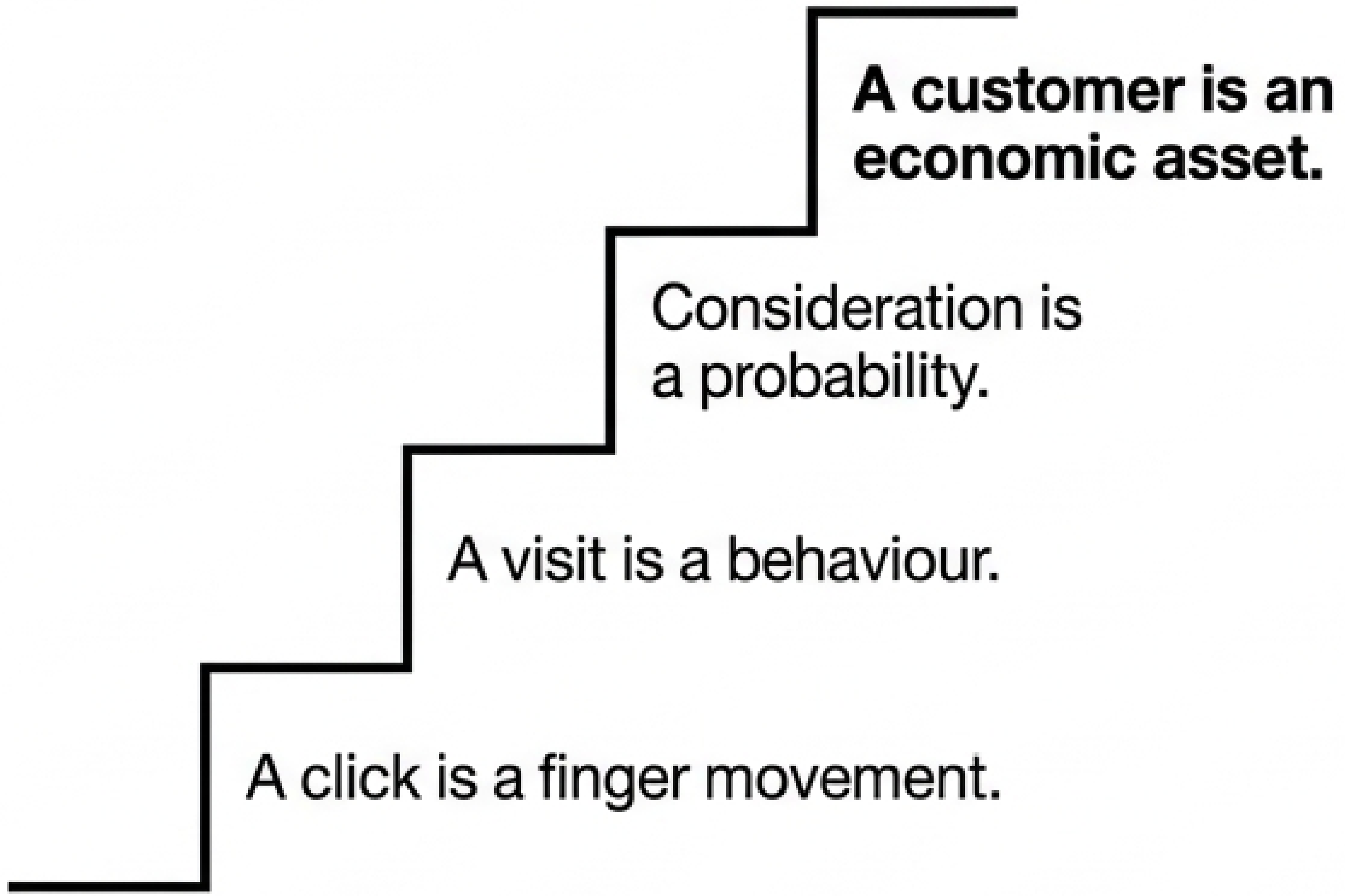
THE METRIC BEFORE THE MONEY

AN EVIDENCE-BASED RANKING OF THE NON-SALES INDICATORS THAT BEST PREDICT FUTURE BUSINESS SUCCESS.

by the bamboo team

Managers are drowning in measures that move faster than revenue.

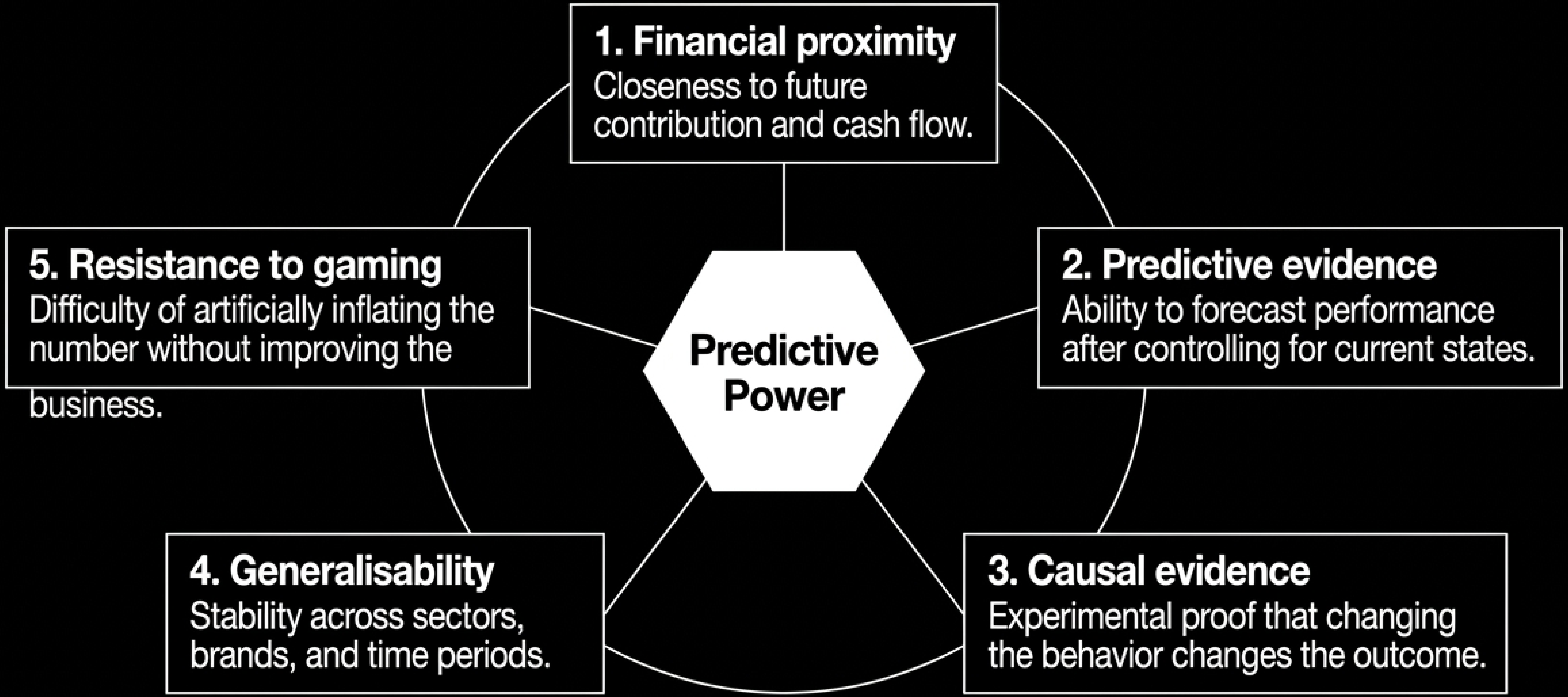


The further a metric sits from the economic asset, the more cautiously it must be interpreted.

