North Star Metric

This exercise helps teams define a single, key success metric that reflects customer value. We'll brainstorm metrics, map them to customer value, and identify leading indicators. The goal? Selecting a North Star Metric to guide product decisions.

45 minutes

Strategy

Intermediate

H HOW TO RUN

1 Metric Brainstorming — 10 min

Brainstorm all possible success metrics. Include engagement, retention, revenue, and satisfaction. Write each metric on a separate sticky note. Don't filter yet – capture everything. Consider metrics across the user journey.

2 Customer Value Mapping — 15 min

For each metric, ask: "What customer value does this represent?" Sort metrics into categories: direct customer value (user achieved their goal), proxy for customer value (time spent), and business metric (revenue – but does it show value?). Eliminate vanity metrics (pageviews without context). Focus on metrics tied to user success.

3 Leading Indicator Identification — 10 min

Identify metrics that predict long-term success. Look for metrics that occur early in the user journey, predict retention or satisfaction, can be influenced by product changes, and are measured frequently enough to inform decisions. Map relationships between metrics.

4 North Star Selection — 10 min

Debate the top 3-5 candidate metrics. Select ONE North Star based on these criteria: it directly represents customer value delivered, measures progress toward the product vision, is actionable (the team can influence it), is understandable to the entire organization, and is a leading indicator of sustainable growth. Define supporting metrics that drive the North Star. Document the decision rationale.

KEY TIP

The North Star Metric must reflect customer value, not just business goals.

O OBJECTIVES

- Participants will identify the metric that best captures customer value
- The team will align on the definition of success
- The exercise focuses product development and establishes leading indicators to track progress

M MATERIALS

ESSENTIAL

- ☐ Whiteboard or large workspace.
- ☐ Sticky notes.
- ☐ Markers.
- ☐ Customer value framework.
- ☐ Existing analytics data (if available).

OPTIONAL

- ☐ Metrics relationship mapping template .
- ☐ Examples of North Star Metrics .
- ☐ Current KPI dashboard .
- ☐ User research insights .

P PARTICIPANTS

4 to 8 people

F FACILITATOR NOTES

REMEMBER

- Revenue alone is usually not a good North Star Metric, as it's a lagging indicator.
- Good examples: Airbnb = nights booked, Facebook = daily active users, Spotify = time spent listening.
- Avoid "franken-metrics" that combine too many things. The team should be able to explain the North Star Metric in 30 seconds.
- Supporting metrics break down how to improve the North Star Metric.
- Some debate is healthy, as it indicates engagement. Once selected, use the North Star Metric to ruthlessly prioritize features.
- Revisit if the product strategy shifts significantly. Sometimes, teams struggle to narrow down the options; in these cases, try dot-voting after the discussion.