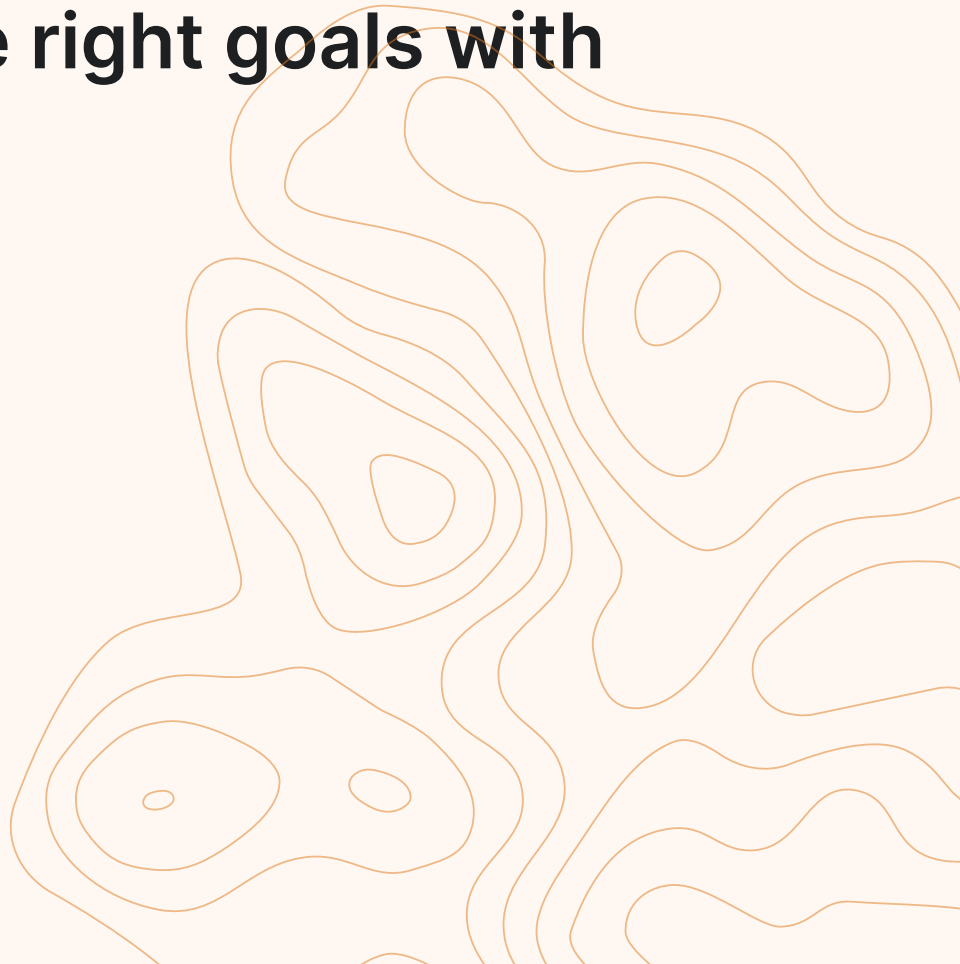


# Metrics for Product Managers

Your guide to setting (and  
crushing) the right goals with  
your team



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# Introduction

Behind every great product is data. Data arms product organizations with direct user feedback and insights. It helps teams prioritize their product roadmap, building new products and features that add value for users—and the business. Data's also a powerful communication tool for showing impact to leadership.

**Note:** There are many ways to define “product team” depending on the size and structure of your organization. For the purposes of this ebook, our focus is on cross-functional product teams: groups of product managers, developers, designers, and other collaborators who work together to develop useful products and features that align with business goals and users’ needs.



As a product manager, it's your job to make sure your teammates and cross-functional collaborators are using data to their advantage. The best product leaders know that choosing the right goals and metrics to shape day-to-day practices and hold their team accountable is one of the most sure-fire ways to drive team success.

In this article, we'll explore how to:

- 1 Pick the right goals.** Unlock better product-market fit, get more daily active users, and convert them—tracking the right metrics will help you and your teammates build your best product yet.
- 2 Build shared accountability around goals.** Maintain strong alignment and keep everyone on your cross-functional team marching to the beat of the same drum. Daily and weekly accountability practices are key.
- 3 Share impact with stakeholders.** Showcase wins, prevent micromanagement, and keep your team focused on the right priorities by improving the way you share progress upwards.

