A KEVIN DUNCAN PLAYBOOK

# Metrics That Matter

*Which numbers actually tell you whether your product is working — and why the ones on your dashboard right now might not.*

THE CORE PROBLEM

# One metric will never tell you the whole story

*Data does not replace judgement. It gives you the feedback your product cannot give you any other way.*

Every team collects data. Fewer teams agree on which numbers actually matter, or what to do when two of them point in different directions.

Data earns its place on a dashboard for three reasons. It gives you honest feedback on how the product is really performing, not how you hope it is performing. It helps you build the right thing and catch problems before they compound. And it gives product, engineering, design and the business a shared, neutral language for a difficult conversation, rather than a trade of opinions.

None of that works from a single number. No metric in isolation can tell you everything you need to know, and which metrics matter most shifts with your industry, your business model and the stage your product is at. The metrics a fast-growing consumer app should obsess over are rarely the ones a regulated B2B platform should.

> **Anchor metrics to what you've already agreed matters.** If your team runs on OKRs or KPIs, your data metrics should ladder up to those, not compete with them. A metric nobody has connected to a goal is a number looking for a reason to exist.

## A metric earns its place on your dashboard when it…

- Is tied to a goal or a decision that someone actually owns
- Has a clear, written definition of what counts, agreed before anyone looks at the number
- Moves as a result of things your team can genuinely influence
- Is looked at often enough to act on, not just reported once a quarter
- Is understood the same way by product, engineering and the business

A FRAMEWORK, NOT A CHECKLIST

# Choosing the right metrics

Rather than tracking whatever is easiest to pull from the database, most experienced product teams organise their metrics around the customer's actual journey: how they find the product, how they get value from it for the first time, whether they stick around, whether they tell anyone else, and whether any of it pays for itself.

This is often called the AARRR framework, or "pirate metrics", a term coined by investor Dave McClure in 2007.[1] It splits growth into five stages: Acquisition, Activation, Retention, Referral and Revenue. It earns its keep by stopping you fixating on one stage, usually acquisition, because it is the easiest to see, while a different stage quietly leaks value.

Above all five sits a different kind of metric: one company, one product, one number. Growth strategist Sean Ellis calls this a North Star Metric, the single measure that best captures the value your product delivers to customers, and which the whole organisation can align around.[2] Get the North Star right and the AARRR stages become the levers you pull to move it. Get it wrong, revenue is a common mistake, since it is a lagging result rather than a driver of value, and teams end up optimising activity instead of value.

> **Keep the two ideas separate.** A North Star Metric is a long-term compass, stable for years. The One Metric That Matters, a related idea from Alistair Croll and Benjamin Yoskovitz's book *Lean Analytics*, is whichever single number your team should obsess over for the next few months at your current stage.[3] Treating them as the same thing is a common way teams end up chasing the wrong number.

THE CHAIN

# From first click to revenue

Each stage in the chain answers a different question about your customer, and each deserves its own metric. A product can be acquiring users well and still fail if activation, retention or referral is broken further down the chain.

**North Star Metric** — The single number that best captures value delivered to customers

↓

**Acquisition** — How people find and try the product

↓

**Activation** — Their first real moment of value

↓

**Retention** — Whether they come back

↓

**Referral** — Whether they tell anyone else

↓

**Revenue** — Whether any of it pays for itself

AARRR

FOUR NUMBERS WORTH KNOWING

# The core metrics

## 01 Activity: MAU and DAU

Monthly Active Users and Daily Active Users give the simplest overview of product health, and are the easiest metric to get wrong. Before comparing them, decide what an "active" user actually is for your product, because that decision changes the answer completely. A music app might count anyone who plays a single song; a messaging app, anyone who sends one message.

> **EXAMPLE**
>
> For a property transaction platform, an active buyer might be defined as anyone who opens a document, messages their conveyancer, or checks their status at least once in the period.

