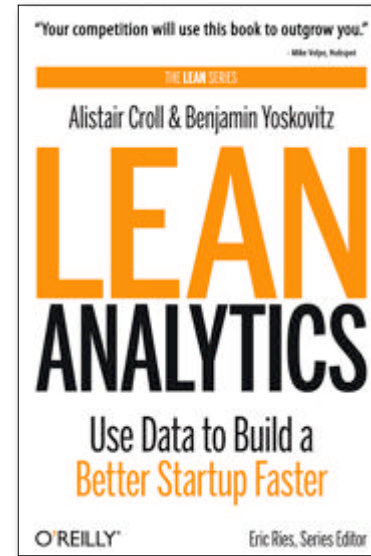


# Lean Analytics

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Use data to build a  
better business faster.

@byosko | @acroll



[www.leananalyticsbook.com](http://www.leananalyticsbook.com)  
@leananalytics

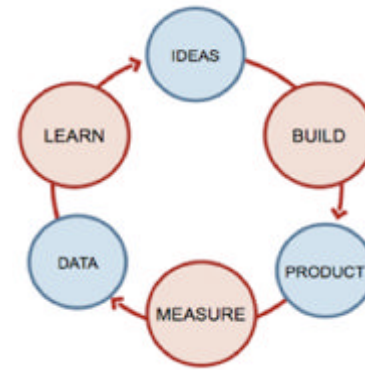
Kevin Costner is a lousy entrepreneur.



Don't sell what you can make.  
**Make what you can sell.**

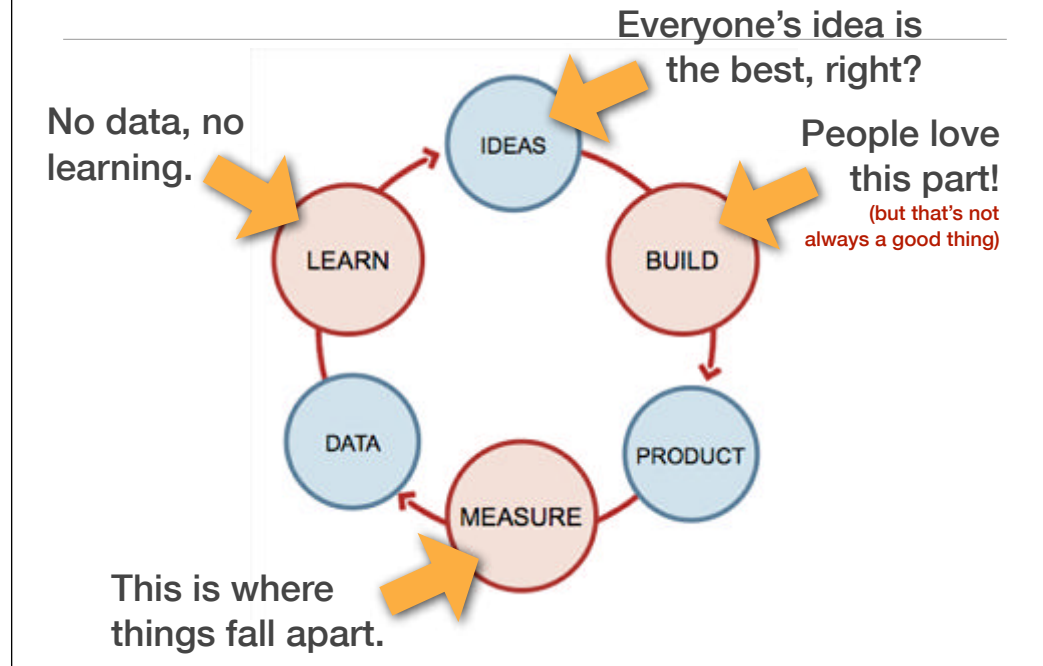
You've probably heard plenty about Lean today. So I'll summarize it as this: Don't sell what you can make, make what you can sell. It's a reverse field-of-dreams: If they come, you will build it.

The basic Lean message is learn and adapt, fast.



We're **all liars.**

# The basics of Lean Startup



Analytics is the measurement  
of movement towards your  
business goals.



And you may think you know what analytics is, but you're probably thinking of Web analytics. That's only part of it.

**In a startup, the purpose of analytics is to **iterate to a product/market fit** before the money runs out.**

So here's a definition of analytics for startups—what we call Lean Analytics.

<b>Hits</b>	A metric from the early, foolish days of the Web. Count people instead.
<b>Page views</b>	Marginally better than hits. Unless you're displaying ad inventory, count people.
<b>Visits</b>	Is this one person visiting a hundred times, or are a hundred people visiting once? Fail.
<b>Unique visitors</b>	This tells you nothing about what they did, why they stuck around, or if they left.
<b>Followers/ friends/likes</b>	Count actions instead. Find out how many followers will do your bidding.
<b>Time on site, or pages/visit</b>	Poor version of engagement. Lots of time spent on support pages is actually a bad sign.
<b>Emails collected</b>	How many recipients will act on what's <i>in</i> them?
<b>Number of downloads</b>	Outside app stores, downloads alone don't lead to lifetime value. Measure activations/active accounts.

- Number of hits: This is a metric from the early, foolish days of the Web. If you have a site with many objects on it, this will be a big number. Count people instead.
  - Number of page views: Only slightly better than hits, since it counts the number of times someone requests a page. Unless your business model depends on page views (i.e. display advertising inventory) you should count people instead.
  - Number of visits: Is this one person visiting a hundred times, or are a hundred people visiting once? Fail.
  - Number of unique visitors: The only thing this shows you is how many people saw your home page. It tells you nothing about what they did, why they stuck around, or if they left.
  - Number of followers/friends/likes: Business can be a popularity contest if you can get those friends to do something, but counting followers rather than actions is a bad idea, particularly since many people follow back automatically. Once you know how many followers will do your bidding when asked, you've got something.
  - Time on site/number of pages: These are a poor substitute for actual engagement or activity unless your business is tied to this behavior. If customers spend a lot of time on your support or complaints pages, that could be a bad thing.
  - Emails collected: A big mailing list of people excited about your new startup is nice, but until you know how many will open your mails (and act on what's inside them) this isn't useful. Test some of them and see.
- Number of downloads: While it sometimes affects your place in app stores and rankings, downloads alone don't lead to lifetime value. Measure activations, account creations, or something else.



How to think about metrics.

Leading	Lagging
Number today that shows metric tomorrow—makes the news.	Historical metric that shows how you're doing—reports the news.

- Leading versus lagging metrics. Leading metrics give you a predictive understanding of the future; lagging metrics explain the past. Leading metrics are better because you still have time to act on them—the horse hasn't left the barn yet.

Small business example:  
Solare watches the  
numbers



- 
- **Stage:** Revenue
  - **Model:** Retailer
  - Solare is an Italian fine-dining restaurant under new management. The new team is trying to identify the key metrics and leading indicators

Here's an example from Solare, a restaurant in San Diego, that underscores just how important analytics are to businesses of any size and shape.

## Solare watches the numbers

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- **A line in the sand:** Gross Revenue to Labor Cost
  - Under 30% is good
  - Below 24% is great
  - Lower than 20% and you may be under-staffing, leading to dissatisfied customers
- **A leading indicator:** Total covers is 5x reservations at 5PM
  - If you have 50 reservations at 5, you'll have 250 covers that night.
  - This ratio varies by restaurant.

# What mode of e-commerce are you?

How many of your customers buy a second time in 90 days?	Then you are in this mode	Your customers will buy from you	You are just like	Focus on
1-15%	Acquisition	Once	70% of retailers	Low CAC, high checkout
15-30%	Hybrid	2-2.5 per year	20% of retailers	Increasing returns
>30%	Loyalty	>2.5 per year	10% of retailers	Loyalty, inventory expansion

(Thanks to Kevin Hillstrom for this.)

Here's a good example of how a leading indicator affects your behavior.

Kevin Hillstrom of Mine That Data works with a number of e-commerce companies. He says it's essential for online retailers to know what kind of relationship they have with their buyers, because this drives everything from marketing strategy to shopping cart size. To understand this, he calculates the Annual Repurchase Rate: what percentage of people who bought something from you last year will do so this year?

- Acquisition mode: If less than 40% of last year's buyers will buy this year, then the focus of the business is on new customer acquisition. Loyalty programs aren't good long-term investments for this kind of business. Kevin says that 70% of e-commerce businesses fall into this category when they're mature. Most catalogers (like Frontgate) are in this mode.
- Hybrid mode: If 40-60% of last year's buyers will buy this year, then the company will grow with a mix of new customers and returning customers. It needs to focus on acquisition as well as on increasing purchase frequency—the average customer will buy 2 to 2.5 times a year. Zappos is a hybrid model e-commerce company.
- Loyalty mode: If 60% or more of last year's buyers will buy something this year, the company needs to focus on loyalty, encouraging loyal clients to buy more frequently. Loyalty programs only work well if the retailer has this kind of engagement, and only 10% of e-commerce businesses end up in this mode when mature. Amazon is a good example of a company in this mode.