# Chapter 1: Take on the right goals and metrics

Data runs deep—and there are pretty much an infinite number of product-related goals you can think about tracking. That doesn't mean you need to focus on all of them, though. Think about your product, your target audience, and your team: what objectives will help you drive toward greater business goals, unlock value for your users, and get the teammates and stakeholders you work with fired up? That's your sweet spot.

Here's an overview of nine goals that product managers and cross-functional product teams can track to drive towards success.

# Top 9 goals and metrics for product managers

Let's break down some of the most impactful customer success metrics. As a customer success team, you'll want to think about goals across four key areas:

- Customer retention goals
- Revenue goals
- Product usage goals
- Customer loyalty goals

## 1. Daily Active Users (DAU)

The more often someone uses your product, the more likely they are to get value out of it (and the more value they'll provide to your business down the line too). Calculating your number of daily active users is an easy way to measure whether your user base is growing and how sticky your product is. To measure DAU, simply count the total number of unique users on a given day. You can also calculate your average daily active users by counting the total number of active sessions you've had over a time period—usually a month—and then dividing by the number of days in that month. (You can double count users with this method, so long as their visits were on different days.)

**Average DAU = Total active sessions / days in that time period**

**Tip: Defining a DAU depends on your product.** Definitions of DAU vary from product to product. Ask yourself: what's the minimum action a user needs to take to get value? For a messaging app, that might be sending one message. For an ecommerce store, that might be visiting the website or app.

## 2. Conversion rate

Conversions help you measure how many users take a desired action once they land on your product or website. If your conversion rate is low, it means there are barriers preventing users from doing what they came there to do. Conversion rate helps you identify key drop-off points in your product funnel or experience and problem-solve around them. To calculate your product's conversion rate, just divide the number of total conversions (however you're defining it) by the number of unique sessions or unique visitors to the experience.

$$\text{Conversion rate} = \left[ \frac{\text{Number of conversions}}{\text{number of unique sessions or visitors}} \right] \times 100$$

### 3. Retention rate

This one measures the percentage of existing users your product retains over a given period. In other words, from one month, quarter, or year to the next, what percentage of users stick around? To calculate retention rate, first choose your time period (month, quarter, etc.). Take the total number of users at the end of that period (E) minus the total number of new users (N). Then, divide that number by the total number of existing users at the start of the time period (S) and multiply by 100 to get your retention rate.

$$\text{Retention rate} = [(E-N)/S] \times 100$$

### 4. Churn rate

Churn is another way of thinking about retention, but focuses on the loss side of things. It's typically measured as either the number of users lost or the dollar value lost that those users represent, over a given time period. Your churn rate is calculated by the number of users who churned divided by the total number of users at the beginning of that time period. So, using the same variables as above:

$$\text{Churn rate} = [(S-E)/S] \times 100$$

## 5. Adoption rate

This is used to measure feature adoption of a new product or service over a given time period. You can calculate it by dividing the total number of customers who used the feature during your set time period (CF) by your total number of customers during that same time.

$$\text{Adoption rate} = \left[ \frac{\text{customer who used feature}}{\text{total customers}} \right] \times 100$$

## 6. Net promoter score

This metric is all about direct customer or user feedback. It's based on user responses (on a scale 1-10) to a net promoter survey question: "How likely are you to recommend [business/product] to a friend or colleague?" Users who respond 0-6 are "detractors"; 7-8 are "passives"; and 9-10 are "promoters". After surveying users, your net promoter score is calculated by the difference between the percentage of promoters and detractors.

$$\text{Net promoter score} = \% \text{ of promoters} - \% \text{ of detractors}$$

## 7. Customer lifetime value

Customer lifetime value takes into account a customer's revenue value in comparison to your product's predicated customer lifespan. It's a great way to identify your customers or user segments that are most valuable—and then prioritize product updates to help retain them. As a product manager, it can look at CLV at a company level and by user segment.

You'll need a few different inputs:

- Average purchase value (APV): Total \$ value of all purchases over a particular time period (typically a year), divided by the number of purchases in that time period.
- Average purchase frequency (APF): Total # of purchases made in that same time period divided by # of individual users who made purchases during that time.
- Customer value: APF x APV
- Average customer lifespan: Average length of time a user continues buying from you

**Customer lifetime value = Customer value X  
average customer lifespan**

## 8. Customer acquisition cost

If you're tracking customer lifetime value, you'll probably also want to track customer acquisition cost. They go hand in hand—if your customers are expensive to acquire but their CLV is high, it may be worth it. If your CLV is on the lower side though, high acquisition costs could be detrimental to your product and business. To calculate customer acquisition cost, divide the cost of your marketing and sales efforts by the number of customers those efforts acquired.