### The stickiness ratio: DAU ÷ MAU

Divide daily actives by monthly actives and you get a single stickiness score: what share of your monthly users come back on a typical day. As a rough, widely used rule of thumb: above 50% is exceptional, the level Facebook has famously sustained; 20–50% is healthy for most SaaS and consumer products; below 20% is entirely normal for products people are not meant to use daily, such as tax software or a property platform.[4] Compare your own trend over time before you compare yourself to someone else's benchmark.

## 02 Activation: Conversion Rate

Conversion rate is the share of people who land on your product and go on to do the thing you actually want them to do: sign up, upload a document, complete a profile. A low conversion rate usually means one of two things: people cannot find what they are looking for, or they found it and were disappointed. The two failures need different fixes.

> **EXAMPLE**
>
> If 90% of buyers who open your ID upload screen complete it, but only 20% of buyers ever open that screen, the fix is surfacing it earlier in the journey, not redesigning the upload flow.

## 03 Retention: Churn

Winning a new customer every day feels like progress. If they leave just as fast, you have a leaky bucket, not a growing product. High churn usually means the product is not delivering what it promised. Low churn means you have customers who like it enough to stick around. But churn on its own cannot give you the whole story, and not all churn is bad.

> **Some products are meant to be finished, not lived in.** A buyer on a house-purchase platform who completes and never logs in again has not churned in any meaningful sense, they have succeeded. Watch for this kind of "completion churn" before you panic about a retention chart; the fix isn't a re-engagement campaign, it's a different metric.

**Why this is worth the effort.** Research from Bain & Company's Frederick Reichheld has found that acquiring a new customer typically costs five to twenty-five times more than retaining an existing one, and that a five percent improvement in retention can lift profits by twenty-five to ninety-five percent.[5] Retention is rarely the most exciting metric in the business. It is consistently one of the most valuable to move.

## 04 Loyalty: NPS and CSAT

Net Promoter Score and Customer Satisfaction Score both ask how people feel, but at different distances. CSAT asks about a single interaction, right after it happens. NPS asks about the relationship as a whole: how likely are you to recommend this to a friend or colleague, on a scale of 0 to 10.[6] Responses split into three groups: Detractors (0–6), Passives (7–8) and Promoters (9–10). Subtract the percentage of detractors from the percentage of promoters and you have your score, from −100 to +100.

PUTTING IT INTO PRACTICE

# Managing all this data

Choosing the right metrics is only half the job. Most of the value gets lost after that, in how the data is stored, who can see it, and whether anyone can understand it fast enough to act on it.

- ✓ **Centralise it.** Tracking the same metric across five different tools, each with its own definition of "active", is a fast route to a meeting where two teams argue over whose number is right. Pick one source of truth per metric.
- ✓ **Share it.** Data that sits with one analyst or one dashboard nobody else can open is not powerful, it's a bottleneck. Give the team the access they need to make their own data-driven decisions, rather than waiting on a report.
- ✓ **Visualise it.** A table of numbers is accurate and mostly unread. Turn it into a simple chart and people who have never opened a query editor can spot the trend in seconds. Simple and looked-at beats sophisticated and ignored.

PUTTING IT TOGETHER

# Anatomy of a metrics dashboard

The same property transaction platform used elsewhere in this series, mapped against the AARRR stages with a North Star Metric at the top. Each metric carries an owner question: what decision does this number actually inform?

**North Star Metric:** The percentage of buyers who complete their purchase within six weeks of an offer being accepted.

| STAGE | METRIC | WHAT IT TELLS US | THIS QUARTER |
|---|---|---|---|
| **Acquisition** | **Application start rate**<br>Share of site visitors who begin an application. | Whether marketing and referrals are bringing the right buyers into the funnel. | 35% of visitors start an application. |
| **Activation** | **ID upload completion rate**<br>Share of applicants who finish document upload. | Whether the first real task in the journey is easy enough to finish. | 75% complete upload within 24 hours. |
| **Retention** | **30-day stickiness (DAU/MAU)**<br>Share of monthly active buyers who return daily. | Whether buyers keep checking progress rather than phoning their conveyancer. | Stickiness ratio above 20%. |
| **Referral** | **Buyer NPS**<br>Likelihood buyers recommend the platform. | Whether buyers would recommend the platform to another home-mover. | NPS above 40. |
| **Revenue & Outcome** | **6-week completion rate**<br>The North Star itself. | Whether the whole journey delivers on time, end to end. | 80% of transactions. |

