METRICS THAT MATTER

A 7-Step Approach for Faster, Valuable Insights
Kevin Coombs

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"Organizations are struggling to use the data they collect to really improve their business. Having the discipline to identify and focus on metrics that matter leads to more valuable insights and better decisions."

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About the Author

With over 20 years of experience turning data into insights, Kevin specializes in simplifying complex problems so solutions are easily understood, actionable, and create measurable value. At Appnovation, his passion lies in helping clients combine data, technology, process, culture, and analytical methodologies to make smarter decisions.

A Message from the Author

Surrounded by data. Starving for insights.

Most of us collect data every day. We count steps with wearable devices, track our sleep hygiene, measure our resting heart rate, and check (and often *judge*) our screen time. Ideally, we use that data to learn more about our behaviors, and make changes in areas that need improvement. If we don't, well, we're just collecting data for the sake of it.

The same is true for businesses, with much higher stakes. As organizations continue to collect more and more data, their struggles with making use of it are growing as well. They capture and calculate hundreds of metrics, and spend thousands of hours producing reports that serve only to confuse, overwhelm, and paralyze the decision making process.

I created the following guidelines to help businesses identify the metrics that matter, ensure they're linked to business needs, and produce reporting that drives action. When used properly, it's more than a framework; it's a different way of thinking that will positively impact the way you leverage your data, and improve your business.

"If I had asked people what they wanted, they would have said Faster Horses."

