

60 minutes to better Product Metrics



Kylie Castellaw | Maryam Aidini

Agenda

Actionable metrics

Why actionable
matters and how to
define better
metrics

Problem/Solution fit

How to measure
success when
defining a product
+ case study

Product/Market fit

When fine-tuning a
product offering,
which metrics matter
+ case study

Product scaling metrics

Measuring product
success over time +
case study

Class poll

What area do you work in?

- A. Product management/strategy
- B. Design/Customer experience
- C. Software Dev and/or testing
- D. Portfolio management/company strategy
- E. Leadership/management of teams
- F. Other: _____

Actionable Metrics

Why?

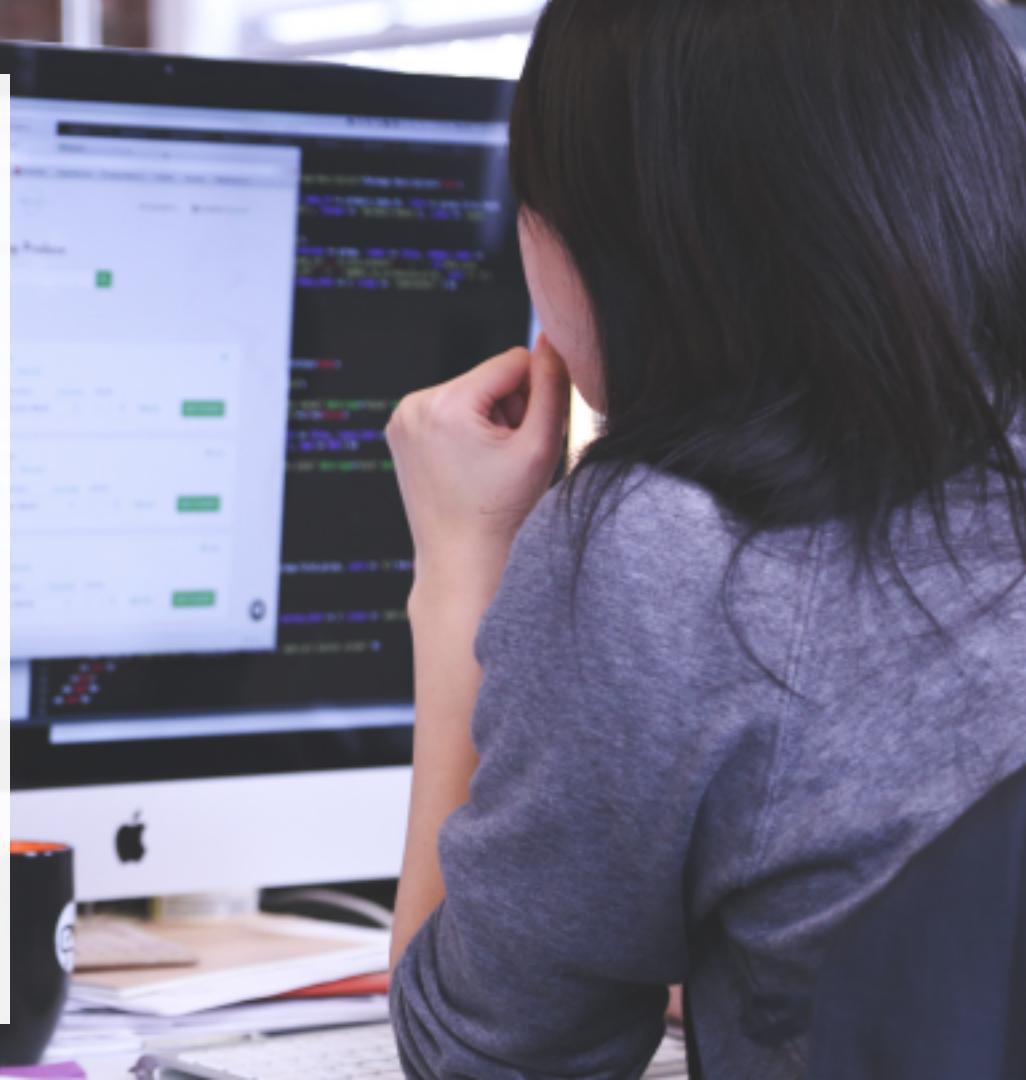
How?

What are Metrics?

Metrics are simply a set of numbers that give information about a product/process or an activity.

Better product metrics help:

- Focus on the right thing
- Measure and celebrate success
- Make decisions
- Prioritize features and work



What makes a better metric?

- Easy to understand by everyone
- Measurable
- Comparative
- Actionable

$$E = MCA$$



What are Actionable Metrics?

Whereas **vanity metrics** solely make you feel good, **actionable metrics** affect positive product change. Actionable metrics are especially useful to make decisions and move forward with a product within an organization.

Making a metric actionable:

- Create a simple metrics **action plan** proposal:
 - What is a high value for this metric? If it comes back above that, what should you do?
 - What is a low value for this metric? If it comes back below that point, what should you do?
- Shop the plan around to receive **buy in** and agreement on actions that should be taken.



