

# New Management Metrics

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After years of leading teams and then, at Greylock, watching some of the best startup CEOs in the world, I've learned that the most important metrics are often ones you never read about on the income statement or in the financial press.

“If you can measure it, you can manage it” is a business saying that goes way back. Maybe it was Henry Ford who said that, or Peter Drucker? Regardless, most managers only measure outputs, not inputs, which is like telling a Little League team to score more runs, rather than actually explaining how to swing a bat and make contact with the ball. Similarly, most companies measure traffic, revenue or earnings, without considering how to improve the company at an atomic level: how to make a meeting better, or an engineer more productive.

Here are five metrics that great teams should measure:

## **Metric 1: Flow State Percentage**

Jobs that require a lot of brainpower—software programming for instance—also demand deep concentration. You know that feeling when you're “in the zone,” cranking on something. That is flow, a term coined by psychologist [Mihaly Csikszentmihalyi](#). Unfortunately, most of us are constantly interrupted during the day with meetings, emails, texts, or colleagues who want to talk about stuff. These interruptions that move us out of “flow state” increase R&D cycle times and costs dramatically. Studies have shown that each time flow state is disrupted it takes fifteen minutes to get back into flow, if you can get back at all. And programmers who work in the top quartile of proper (ie uninterrupted) work environments are several times more productive than those who don't.

Ideally programmers and other knowledge workers can spend 30% – 50% of their day in uninterrupted concentration. Most office environments don't even come close. To get started, ask your engineers to track for a few days their personal flow state percentages: how many hours each day are they in flow, divided by the number of total hours they're at the office. And then brainstorm ways that the team can move this number up. For example, perhaps there's a little paper sign at each person's desk that says “Go Away, I'm Cranking.” Or maybe you have a day where no meetings are allowed. Tom Demarco has written insightfully on the topic of flow.

## **Metric 2: The Anxiety-Boredom Continuum**

Years ago, back when I was younger and cooler, I took a salsa class with my wife-to-be where the instructor said something that really stuck with me. He said that his goal was to keep all of his students in the pocket between boredom and anxiety – but closer to anxiety. In other words, we shouldn't be so overwhelmed that we break down and give up, but we also shouldn't be coasting either. He kept the rhythm fast enough so that we were challenged, but not so difficult that we lost the steps completely. And he kept tuning the difficulty level of the class to stretch but not break us.

This same anxiety-to-boredom continuum also applies to managing people. Star performers can get bored easily, and often function best when they're expected to rise to great challenges. You want expectations to be high, but not completely overwhelming. With this in mind, check in with your employees periodically about where they are on this continuum, while also keeping an eye out for signs of where they stand. If they have low energy, or are showing up late and leaving early, they may be bored. If they're responding to small setbacks with anger or frustration, or getting sick a lot, they may be pushing too hard.

### **Metric 3: Meeting Promoter Score**

Most meetings suck. And they're expensive: a one-hour meeting of six software engineers costs \$1,000 at least. People who don't have the authority to buy paperclips are allowed to call meetings every day that cost far more than that. Nobody tracks whether meetings are useful, or how they could get better. And all you have to do is ask. In the last minute of a meeting, ask the participants to each rate from 1 to 10 how effective the meeting was, with one suggestion for making the meeting better. It can be on a scrap of paper, or a simple web form. Verne Harnish has some good ideas about running better meetings.

### **Metric 4: Compound Weekly Learning Rate**

My three year old son just asked me what the word "expert" means. When I answered, he nodded and asked "so am I an expert about superheroes yet?" The best leaders hold on to this relentless curiosity. Joi Ito wrote recently about "neotony", the retention of childlike attributes in adulthood. This ability to learn is like the compounding interest on an investment: after two or three years, a relentless learner stands head and shoulders above his peers. Jeff Weiner, the CEO of LinkedIn, referred me to Joi's posting. Jeff is one of the most relentless learners I know, and this quality is an essential element of his success and the success of his teams. So try asking your team this question: how did you get 1% better this week? Did you learn something valuable from our customers, or make a change to our product that drove better results? As your team gets into a learning rhythm, you can review this as a group. 1% per week adds up.

### **Metric 5: Positive Feedback Ratio**

You can learn as much from John Gottman as you can from John F. Kennedy about being a great communicator. Gottman, a psychologist, is the author of "Why Marriages Succeed or Fail".

In his research, he found that marriages that succeed tend to have five times as many positive interactions as negative ones. And when a couple falls below that ratio, their relationship falls down too.

The same is true at the office, where you're often connected for years in relationships with people who can either become wary of your criticisms or eager to give you their best effort. Catch people doing good things. Never miss a chance to say something nice, even if you feel a little silly. Then when you have feedback on areas to improve, they'll really listen. It may be hard to manage to the 5:1 ratio at the office, but you should be mindful of the balance.