Henry Ford
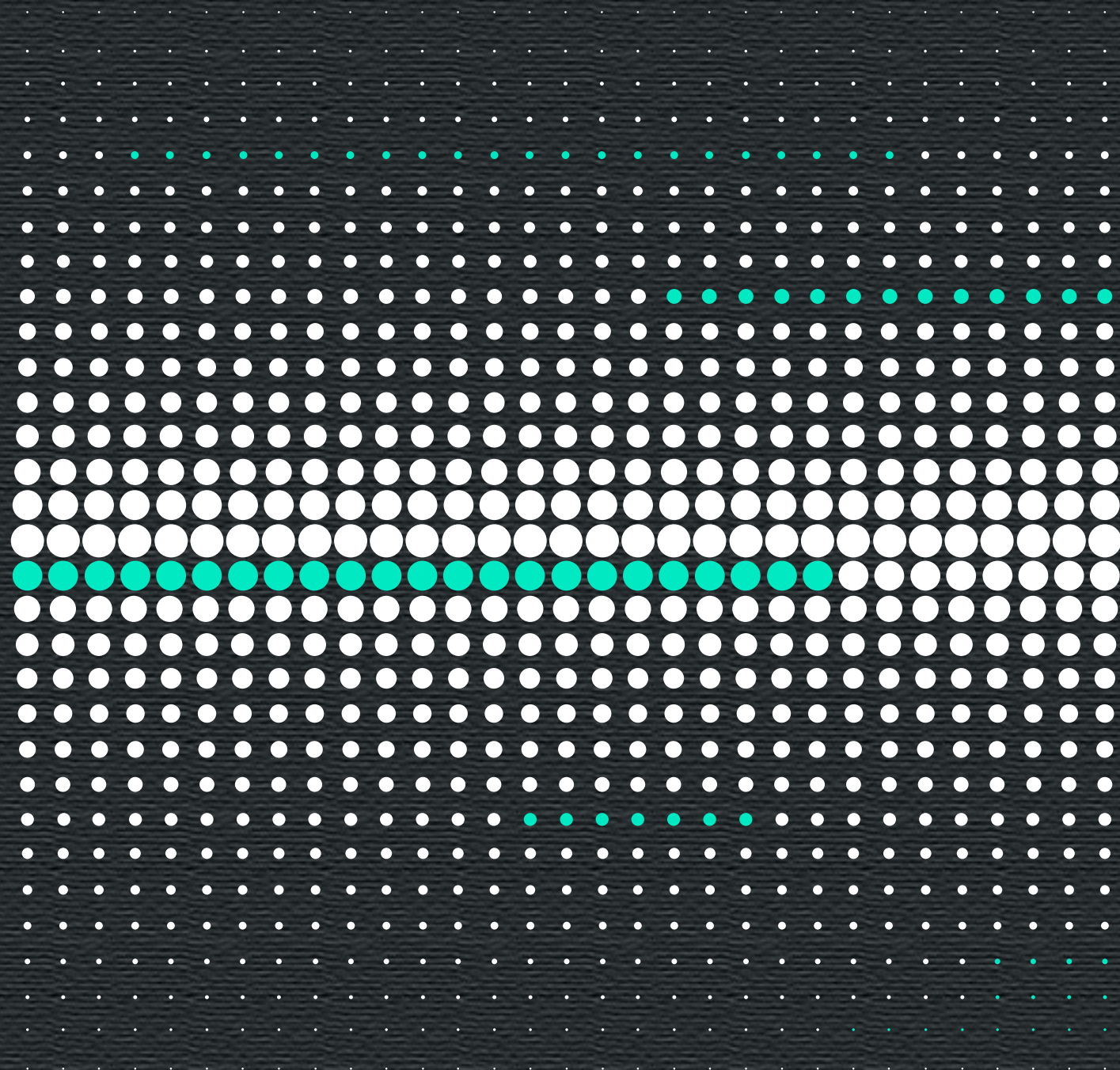
Organizational Obstacles

There's no shortage of reports, metrics, and dashboards available that should, in theory, create insight into decision making. So why are businesses finding it difficult to make sense of the data they collect? Let's have a look at the three main reasons why the dreaded dashboard graveyard is undermining the value of your data collection:

Deferral of decisions

The "act now, think later" approach of collecting as much data as possible and deciding what to do with it afterward is appealing because it's cheap and yes, collecting everything is a good idea. But if you don't decide on organization, structure, and accessibility, your data warehouse risks becoming the organizational equivalent of your home's junk drawer.