Example: Making a metric actionable

- **Metric:** Return customers month over month
- **Plan If below X:** run experimentation sprints to try new features to drive repeat engagement
- **Plan if between X and Y:** implement the next feature in our roadmap as quickly as possible
- **Plan if above Y:** double down on our current repeat engagement strategy, and switch focus to acquiring new customers



Ways you might take action

- Reprioritize features
- Sign off on roadmap
- Request funding
- Spin up new team
- Change support model
- Try new business model
- Hold brainstorm
- Escalate to leadership
- Kick off user research
- Root cause analysis
- Run a spike
- Renegotiate SLAs
- Architecture shift
- Have a party



Class activity

Vanity metrics vs. Actionable metrics

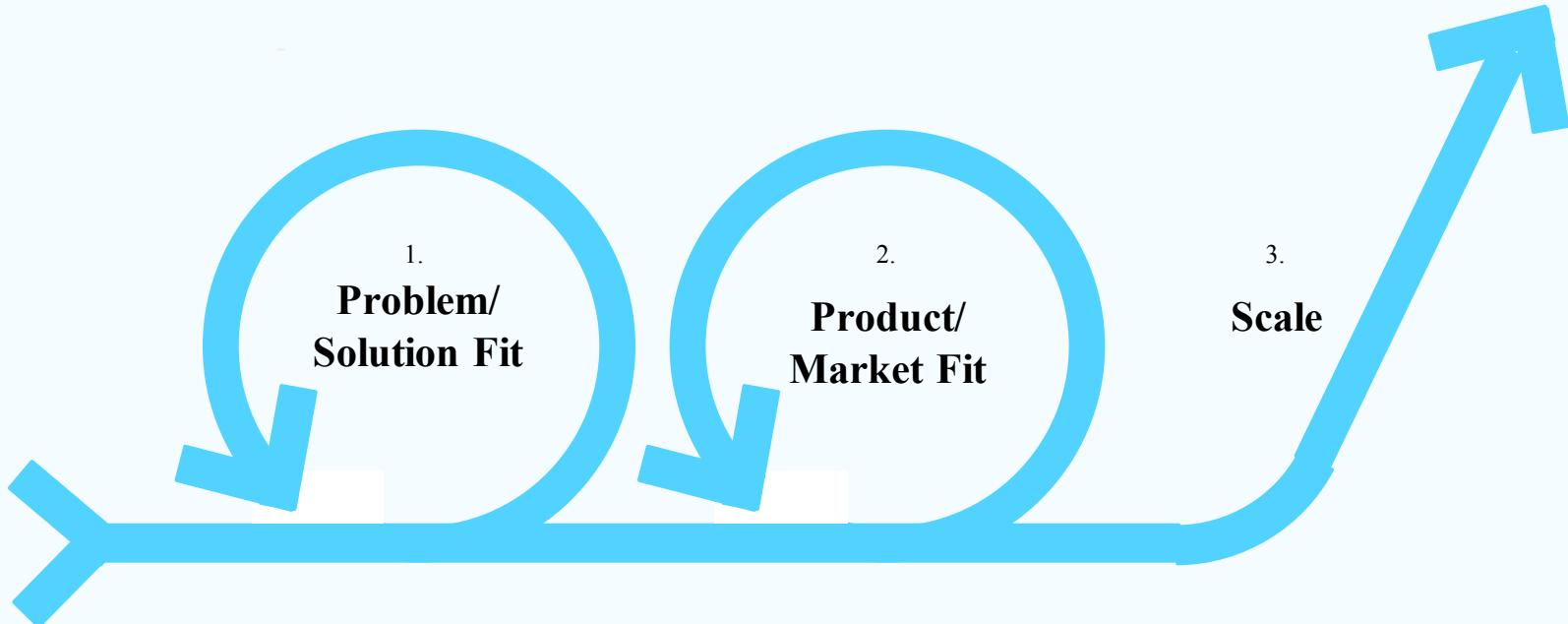
Think about your current product/project. What metrics do you currently track? Which of those are solely to make people feel good? Which of those have aligned action plans in place (are actionable)?