The Annual Repurchase Rate is an early indicator of how an e-commerce startup will succeed in the long term. Even before a year has elapsed, an e-commerce company can look at 90-day repurchase rates and get a sense of which model they're in.

- 1% to 15% 90-day Repurchase Rate means you're in Acquisition Mode.
- 15% to 30% 90-day Repurchase Rate means you're in Hybrid Mode.
- A 90-day Repurchase Rate of over 30% means you're in Loyalty Mode.

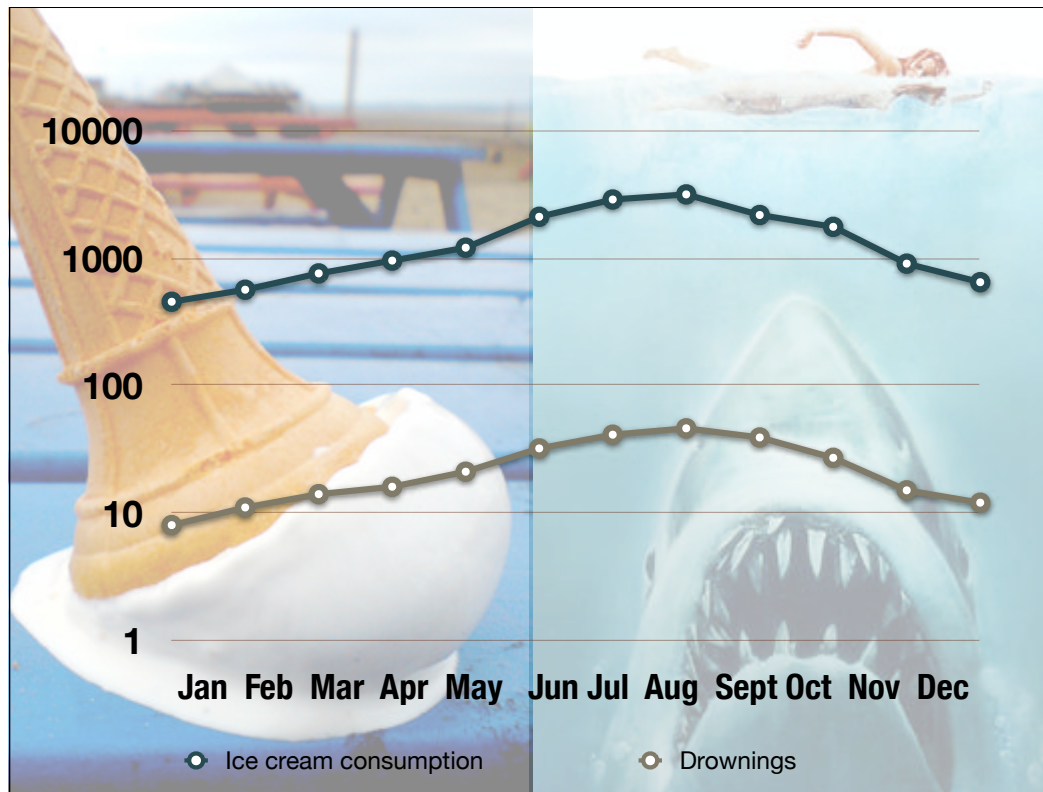
There's nothing particularly bad about any one of these models. Kevin has clients where only 25% of this year's buyers will purchase something next year. These clients are successful because they know they need a large number of new customers at relatively low costs, and they concentrate all of their marketing efforts around reliable, affordable customer acquisition.

"It doesn't matter whatsoever what mode a business is in. But it means everything for the CEO to know what mode he or she is in," says Kevin. "I see too many leaders trying to increase loyalty, just because you're in acquisition mode doesn't mean you can increase loyalty. The average customer only needs a couple of pairs of jeans a year, for instance. You can't force the customer to buy more! Knowing your customer and mode is really important."

Kevin says he frequently sees business leaders with seasonal e-commerce properties trying to convince customers to buy gifts off-season. "It doesn't work," he cautions. "They're in acquisition mode. They're better off creating awareness during the year so that they get new customers in November/December."

While it's important to optimize revenues, don't try to make your customers into something they're not. "I don't try to force my customer to do things my customer isn't pre-inclined to do. With Zappos for example, I wouldn't necessarily try to push my customer from Hybrid Mode to Loyalty Mode, but I do try to improve customer service (free returns), and that brings in new customers (half of Hybrid Mode success) who feel comfortable with my business," says Kevin. "If I am in acquisition mode, then I will still try to improve service and merchandise and the like, but I know that my primary goal is to always get new customers, even once my business is mature."

Kevin says it's difficult to move the Annual Repurchase Rate by more than 10%, despite a company's best efforts. "If the annual repurchase rate is 30%, it will vary by between 27% and 33%," he says.



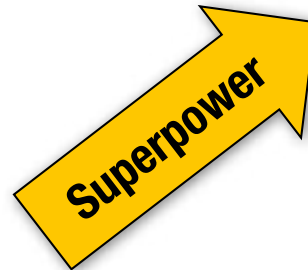
**Correlation:**

I can *predict* donations if I know the number of mobile users.



**Causality:**

I can *increase* donations if get more people to share via mobile.



One of the key concepts in Growth Hacking is the leading indicator—something that shows you how something you have right now links to something later on. Here are some examples.

## Why causality beats correlation

---

Correlation lets you  
**predict** the future

*"I will have 420 engaged users and 75 paying customers next month."*

Causality lets you  
**change** the future

*"If I can make more first-time visitors stay on for 17 minutes I will increase sales in 90 days."*

**Find** correlation

**Test** causality

**Optimize** the causal factor



- A **Facebook** user reaching 7 friends within 10 days of signing up (Chamath Palihapitiya)
- If someone comes back to **Zynga** a day after signing up for a game, they'll probably become an engaged, paying user (Nabeel Hyatt)
- A **Dropbox** user who puts at least one file in one folder on one device (ChenLi Wang)
- **Twitter** user following a certain number of people, and a certain percentage of those people following the user back (Josh Elman)
- A **LinkedIn** user getting to X connections in Y days (Elliot Schumukler)

(These are also great segments to analyze.)

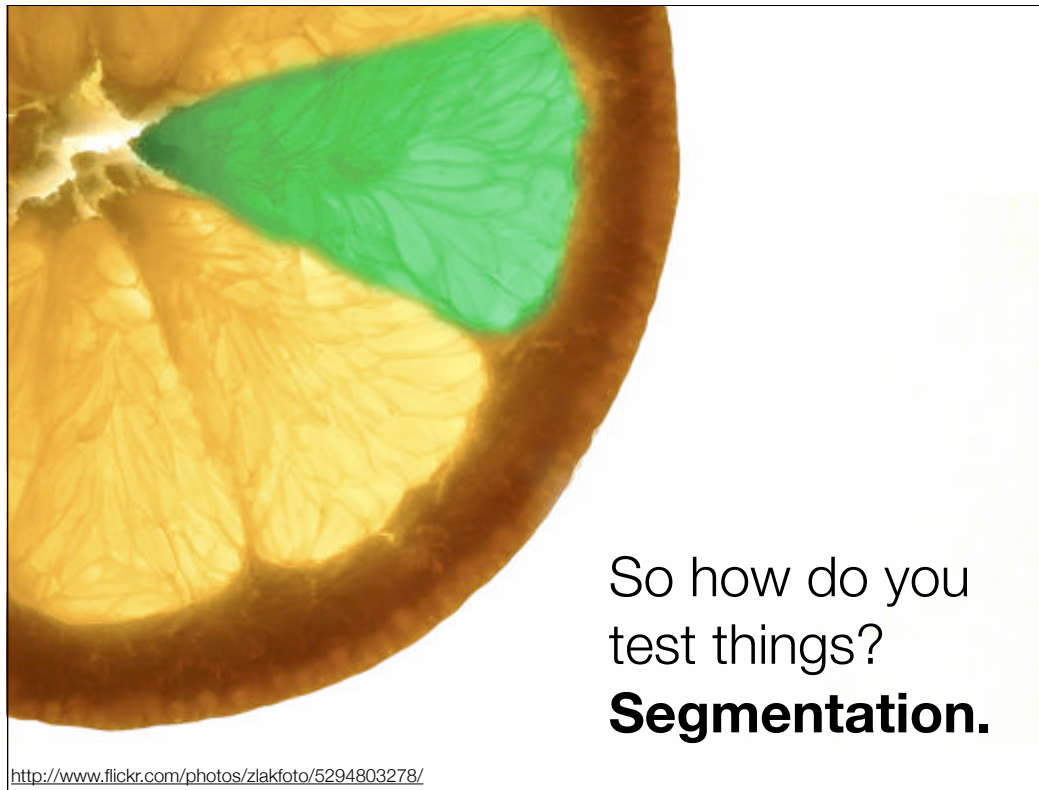
(from the 2012 Growth Hacking conference)

One of the key concepts in Growth Hacking is the leading indicator—something that shows you how something you have right now links to something later on. Here are some examples.

<http://www.flickr.com/photos/circasass/7858155670/>



This is a simple test for whether a metric is real or bullshit.

