



Reading: North star metrics

So far, you have been learning about how BI professionals choose the right metrics to measure the success of their projects. BI professionals also use another specific kind of metric to measure the long-term success of the entire business or team; this metric is often referred to as a north star metric. In this reading, you will learn more about north star metrics, how BI professionals choose them, and how they can help a business's growth over time.

The guiding star

A company's north star metric goes beyond short-term goals– it's intended to capture the core measurable value of a business's product or services over its entire lifetime. These metrics are a guiding light that drive a business forward. That's why it's called a north star metric– like the north star can be used to navigate the wilderness, these metrics can be used to navigate business decisions and lead a business to growth.

Having this metric as the guiding light for the entire business is useful in three primary ways:

1. **Cross-team alignment:** Different teams have different specialties and focuses that help a business function. They aren't always working on the same projects or with the same metrics, which can make it difficult to align across the entire business. A north star metric allows all of the teams to have a consistent goal to focus on, even as they work on different things.
2. **Tracking growth:** It can be difficult to understand and track the growth of an entire organization over time without understanding the driving metrics that determine growth. A north star metric provides a long-term measurable data point that stakeholders can focus on when discussing overall performance and growth in a business.
3. **Focusing values:** A north star metric is primarily a guiding principle for a business– it determines what is important to the organization and stakeholders. This means that choosing the right metric to guide a business can help keep the values in check– whether that's customer satisfaction, number of customers completing the sales cycle, or customer retention.

Choosing a north star metric

Because north star metrics are so key to a business's ongoing success, choosing the right metric is a foundational part of a business intelligence strategy. The north star metric has to measure the most essential part or mission of the business. And because every business is different, every business's north star metric is going to be unique. In order to determine what the most useful north star metric might be, there are a few questions you can ask:

- What is essential to this business's processes?
- What are the most important KPIs being measured?

- Out of those KPIs, what captures all of the necessary information about this business?
- How can the other metrics be structured around that primary metric?

Real north star metrics

Because more businesses have begun using north star metrics to guide their business strategies, there are a lot of examples of north star metrics in different industries:

- E-commerce:
 - Weekly number of customers completing the sales cycle
 - Value of daily purchases
- Social media:
 - Number of daily active users
 - Messages sent per day
- Streaming and media services:
 - Number of new sign-ups
 - Total reading time
 - Total watching time
 - Monthly subscription revenue
- Hospitality:
 - Number of nights booked
 - Number of repeat customers

These are just a few examples– there are a lot of potential north star metrics for businesses to choose from across a variety of industries, from tech to finance!

Key takeaways

As a BI professional, one of your responsibilities will be to empower stakeholders to make business decisions that will promote growth and success over the long term. North star metrics are a great way to measure and guide a business into the future because they allow you to actually measure the success of the entire business, align teams with a single goal, and keep the business's values at the forefront of their strategy.