Actionable Metrics

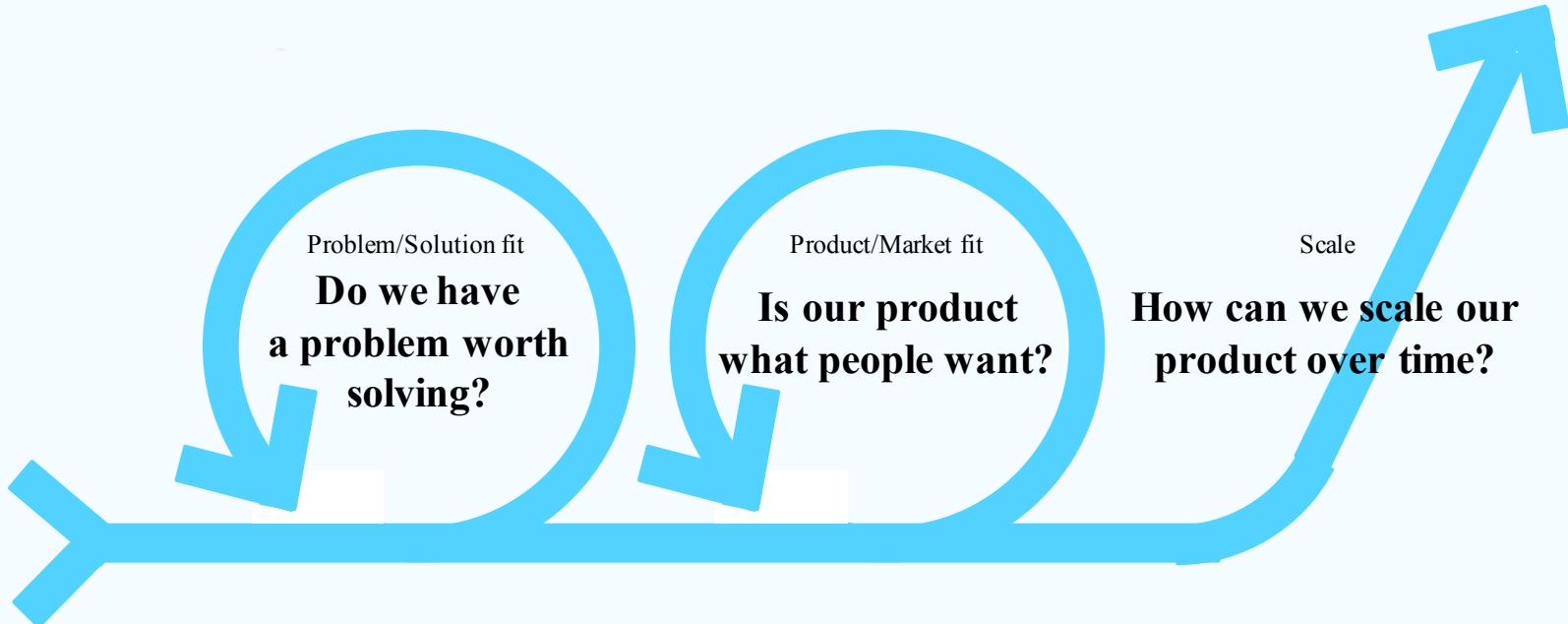
Why?

How?

Project/Product lifecycle



Project/Product lifecycle

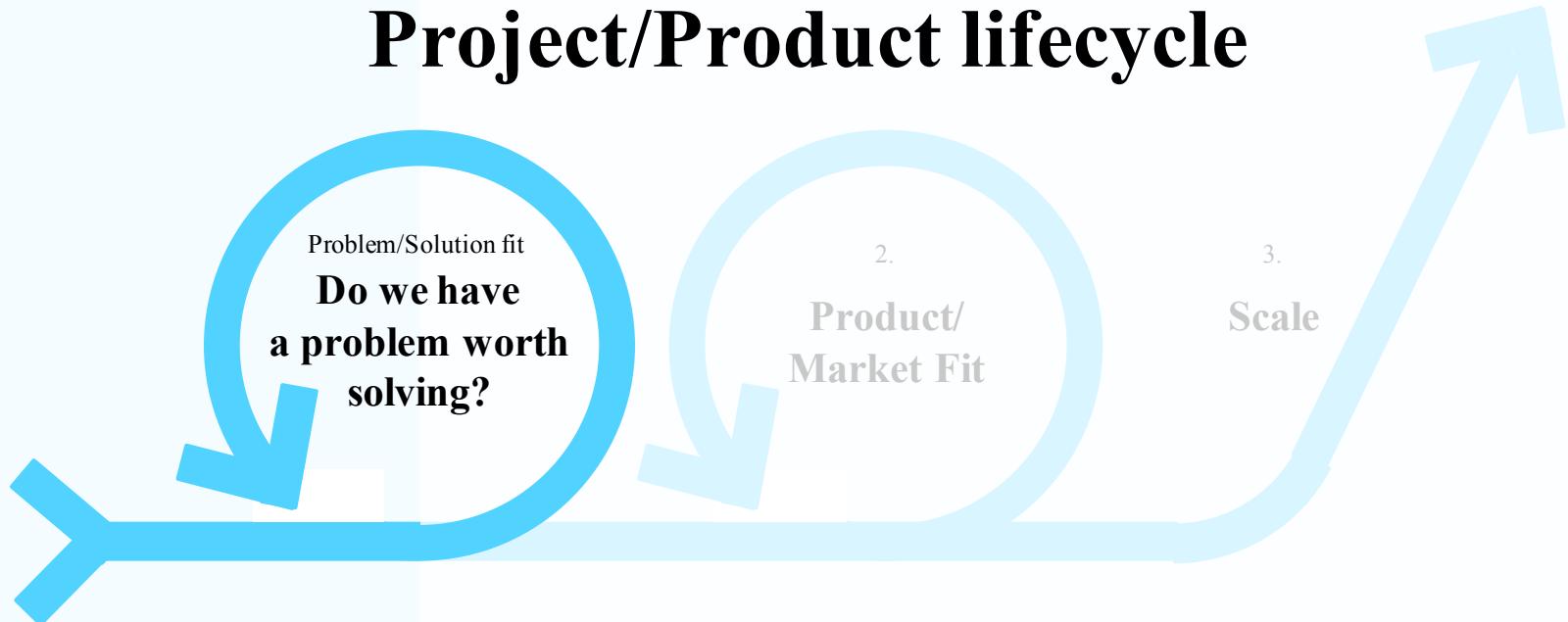


Problem/Solution fit metrics

What and how to measure

Case Study

Project/Product lifecycle



Metrics types

Problem/Solution Fit

- **Feasibility:** Could we even build a product like this?
- **Viability:** How impactful would the product be in solving the problem?
- **Desirability:** Would customers want to use this product?