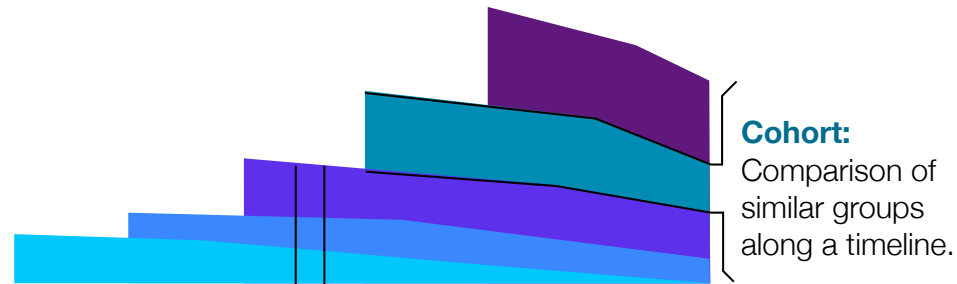


So how do you  
test things?  
**Segmentation.**

<http://www.flickr.com/photos/zlakfoto/5294803278/>

To measure a change, you need to run an experiment. All experiments consist of a control group and a test group. And you measure the experiment's result by comparing them. This is called segmentation.

# Segments, cohorts, A/B, and multivariate



**Segment:**  
Cross-sectional comparison of all people divided by some attribute (age, gender, etc.)



**A/B test:**  
Changing one thing (i.e. color) and measuring the result (i.e. revenue.)



**Multivariate analysis**  
Changing several things at once to see which correlates with a result.



A segment is simply a group that shares some common characteristic. It might be users that run Firefox; or restaurant patrons who make a reservation rather than walking in; or passengers who buy a first-class ticket; or parents who drive a minivan.

On websites, we can often segment visitors according to a range of technical and demographic information. Then, by comparing one segment to another, we can learn things. If, for example, visitors using the Firefox browser have significantly fewer purchases, we may want to perform additional testing to find out why. If we see that a disproportionate number of buyers are coming from Australia, we might survey them to discover why, then try to replicate that success in other markets.

Segmentation works for any industry and any form of marketing, not just for websites. As we'll see, segmenting mailing lists is an essential part of improving e-mail performance; but direct mail marketers have been segmenting for decades with great success. Even if you're selling to enterprise customers, dividing your messages by target audience, industry, or stage in the sales cycle—and then testing the results of those messages—is crucial.

## Cohort analysis

A second kind of test is cohort analysis. As you build and test your product, you'll be iterating regularly. Users that join you in the first week will have a different experience from those that join later on. For example, all of your users might go through an initial free trial, usage, payment, and abandonment cycle. As this happens, you'll make changes to your business model. As a result, the users who experienced the trial in month one may have a significantly different onboarding experience from those who experienced it in month five. How did that affect their churn? To find this out, we use cohort analysis.

Each group of users is a cohort—participants in an experiment across their lifecycle. You can compare cohorts against one another to see if, on the whole, key metrics are getting better over time.

Why use cohorts? Here's an example.

<b>Is this company growing or stagnating?</b>	January	February	March	April	May
	Rev/customer	CA\$5.00	CA\$4.50	CA\$4.33	CA\$4.25

<b>How about now?</b>	Cohort	1	2	3	4	5
	January	CA\$5	CA\$3	CA\$2	CA\$1	CA\$0.5
	February		CA\$6	CA\$4	CA\$2	CA\$1
	March			CA\$7	CA\$6	CA\$5
	April				CA\$8	CA\$7
	May					CA\$9

Using cohorts is really, really important.

Why use cohorts? Here's an example.

---

Look at the  
same data  
in cohorts

Cohort	1	2	3	4	5
January	CA\$5	CA\$3	CA\$2	CA\$1	CA\$0.5
February	CA\$6	CA\$4	CA\$2	CA\$1	
March	CA\$7	CA\$6	CA\$5		
April	CA\$8	CA\$7			
May	CA\$9				
Averages	CA\$7	CA\$5	CA\$3	CA\$1	CA\$0.5

Using cohorts is really, really important.

## The Stages of Lean Analytics.

## Eric Ries' Three engines

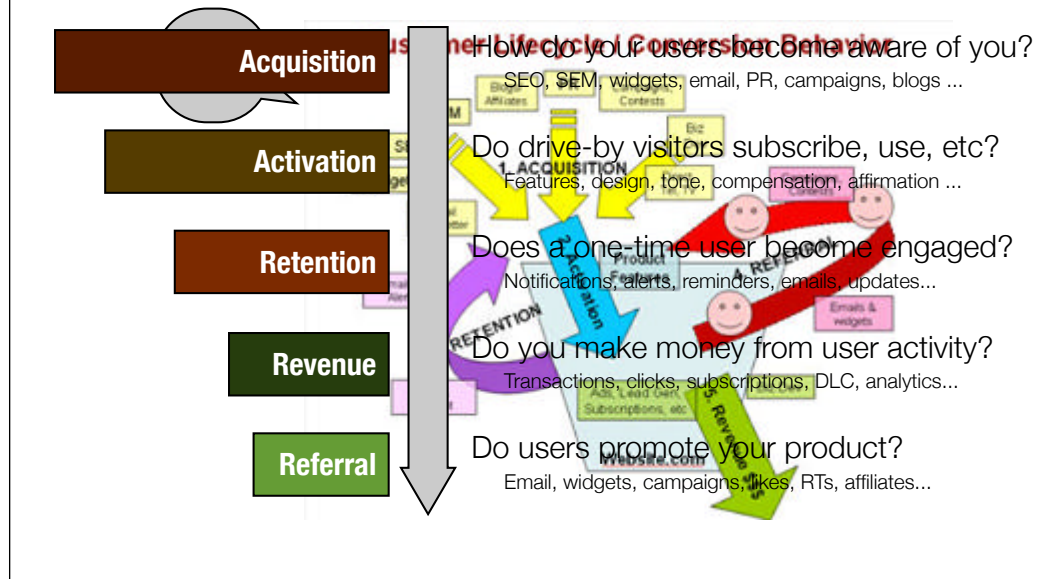
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	Stickiness	Virality	Price
<b>Approach</b>	Keep people coming back.	Make people invite friends.	Spend revenue getting customers.
<b>Math that matters</b>	Get customers faster than you lose them.	How many they tell, how fast they tell them.	Customers are worth more than they cost to get.

Eric Ries talks about three engines of growth. Our framework suggests that all companies should go through these engines as three distinct stages.

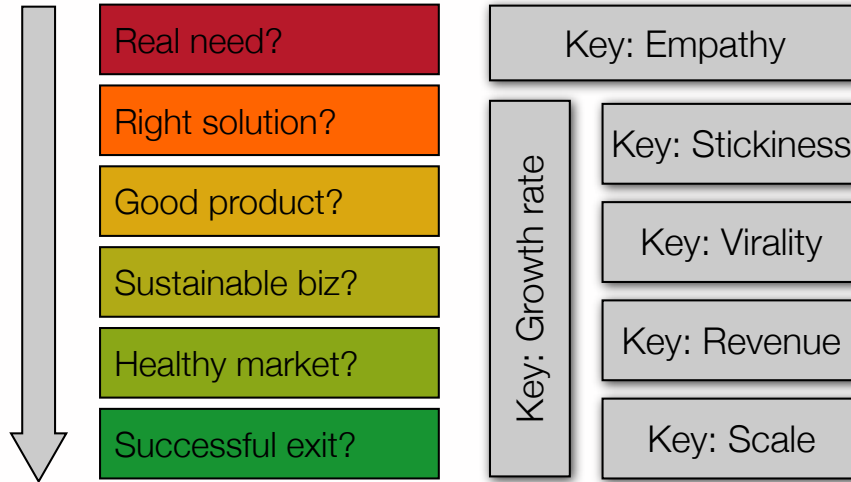


# Dave McClure's Pirate metrics



# Where is the risk?

---



Empathy stage:  
Localmind hacks Twitter



- 
- Stage: **Empathy**
  - Model: **UGC/mobile**
  
  - Real-time question and answer platform tied to locations.
  - Needed to find out if a core behavior—answering questions about a place—happened enough to make the business real

Here's a concrete example of the empathy stage

## Localmind hacks Twitter

---



- Before writing a line of code, Localmind was concerned that people would never answer questions.
  - This was their biggest risk: if questions went unanswered users would have a terrible experience and stop using Localmind.
- Ran an experiment on Twitter
  - Tracked geolocated tweets in Times Square
  - Sent @ messages to people who had just tweeted, asking questions about the area: how busy is it; is the subway running on time; is something open; etc.
- The response rate to their tweeted questions was very high.
  - Good enough proxy to de-risk the solution, and convince the team and investors that it was worth building Localmind.