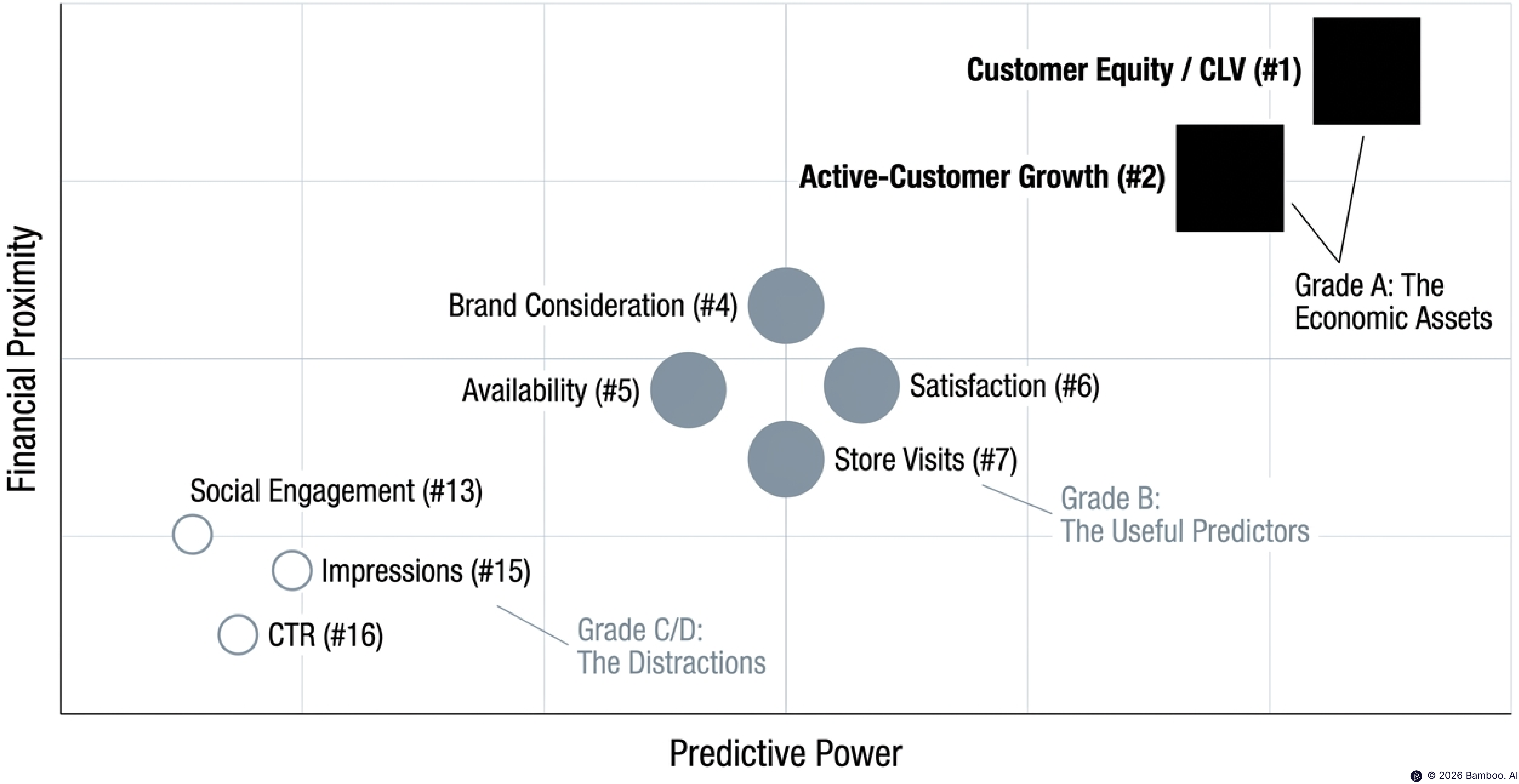
The optimum leading indicator depends entirely on the organizational level being managed.

The Management Question	The Best Metric
What is the business likely to be worth in future?	Customer equity or margin-adjusted CLV
Is the business building a larger commercial base?	Net active-customer growth or buyer penetration
Will current customers continue generating value?	Retention, churn, and cohort survival
Are future customers moving towards choosing us?	Brand consideration and mental availability
Is a retailer creating near-term demand?	Incremental qualified visits, combined with visit quality
Is media actually being noticed?	Attention and quality reach
Which of visits, recall, and CTR is strongest?	Qualified visits > category-linked recall > CTR

Metrics do not cause business success; they reflect, precede, or correlate with it.



The evidence-weighted ranking of non-sales indicators.



Customer equity is the ultimate economic leading indicator.

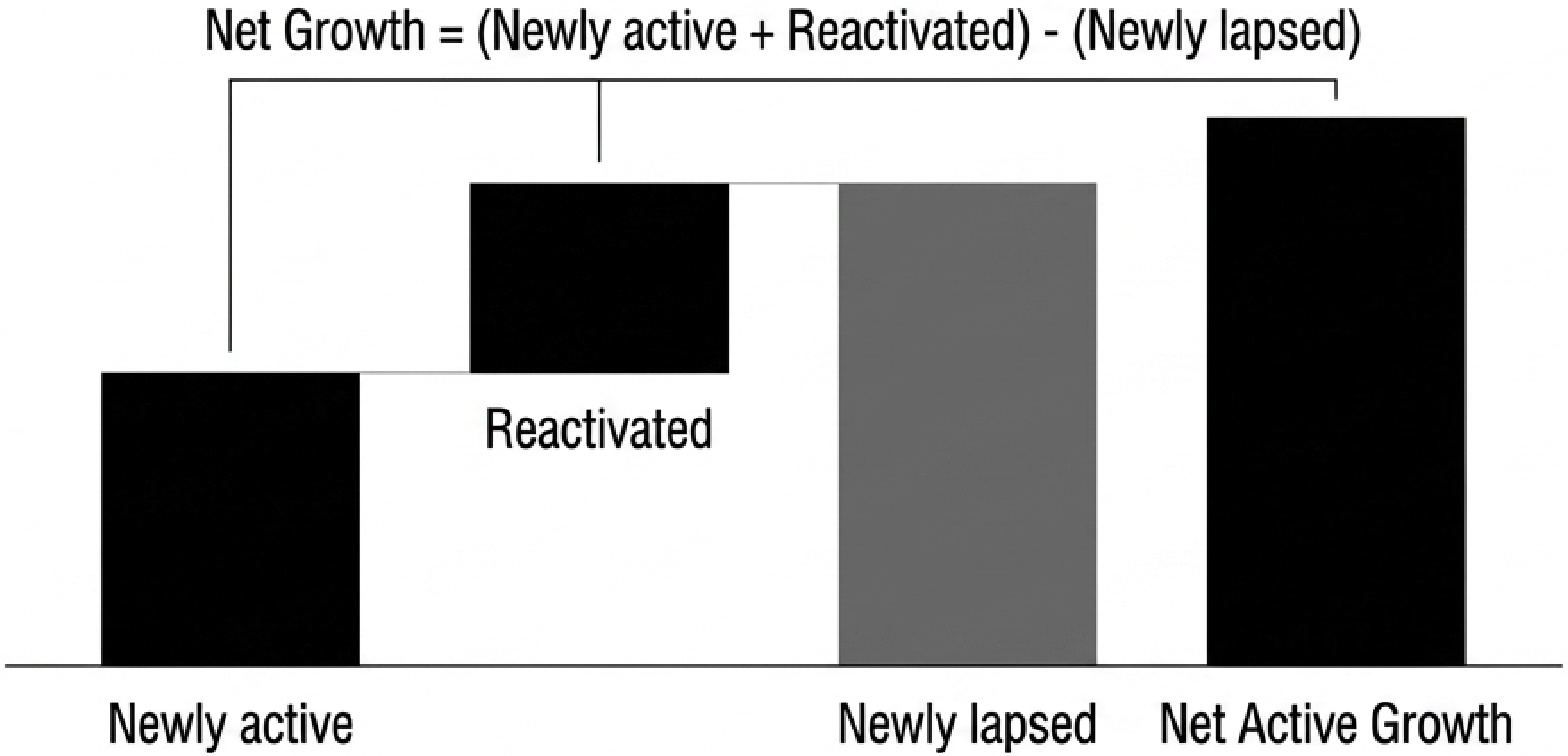
Rank 1: **Margin-Adjusted Customer Lifetime Value (CLV).** It wins because it measures the asset, not merely the activity.

