Leading Indicators

examples of what they look like in the trenches

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Leading Indicators - Attributes

Predictive - Predict possible future outcomes

Feedback - validate progress of hypothesis

Actionable - can show clear cause and effect (Correlation ≠ Causation)

Relevant - Specific to company, product or service
EXAMPLES
Travel eCommerce

<table>
<thead>
<tr>
<th>Business Outcome</th>
<th>Leading Indicator</th>
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<tbody>
<tr>
<td>Revenue</td>
<td>Tickets Sold</td>
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<tr>
<td>Tickets Sold</td>
<td>Conversion Rate</td>
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<tr>
<td>Conversion Rate</td>
<td>Funnel conversion</td>
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Funnel conversion

Granular funnel metrics by traffic sources and devices act as “leading indicators” validating the Business Hypothesis resulting in conversion rate optimization.
**Travel eCommerce**

**Business Outcome**

- Conversion rate increase
- Reduce marketing costs

**Leading Indicator**

- Improve exit rates from search to checkout
- Load pages faster by 10%
- Reduce # clicks to add item to cart
- Increase email-generated revenue by 20% in one year
- Unique and cheap fares
- Product recommendation relevancy
- Click to open rates increase
- Decrease in churn rate
- Subscriber rate increase
Information Technology

Business

Conversion rate increase
Increase customer satisfaction
Reduce marketing costs

Leading Indicator

Reduce dropped packets
Reduce broken sessions
Increase network speed
Increase network capacity
Increase network availability to 99.999
Reduce marketing costs
Increase network speed
Increase network capacity
Increase network availability to 99.999

firewall modernization
Metrics Translation Layer

Build a translation layer from Operational Value Stream to Development Value Stream
Goal /Outcome: Start with Business outcome and organization KPI

Customer Journey: Map your customer journey (ops to dev Value Stream)

Hypothesis: Hypothecize activity to influence the business outcomes

Identify Metrics: Identify Leading Indicators

Translate back: Translate back to Organization KPIs
Q&A

thank you