You're focusing on what people want, not what they need

Henry Ford famously said that if he had asked his customers what they wanted, they would have said, "faster horses." It's easy to accept requests for certain reports, specific metrics, or analysis at face value and assume there's been a lot of thought and consideration put into them. But the reality is that this thinking usually *hasn't* been done, and failure to recognize that will lead to redundant work and "death-by-incrementality," which further delays delivering meaningful analysis that drives decisions.
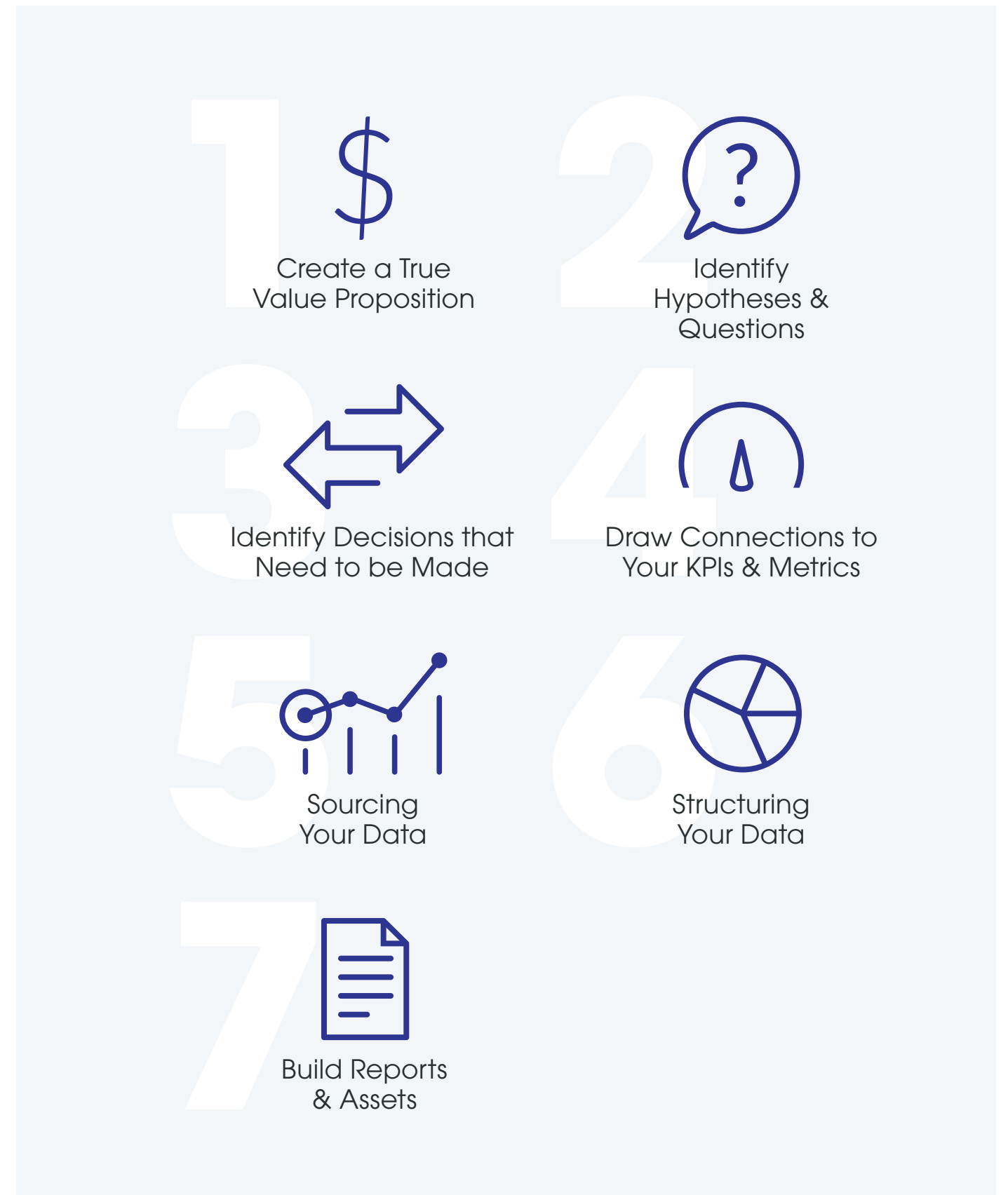
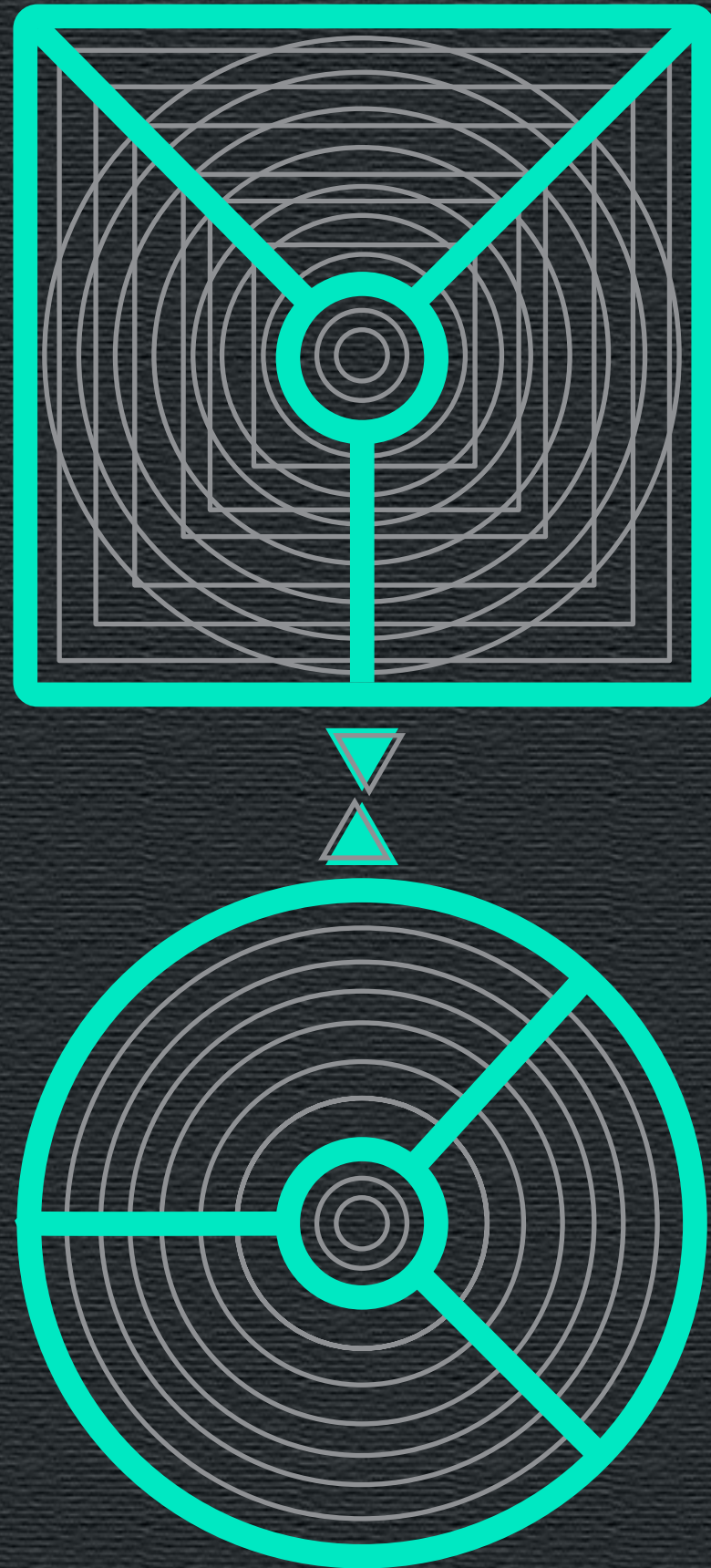## You're relying on mock-ups to identify deliverables

Most people are visual thinkers – it's easier for them to sketch what they want than it is to talk about it. They're also often responding to an immediate need or pain point, which can create a narrow view. These mock-ups are often taken at face value, and don't represent all the nuances of the underlying questions to be answered, or need to be addressed. You must create a flexible dialogue to understand needs, or the results will be rigid and of little value.