$$\overbrace{\boxed{\text{Expected Margin}} + \boxed{\text{Expected Frequency}} \times \boxed{\text{Expected Survival}}}^{\text{Future Value Generation}} - \overbrace{\boxed{\text{Time/Risk Discount}}}^{\text{Financial Reality}}$$

The Proof: A 35,000-customer IBM implementation reallocated resources using CLV instead of historical spending, producing approximately **$20 million** in additional revenue—a tenfold increase—without increasing total marketing investment.

A business cannot retain its way into an unlimited future.

Rank 2: Net Active-Customer Growth (Buyer Penetration). The best observable growth metric across broad consumer markets.

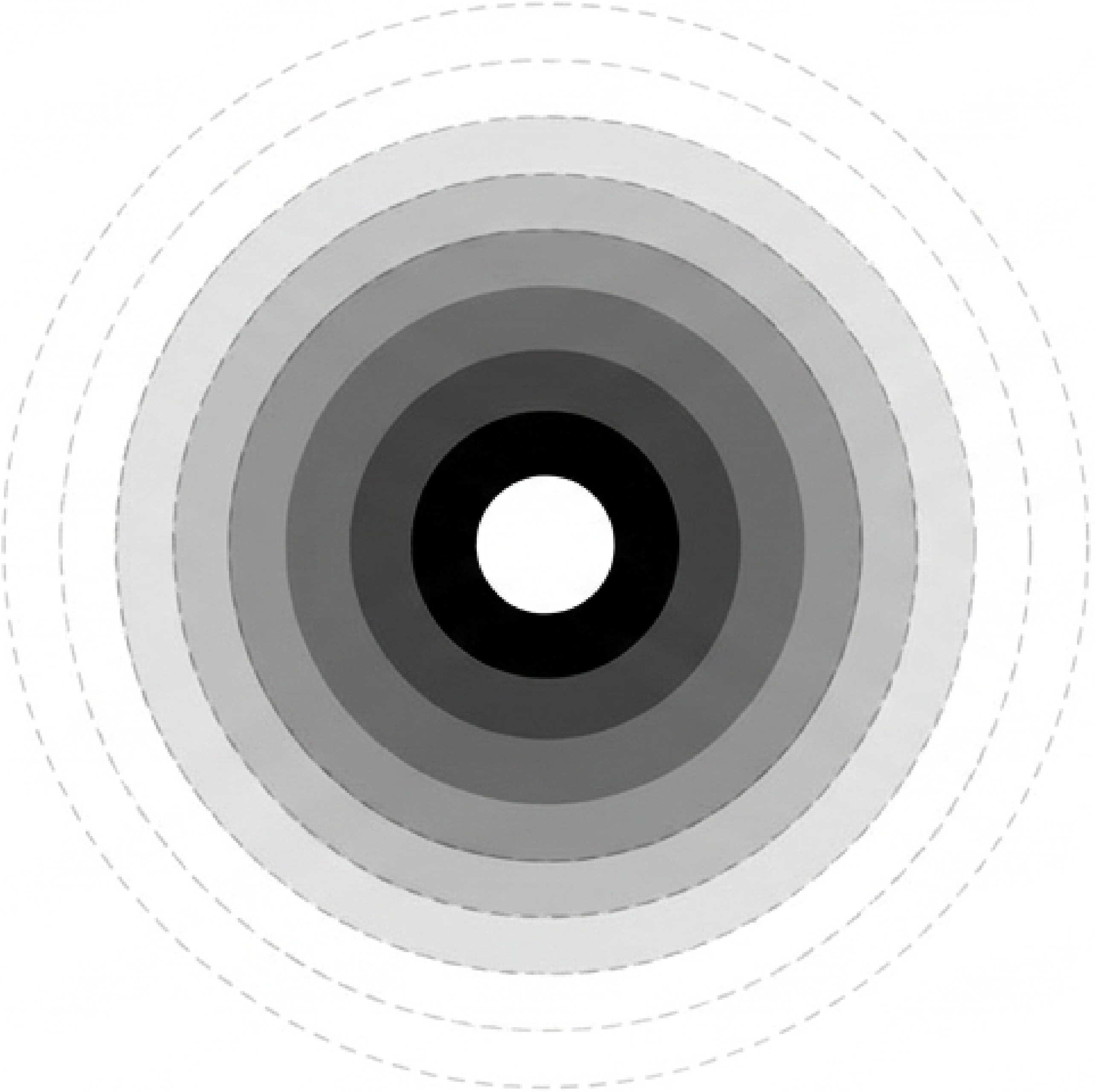


The Data Reality

Across 850 brands in 60 categories, ultra-light buyers represented **62%** of a brand's buyer base over five years and **contributed 31%** of total sales volume. **Seemingly marginal customers collectively constitute a massive commercial asset.**

Retention is mathematically powerful, but it protects value more than it creates reach.

Rank 3: Retention, Churn, and Cohort Survival. Extraordinary for contractaal models, but limited universally.



1. The Acquisition Floor

A business with excellent retention but a stagnant acquisition engine will quietly die.

2. The Scale Illusion

Large brands naturally display higher loyalty because they are large; loyalty is partly an outcome of scale, not just an independent driver.