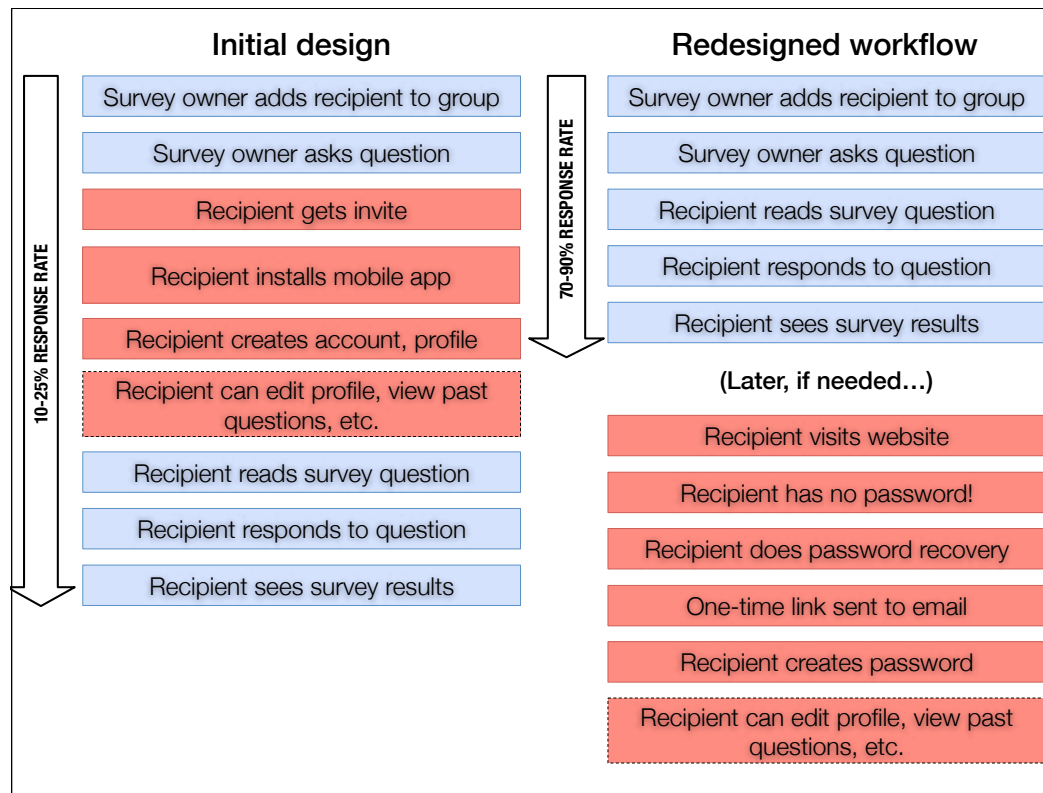


Stickiness stage:  
qidiq streamlines invites

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- Stage: **Virality**
- Model: **SaaS**
- Tool to poll small groups, built in the Year One Labs accelerator

Here's a concrete example of the virality stage



Business model archetypes.

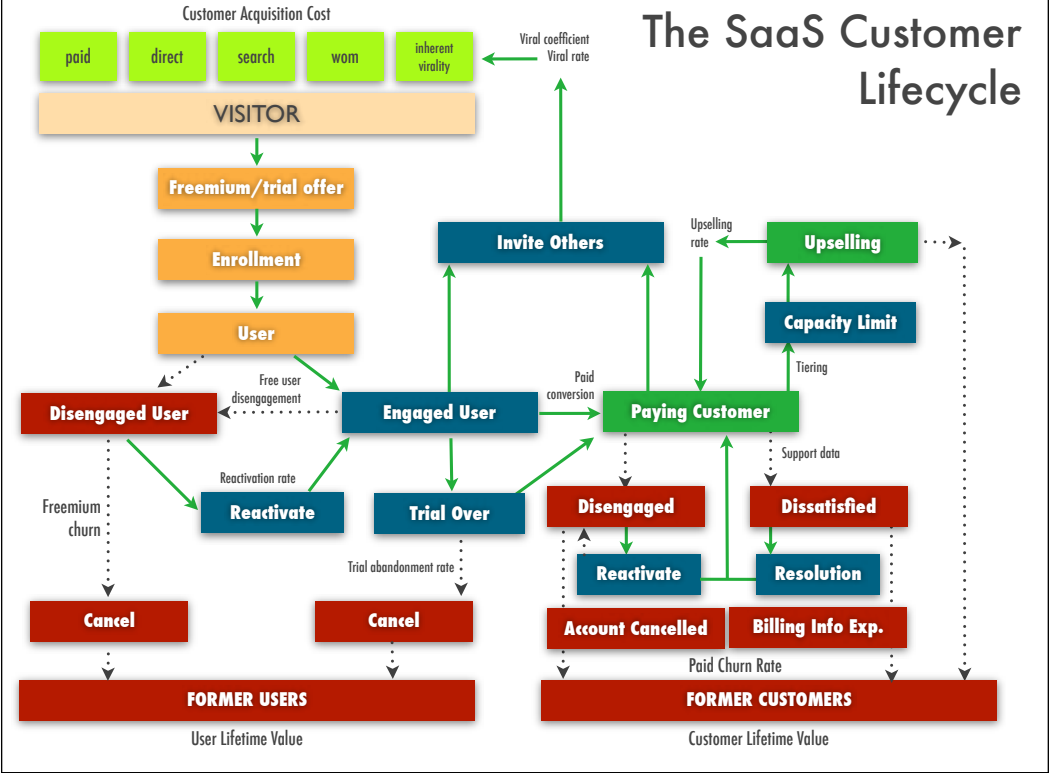
## Six business model archetypes

- Transaction
- UGC
- Media
- SaaS
- Mobile app
- 2-sided mkt





# The SaaS Customer Lifecycle



SaaS model:  
WP Engine discovers the  
2% cancellation rate



- 
- Stage: **Stickiness**
  - Model: **SaaS**
  - Wordpress hosting company founded in July 2010, it raised \$1.2M in November 2011

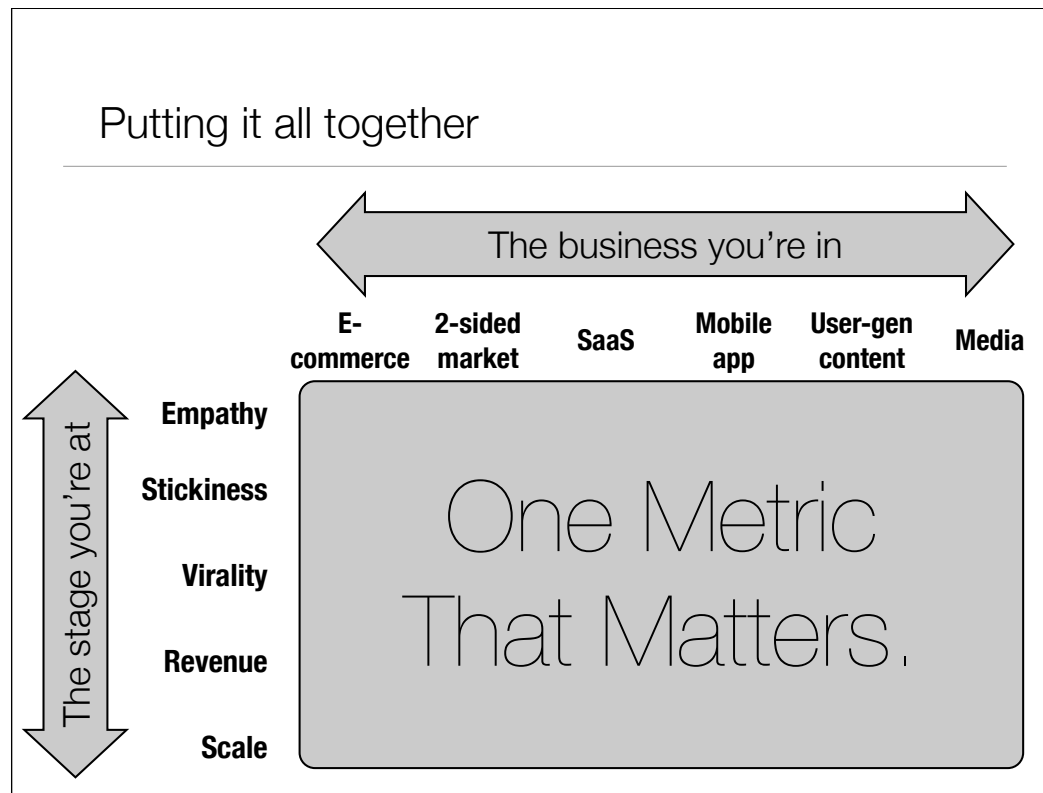
Here's a concrete example of the stickiness stage.

## WP-Engine discovers the 2% cancellation rate

---



- All companies have cancellations, but founder Jason Cohen was alarmed that he was losing a quarter of customers every year.
- Jason called customers himself. “Not everyone wanted to speak with me, but enough people were willing to talk, even after they had left, that I learned a lot about why they were leaving.”
- Asked around. Turns out 2% is best case for most hosting companies.
- Without this, the company would have been getting diminishing returns over-optimizing churn; instead, they could focus on maximizing revenues or lowering acquisition costs.



We've built on Eric's model, because we believe that companies naturally go through five stages of growth.