So, how do you correct course? How do you take advantage of the massive availability of business data more efficiently, and in a way that actually drives growth and provides insights? Let's discuss that with a 7-Step Approach.

The 7-Step Approach

The framework outlined below can be adapted to address almost any insight-based need, be it a specific report, analysis project, or product launch. Any group within your organization that's tasked with leveraging data to support decisions will find it useful.

1 $ Create a True Value Proposition

2 ? Identify Hypotheses & Questions

3 ⇄ Identify Decisions that Need to be Made

4 Draw Connections to Your KPIs & Metrics

5 Sourcing Your Data

6 Structuring Your Data

7 Build Reports & Assets

Create a True Value Proposition

This isn't the loose, marketing-speak value proposition that would go into a slide presentation. At its core, it's simply *why* your customers would choose you – why they'd buy your product, subscribe to your service, or even use a feature on your website. Take the time to develop more than a superficial understanding of this, otherwise, everything else in the framework will suffer.

Key questions

- What does the product/service do?
- What's the unique value it offers that makes it better than any alternative?
- What are your competitors doing and what are the differentiators?
- What's the business value that's created for your company by offering this product?

Identify Hypotheses & Questions

Nothing ever gets built with perfect, complete knowledge. You probably needed to make some assumptions and predictions about your value proposition that allowed you to proceed to Step 2. Identify them so they can be validated or rejected and you don't continue to make decisions based on inaccurate assumptions. For example, if you assume Feature A will not negatively impact your overall conversion rate, you should probably confirm that.

Similarly, you likely have questions for which you haven't yet made assumptions at this stage or those that represent potential next steps for this product, service, or feature. Using the example of Feature A, consider all your touchpoints and ask how your hypothesis will impact conversion on the whole.

Key questions

- What are the hypotheses you've made about the product/users//value proposition that you need to prove or disprove?

- What business questions do you need to answer?

Draw Connections to Your KPIs & Metrics

This step is critical because it ties together the previous three steps and starts to pivot into facts. It's also, unfortunately, where people often start the process of "measurement." Resist this urge and your patience and discipline will be rewarded.

Creating solid, documented linkages between the previous steps and specific metrics is a strong way to ensure that rogue metrics don't sneak into your work. As a starting point, ask a business analyst for their favorite requirements documentation template or process.

Key questions

- What KPIs will measure the business value from Step 1?
- What metrics do you need to evaluate to answer your business questions from Step 2?
- What are the different ways you want to see those metrics (e.g. dimensions in Google Analytics)?

Identify Decisions that Need to be Made

If you've ever looked at a report or analysis and thought, "What am I supposed to take from this?", there's a good chance this step was omitted. Step 3 is the "*Why*?" to support Step 2's "What?" – action and relevance, connection to an actual decision that needs to be made, *a purpose for being* if you want to get philosophical.

Also, be aware that there may be decisions that aren't connected to Step 2 that you need to include here – bigger strategic decisions like mothballing a product, pivoting away from a customer segment, or making adjustments to a product/service price. As a way to box these, try to think of them as decisions for now (within 30 days), next (60 days), and later (90+ days).