Ways to measure

Problem/Solution Fit

- **Feasibility:**
 - Financial calculations
 - Capability mapping
 - Tech spikes
- **Viability:**
 - Prototype testing with behavioral observations
 - Rough business value projections
- **Desirability:**
 - Customer surveys, interviews, observation using prototype



Potential actions

Problem/Solution Fit

- Request funding to build the MVP
- Kick off more user research to understand
- Pivot to tweak your value proposition, product, or roadmap
- Stop working on this initiative and focus on a new one



Problem/Solution Fit Metrics

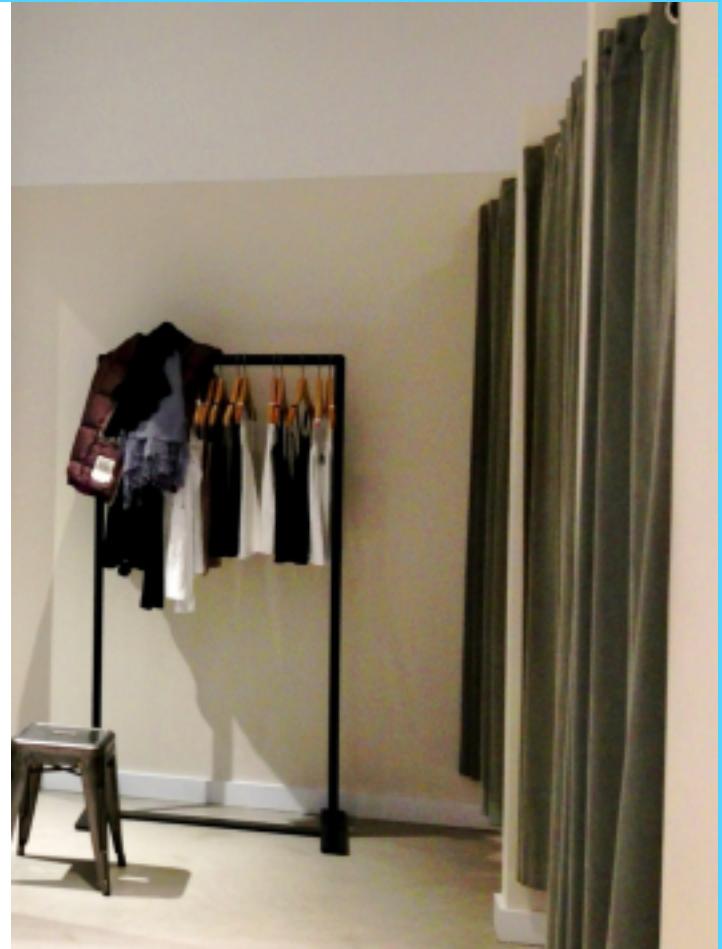
Case study: Retailer



Problem/Solution Fit Metrics

Feasibility

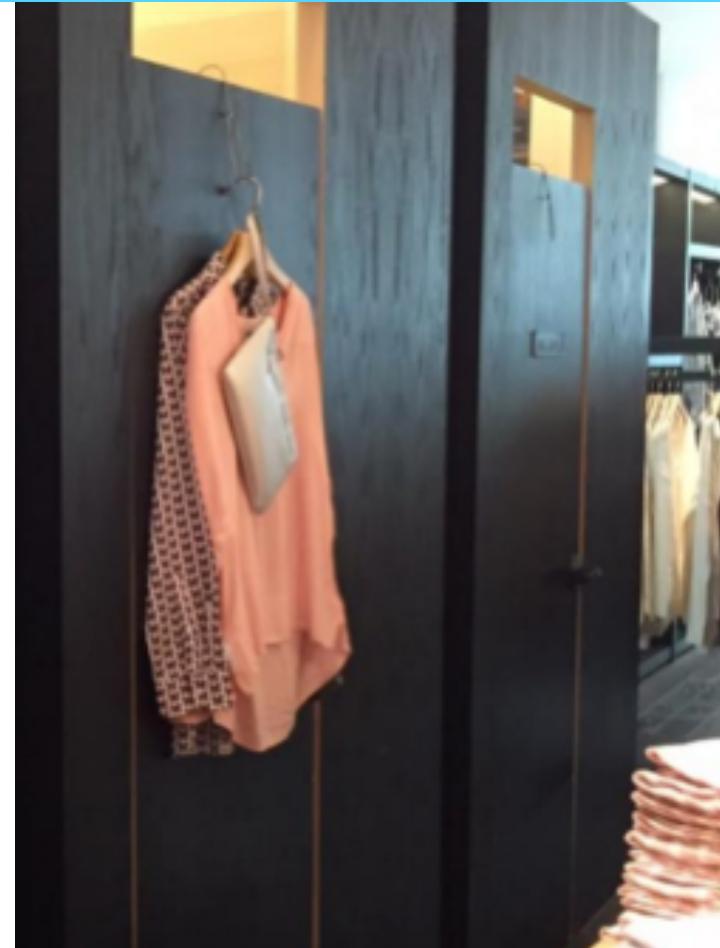
- **Metric:** Cost to implement hardware rollout
- **Way measured:** Quick calculations
- **Learned:** VERY expensive. We'd need the solution to be incredibly impactful to justify the investment.
- **Action:** Move on to learning about Viability.