First, the need to get inside their customers' heads

Then they need to make sure a small group of users keeps using the product

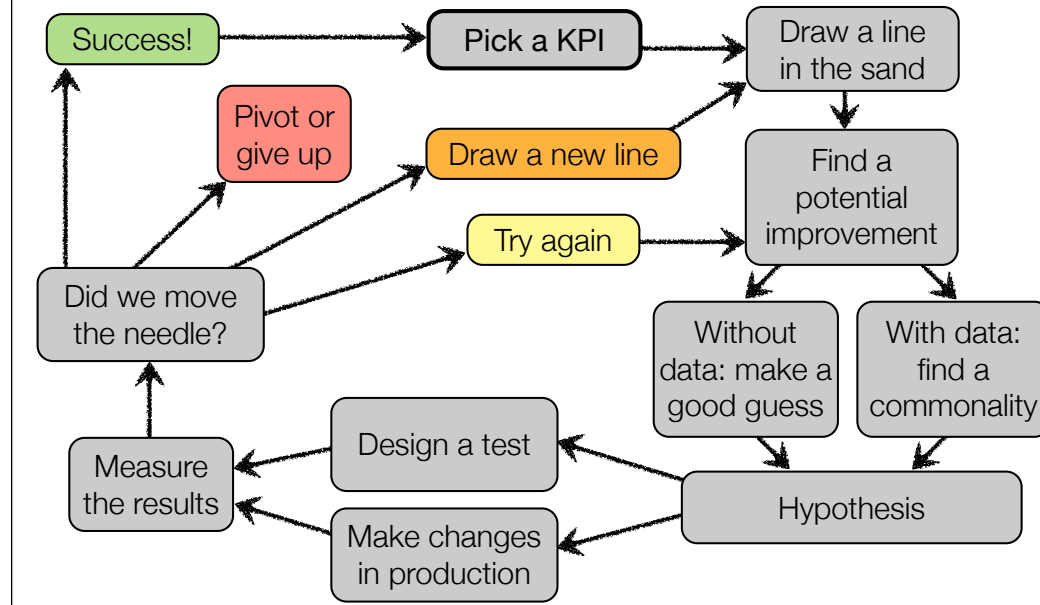
Then they need to make sure that word can spread

Then they need to feed some of their revenues back into customer acquisition, accelerated by the virality they've built.

Then they need to scale.

A cycle of learning.

## What these have in common: The Lean Analytics Cycle



What all these things share is a constant cycle of hypothesis and experimentation. We call this the Lean Analytics Cycle. It goes something like this:

1. Choose a KPI you want to improve, such as retention, revenue, or engagement, preferably one that represents the most fundamental business risk of your startup for this stage of growth and this business model
2. Draw a line in the sand for that KPI based on your business model
3. Figure out how to improve the KPI
- 4a. If you have no quantitative data, which will be the case early on, have a good idea you want to try as a result of Brainstorming, Stealing from others, User feedback, Etc.
- 4b. If you have quantitative data about what makes “good” users different from “bad” ones—meaning users, visitors, or customers who are doing what your business model wants them to (i.e. Buying, Signing up, Sharing, Contributing, Bringing in more revenue) then figure out what they have in common. Find a metric the “good” users share that’s correlated with the KPI you want to change
5. Form a hypothesis (“if I do A then the KPI will improve.”)
- 6a. If you’re cautious, design A/B or multivariate experiments and implement the winning solution
- 6b. If you’re not cautious, make changes to the business (product, market, pricing, etc.) that targets this commonality.
7. Measure the effect the change had on the KPI. Analyze a cohort of users that experienced the change.
8. Compare to the line in the sand. Did the KPI move past it?
- 9a. If it did, great. Fix the next thing that matters.
- 9b. If it didn’t and you’re out of time, pivot or quit.
- 9c. If it didn’t, but you think the line was wrong, talk to customers and draw a new line.
- 9d. If it didn’t but you have other ideas, try another potential improvement.



Do hosts with  
professional  
photography get  
more business?

Airbnb experiments...





## **Gut instinct**

Professional photography helps Airbnb's business



## **Concierge MVP**

20 photographers in the field



## **Test results**

Two to three times more bookings!



## **Back to the beginning**

Use additional data to keep experimenting






5,000 shoots / month in Feb. 2012




airbnb  [BROWSE](#) Benjamin [HELP](#) [BECOME A HOST](#)

### Apply for professional photography — it's free.




Airbnb offers free professional photography to hosts in many of our cities. Simply apply below, and depending on your location and listing, we will assign you a photographer.



**BEFORE**



**AFTER**

- **MORE BOOKINGS**  
Professionally photographed listings get booked more often.
- **VERIFIED RIBBON**  
Travelers trust the Airbnb ribbon; an Airbnb representative has visited your listing.
- **HIGH QUALITY**  
Our photographers are professionals who also shoot for well-known publications.



Hang on a second...



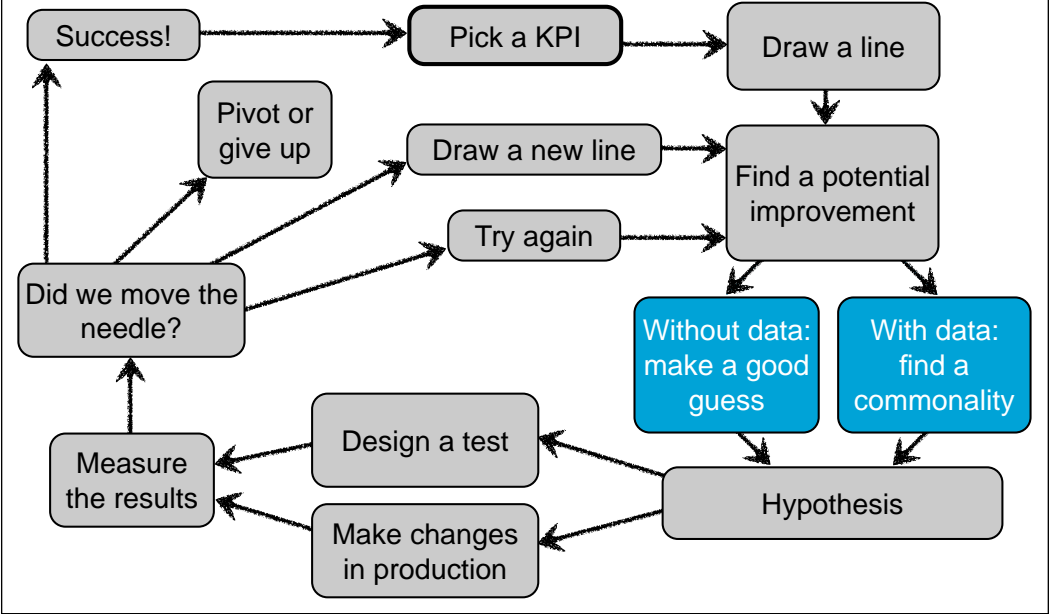
Really?


## **Gut instinct**

Professional photography helps Airbnb's business



Remember this?






Without data:  
make a good  
guess

"Gee, those  
houses that do  
well look really  
nice."

Maybe it's the  
camera.



With data:  
find a  
commonality

"Computer: What  
do all the  
highly rented  
houses have in  
common?"

Camera model.

Mining the existing data:  
Circle of Moms finds an  
engaged market



- Stage: **Stickiness**
- Model: **UGC**
- Launched as Circle of Friends in 2007, it was a way for small groups to interact atop Facebook's platform; but when engagement wasn't good enough, the founders decided to dig deeper.

Mike Greenfield and his co-founders started Circle of Friends in September 2007, shortly after Facebook launched their developer platform. The timing was perfect: Facebook became an open, viral place to acquire users as quickly as possible and build a startup. There had never been a platform with so many users (Facebook had about 50 million users at the time) that was so open to reaching them. Circle of Friends was a simple idea: a Facebook application that allowed you to organize your friends into circles for targeted content sharing. Mike notes now that it was basically, “Google+ for Facebook” (before Google+ existed.)



## The problem: Not enough engagement

---

- Too few people were actually *using* the product
- Less than 20% of any circles had any activity after their initial creation
- A few million monthly uniques from 10M registered users, but no sustained traction

By mid-2008, Circle of Friends had 10 million users. Greenfield focused on growth above everything else. “It was a land grab,” he said. And Circle of Friends was clearly viral. But there was a problem. Too few people were actually using the product.

According to Mike, less than 20% of circles had any activity whatsoever after their initial creation. “We had a few million monthly uniques from those 10 million users, but as a general social network we knew that wasn’t good enough and monetization would likely be poor.”

So Mike went digging.