3. The Profitability Trap

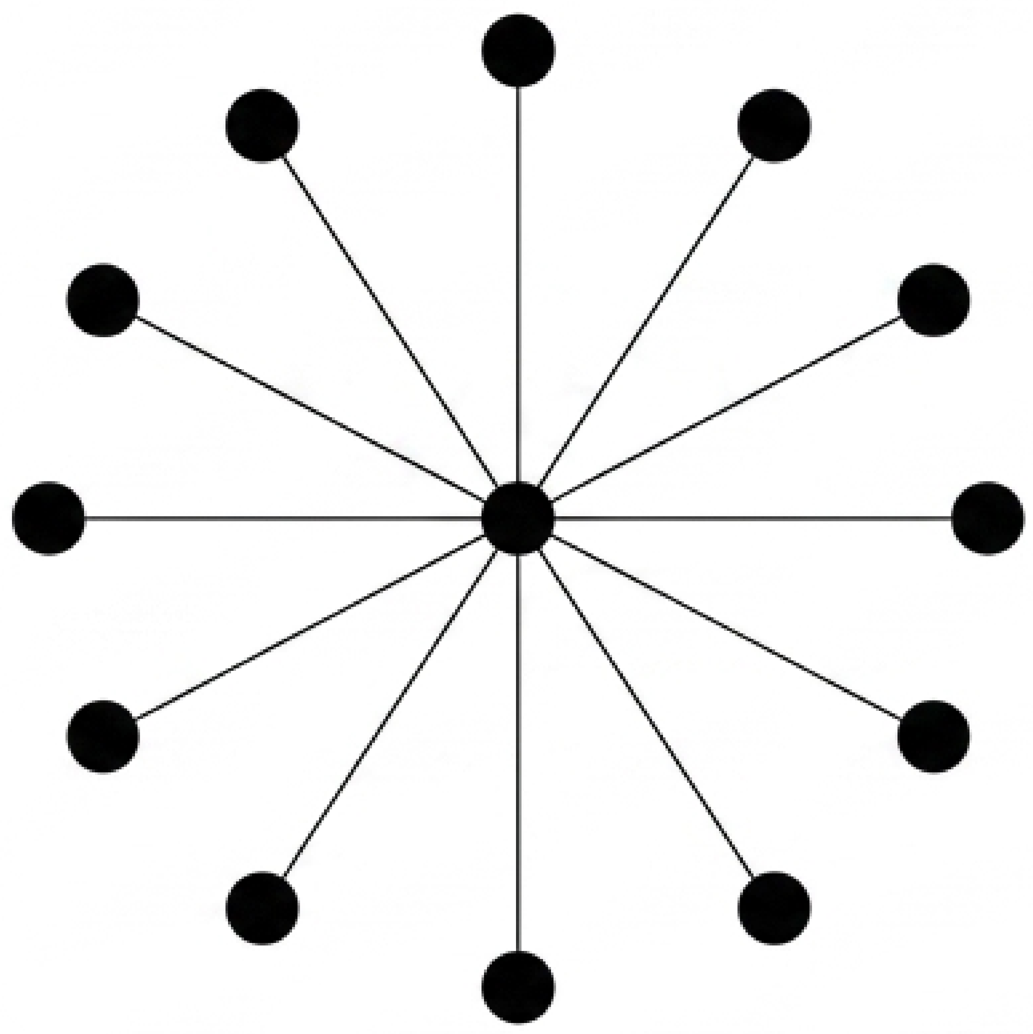
Long relationships are not always profitable ones, particularly if retained via heavy discounting or high service costs.

Brand consideration and availability are the strongest pre-purchase metrics.

Generic Awareness

Stop asking “Have they heard of us?”

Mental Availability (Rank 4 & 5)



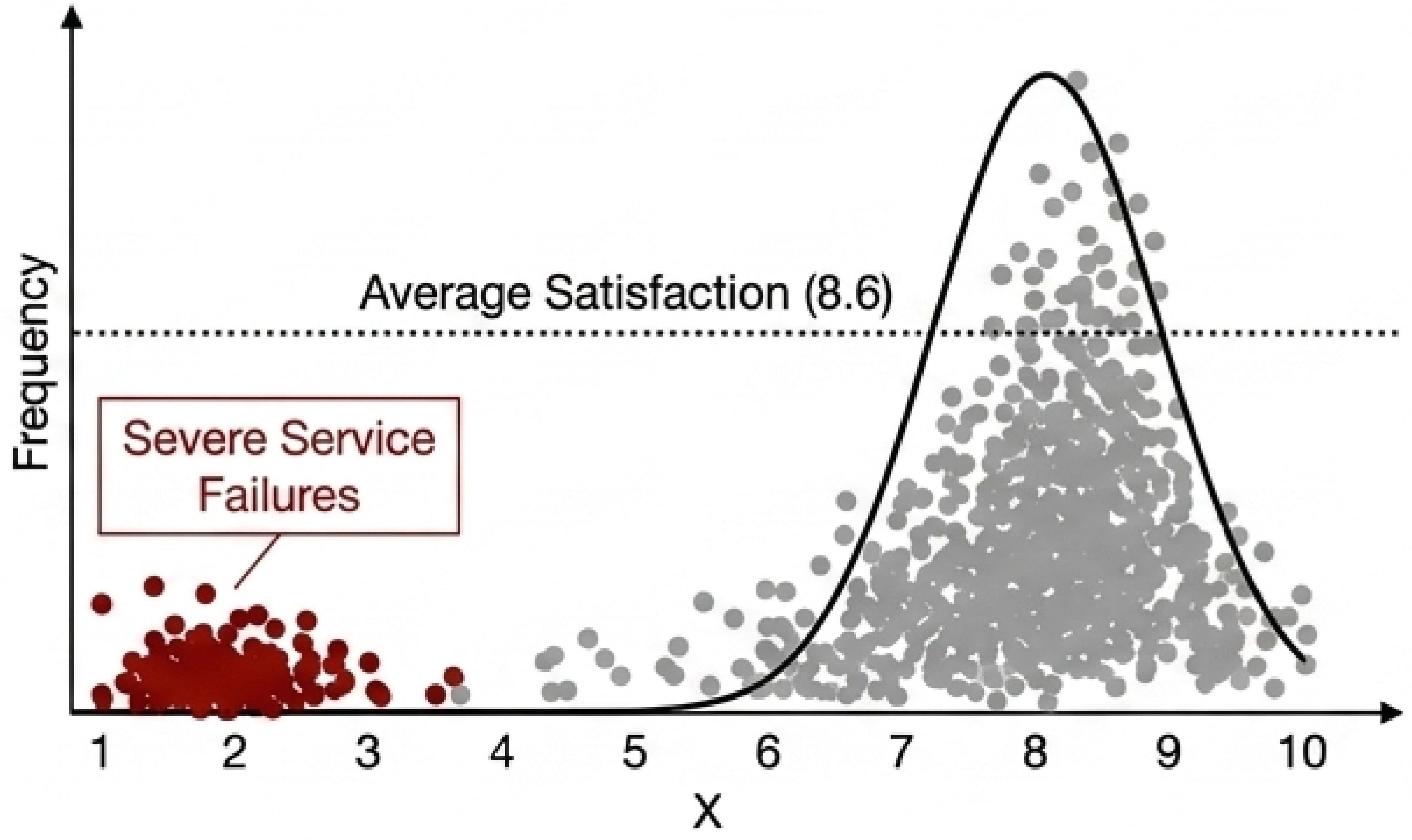
Start asking “In how many specific buying situations do they think of us?”

The Evidence: A 5-year analysis across 25 categories found long-term sales elasticities of 1.37 for product changes and 0.74 for distribution, compared to just 0.13 for advertising. **A brand cannot be chosen if it cannot be found.**

Averages conceal the commercial reality of satisfaction and store visits.

