6 – Metrics and Goal Setting.

Speck Product Academy 2024

Speck.

Overview

➔ Introduction

➔ SMART goals

➔ Objectives and Key Results (OKRs), Key Performance Indicators, North Star metrics

➔ Product metrics

➔ Group project

Speck.

Introduction

1

Why metrics and goal setting?

➜ **Focus and direction**

◆ Clear direction for product development, helping ensure that the team is aligned with the business objectives

➜ **Performance measurement**

◆ Success of a product (user engagement, profitability, market penetration) or a team (performance reviews)

➜ **Decision making**

◆ Help in making informed decisions

➜ **Motivation and accountability**

➜ **Continuous improvement**

◆ Regular evaluation

Speck.

SMART goals

SMART goals

Setting SMART goals

Specific

The goal is concrete and tangible - everyone knows what it looks like.

Measurable

The goal has an objective measure of success that everyone can understand.

Attainable

The goal is challenging, but should be achievable with the resources available.

Relevant

The goal meaningfully contributes to larger objectives like the overall mission.

Timely

This goal has a deadline or, better yet, a timeline of progress milestones.

Speck.

SMART vs. non-SMART goals

➔ **Non-SMART goals**

 ◆ I will become a better cyclist

 ◆ We will improve our app based on users' feedback

 ◆ We will be the company with the highest revenue in the world in 2024

➔ **SMART goals**

 ◆ I will increase my average speed by 20% by December 31 2024, by training four times a week and participating in at least two cycling competitions.

 ◆ We will enhance our app's user interface by the end of Q2 2024, by addressing the top five user complaints identified through feedback surveys conducted in the first month of Q2

 ◆ We aim to increase our annual revenue by 25% by the end of 2024 through launching two new product lines with an expected amount of X users and a revenue of Y EUR per user
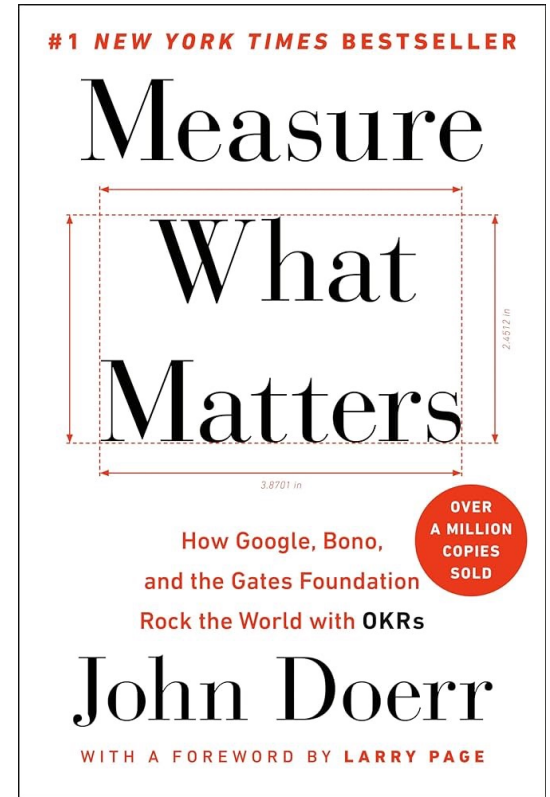
Speck.

OKRs

Objective and Key Results (OKRs)

➔ **Objective:** What you aim to achieve (ambitious and inspirational, but realistic)

➔ **Key Results:** Measurable outcomes that monitor progress towards the objective

◆ All Key Results together fulfill the Objective

➔ **Purpose:** Alignment of the team, criteria to know when the objective is fulfilled

Speck.

Objective and Key Results (OKRs) - examples

➔ **Objective:** Become the leader in the Croatian mobile gaming market by the end of 2024

   ◆ **Key Result 1:** Achieve 40 million EUR in revenue from mobile gaming

   ◆ **Key Results 2:** Increase daily active users (DAU) to 1.5 million

   ◆ **Key Results 3:** Achieve a total of 20.000 ratings on all app stores combined, with an average rating of 4.5 stars

Speck.