Problem/Solution Fit Metrics

Viability

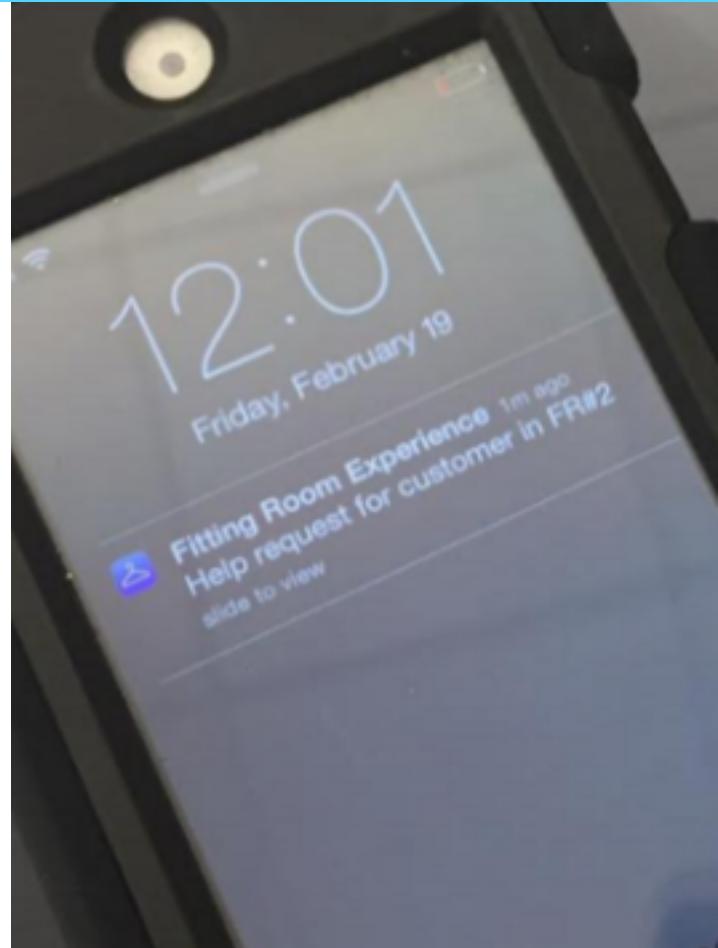
- **Metric:** Purchases using service vs. not
- **Way measured:** Observation
- **Learned:** The service increases fitting room purchasers by a substantial amount!
- **Action:** Move on to learning about Desirability of a technical solution.



Problem/Solution Fit Metrics

Desirability

- **Metric:** Purchases using digital solution vs. not
- **Way measured:** Prototype analytics + observation
- **Learned:** Customers weren't thrilled about the technology in the fitting room and were less likely to use it than to ask for help (no purchase increase).
- **Action:** Move on to learning about another idea in the funnel.