## What Circle of Moms found

---

- They found moms were far more engaged
  - Messages to one another were on average **50%** longer
  - **115%** more likely to attach a picture to a post they wrote
  - **110%** more likely to engage in a threaded (i.e. deep) conversation
  - Circle owners' friends were **50%** more likely to engage with the circle
  - **75%** more likely to click on Facebook notifications
  - **180%** more likely to click on Facebook news feed items
  - **60%** more likely to accept invitations to the app
- Pivoted to the new market, including a name change
- By late 2009, 4.5M users and strong engagement
- Sold to Sugar, inc. in early 2012

The numbers were so compelling that in June 2008, Mike and his team switched focus completely. They pivoted. And in October 2008 they launched Circle of Moms on Facebook. Circle of Moms proved to be extremely popular. By late 2009, Circle of Moms had 4.5 million users and engagement continued to be strong. The company went through some ups and downs after that, as Facebook limited applications' abilities to spread virally. Ultimately, the company moved off Facebook, grew independently, and sold to Sugar Inc. in early 2012. The key to Mike's success with Circle of Moms was his ability to dig into the data and look for meaningful patterns and opportunities. Mike discovered an "unknown unknown" that led to a big bet—drop the generalized Circle of Friends to focus on a specific niche—a scary, gutsy bet, but one that was based on data.



Finding  
the One Metric That Matters.

## What's your OMTM?

	E-commerce	2-sided market	SaaS	Mobile app	User-gen content	Media
<b>Empathy</b>	Interviews; qualitative results; quantitative scoring; surveys					
<b>Stickiness</b>	Loyalty, conversion	Inventory, listings	Engagement, churn	Downloads, churn, virality	Content, spam	Traffic, visits, returns
<b>Virality</b>	CAC, shares, reactivation	SEM, sharing	Inherent virality, CAC	WoM, app ratings, CAC	Invites, sharing	Content virality, SEM
<b>Revenue</b>	(Money from transactions) Transaction, CLV	(Money from active users) Transactions, commission	(Money from ad clicks) Upselling, CAC, CLV	CLV, ARPDAU	Ads, donations	CPE, affiliate %, eyeballs
<b>Scale</b>	Affiliates, white-label	Other verticals	API, magic #, mktplace	Spinoffs, publishers	Analytics, user data	Syndication, licenses

As you move through the stages of Lean Analytics, the KPI you're trying to fix will shift. Here are some examples.

Choose only one metric.

Yes, one metric.



It will soon change.

In a startup,  
focus is hard to achieve.

Having only one metric  
addresses this problem.



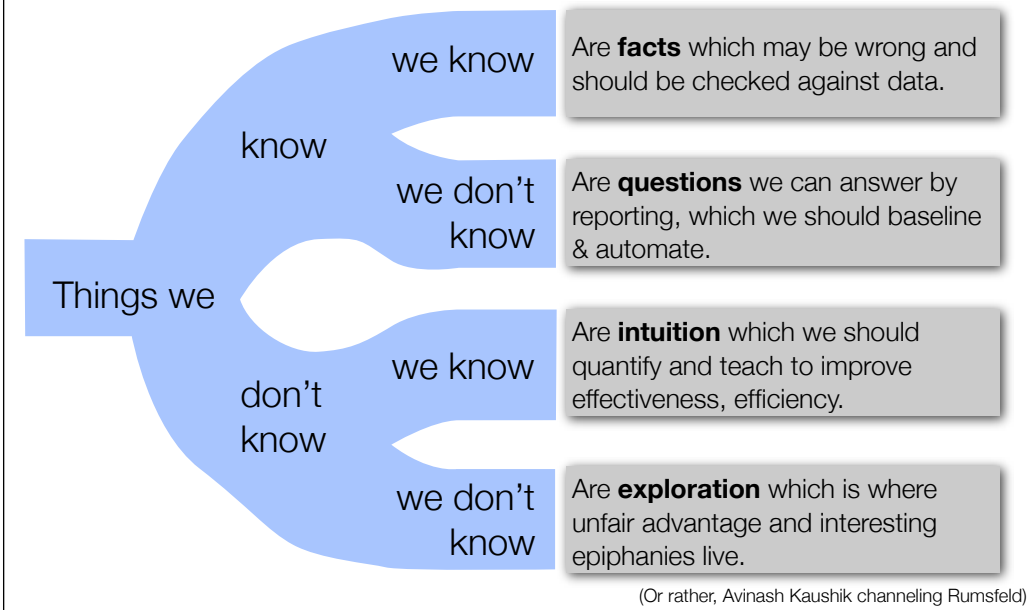
**Metrics are like  
squeeze toys.**



<http://www.flickr.com/photos/pannortarter/4791605202/>

Watch out for **local maxima**.

## Donald Rumsfeld on analytics



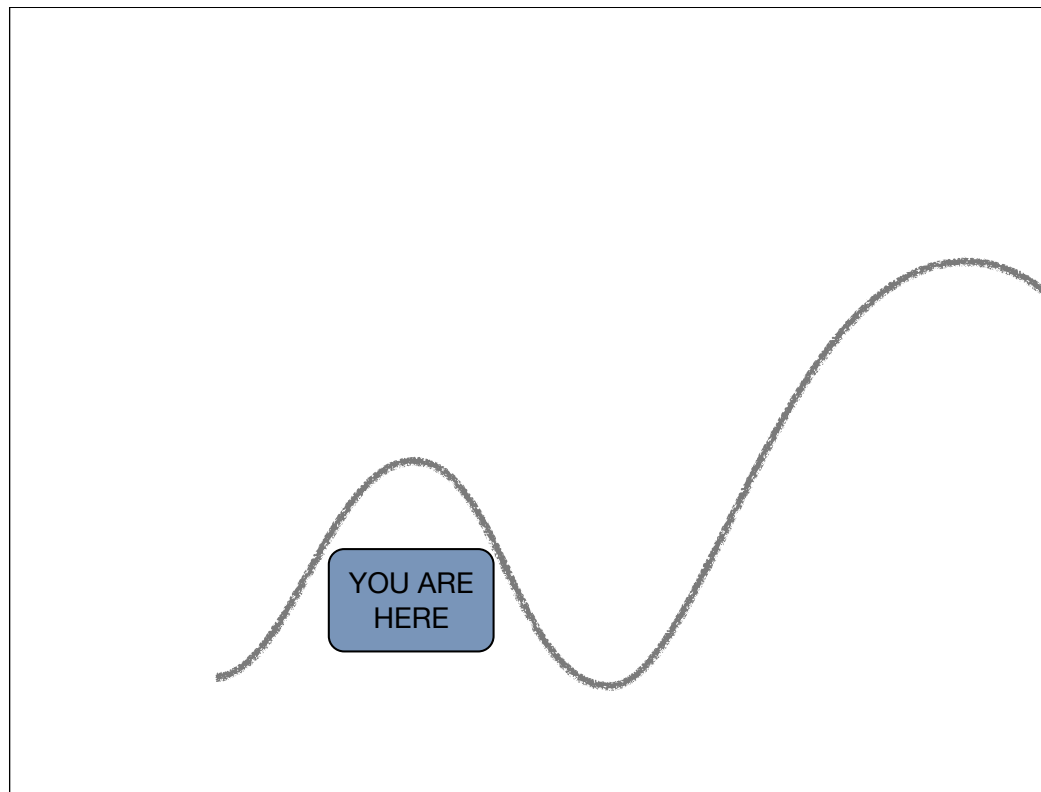
We work with data in two “postures.” “Things we know” is a reporting posture—counting money, or users, or lines of code. We know we don’t know the value of the metric, so we go find out. But we know the metric is needed, and big companies spend a lot of time doing it. It’s the work of Business Analysts who work with Business Intelligence software and Data Warehouses.

Reporting metrics track progress along an assumed path. A reporting metric says, “How many widgets did we sell today?” and tells our accountant how much tax to pay; an optimization metric says, “Did the green or the red widget sell more?” and chooses the official color of our widgets.

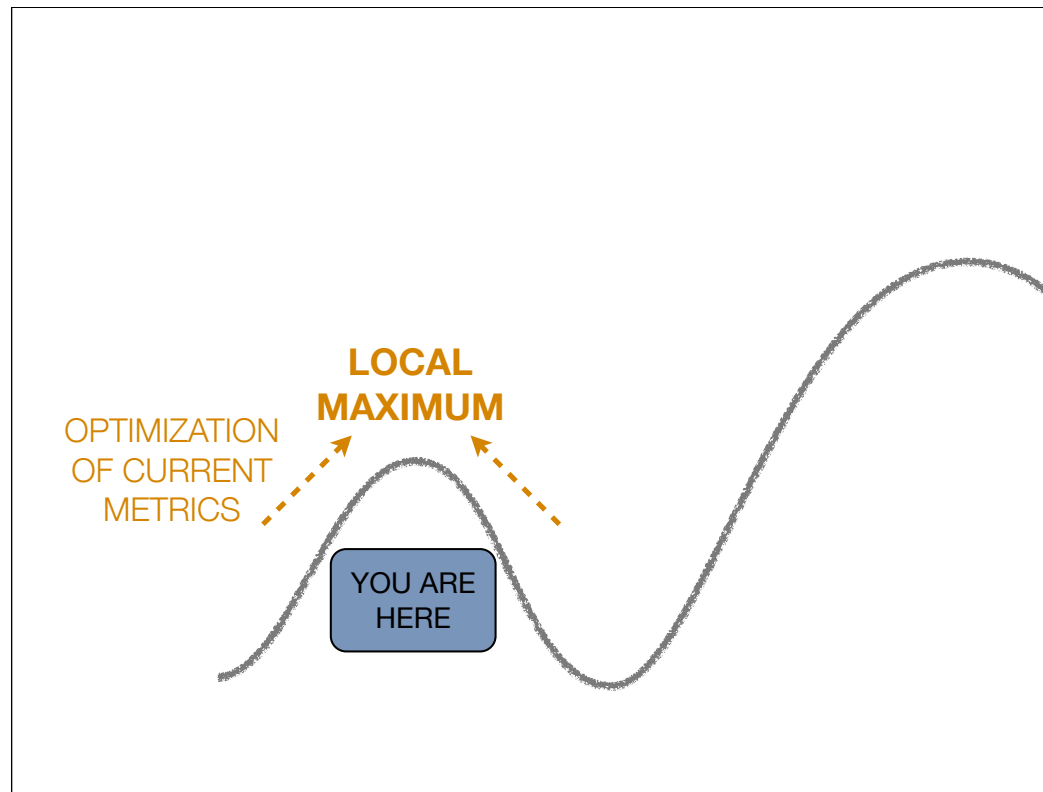
The other posture, “Things we don’t know,” is much more relevant to startups: exploring, to find out something new with which we can disrupt a market. It’s repetitive, exploratory, and imprecise. It leads down plenty of wrong paths, and hopefully towards some kind of eureka moment when the idea falls into place. This fits what Steve Blank says a startup should spend its time doing: searching for a scalable, repeatable business model.