Key questions

- What decisions do you need to make in relation to this product/service in the next 30, 60, 90 days?
- What will you do with answers to the questions from Step 2?
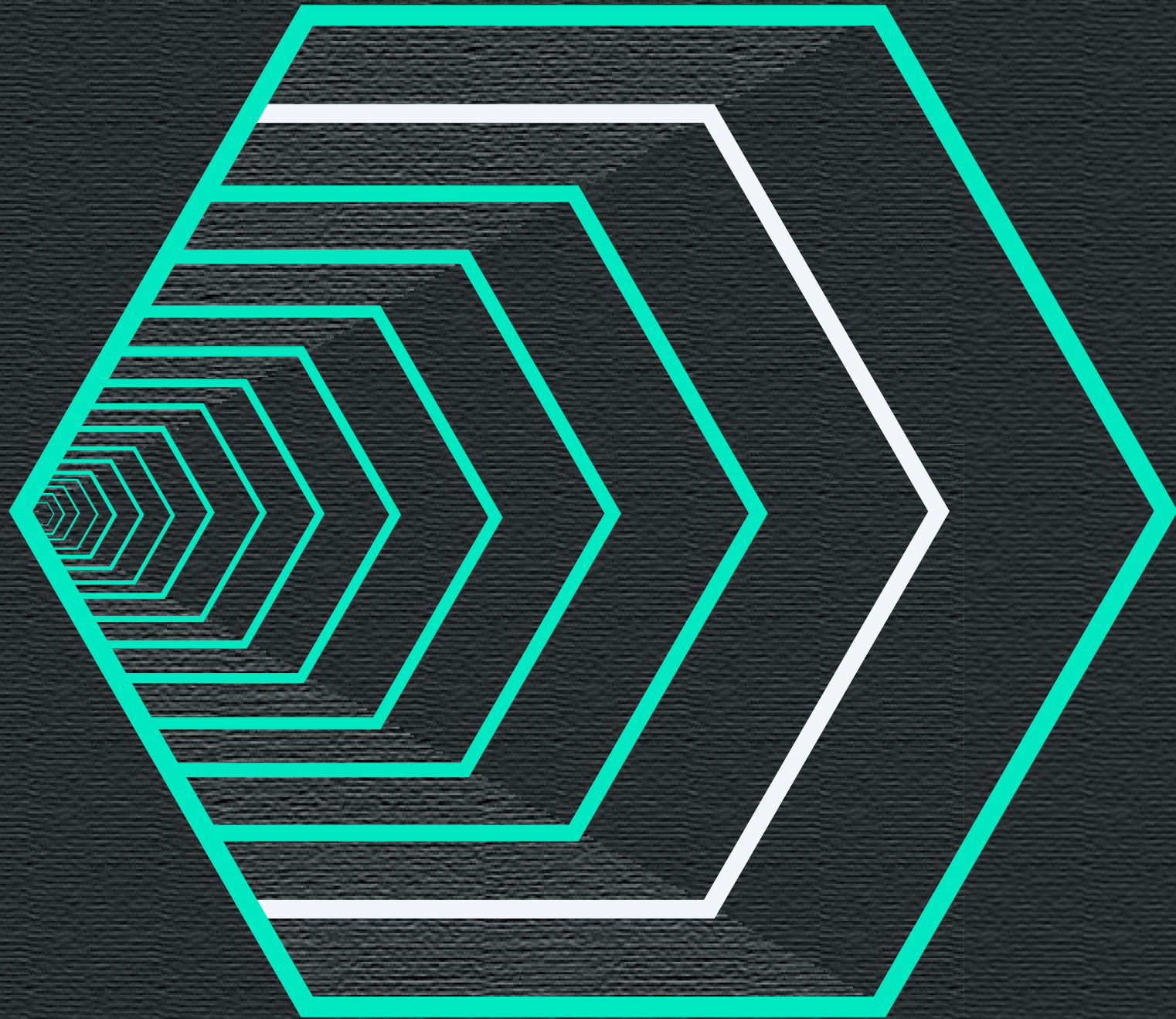
Sourcing Your Data

If you haven't made friends with a data architect or business analyst, now's the time to do it. You're going to need some help finding all the systems, tables, and sources for the data that's required to create those KPIs. Given that most businesses have poor documentation (if they have any at all), this could require some detective work.

Still, finding the source is only half the battle. Organizations need to evaluate it and see if it's the right data to answer the business question and impact decisions. Take the example of "customer." Customer is a very common metric fraught with complications. Some systems might define a customer as a billing ID, while others use a physical address. Remarkably, there are cases where customers are created as a way to send invoices to different departments within the same company. Understand the definition of "customers" so the term is being used in the right context to avoid confusion in the future. And depending how the metric is being used, "customers" might need to be grouped together or split apart.

Key questions

- What systems contain the data needed to create the metrics and KPIs from Step 4?
- Are those data points fit-for-purpose?
- Do they align to the business definitions?
- Are there gaps in quality, completeness, or accuracy?

Structuring Your Data

When you combine multiple data sources, opportunities for data to be duplicated or mislabeled inevitably arise. And if your organization is like most others, it's unlikely your data is so clean and orderly that you can write a quick query, drop the data you need into your favorite visualization tool, and start cranking out reports and analysis. Enter *data structuring* – the process of cleaning, formatting, organizing, and preparing your data to be used for analysis.

Partnering with your new friend the data architect is a great way to ensure you can bring all the disparate data together, transformed and aggregated as necessary, ready for developers to work with quickly.

Key questions

- What structures do you need to put in place to combine this data and make it usable and discoverable?
- What technologies should you use for cleaning and validation?

Build Reports & Assets

Those mock-ups that were causing you problems before finally get their time to shine. Build out sample reports and mock-ups and share them with stakeholders to review and iterate from. Despite all the work in previous steps, there will still be iterations needed in this phase, but they should be manageable and related to interpretation, not the fundamentals. And even though reporting/metrics are often the deliverables, this process applies to model development, analysis, segmentation, or any activity that's data-driven.