WHERE THIS BREAKS DOWN

# Common pitfalls

- **Vanity metrics.** Total sign-ups, downloads or page views go up and to the right almost regardless of what you do, and tell you almost nothing about whether the product works. If a number cannot inform a decision, it is decoration.
- **Goodhart's Law.** Economist Charles Goodhart observed that once a measure becomes a target, people optimise for the measure, not the outcome it was meant to represent.[7] A support team measured on call-handling time will hang up faster; it will not necessarily solve more problems.
- **Treating all churn as bad.** Some churn means failure. Some means the customer got what they came for and left, which is success. Segment before you panic.
- **Chasing the score, not the cause.** Running an NPS campaign to lift the number, rather than fixing why detractors are unhappy, moves the metric and leaves the product exactly as it was.
- **Borrowing someone else's benchmark.** A 15% DAU/MAU ratio is a crisis for a messaging app and a perfectly healthy number for a tax return tool. Compare your product to its own history, not to Facebook's.
- **Tracking everything, deciding nothing.** A dashboard with forty metrics and no owner for any of them is not rigour. It's noise with a login screen.

THE CANVAS

# Build your own metrics canvas

Start at the top. A North Star Metric with no AARRR stages feeding it is just a wish. AARRR stages with no North Star above them are just activity.

**NORTH STAR METRIC**

---

| STAGE | METRIC | DEFINITION OF SUCCESS | TARGET |
|---|---|---|---|
| Acquisition | | | |
| Activation | | | |
| Retention | | | |
| Referral | | | |
| Revenue | | | |

Fill each row with a specific metric, a written definition of what counts as success, and a target, not just "increase".

THE AUTHOR

# About Kevin Duncan

Kevin Duncan is a product and digital transformation leader with over a decade of experience delivering product strategy and large-scale change across financial services, government and consumer sectors in the UK.

He has led product and outcome-based planning for organisations including the UK Government, Yell and LMS, and currently leads product strategy and transformation for the UK mortgage and property ecosystem as Product Director at Novus Strategy & Consulting.

This playbook is drawn from workshops Kevin has run with product teams on choosing and managing the metrics that actually drive decisions.

### Want help defining the right metrics for your product?

kevinduncan.co.uk · email@kevinduncan.co.uk · 07891 163404

## References

1. McClure, D. (2007) *Startup Metrics for Pirates*, first presented at SeedCamp; the origin of the AARRR ("pirate metrics") framework.
2. Ellis, S. coined the term North Star Metric; see also Ellis, S. and Brown, M. (2017) *Hacking Growth*. New York: Crown Business.
3. Croll, A. and Yoskovitz, B. (2013) *Lean Analytics: Use Data to Build a Better Startup Faster.* Sebastopol: O'Reilly Media. Source of the "One Metric That Matters" concept.
4. DAU/MAU stickiness benchmarks are directional ranges widely cited across product analytics platforms such as Mixpanel and Gainsight. Treat them as a rule of thumb rather than a single peer-reviewed figure, since every product defines "active" differently.
5. Reichheld, F.F. (1990) "Zero Defections: Quality Comes to Services." *Harvard Business Review*. Also cited in *Harvard Business Review* (2014) "The Value of Keeping the Right Customers."
6. Reichheld, F.F. (2003) "The One Number You Need to Grow." *Harvard Business Review*, December 2003.
7. Goodhart, C. (1975) "Problems of Monetary Management: The UK Experience." *Papers in Monetary Economics*. Popularly restated by Strathern, M. (1997) "'Improving ratings': audit in the British university system." *European Review*, 5(3), pp.305–321.