

Demystifying Leading Indicators

in Product Development and Innovation



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What are leading indicators



*Leading Indicators help
us predict the future.*




Some Examples



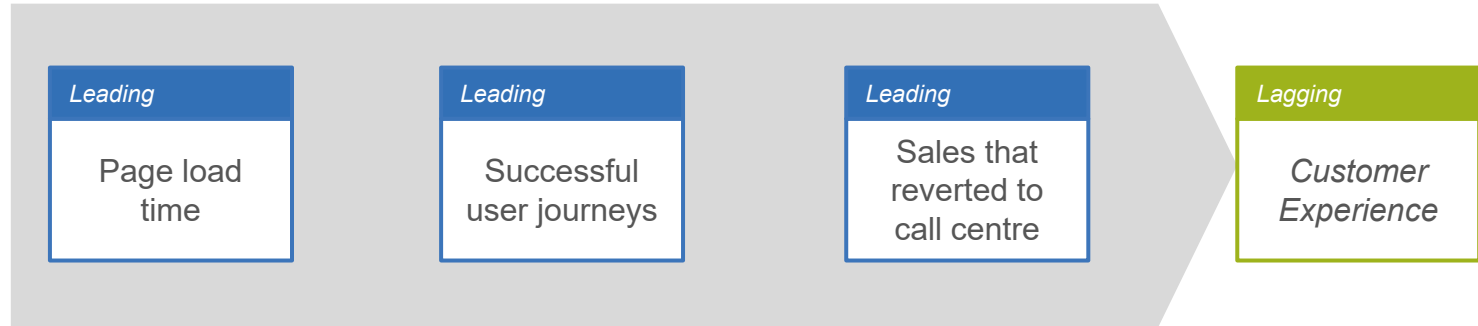
Leading indicators can be near-term lagging indicators

- ▶ **Lagging:** Measures output of an activity. Likely to be easy to measure, as you've potentially already got measurement in place.
- ▶ **Leading:** Measures inputs to the activity. Often harder to measure as you likely do not do this today.

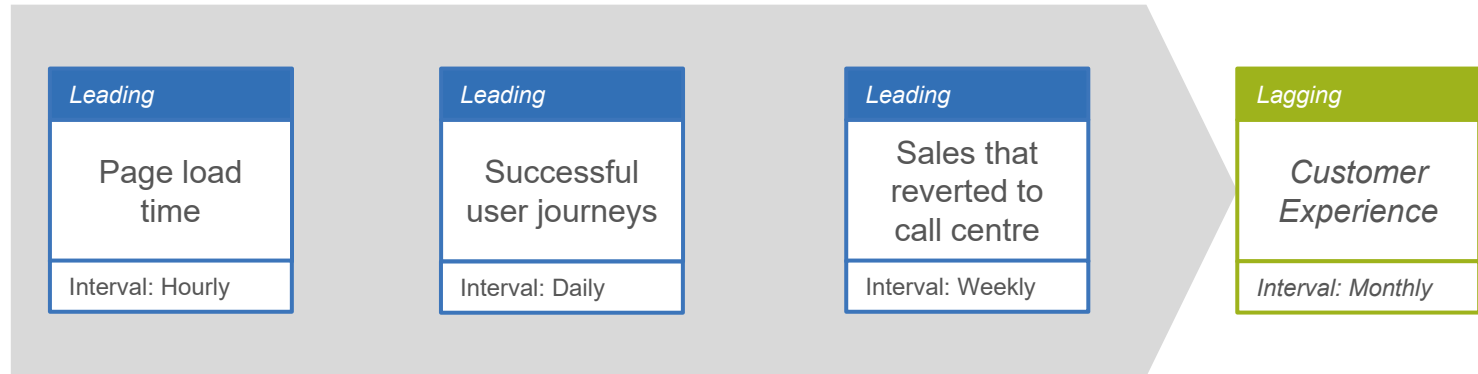


Near-term lagging indicators can become leading indicators for long-term lagging measures

How to ideate your Leading Indicators



How to ideate your Leading Indicators





Applying the use of Leading Indicators in Agile Product Management

Idea	Decommission a service (Horizon 0)
Hypothesis	The service is not valued by our customers and that removing it will not impact Customer Experience (CX) and will reduce Operational Costs (OpEx)
Leading Indicators	<ul style="list-style-type: none">● Validation of data centre costs aligned to the service are separately attributable to the service and you can turn them off● The costs associated with moving customers and turning off the service can be met within OpEx and CapEx budgets● Interviews with those customers using the service to understand the impact of removal that might impact CX● Validate that a x% return of customers to the old service would still make it unprofitable.● Any vendors contracts linked to the service have break clauses● Following disabling access, customer support and complaints at or lower than previous levels
Lagging indicators	<ul style="list-style-type: none">● Reduced OpEx● Stable CX