Exploratory metrics are “what if” metrics, the scores of our experiments. We expect them to change; we’re testing one thing against another. In some cases, we may find that a completely unexpected cause produced the change we wanted. That cause may even become our secret advantage.

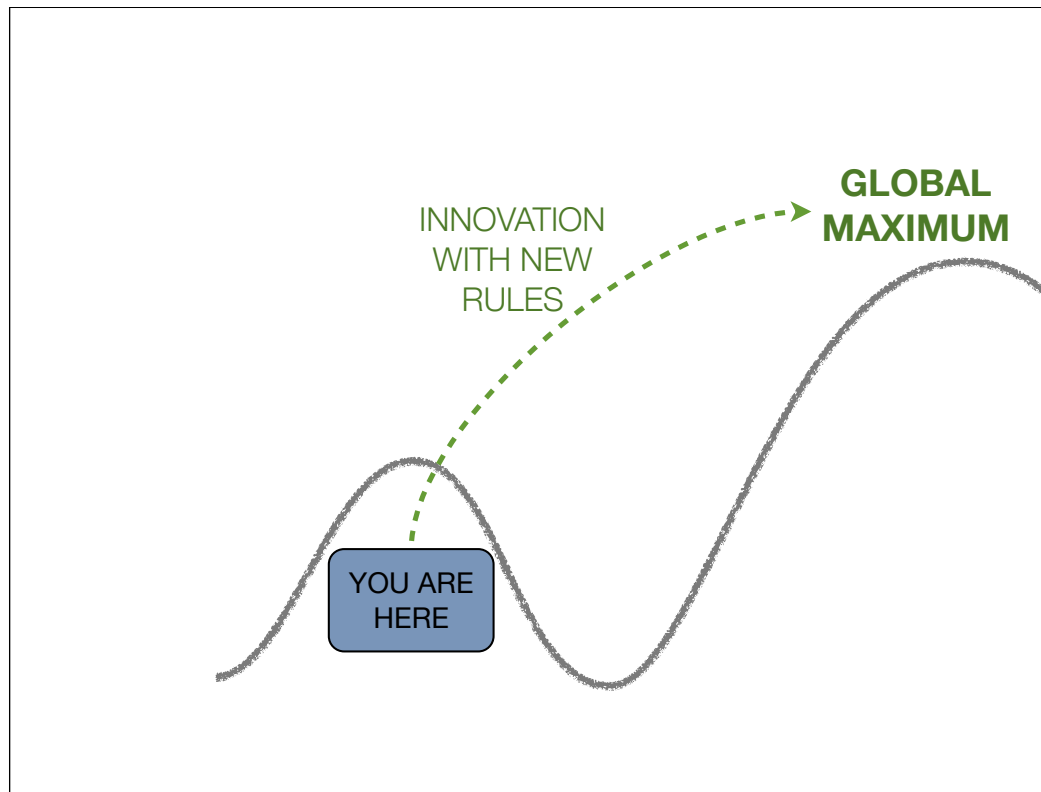
Analytics has a role to play in all four of Rumsfeld’s quadrants. It can check our facts and assumptions, such as open rates or conversion rates, to be sure we’re not kidding ourselves, and check that our business plans are accurate. It can test our intuitions, turning hypotheses into evidence. It can provide the data for our spreadsheets, waterfall charts, and board meetings. And it can help us find the nugget of opportunity on which to build a business. In the early stages of your startup, the latter matters most.



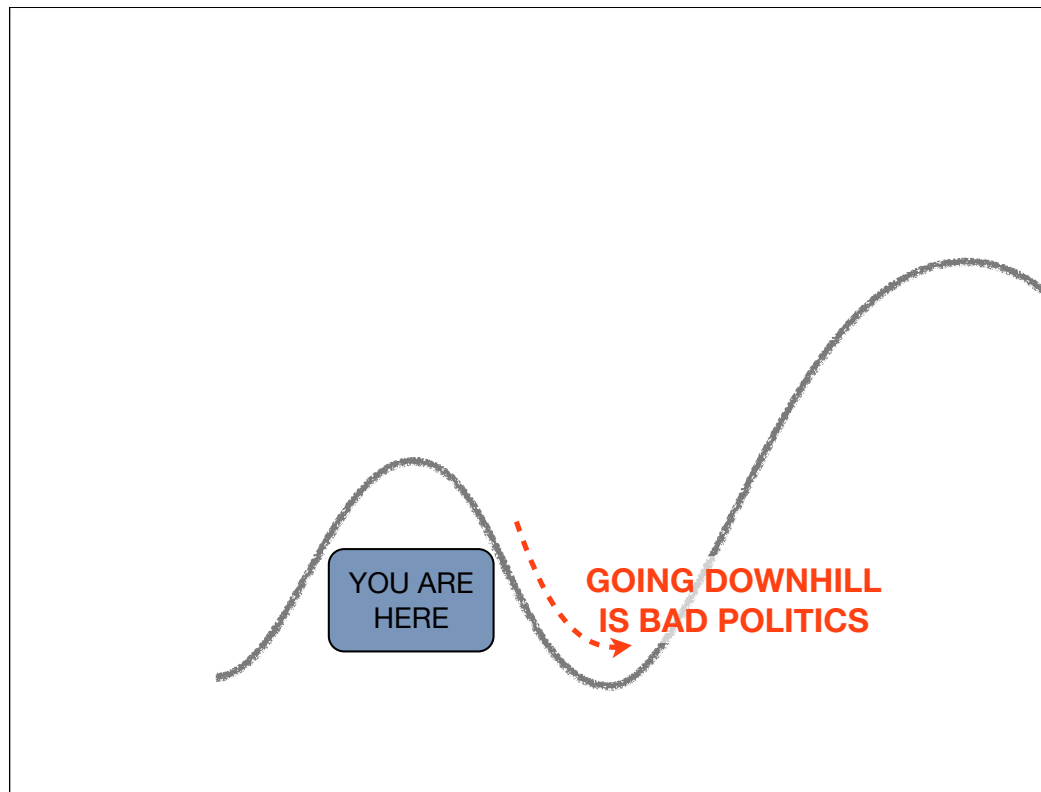
Dr. Daniel Goroff pointed me at this puzzler Martin Gardiner explained in the New York Times:  
I ask a woman about her kids. She says “at least one of my kids is a girl.”