Objective and Key Results (OKRs) - examples

→ **Objective:** Optimize company HR processes

- ◆ **Key Result 1:** Research and implement a new vacation tracking tool for all employees

- ◆ **Key Results 2:** Create a new performance review template

- ◆ **Key Results 3:** Review and adjust all work contracts, with both Croatian and English versions

Speck.

KPIs

4

Key Performance Indicators (KPIs)

➜ Quantified measures used to evaluate the success of an organization, employee, or a specific project

➜ **Purpose:** Assessing the progress, creating an analytical basis for decision making, and helping focus attention on what matters most

Speck**.**

Key Performance Indicators (KPIs) - examples

→ **KPI 1:** Revenue growth rate of 4.5% monthly

→ **KPI 2:** Reduce the annual employee turnover rate to below 10%

→ **KPI 3:** Reduce average time-to-hire to 20 days for all positions

→ **KPI 4:** Reduce the average time to resolve customer complaints to under 12 hours

Speck.

North Star metrics

North Star metrics

➔ Ultimate reflection of the success of a product/company in a single metric

➔ Reflects the core value delivered to customers and drives all strategic actions and decisions

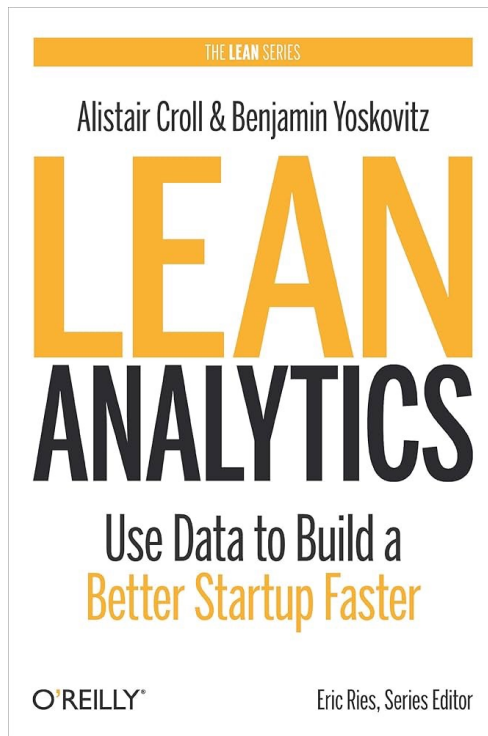➔ **Purpose**: Helps align and motivate all teams within the company by focusing on one consistent goal

Speck.
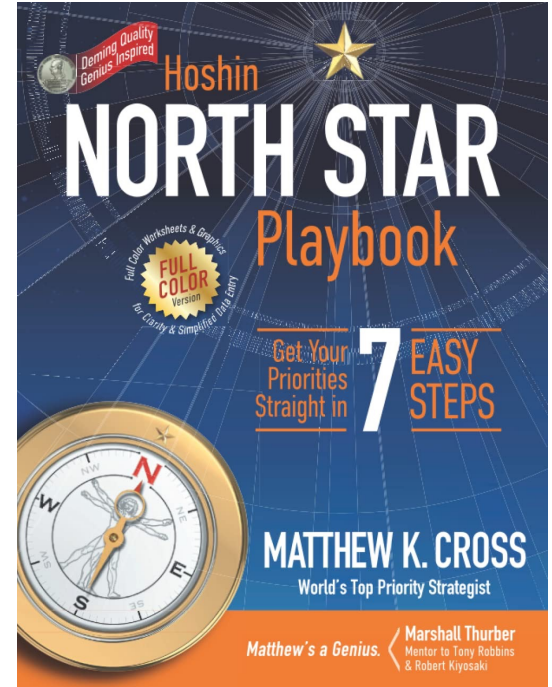
North Star metrics - examples

➔ **Facebook** – "Daily Active Users" -> reflects the core value of connecting people

➔ **Airbnb** – "Nights booked" -> directly correlates to their UVP

➔ **Amazon** – "Number of Amazon Prime subscribers" -> average spending and customer loyalty

➔ **Spotify** – "Time Spent Listening" -> user engagement and satisfaction

➔ **Netflix** – "Monthly Retention Rate" -> customer loyalty and satisfaction

Speck.

