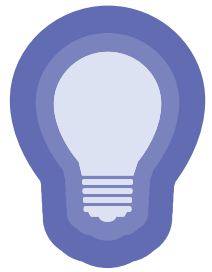




# How to Choose The Right Metrics




 We'll use examples to explain concepts. So, imagine you're the owner of a grocery chain that sells Apples, Bananas, and Oranges. You have stores in Toronto, Montreal, and Vancouver.

## The “So What?” Test


Before tracking any metric, ask: if this number changes, what would I do differently? If you can't answer, it's not the right metric yet.

 **If it goes UP or DOWN.**  
What decision would you make?  
Who acts on it?

 **"Total Fruit Sales dropped"** — So what? Which fruit? Which city?  
In this example, that number can't tell you what to do next.

## Align With Your Goals

Every team has a different purpose. A good metric reflects your team's job, not just what's easy to count.

 The Produce Manager's goals are to minimize spoilage and maximize sales.


**Sell-Through Rate by Fruit** >> % of stock that actually sold  
**Days to Spoilage** >> time to discount or discard  
**Revenue per Shelf Sq. Ft.** >> is each fruit earning its space?

## Leading vs. Lagging

It's cause and effect, not past vs. future. All metrics are historical. The real question is: does this metric predict and influence an outcome, or does it confirm one?

**Leading**  
Influences outcomes  
Actionable wrt lagging metric  
E.g. Ad Spend to Sales

**Lagging**  
Confirms results  
Acts after the fact  
E.g. Revenue


 **Same metric, different perspective:**  
MQLs = lagging for Marketing, but leading for Sales.


## Ratios vs. Raw Numbers

Raw or absolute numbers lack context. Ratios carry it built-in — making comparison fair across time, teams, and regions.

**Absolute Number**  
800 Oranges sold  
\$250,000 Revenue  
50,000 Visitors

**Ratios and Rates**  
67% Sell-Through Rate  
\$42.50 / Customer  
3.2% Conversion Rate

 **Watch for small sample sizes.**  
"Sales up 100%" means little if you sold just one extra

 Toronto: 800 sold. 67% sell-through rate  
Vancouver: 500 sold. 96% sell-through rate  
The absolute numbers say Toronto wins.  
The ratios reveal Vancouver is more efficient.

## The Golden Rule of Good Metrics

**Comparable**  
Toronto vs. Vancouver  
Q1 vs. Q2

**Understandable**  
Everyone can explain what the metric means and why it matters.

**Ratio-Based**  
Rate or % — holds up across different scales.

## The 5-Question Filter

1. Actionable? Can someone take a concrete step from this number?
2. Aligned? Does it reflect your team's core purpose?
3. Timely? Will you see it often enough to act?
4. Understood? Can anyone explain it without a data dictionary?
5. Ratio-based? Does it hold up across time, teams, or regions?

 **If a metric fails 2+ of these, redefine it before you track it.**