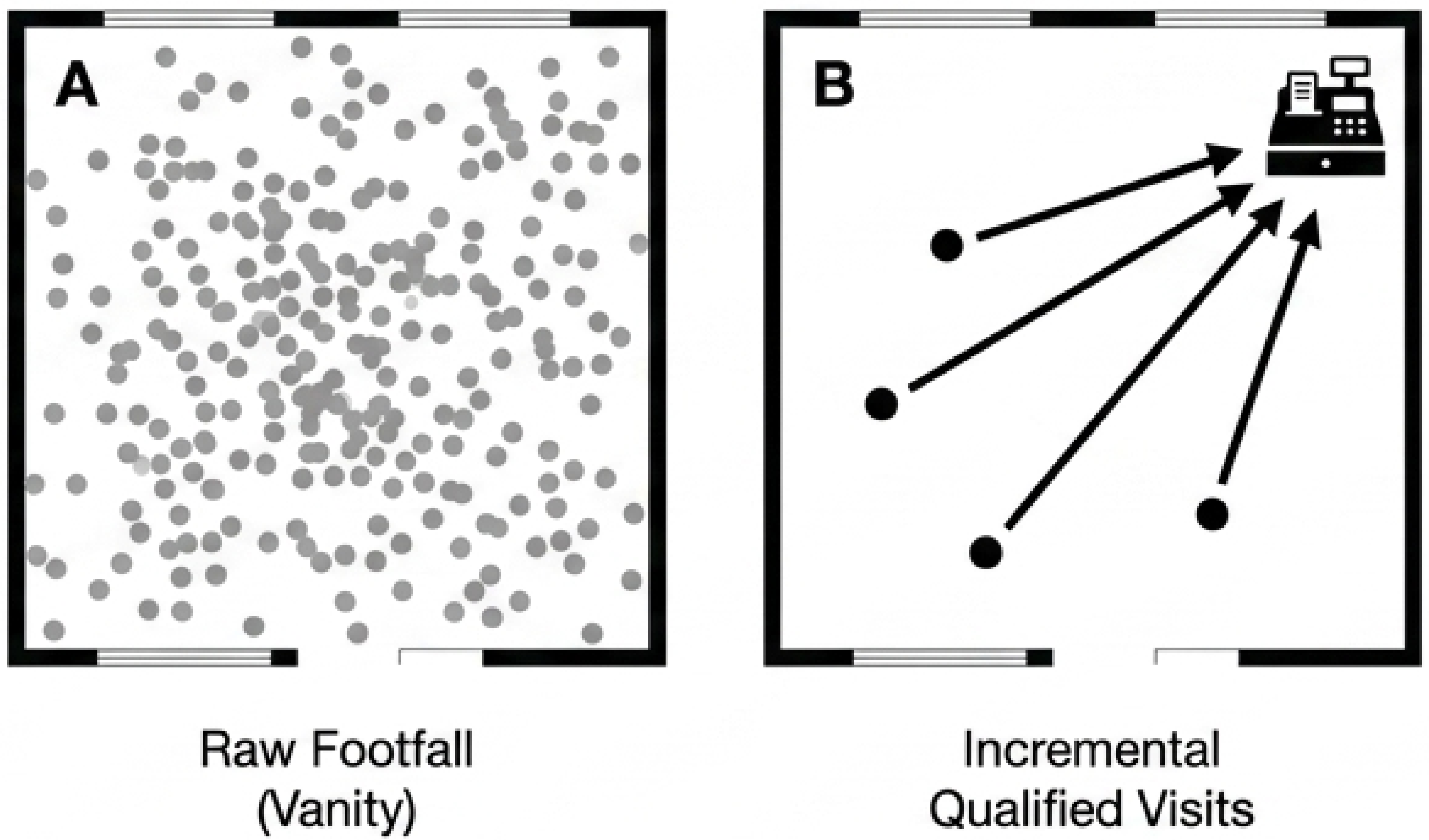
Rank 6 & 7. Relying on average metrics masks critical commercial variance.

Satisfaction



Moving an 8.5 to an 8.7 is commercially trivial. Resolving severe failures is highly valuable. Backed by Backed by a meta-analysis of 1.16 million observations.

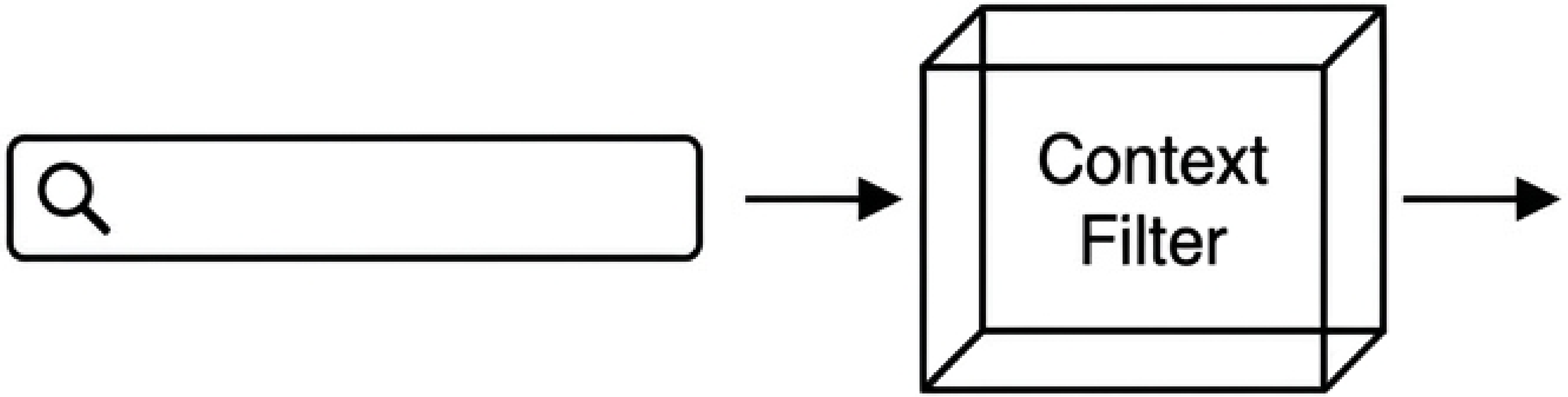
Store Visits



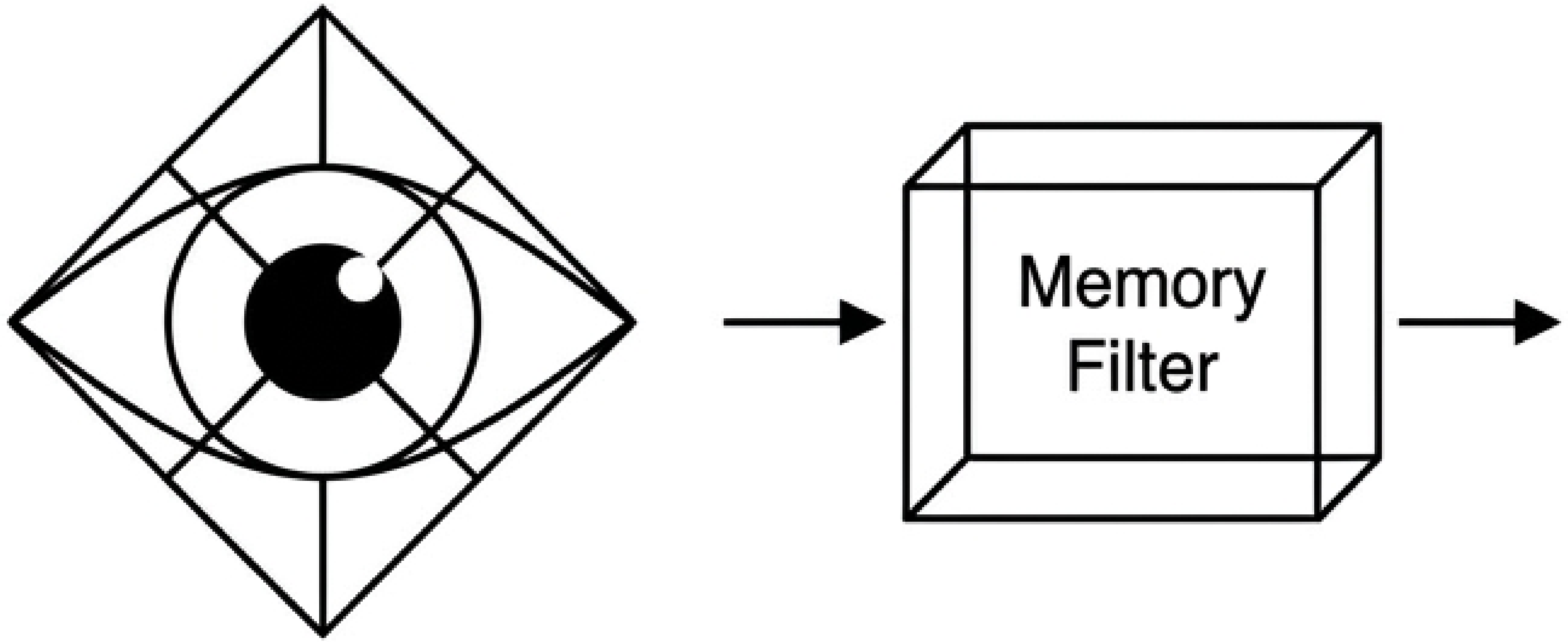
A visit only matters if it is incremental (caused by an intervention) and qualified (exhibiting purchase intent).