Product metrics

Product metrics

➔ Quantified data points used to track and measure the performance of a product throughout its lifecycle

➔ **Purpose:** To guide decision-making, improve product performance, and align the product strategy with user needs and business goals

➔ **Important** – you choose your product metrics

◆ Beware of the vanity metrics!

◆ Don't track too many things at once!

THE **LEAN** SERIES

Alistair Croll & Benjamin Yoskovitz

LEAN ANALYTICS

Use Data to Build a
Better Startup Faster

O'REILLY®   Eric Ries, Series Editor

Speck.

Product metrics – user engagement metrics

➜ **Daily/Monthly Active Users (DAU/MAU)**

◆ Number of unique users who engage with the product daily/monthly

➜ **Session length**

◆ Average time a user spends in the product per session

➜ **Session interval**

◆ Average time between user sessions

➜ **Retention rate**

◆ Percentage of users who return to the product after their first visit within a given timeframe

➜ **Churn rate**

◆ Proportion of customers who stop paying for the product within a given time

Speck**.**

Product metrics – user satisfaction metrics

➜ **Net Promoter Score (NPS)**

◆ Likelihood of customers recommending a company's product or service to others

◆ Measuring customer satisfaction (0-10)

- Promoters (score 9-10): Will keep buying and referring others

- Passives (score 7-8): Satisfied but unenthusiastic customers, vulnerable to competition

- Detractors (score 0-6): Unhappy customers who can spread negative word-of-mouth

◆ NPS = (% of promoters - % of detractors) x 100%

➜ **Customer Satisfaction Score (CSAT)**

◆ CSAT = (satisfied customers with top scores / total number of respondents) x 100%

➜ **Customer Effort Score (CES)**

◆ Ease of customer interaction with a company's service or product

◆ Scale from 1 (very difficult) to 7 (very easy)

◆ CES = (sum of all scores / total number of responses)

Speck.

Product metrics – financial metrics

➔ **Monthly Recurring Revenue (MRR)**

◆ Total predictable revenue generated by the product each month

➔ **Customer Lifetime Value (CLV)**

◆ Predicted net profit attributed to the entire future relationship with a customer

➔ **Customer Acquisition Cost (CAC)**

◆ Average cost to acquire a new customer

➔ **Revenue churn**

◆ Percentage of revenue lost from existing customers within a specific period

Speck**.**

Product metrics – operational metrics

➔ **Feature Adoption Rate**

◆ Percentage of users who have started using a new feature post-launch

➔ **Bug and Issue Rate**

◆ Number of bugs or issues reported per user

➔ **Release Frequency**

◆ How often the new features or updates are released to users

➔ **Average Response Time**

◆ Average time it takes for customer service to respond to the inquiries of customers

Speck.

Group project

You will be split into 6 groups to create your own project – your own digital product ☺. It can be a mobile app, a web app or a desktop app – whatever you prefer.

PHASE 1 – DEADLINE MAY 17 2024
- Conduct at least 3-5 customer development interviews
- Find direct and indirect competition
- Define how an MVP looks like (features, revenue, target group…)
- Fill out a Business Model Canvas for an MVP

PHASE 2 – DEADLINE JUNE 7 2024
- Create low-fidelity wireframes for an entire MVP
- Define a North Star metric and 3 follow-up OKRs
- Create an item-by-item detailed estimate for development of an MVP
- Define 3-5 main risks and how to mitigate them

PHASE 3 – DEADLINE JUNE 14 2024
- Create a product marketing launch plan
- Create a final pitch lasting 3 minutes to present it all – your projects will be presented on the final closing ceremony (June 17-19 – exact date TBC)

Thanks and see you next week!