Key questions

- What reports do you need to build for users to see the metrics and KPIs, and ultimately make decisions?
- How do you deploy any models that were built?
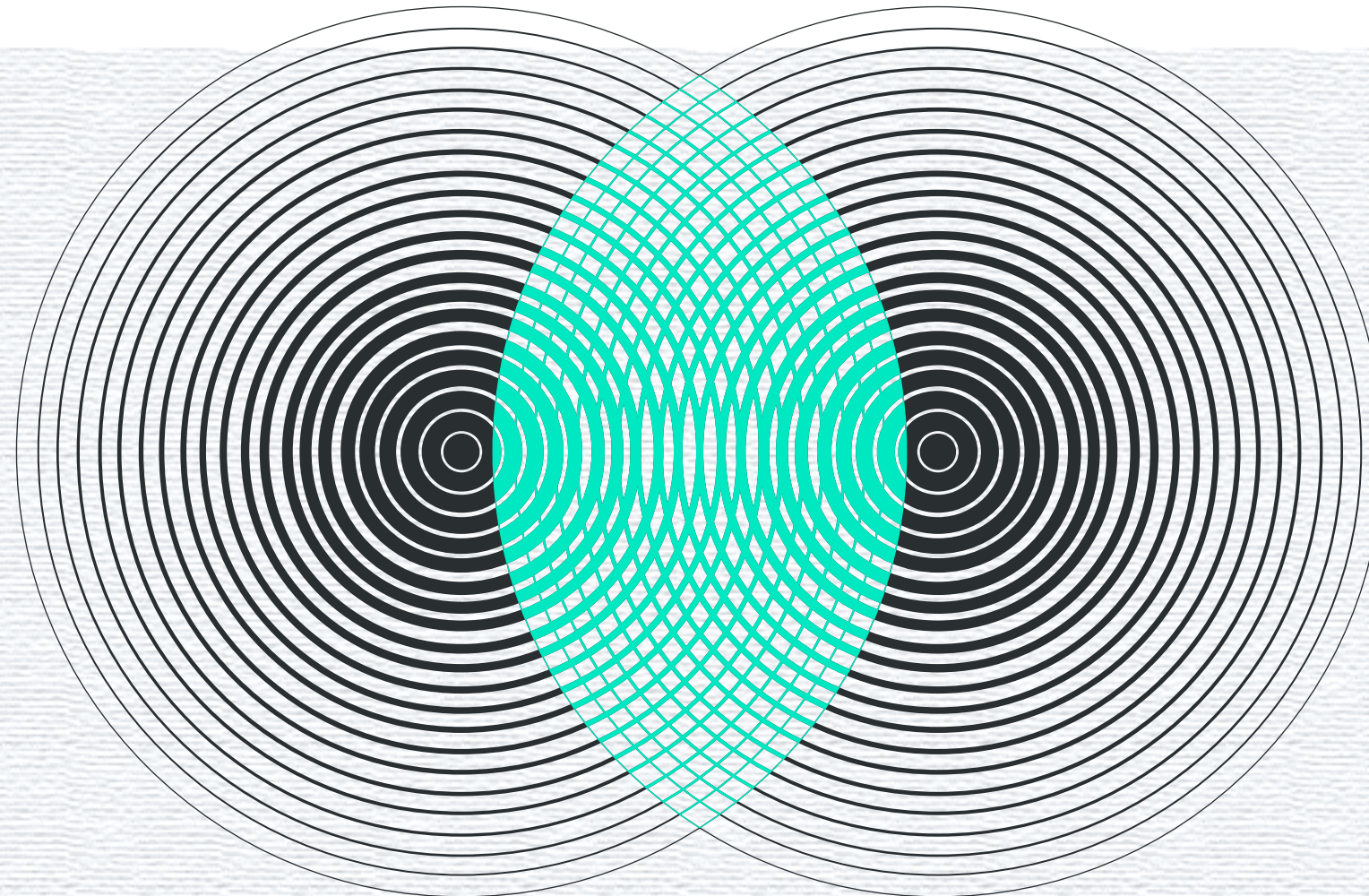
Observations on Success

On the surface, this might look like a lot of steps to go through, and you'll likely face resistance from clients and stakeholders who perceive it as over-complicating relatively simple deliverables. So, why do it? There are four main benefits of using this framework:

Shared understanding

Asking "Why?" and "Now what?" shift the focus away from the immediate need and into a broader discussion within your organization. A good product/feature/business manager will most likely already have the answers to Steps 1, 2, and 3 just by doing their job well and thinking long-term. Sharing this information ensures everyone is aligned and has a common view of the needs and business linkages.

Traceability

The importance of traceability can't be understated. All the KPIs that come out of Step 3 have a reason for being created and collected because you've connected them back to business questions. And all the reports that use those KPIs were built specifically to answer those questions. By following this process, you reduce the number of irrelevant metrics, never-ending rabbit holes, and charts-that-look-great-but-say-little because they're all linked together, not pursued independently.