Share of search and attention are promising but highly intermediate signals.

Rank 8 & 9. Both are revealed behaviors, but they require proper context to equate to demand.



Incorporating competitors' search data improved new-product forecast accuracy by over 18%. Yet, search spikes can also signal scandals, product recalls, or service failures.



An eye-tracking experiment proved attention increases choice over cash. However, attention driven by **outrage** is commercially useless. It must build correctly branded memory to matter.

Context-free metrics create an illusion of commercial health.

METRIC	THE ILLUSION	THE REALITY
Ratings & Reviews (Rank 11)	High ratings guarantee robust future sales.	A meta-analysis of 1,532 effect sizes showed an average correlatioh sales of just 0.091. A 4.6 based on 12 reviews is not equal to a 4.4 based on 12,000.
Net Promoter Score (Rank 12)	The ultimate, universal predictor of firm growth.	A 15,500-interview longitudinal study failed to replicate claims of NPS's superiority. It is a useful local diagnostic, not a universal growth oracle.
Ad Recall (Rank 14)	Highly memorable ads inevitably drive demand.	Audiences routinely remember the execution but credit the wrong brand. The execution entertains without building useful memory.

Platform engagement does not automatically equate to commercial demand.

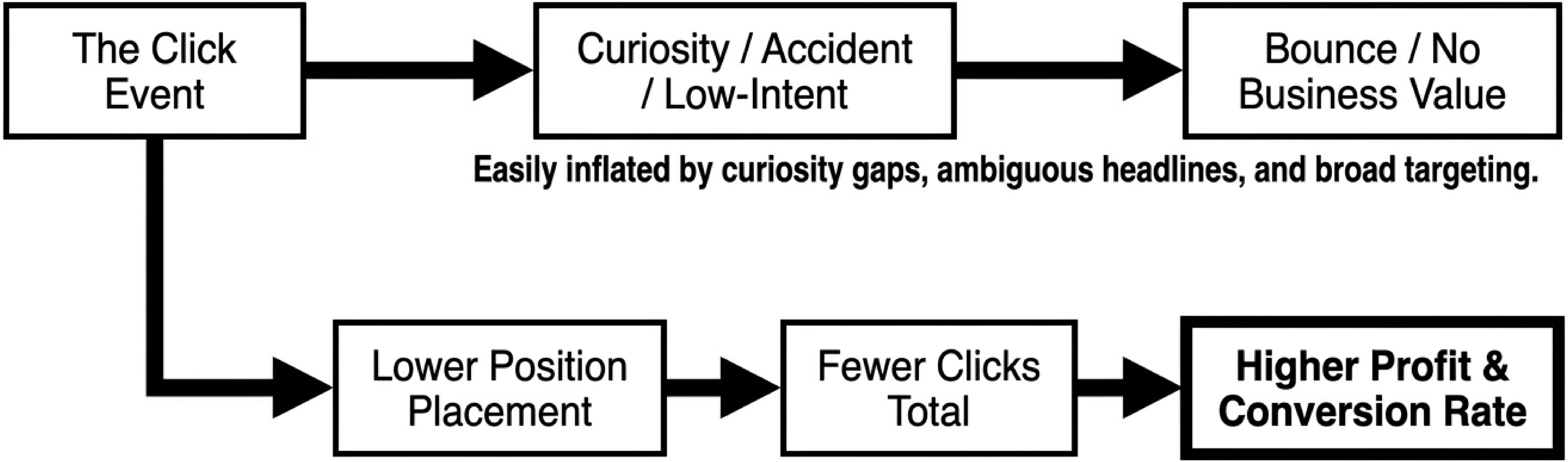
Rank 13: Social Engagement.

Likes, saves, and comments demonstrate platform behavior, not commercial response. Engagement is routinely driven by entertainment, algorithms, or political outrage.

The Data Reality: Livestream research documented situations where changing emotional intensity successfully raised viewer engagement while unit sales simultaneously declined.

The advertisement most likely to be clicked is rarely the most profitable.

Rank 15 & 16 (The Absolute Bottom). Impressions measure delivery. CTR is a diagnostic tool for execution.



The Data Reality: A paid-search experiment found CTR fell as position moved down the page, but conversion rate rose. Optimizing for clicks actively optimized away from revenue.

Revealed physical behavior beats mental state, and mental state beats a click.

Addressing the ultimate debate among operational metrics.

