

Creathorn's Law™

Shaping Behaviour To Achieve Success



Why Metrics Fail

The Category Error In Metrics

- ▶ Organisations often assume measuring the goal drives the goal.
- ▶ Measurement alone does not guide action.
- ▶ Metrics may cover only part of what drives the goal.
- ▶ Metrics are often chosen for convenience or familiarity.

Result

*Limited impact on outcomes,
sometimes actively counterproductive*



Metrics Shape Behaviour

- ▶ Metrics define how performance is evaluated.
- ▶ People adjust behaviour to improve measured performance.
- ▶ Optimisation occurs against the metric, not necessarily the underlying goal.



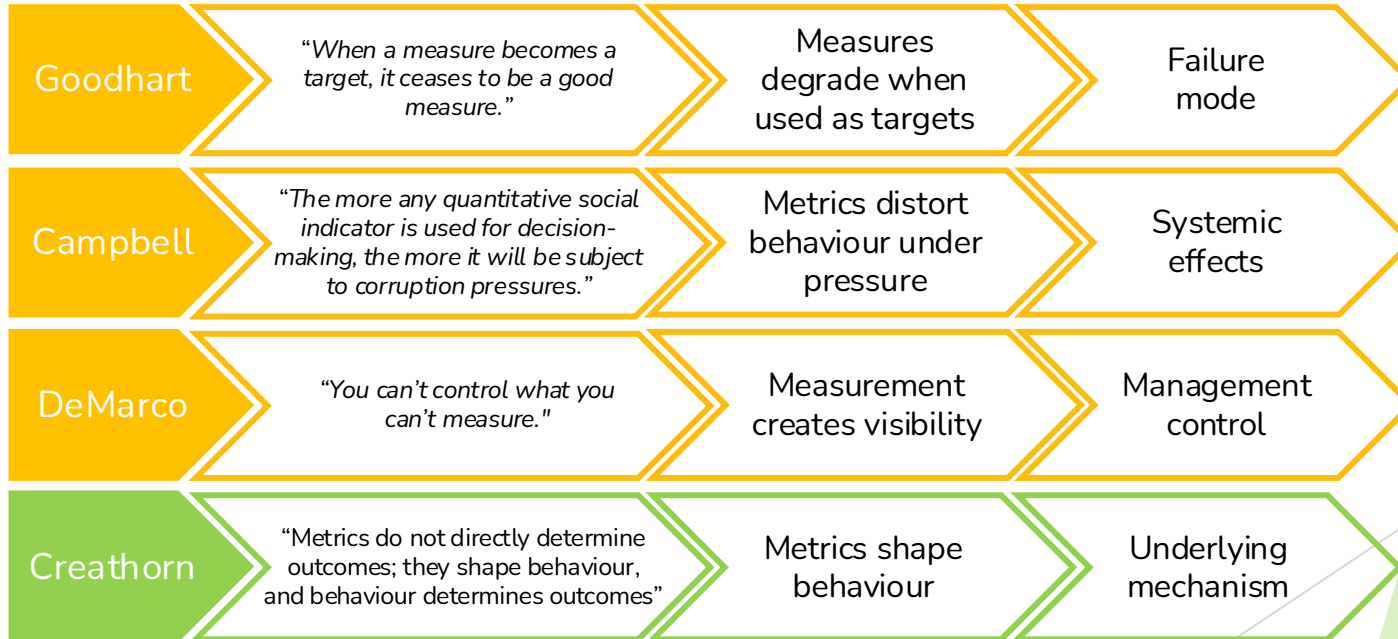
Creathorn's Law™

“Metrics do not directly determine outcomes; they shape **behaviour**, and behaviour determines outcomes”

- ▶ Metrics influence outcomes indirectly.
- ▶ Behaviour is the primary causal pathway.



Relation to Existing Metric Laws



Example: Sales Metrics

Business Growth and Salary Bonus

Revenue-only Metric

- ▶ Metric
 - ▶ Revenue
- ▶ Behaviour:
 - ▶ Maximise sales volume
 - ▶ Discounting
 - ▶ Short-term focus
- ▶ Outcome
 - ▶ Margin ↓
 - ▶ Long-term value ↓

Behaviour-aligned Metric

- ▶ Metric
 - ▶ Revenue + Margin
- ▶ Behaviour
 - ▶ Balanced decisions
 - ▶ Value-based sales
 - ▶ Long-term focus
- ▶ Outcome
 - ▶ Sustainable performance
 - ▶ Long-term value ↑



Implications for Metric Design

- ▶ Metrics function as behavioural signals.
- ▶ Identify desired behaviours before defining metrics.
- ▶ Map behaviour-to-outcome pathways.
- ▶ Misaligned metrics produce unintended behavioural optimisation.
- ▶ Creathorn's Law guides how to select and structure metrics before implementation



Define Metrics To Drive Successful Behaviour

→ Learn how with the Performance Metric Framework™
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