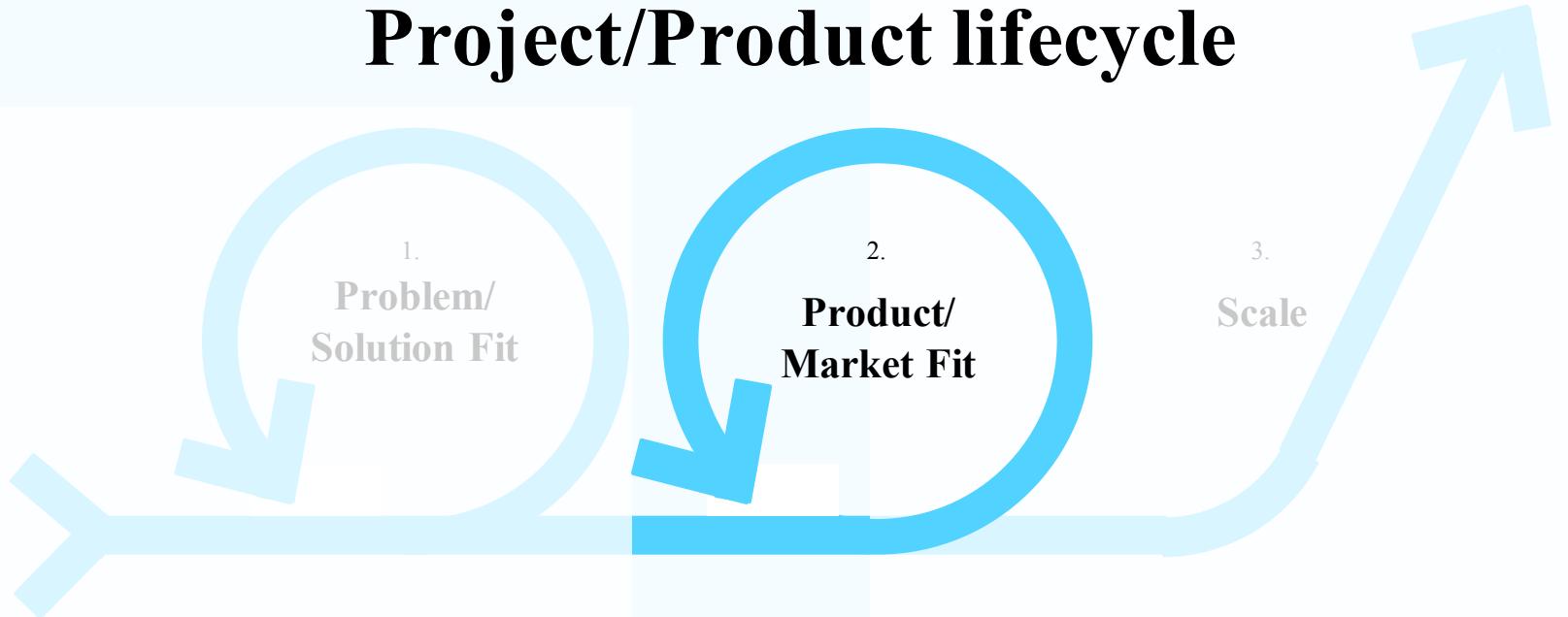


Product/Market fit metrics

What and how to measure

Case Study

Project/Product lifecycle



Building the MVP

Product/Market Fit

- Barebone version of the product that focuses on the sole core value delivered by the product
- Early adopters as users
- Measure usability



Metrics types

Product/Market Fit

- **Findability:** How do new ideal customers find your product?
- **Usability:** How easy is your product to use?
- **Loveability:** How sad would customers be if product disappeared?



Ways to measure

Product/Market Fit

- **Findability:**
 - Competitive audience analysis
 - Marketing strategy tests
- **Usability:**
 - Usability testing
 - Information architecture tests
- **Loveability:**
 - Customer surveys, interviews



Potential actions

Product/Market Fit

- Target a slightly different audience
- Pivot or double down on advertising strategy
- Plan for SEO enhancements
- Information architecture changes to aid content discoverability
- Design shifts to improve usability
- Feature exploration to cement wowing value proposition



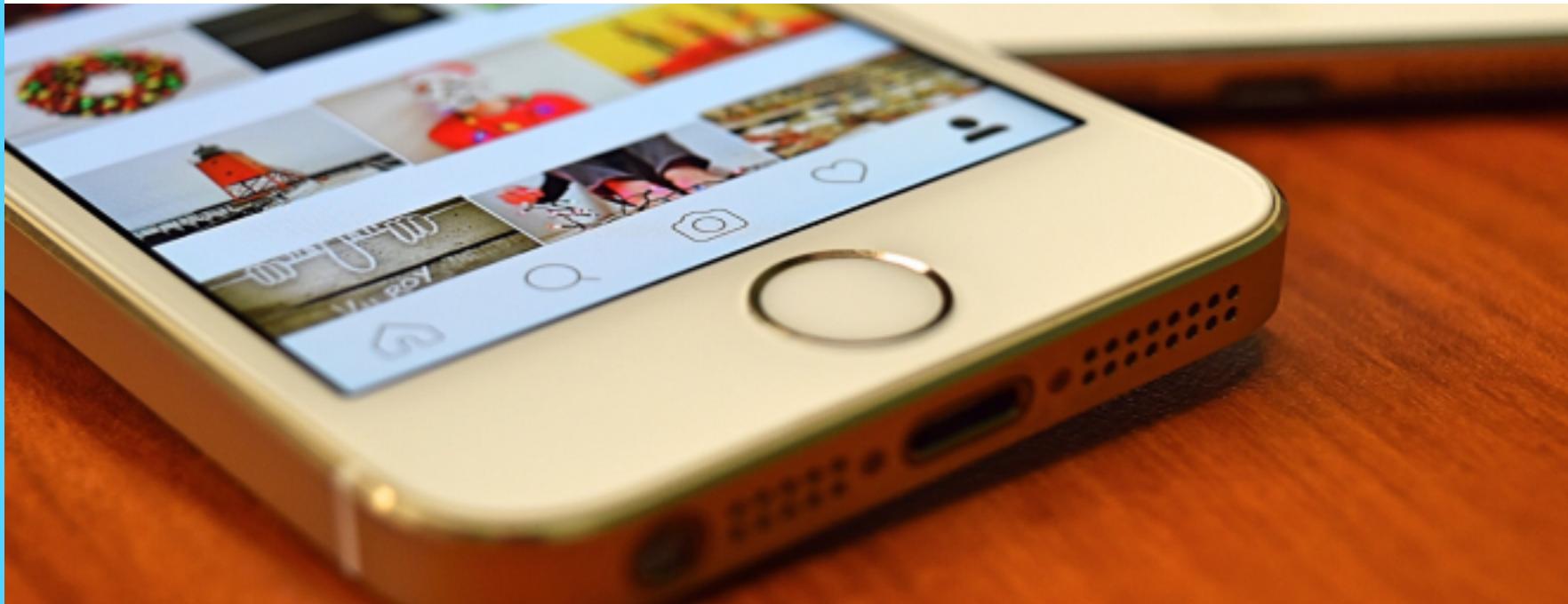
Problem/Solution fit Sample Metric

Product/Market fit Loveability Survey

- 1. How would you feel if you could no longer use our product?
 - A) Very disappointed
 - B) Somewhat disappointed
 - C) Not disappointed