1st: Qualified Incremental Store Visits

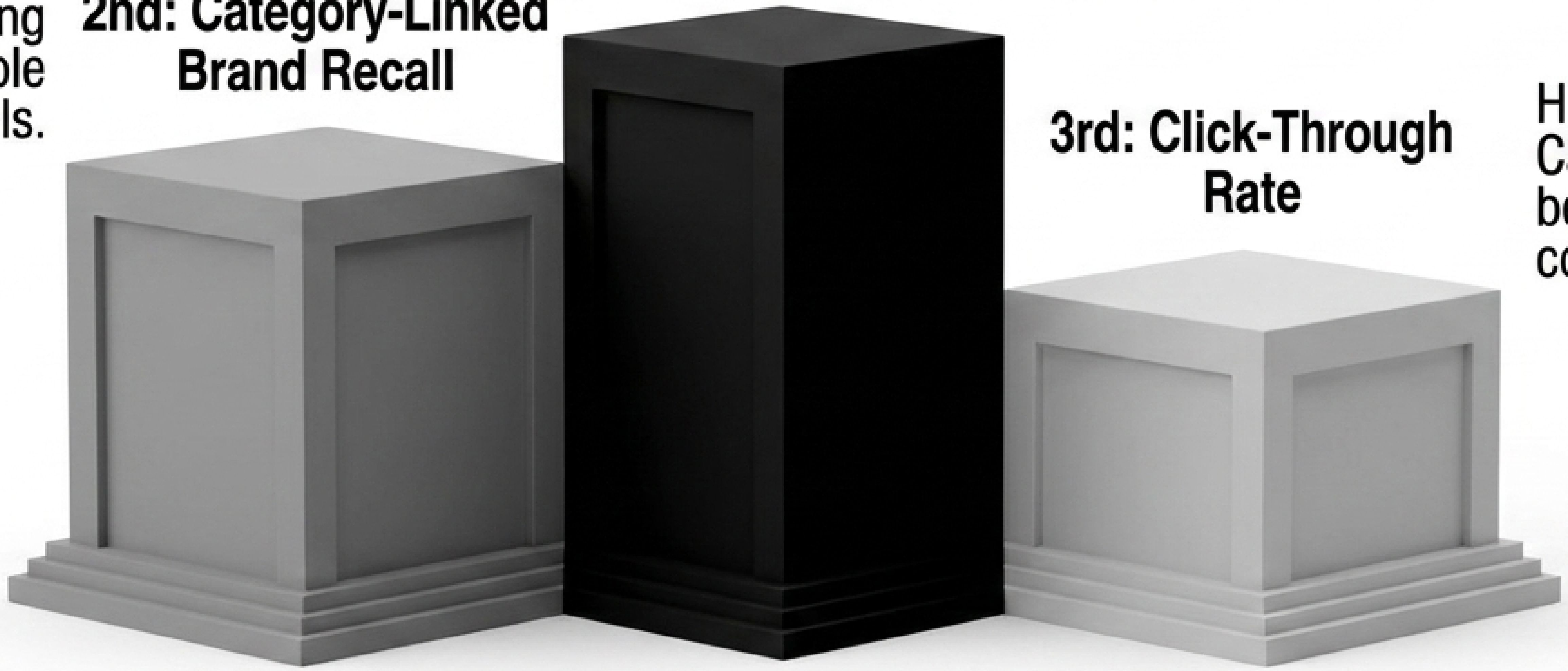
Revealed physical behavior. Closer to transaction, requires significant customer effort.

2nd: Category-Linked Brand Recall

Mental state linked to specific buying situations. Durable across channels.

3rd: Click-Through Rate

Highly dangerous. Captures platform behavior rather than commercial intent.



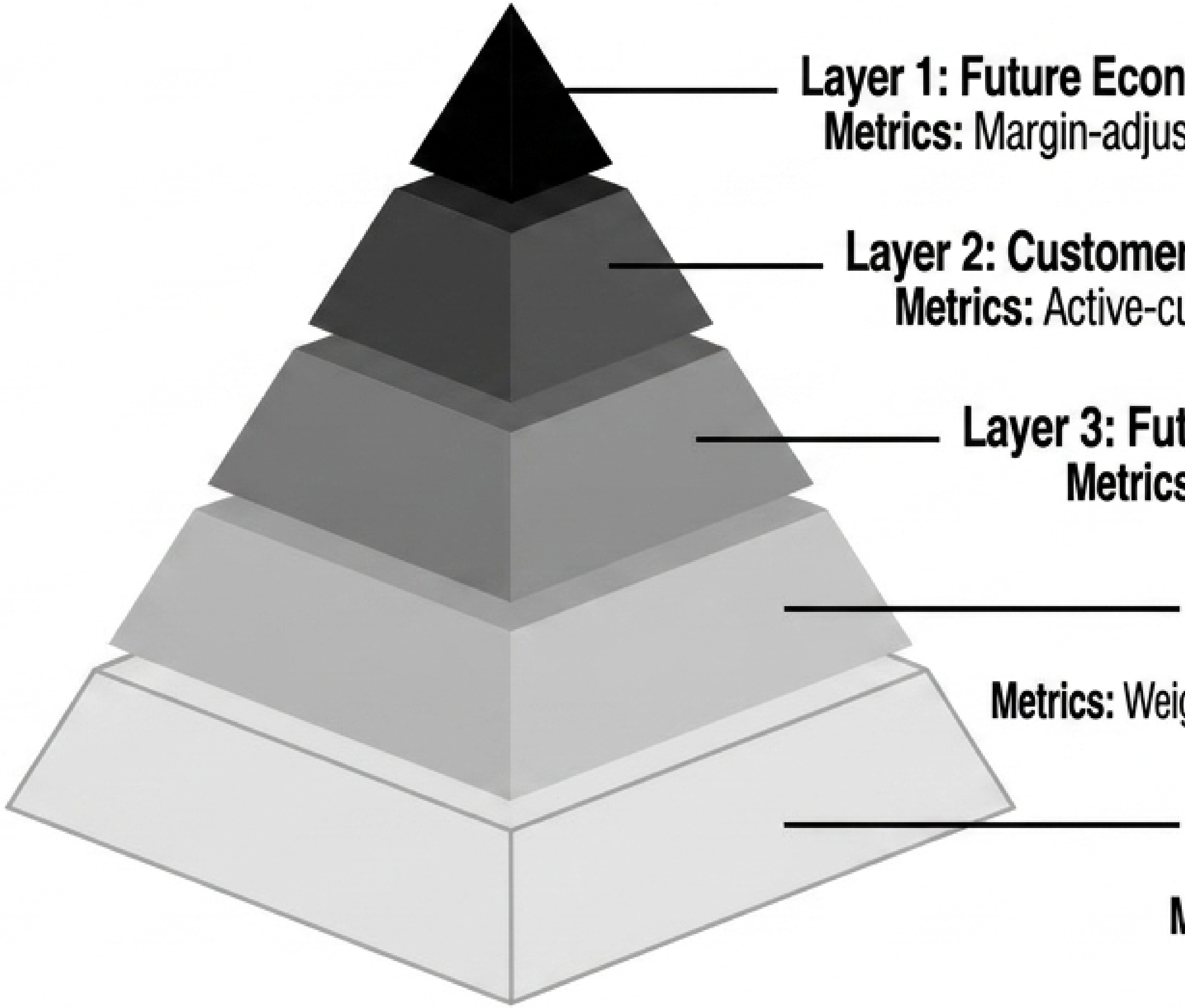
The optimum north star metric shifts dramatically by business model (Part 1).

Subscription & Contractual SaaS, Telecom, Streaming	- **Priority:** Cohort survival, margin-adjusted CLV, meaningful product usage. **Rationale:** Retention dictates durability. The relationship is explicit and recurring.
Retail & QSR Physical and Digital Commerce	- **Priority:** Incremental qualified visits, net active-customer growth, physical/digital availability. **Rationale:** The route from traffic to transaction is short and observable.
Packaged Goods FMCG, Supermarket Brands	- **Priority:** Household penetration, weighted distribution, mental availability across buying situations. **Rationale:** Penetration dominates because most buyers purchase from repertoires infrequently.

Enterprise and financial models require metrics focused on penetration and active usage (Part 2).

Banking & Financial	- **Priority:** Active/primary customers, funded-account activation, customer equity. - **Reality Check:** A million dormant accounts are not a million customers in any commercially useful sense.
B2B & Enterprise	- **Priority:** Buying-account penetration, renewal probability, share of buying committee reached. - **Reality Check:** Simple website CTR is exceptionally weak in complex buying journeys involving multiple people and long cycles.
Marketplaces & Platforms	- **Priority:** Active buyers/sellers, liquidity, match probability. - **Reality Check:** Growing registrations is actively harmful if supply and demand become imbalanced.

The 5-Layer Executive Measurement System organizes metrics by their proximity to cash flow.