**Customer acquisition cost: Cost of marketing + sales efforts / Total customers acquired**

## 9. Monthly recurring revenue (MRR)

Tracking monthly recurring revenue is useful for several reasons—it gives you a good picture of how you're doing overall and it's helpful in communicating that to stakeholders. They want a quick overview, and MRR is a great way to give them just that. You can measure MRR by multiplying the average revenue per customer (AR) by the total number of customers (C) you have that month.

**Monthly recurring revenue = AR x C**

## Bonus: Tips and best practices for setting your goals

Once you've landed on your key goals and metrics to track, employing some best practices around them can help you maximize their effectiveness.

### **Goals + subgoals go hand-in-hand**

Once you land on your highest level goals and metrics, you may want to choose a few sub-goals that ladder up into them. Sub-goals are a great way to break big, longer term goals into manageable parts. Especially if it's something you'll be tracking towards for a long time, sub-goals can give your team a sense of progress and accomplishment along the way.

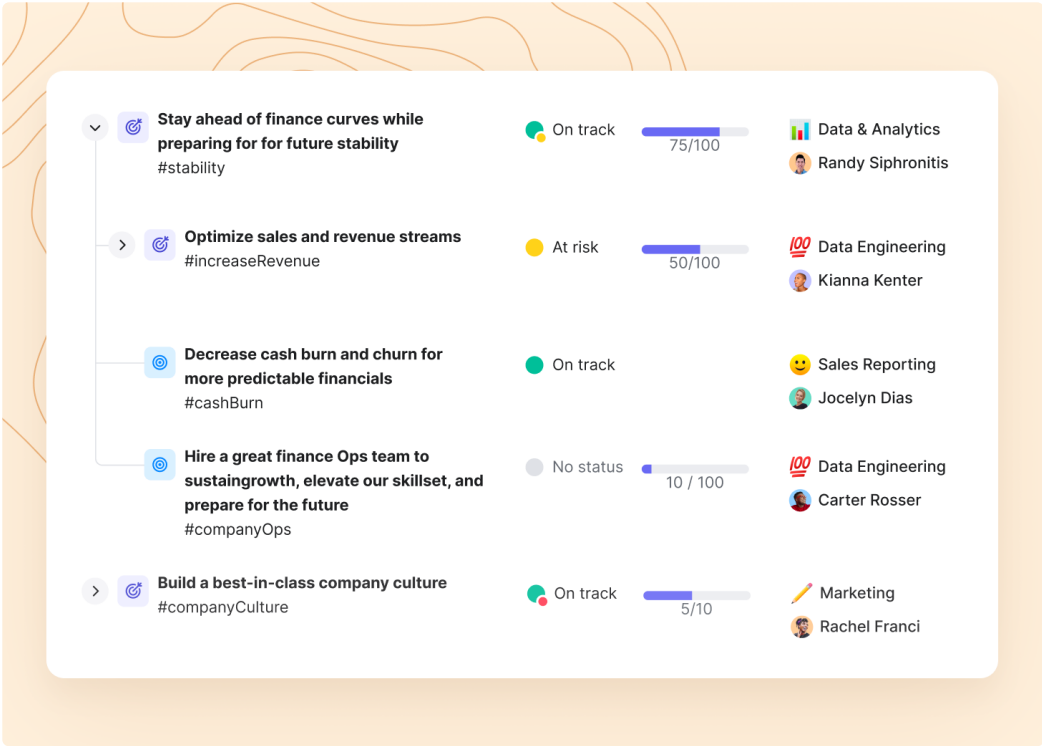
### **For every goal, a clear owner**

Most goals will be a team effort, but you'll still want one person who's directly responsible for each goal and subgoal so it doesn't fall through the cracks. Assigning clear owners helps with accountability and ensures that work isn't duplicated by multiple folks on your team.

## One source of truth to rule them all

Once you have goals and owners in place, you'll want to make sure they're all tracked in one place. This will give the whole team visibility into how things are going, builds greater accountability and excitement around the work, and makes it way less of a headache to keep track of how things are moving along. If something's blocked or needs more resources allocated to it, tracking everything in one place ensures you'll catch this early on and be able to pivot accordingly.

