message.

Mik Kersten (01:01:01):

Excellent. Thank you so much, Felipe. We'll link all those materials and I highly encourage people to read them because I had about 18 more questions for Felipe that we did not get to, so maybe on another podcast. But for now, Google for Felipe Castro, check out these links and thank you so much, Felipe, that was amazing.

Felipe Castro (01:01:18):

Thanks for having me. It was great.

Mik Kersten (01:01:25):

A huge thank you to Felipe for joining me on this episode. For more, follow me and my journey on LinkedIn, Twitter or you're using the hashtags, #MikPlusOne or #ProjectToProduct. You can reach out to Felipe on Twitter @meetfelipe via LinkedIn or you can check out his website [felipecastro.com](http://felipecastro.com).

Mik Kersten (01:01:41):

I have a new episode every two weeks, so hit subscribe to join us again. You can also search for 'Project to Product' to get the book and remember that all author proceeds go to supporting women and minorities in technology. Thanks, and until next time.