Idea	Migrate product from on-premise to cloud software as a service
Hypothesis	That moving the product will allow for a faster deployment of new functionality, improved reliability, reduced customer TCO and improved revenue streams through moving to a subscription model.
Leading Indicators	<ul style="list-style-type: none"> ● Proof of concept toolchain environment demonstrates faster deployment process by x% ● Customer interviews and market research to confirm they would value, trust and want SaaS version in the cloud ● x% of customers commitment to move to the new model within two months of announcement ● One of top ten customers moving with a reduced feature set within six months of go-live ● x% of migrated customers increase spend with us by x% within six months of migration
Lagging indicators	<ul style="list-style-type: none"> ● Reduced TCO of customers ● Improved revenue ● % of Customer base on new service

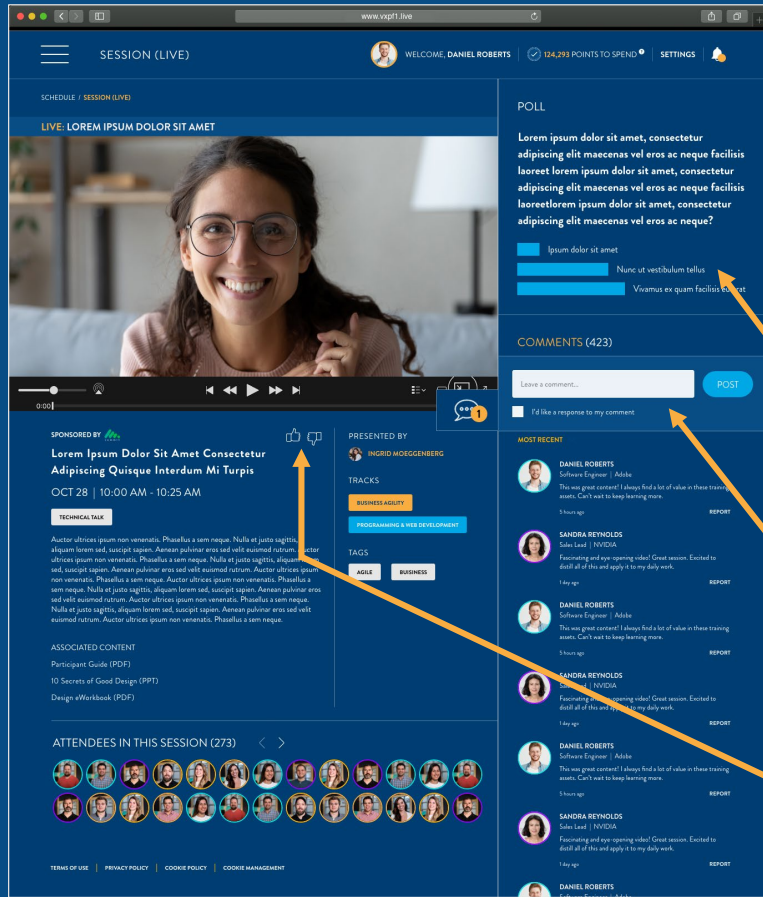
Idea	New functionality to add revenue
Hypothesis	By adding the new functionality, sales will increase by 10% with a profitability of 40%
Leading Indicators	<ul style="list-style-type: none">● Prototype analysis demonstrates the expected profitability of the product after development costs considered● Landing page traffic grows x% week on week and dwell time > x minutes● X customers of competing product committing to shift business within two months of launch● x% of repeat visits to landing page sign up and provide banking details● Minimum Marketable Release (a subset of functionality) showing gains X positive media highlights, including in trade magazine
Lagging indicators	<ul style="list-style-type: none">● Revenue impact● Profitability● Market share

Idea	Reduce call centre costs by improving Customer Experience (CX)
Hypothesis	Improving customer experience of the process will result in reduce calls to the call centre, thus allowing a lowering of call centre costs by £x
Leading Indicators	<ul style="list-style-type: none">● X common case issues attributable to minimum of 25% negative CX scores● User research sessions with low fidelity prototype demonstrate improvement of predictive NPS of x points● Quick win change makes demonstrable improvement of less calls and less attributable case issues● User journey success measurements compared to existing process● Reduction in use (times and cost) of over-spill call centre vendor● In process customer feedback scores improving
Lagging indicators	<ul style="list-style-type: none">● Call centre costs removed

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Thank you!