### [Learn how to create, assign, and track team goals seamlessly with Range](#)



# Chapter 2: Build daily accountability around goals and metrics

Once you've carved out the right goals for your cross-functional product team, the next step is building a daily practice around them. Tracking progress toward your goals on a daily basis—rather than monthly, quarterly, or at the end of each sprint—is a proven way to help your team make more consistent progress.

When we connect our daily actions to what we're trying to achieve in the long run, it's easier to chip away at it. According to Stanford psychologist Kelly McGonigal, [taking small daily steps that are in line with your goals is one of the best \(research-backed\) ways to work towards a goal over time](#). She says, "People often get lost thinking they have to change everything all at once [...] But small changes can pave the way for bigger changes."

Especially on cross-functional product teams, where folks may be working across many different areas, building a practice of daily goal tracking gives product managers (and everyone else on the team) more visibility into in-flight work and how it ladders up to what the team is working towards. Everyone can see how work moves from point A to point B and PMs can quickly step in and offer support if they need to. If something is off track, the team can spot it early and recalibrate.

Daily goal-tracking doesn't have to be a daunting task, either. It can be super lightweight—think, 5 minutes or less each morning. That's probably less time than your team spends in a daily standup, and arguably way more valuable.

[Learn more about the benefits of daily goal tracking](#)

## Async daily goal-tracking for cross-functional teams

There are a number of different ways you can approach daily goal-tracking. We recommend doing it asynchronously so there'll be a written record of everyone's progress. This is especially valuable on cross-functional teams, where daily stand-up meetings can often feel large, cumbersome, and not relevant to the entire group. Through async updates, everyone can see each other's progress and then go deeper on the information that's most relevant to their function.

**Tip: Track daily goals seamlessly in Range.** Got 3 minutes? [Range check-ins](#) were built for fast, effective daily goal-tracking. They make it easy to share what you're focused on and what you've accomplished in just a couple of clicks—and link back to docs, tickets, and other reference points for context. [Prompts](#) help folks know exactly what to share and #tags make goals searchable over time. You can even track trends to see when a goal needs attention and steer things back on track. [Build a daily accountability practice in 5 minutes or less each morning with Range.](#)

# Chapter 3: Talk about goals often

Once you've got a daily goal-tracking practice in place, you'll want to think through some intentional moments where you'll come together and discuss how everything's going as a cross-functional group. This works best on a weekly or bi-weekly cadence—your goals won't matter much if you only talk about them a few times a quarter.

Here are some examples of how you might build conversations around your goals into your team's meetings.

## All-up progress review

Add a recurring agenda item at the beginning of your meeting to check in on progress. If you're using Range, you can automatically pull in updates by #tag so you can easily see everything that's happened related to a given goal or subgoal.

## Collaboration time

Did folks flag anything as a blocker or for feedback throughout the week? Team meetings can be a great place to collaborate and work through meatier topics together.

## Celebration and gratitude

Celebrate progress towards your goals, and wins big and small. You might use the last 5 minutes of your meeting to go around and high five each other for specific progress made that week, or recognize folks for lending a hand or stepping up to see the work through.

[Incorporate goals into your next cross-functional team meeting](#)

# Chapter 4: Lift up wins to stakeholders and leadership

Looping in stakeholder and leadership groups on your goals and progress towards them can be really valuable.

- It shows your team's impact and the value you're driving for the business
- It gives top-level leaders visibility into how work is moving forward and prevents micromanagement from slipping in
- It forces leadership to prioritize and keeps your team's workload more manageable—when leaders can easily see everything your team is doing, they'll be less likely to pile onto your product roadmap when there isn't bandwidth to do so
- It helps you avoid duplicative work that another team might already be focused on
- It helps you make the case for more headcount and resources, and secure buy-in on your product roadmap
- It gives your team company-wide visibility and recognition for the hard work they put in

# How to share progress

Whether you're reporting up to company leadership or sharing your daily work with teammates and cross-functional colleagues, Range makes it easy for product managers to share updates from their team with leadership.

Once you [build a practice around daily check-ins](#), it's easy to [create custom reports](#) on your team's progress and share them with leadership and stakeholders. You can pull reports on a specific goal or sub-goal (using #tags)—and then share them over email or Slack in just a few clicks.

[\*\*Learn more ways to build a data-driven product team with Range\*\*](#)