

HOW TO DEFINE YOUR NORTH STAR METRIC

What is a North Star Metric?

Your **North Star Metric** is the single most important measure of success for your business. It's the one metric that best captures the core value you deliver to customers and drives sustainable growth.

Why It Matters

Without a clear North Star, teams pull in different directions, resources get wasted, and you optimize for the wrong things. A strong North Star aligns everyone toward the same goal.

THE 5-STEP FRAMEWORK

1. Identify Your Core Value

What is the fundamental value your product/service delivers to customers?

Examples:

- E-commerce: Products purchased
- Social media: Daily active users engaging with content
- SaaS: Active users completing key workflows
- Hotel: Occupied room nights

2. Choose ONE Primary Goal

Your second-best goal is your North Star's greatest enemy. Pick one and commit.

Warning Signs You Have Too Many Goals:

- Teams are confused about priorities
- Different departments optimize for different metrics
- You can't quickly answer "What are we trying to achieve?"

3. Make It Measurable

Turn your goal into a specific, trackable metric.

Good North Stars:

- Daily Active Users (DAU)
- Monthly Recurring Revenue (MRR)
- Completed Transactions
- Active Subscriptions

Bad North Stars:

- "Grow the business" (too vague)
- "Increase engagement" (not specific enough)
- "Be the best" (not measurable)

4. Ensure It's Actionable

Can your team's daily work directly impact this metric?

Test: Ask team members "How does your work this week move the North Star?" If they can't answer clearly, refine your metric.

5. Align the Entire Organization

Everyone from engineering to marketing to customer service should understand and work toward the North Star.

COMMON PITFALLS TO AVOID

- ❌ **Vanity Metrics** Page views, downloads, or signups that don't reflect real value
 - ❌ **Multiple North Stars** "We focus on revenue AND user growth AND engagement" = no focus at all
 - ❌ **Changing Too Often** Switching North Stars quarterly prevents meaningful progress
 - ❌ **Ignoring Trade-offs** Real prioritization requires saying "no" to good ideas that don't serve the North Star
-

QUICK DECISION FRAMEWORK

When evaluating any marketing initiative, ask:

Question	Action
Does this directly move our North Star?	DO IT
Does this support the North Star indirectly?	Consider if resources allow
Does this compete with the North Star?	DON'T DO IT
We're not sure?	Test it, measure impact, decide

EXAMPLES BY BUSINESS TYPE

E-commerce Store

- North Star: Monthly Transactions
- Why: Captures both customer acquisition and repeat purchases

SaaS Product

- North Star: Weekly Active Users
- Why: Shows product value delivery and retention

Content Platform

- North Star: Daily Active Users Consuming Content
- Why: Reflects engagement and platform stickiness

Marketplace

- North Star: Gross Merchandise Value (GMV)
 - Why: Measures total economic activity on platform
-

ACTION CHECKLIST

- ☐ Write down your current business goal in one sentence
 - ☐ Convert that goal into a single measurable metric
 - ☐ Validate that this metric reflects customer value delivered
 - ☐ Share with your team and get alignment
 - ☐ Set up tracking and dashboards for this metric
 - ☐ Review all current initiatives against the North Star
 - ☐ Establish a regular cadence to review North Star progress
 - ☐ Communicate the North Star in every team meeting
-

KEY TAKEAWAY

Your North Star metric should be so clear that anyone on your team can explain it in 10 seconds and use it to make daily decisions.

If you need a data scientist to figure out if you're making progress, your North Star isn't clear enough.

Based on principles from "Click Here" by Alex Schultz