Product/Market Fit Metrics

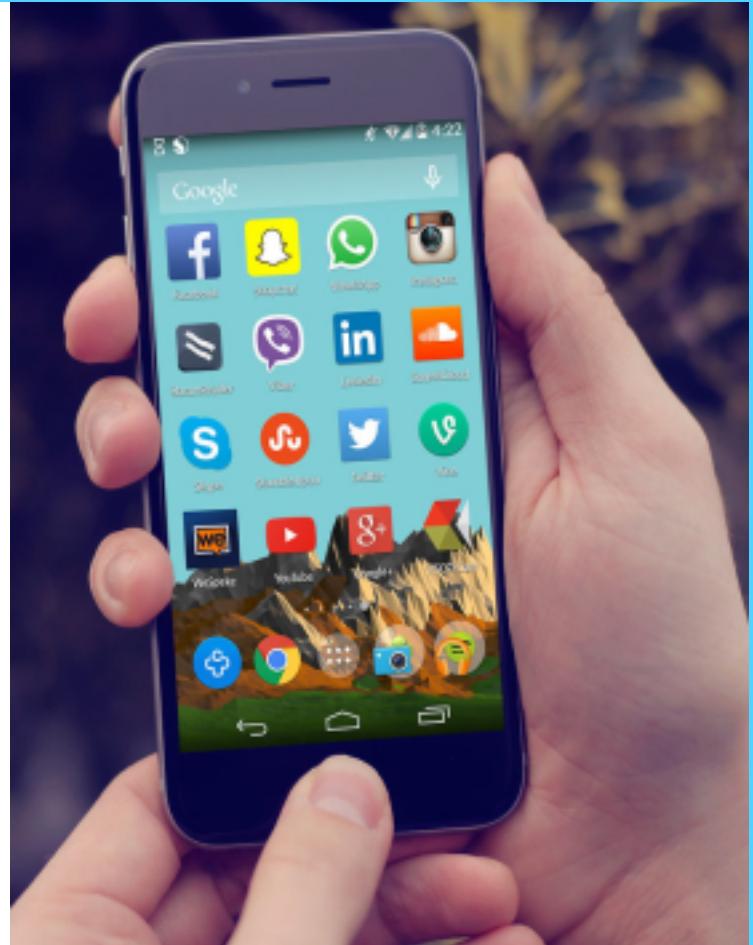
Case study: Instagram



Product/Market Fit Metrics

Loveability and Usability

- **Metric:** Feature usage
- **Way measured:** Analytics and surveys
- **Learned:** Value proposition needed to change
- **Action:** Pivot to a new value proposition and measure again