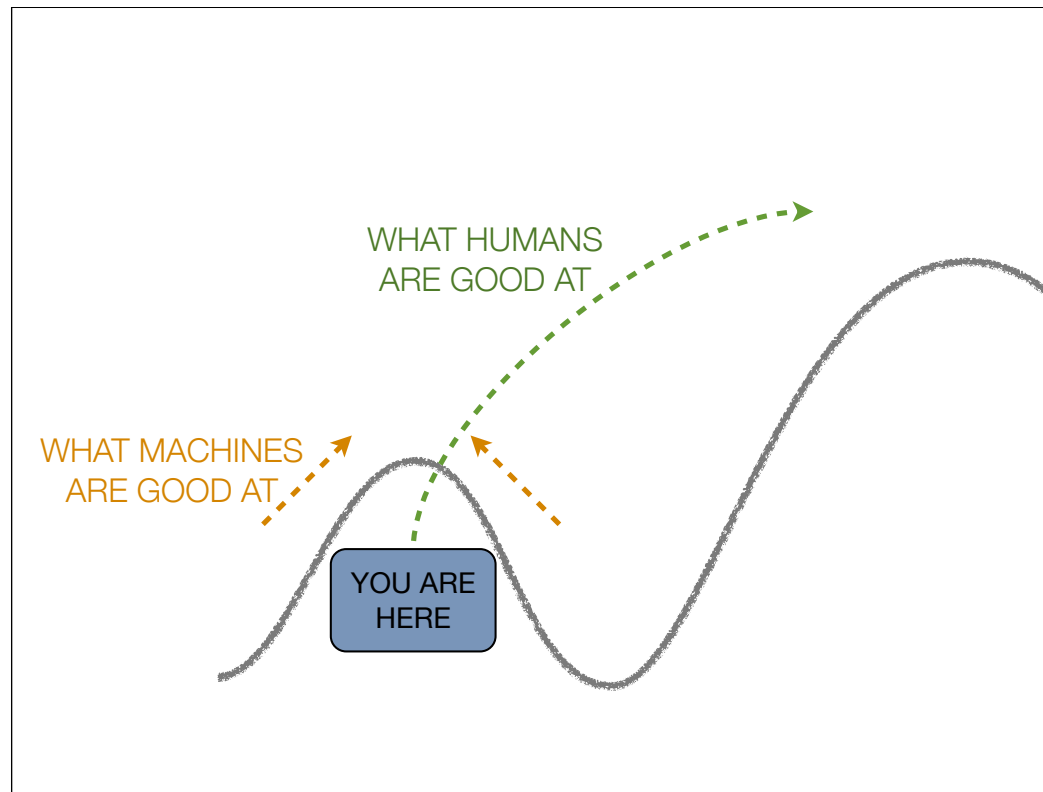
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I ask a woman about her kids. She says “at least one of my kids is a girl.”



In the end, be **subversive**.

# Airbnb and Craigslist

Re: \$700 / 1br - Lake Tahoe - Lakefront Condo - Sleeps 4 (Tahoe City, CA) [Airbnb](#) | X

from [jill dem](#) [jilidemi17@gmail.com](mailto:jilidemi17@gmail.com) [hide details](#) 11/8/09 [Reply](#)

to [hous-gn8qb-1442756926@craigslist.org](mailto:hous-gn8qb-1442756926@craigslist.org)

date Sun, Nov 8, 2009 at 8:14 PM

subject Re: \$700 / 1br - Lake Tahoe - Lakefront Condo - Sleeps 4 (Tahoe City, CA)

**\*\* CRAIGSLIST ADVISORY --- AVOID SCAMS BY DEALING LOCALLY**  
**\*\* Avoid: wiring money, cross-border deals, work-at-home**  
**\*\* Beware: cashier checks, money orders, escrow, shipping**  
**\*\* More Info: <http://www.craigslist.org/about/scams.html>**

Hello,

I am emailing you because you have one of the nicest listings in Craigslist in the Tahoe area, and I want to recommend you feature it to one of the largest vacation rental marketplaces on the web, Airbnb. The site already has 3,000,000 page views a month! Check it out here: <http://www.airbnb.com>

Jill D

---

this message was remailed to you via: [hous-gn8qb-1442756926@craigslist.org](mailto:hous-gn8qb-1442756926@craigslist.org)

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[Reply](#) [Reply to all](#) [Forward](#) [invite jill dem to chat](#)



# GetSatisfaction example

Customer service & support for 37signals

37signals Customer Support Community for 37signals  
Supported by 534 customers like you.

37signals has not yet committed to open conversation about its products and services. Encourage them to join and support the Company-Customer Pact.

Support Topics (32) | Products (4) | People (0) | Overheard | About

Ask a question about 37signals and their products

Ask a question | Share an idea | Report a problem | Give praise

Continue and add details

Are you a customer of 37signals?  
If so, How likely is it that you would recommend them to a friend or colleague?

Recently active topics in 37signals

Browse all topics | recent activity

How can I delete a to-do item from my to-do list template?  
Cynthia Baute last replied 3 days ago

Date Ranges for Basecamp!  
Frankie last replied 4 days ago

Free Online Project Man...  
Drag/Drop Timeline, Linking & More...

POWERED BY  
GET SATISFACTION

## Coveting Gmail invites



## Farmville and wall posts





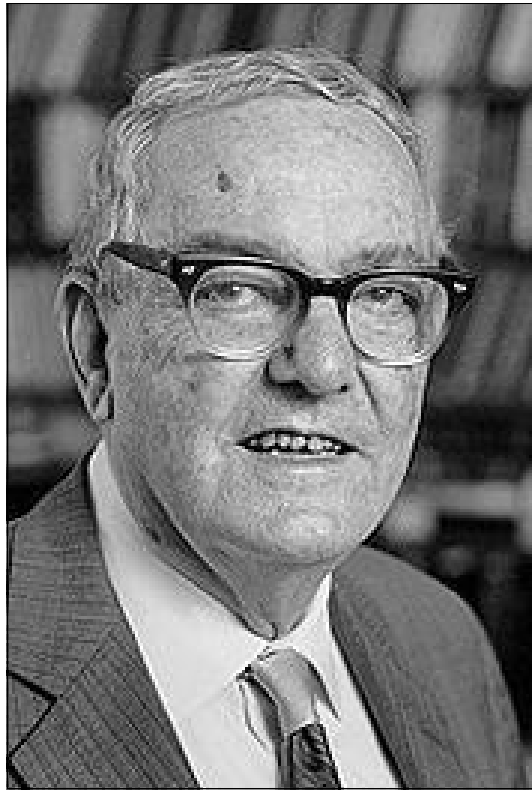
Here's an example of finding a cause.

SOME years ago, executives at a Houston airport faced a troubling customer-relations issue. Passengers were lodging an inordinate number of complaints about the long waits at baggage claim. In response, the executives increased the number of baggage handlers working that shift. The plan worked: the average wait fell to eight minutes, well within industry benchmarks. But the complaints persisted.

Puzzled, the airport executives undertook a more careful, on-site analysis. They found that it took passengers a minute to walk from their arrival gates to baggage claim and seven more minutes to get their bags. Roughly 88 percent of their time, in other words, was spent standing around waiting for their bags.

So the airport decided on a new approach: instead of reducing wait times, it moved the arrival gates away from the main terminal and routed bags to the outermost carousel. Passengers now had to walk six times longer to get their bags. Complaints dropped to near zero.

**Turns out that long delivery wasn't causing dissatisfaction. Time spent waiting was.**



**“What information consumes is rather obvious: it consumes the attention of its recipients.**

Hence a **wealth of information** creates a **poverty of attention**, and a need to allocate that attention efficiently among the overabundance of information sources that might consume it.”

(Computers, Communications and the Public Interest, pages 40-41, Martin Greenberger, ed., The Johns Hopkins Press, 1971.)

“The most important figures that one needs for management are unknown or unknowable, but successful management must nevertheless take account of them.”

Lloyd S. Nelson

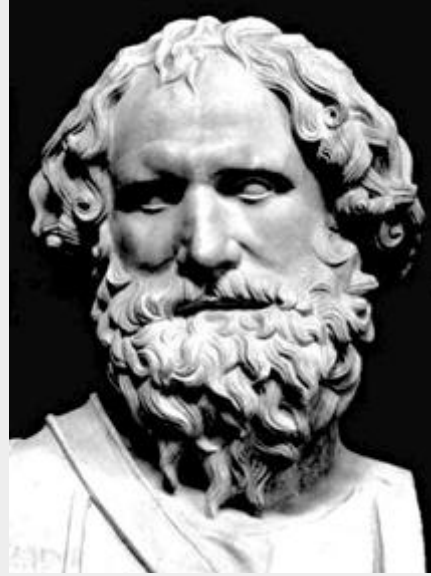




I want to tell you the story of Archimedes.

According to Vitruvius, a votive crown for a temple had been made for King Hiero II, who had supplied the pure gold to be used, and Archimedes was asked to determine whether some silver had been substituted by the dishonest goldsmith.[14] Archimedes had to solve the problem without damaging the crown, so he could not melt it down into a regularly shaped body in order to calculate its density. While taking a bath, he noticed that the level of the water in the tub rose as he got in, and realized that this effect could be used to determine the volume of the crown. For practical purposes water is incompressible, [15] so the submerged crown would displace an amount of water equal to its own volume. By dividing the mass of the crown by the volume of water displaced, the density of the crown could be obtained. This density would be lower than that of gold if cheaper and less dense metals had been added. Archimedes then took to the streets naked, so excited by his discovery that he had forgotten to dress, crying "Eureka!" (Greek: "εὕρηκα!", meaning "I have found it!"). The test was conducted successfully, proving that silver had indeed been mixed in.[16]

**ARCHIMEDES  
HAD TAKEN  
BATHS BEFORE.**



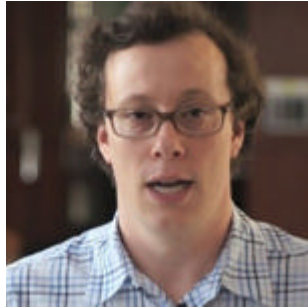
What's most important about this story is that Archimedes had taken baths before. It was the act of being asked that caused him to find an answer that had been there all along.

Once, a leader convinced others in the absence of data.

Once, a leader was someone who could convince people to do things in the absence of data.

Now, a leader knows what questions to ask.

Now, the leader is the one who knows what questions to ask



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