Layer 1: Future Economic Value (The Asset)
Metrics: Margin-adjusted CLV, Customer Equity.

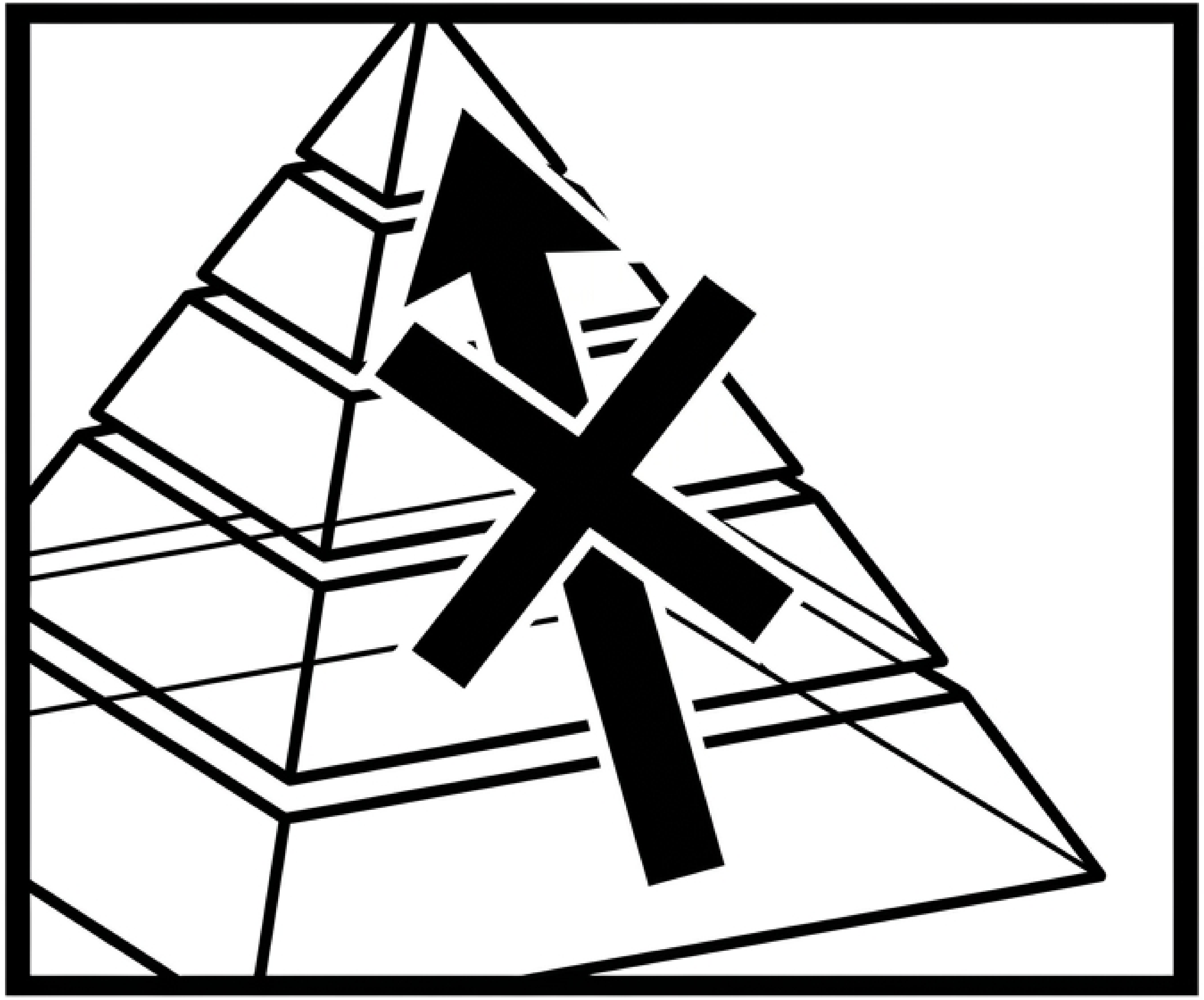
Layer 2: Customer-Base Health (Primary Growth)
Metrics: Active-customer growth, cohort retention.

Layer 3: Future Demand (Brand & Choice)
Metrics: Consideration, mental availability.

Layer 4: Access & Experience (Conversion Enablers)
Metrics: Weighted distribution, customer satisfaction.

Layer 5: Channel Diagnostics (Operational)
Metrics: CTR, Impressions, Ad Recall.

The primary error is allowing operational diagnostics to occupy the boardroom.



The Execution Trap:

The mistake is not measuring Click-Through Rate or Impressions. Both are highly useful for diagnosing media execution at the operational level.

The catastrophic mistake is allowing CTR to climb from Layer 5 and occupy Layer 1's chair on the board report, masquerading as a metric of business health.

Commercial credibility requires rigorous validation, not merely observation.

1. Measure incrementality, not attribution. Use holdout groups to ask what happened *because* of the activity vs. what would have happened anyway.

2. Connect every metric to a customer transition. A measure without a transition is just an observation.

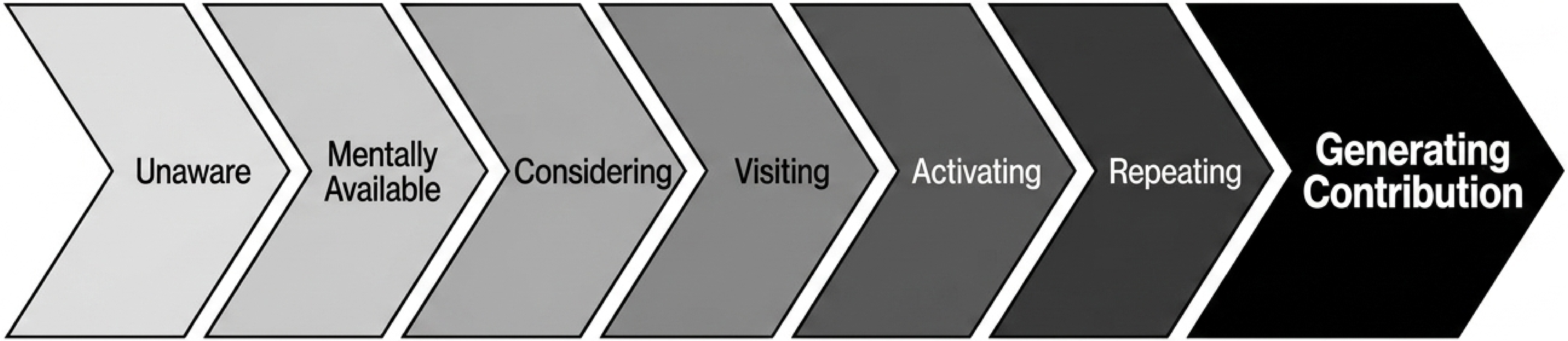
3. Track quality and quantity together. Reach requires attention; customers require expected contribution.

4. Benchmark against competitors. A 10% search increase is meaningless if the overall category grew by 30%.

5. Validate internally. Ensure the lead-lag relationship repeatedly predicts future contribution within your specific company data.

A measure without a customer transition is merely an observation.

Every credible leading indicator must represent movement from one of these states to the next.



Metrics only have value if they prove the customer asset is moving to the right.

The metric before the money is the customer asset.

Do not ask which dashboard number moved the most.

Ask which customer asset became larger, more valuable, more available, and more likely likely to survive.

That is the best predictor of future business success.