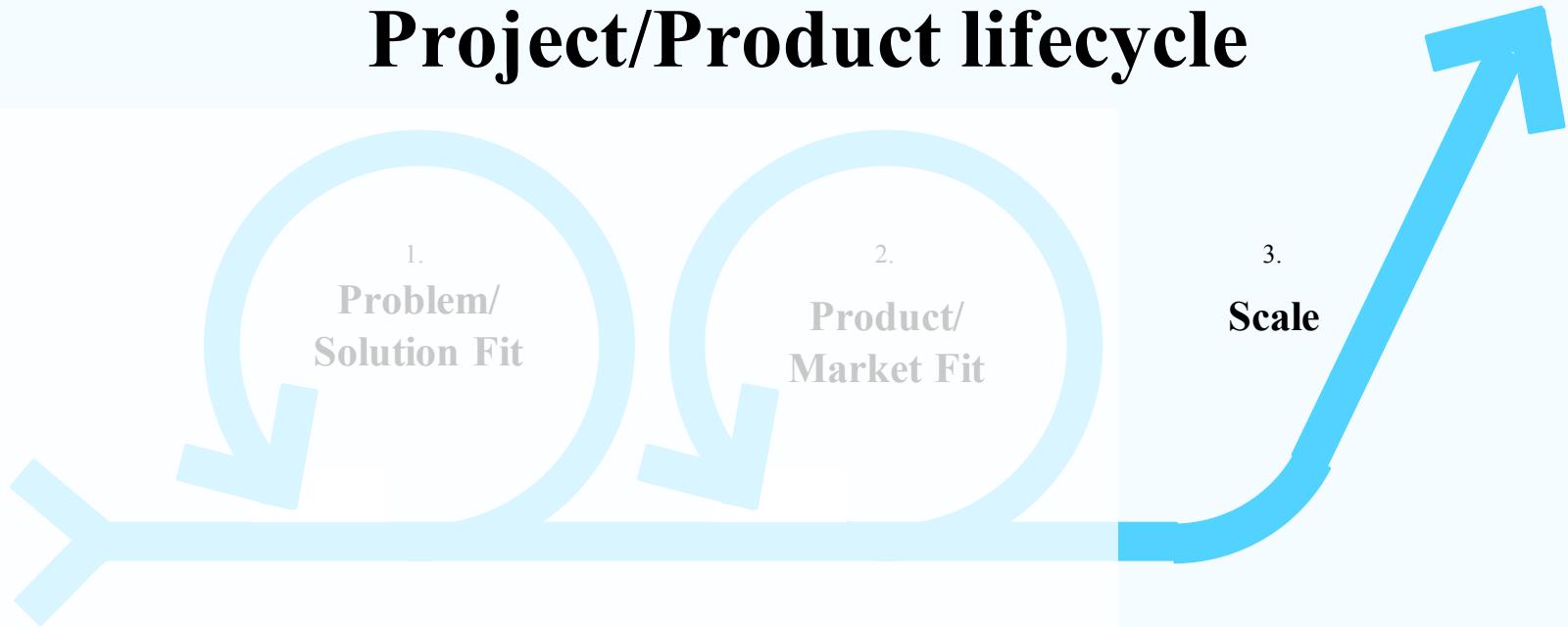


Product scaling metrics

What and how to measure

Case Study

Project/Product lifecycle



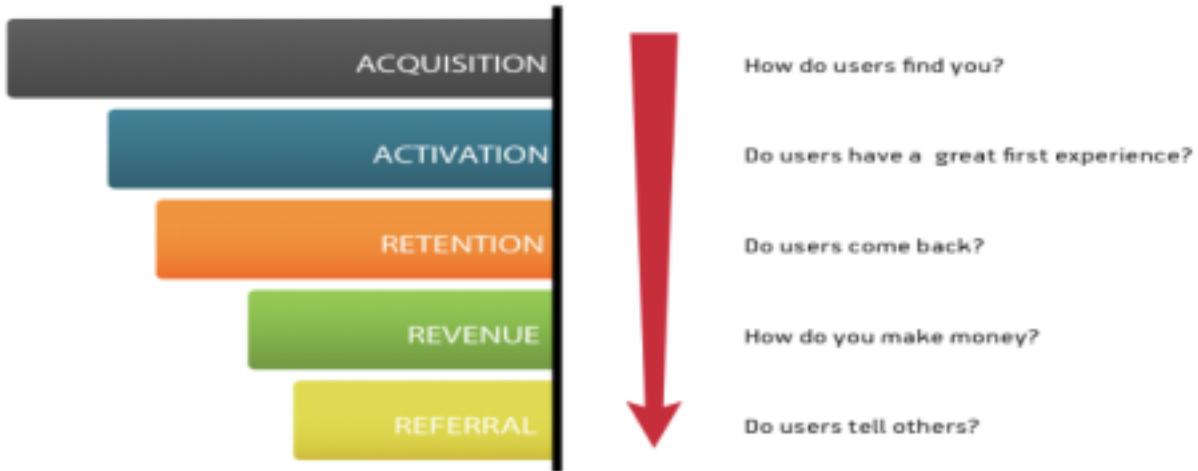
Metrics types

Scaling Phase

- **Customer:** are our users returning, engaged, and spreading the word?
- **Business:** is our product financially sustainable and meeting objectives?
- **Technology:** Is our product as secure, resilient, and performant as it needs to be?



Customer Metrics - Pirate metrics



Business Scale Metrics

- Sales revenue
- Cost of customer acquisition
- Referrals per customer
- Net promoter score
- New customers per day
- Monthly traffic website
- App downloads per week
- Lead to customer conversion rate

Ways to measure

Scaling Phase

- **Customer:**
 - Customer reviews or surveys
 - Marketing strategy tests
 - Google Analytics
 - A/B testing
- **Business:**
 - Marketing campaign analytics
 - Sales data
- **Technology:**
 - Performance measures
 - Scalability assessment



Potential actions

Scaling Phase

- Reprioritize features in the roadmap
- Change the support model
- Consider user research to identify ‘why’ behind analytics
- Pivot to alter the design
- Run a spike to investigate ways to optimize
- Have a party!



Scaling Phase Metrics

Case study: Recipe Boxes



Scaling Phase Metrics

Customer

- **Metric:** Number of orders per week
- **Way measured:** Sales data
- **Learned:** Impact of each initiative
- **Action:** introduced store pick up feature



Scaling Phase Metrics

Business

- **Metric:** Profit per box
- **Way measured:** Operational cost analysis
- **Learned:** More recipes in the box will decrease the operational cost and increase the profit
- **Action:** Implemented 4 people box



Icing on the cake

Choosing the One Metric that
Matters

Team metrics

One Metric That Matters

Answers the most
important questions

Bring focus to the team
and the business

Allow the team to learn

Don't forget Team metrics

- Product/feature Lead Time (“idea to cash”)
- Product/feature quality (e.g. defect rate, test coverage)
- Deployment Frequency
- Team morale (internal surveys)
- Stakeholder satisfaction

Class activity

Define the One Metric that Matters.

Think about your current product/project and consider the metrics you've jotted down. Based on the most important questions to answer, what is the top metric that could *bring the most focus to the team/business and allow the team to learn?* How can you measure it?

Bonus class activity

Making it actionable

Given the metric you selected, what threshold would you set as too low? If it came back too low what action would you recommend? What threshold would you set for success? If it came back in that range what should be done?

Further references



Books:

- Lean Analytics: <http://amzn.to/2gu7oG5>
- Lean Experimentation in Action: <http://amzn.to/2ysbYLZ>
- The Lean Startup: <http://amzn.to/2ysbYLZ>
- Running Lean: <http://amzn.to/2w7X5Ok>
- Sprint: <http://amzn.to/2yzU3md>

Other reading materials:

- To agility and beyond: The history—and legacy—of agile development: <http://bit.ly/2zA9oBE>

Q & A

One last
thing:
Feedback!

Thank You



Kylie Castellaw | Maryam Aidini
[@kyliecastellaw](https://twitter.com/kyliecastellaw) [@maryammon](https://twitter.com/maryammon) 

kylie@lean-experimentation.com maryam@lean-experimentation.com

www.lean-experimentation.com