A repeatable, definable process

Given the current landscape of rapidly changing consumer behavior and world events, your data is a critical asset to identifying what action you need to take. Data that was pulled last month or even last week might be out of date, and last week's business questions could be irrelevant.

Go back and identify new business questions, add or revise metrics, and adjust reporting as your business changes. It's normal, and in fact, really important to be agile and pivot, if necessary. Establish regular touchpoints with your data architect or business analyst to (re)evaluate your way forward.

Sequential steps

Kick-starting this process with KPIs runs the risk of collecting things that don't matter to the business or drive a decision. And starting with reports builds on a very narrow use case, and likely requires endless cycles of rework as new questions come up (there's also a chance your solution will be incapable of addressing the ask). Having a deliberately ordered process both keeps you on track, and creates a scenario where each step builds on the ones that came before it.

Closing Thoughts

No one wants a long list of KPIs to try and interpret or a myriad of reports that nobody reads. When used correctly, this framework will help ensure you're spending your time, effort, and resources wisely. It will help you avoid drowning in data with no clear plan to figure out what matters most to your business. Finally, it provides you with a flexible way to structure your work, stay organized, and produce valuable insights faster.

You'll be most successful when you adapt the 7-Step Approach to your current business processes and find your unique way of accomplishing the steps. Eventually, the framework will change how you and your entire organization think about the data that drives decision making, and you'll become more efficient as a result.
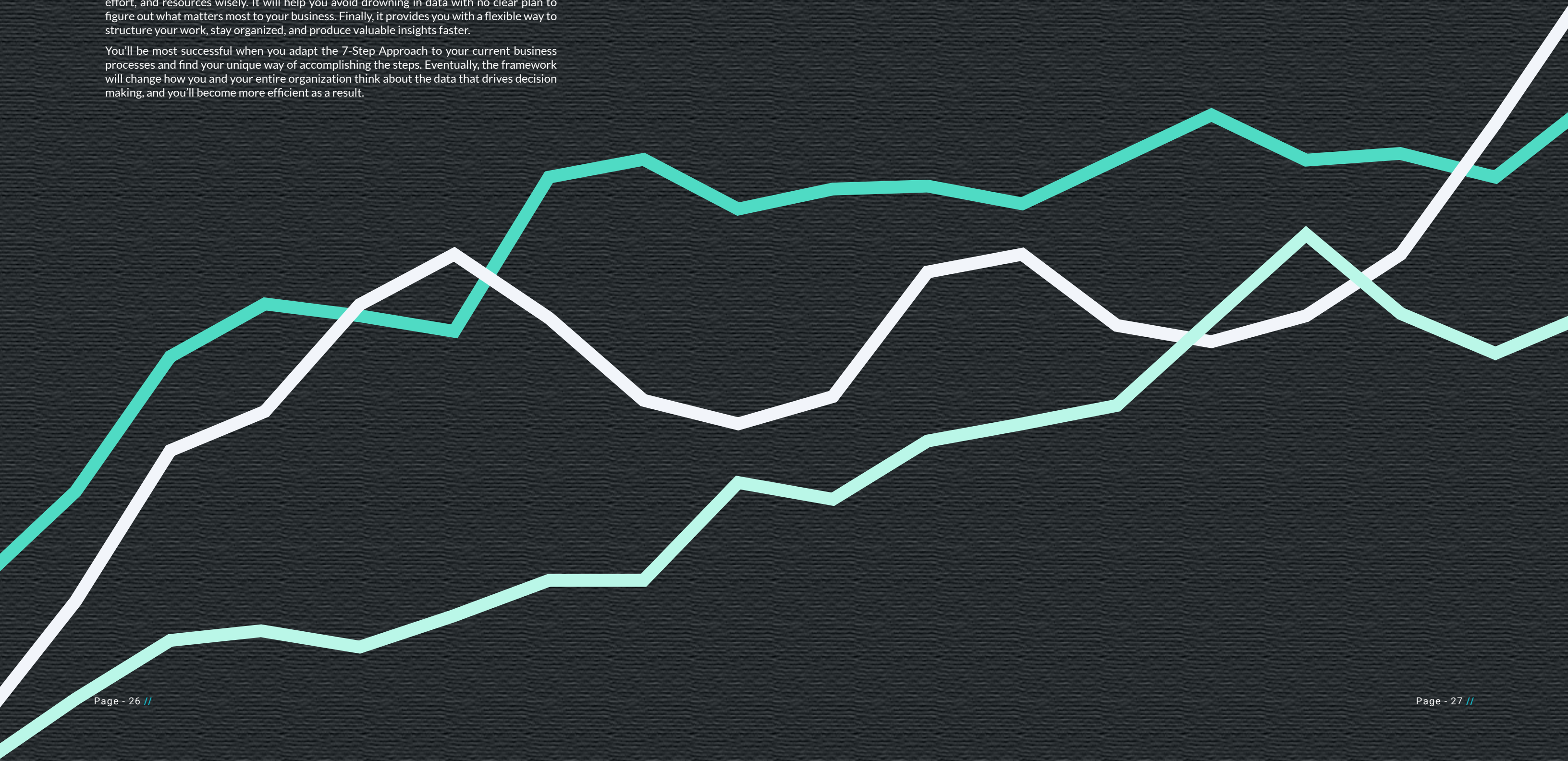
Who We Are

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We create standout digital experiences by collaborating with brands to understand the individual challenges and goals for every initiative. Focusing on our clients' customers, we effectively combine empathy, evidence and real-world insight so that solutions are derived from truth and meaning. Appnovation is an award-winning team dedicated to inspiring possibility.

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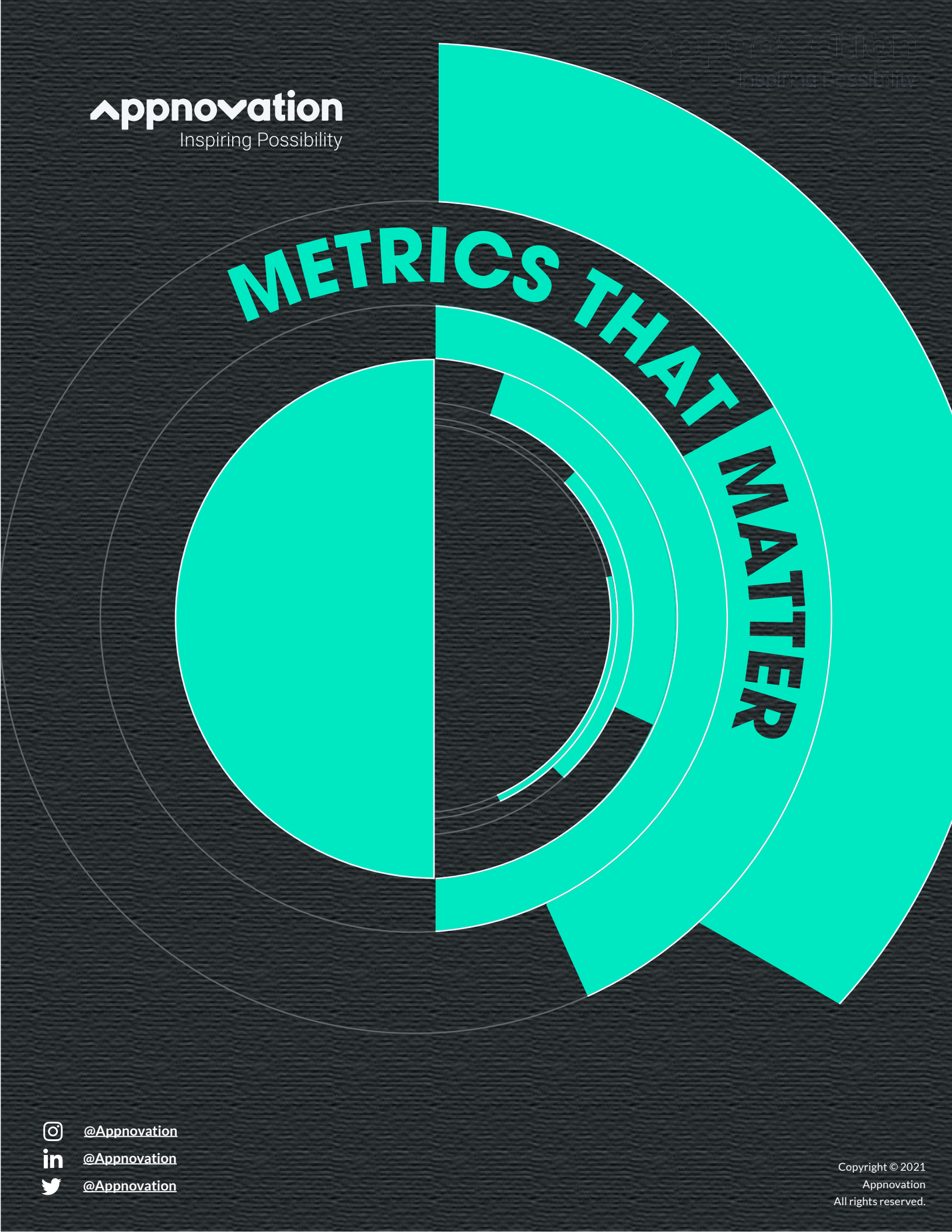**Please email us at contact@appnovation.com and tell us how we can help.**

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