



RACHEL'S
GUIDE

...TO SETTING UP AN

ANALYTICAL THINKING INTERVIEW FRAMEWORK



Contents

Introduction 3

What does an analytical interview aim to evaluate?

What types of questions get asked?

Where do I see candidates stumble?

How can you best prepare for such interviews?

Step 1 - Define Your Product Mission 8

How do you define a company's mission?

How do you define your product's mission?

Step 2 - Develop KPIs and a Diagnostic Framework 12

How do you measure that the product is living up to its mission?

How do you measure the success of the product based on its current stage in the lifecycle?

How to define guardrails?

Step 3 - Establish your northstar metric 20

Setting your northstar metric

Critiquing your northstar metric

Conclusion 24

About Me 27

Introduction

In this guide, I aim to help you define a robust and tailored framework to help you develop your foundational step towards most Product Analytical Thinking (AKA - Product Execution) interviews.

While this guide seems long, with enough practice, you should be able to develop a holistic way to define and measure success within ~10 minutes.

Please note that my framework doesn't guarantee success, my goal is to help you organize your thoughts efficiently and show you how to set up a strong foundation.

What does an analytical thinking interview aim to evaluate?

At the highest level possible, what this interview evaluates is your ability to lead your team to success repeatedly. This breaks down to:

- ▶ How do you define success?
- ▶ How do you measure it?
- ▶ How do you navigate tradeoffs?

What types of questions get asked?

I outline a full sample interview question here. Please note that in this guide I don't attempt to fully answer a sample Analytical Thinking question, just setting the foundation for the framework to help you answer such questions and different permutations of them effectively.

Imagine that you're the PM for TikTok interactions and you're tasked with launching "reactions" - emoji based reactions to posts beyond just giving a heart.

1. What is the mission statement for TikTok Reactions?
2. How do you define how many reactions and which reactions to share?
3. How do you measure success for Reactions?
4. Imagine that you launched reactions, and now comments on TikTok videos decrease - what do you do?

Where do I see candidates stumble?

1. Candidates that are metrics “obsessed” and develop overly complex metrics that are hard to explain
2. Candidates that jump right into the metrics without first defining the problem they are looking to solve
3. Candidates that don't think about the ecosystem of users and products that they operate in
4. Candidates that don't self-critique their metrics

10 misconceptions about the analytical thinking (product execution) interview

1. **There is one true set of metrics that you can always use:** It's a misconception that there's a one-size-fits-all set of metrics for product execution/analytical thinking. Metrics should be tailored to each product's unique context, goals, and stage in its lifecycle. If this set existed out of the box, this interview would have 80% pass rate (much closer to 20% for Meta)
2. **Tradeoffs are always finalized conclusively:** It's not easy to have clear cut trade-off resolutions. My recommendation is to: (1) state tradeoffs succinctly and clearly (2) ladder up to a higher goal (for example - the company's mission)
3. **All Metrics are Equally Important:** Not all metrics hold the same weight; some are crucial indicators while others are secondary
4. **Metrics Ensure Success:** Merely tracking metrics doesn't guarantee a product's success; interpretation and action are key.
5. **Quantitative Metrics are Superior:** Qualitative insights are often as vital as quantitative data in understanding user experience.
6. **More Data Equals Better Insights:** More data can lead to analysis paralysis; focused, relevant data is often more valuable.
7. **Metrics Alone Define User Needs:** User needs are complex and can't always be fully captured by metrics alone. We want to make sure that our framework captures that we're meeting user needs.
8. **Immediate Metric Improvement is Always Positive:** Sudden changes in metrics can be misleading and require deeper analysis. We need to be able to differentiate between novelty effects and driving sustainable value. (Think about Trivia HQ and Wordle for example)
9. **Metrics Don't Need Context:** Metrics are most meaningful when analyzed within the context of the market and user behavior.
10. **Overlooking the Impact of product Interactions:** Interaction between different products can significantly influence individual product metrics.

How can you best prepare for such interviews?

A good framework will help you organize your thoughts and communicate effectively. There isn't a perfect framework out there, but I want to share with you my approach for preparing for these interviews. Note - having a good framework doesn't always mean you'll pass the interview, but it should help you communicate confidently and effectively.

My suggested process to set up your initial framework:



Which you can translate to a table that looks like this (in the example I share, I will guide you step by step on how to fill this table out):



Product

Step 1 - Define Your Product Mission	State the company's mission	
	Outline key user groups and the problem the product solves	
	Summarize into a product mission	
Step 2 - Develop KPIs and Diagnostic Framework	How do you measure that the product is living up to its mission?	
	How do you measure the success of the product based on its lifecycle?	
	What guardrails do you need to consider?	
Step 3 - Establish your northstar metric	Set your northstar metric?	
	Critique the northstar metric	

Why are each of these important?

Parent's Org's Mission:	Aligning a product with the company's overall mission ensures it serves customer needs and solves their problems. Failure to align risks deprioritization of resources and can lead to team disengagement, as they may not perceive their work as contributing to mission-critical objectives.
Product's mission:	Establishing a clear mission for the product ensures focused development and relevance. It guides decision-making and aligns the team towards a specific goal, enhancing the product's effectiveness in fulfilling user needs and business objectives.
User ecosystem of the product:	Understanding the key users using the product and the ecosystem it exists in helps ensure you define your success criteria holistically.
Measuring the product lives up to its mission:	Tracking specific metrics to see if the product achieves its defined mission is essential for evaluating success and guiding iterative improvements. This helps in making data-driven decisions and validating the product's relevance and effectiveness.
Appropriate measurements for the product's lifecycle:	Different stages of the product's lifecycle require different success metrics. Understanding and applying these appropriately ensures accurate assessment and effective management throughout the product's lifecycle.
Guardrails:	Setting guardrails or boundaries helps in managing risks and ensuring that the product development stays aligned with the company's policies, legal requirements, and ethical standards.
Northstar metric:	This is the primary metric that guides and measures the overall success of a product or feature. It helps focus the team on a single, overarching goal.
Critique your northstar metric:	Evaluating the advantages and disadvantages of the chosen northstar metric compared to other possible metrics ensures that it effectively represents the key goal of the product and doesn't lead to unintended negative consequences.

I now want to walk you step by step through this process. Please note that in this process I will follow through a step by step process focusing on a suggested framework for Facebook Marketplace. For maximum effectiveness, try to follow step by step and develop your framework for Marketplace before reading my suggestions.

Step 1 - Define Your Product Mission

How do you define a company's mission?

Your product doesn't live in a vacuum, you need to understand how it ties to the overarching goal of your company. For that you need to understand what the company tries to accomplish. This section shouldn't take you more than 1 minute of the interview. Ideally you can tell the interviewer "Company X's mission is Y, is that correct?"

Easy Way - come prepared

- ▶ **Interview Preparation:** Before attending an interview, ensure you understand the company's mission. This can often be found on the company's website or in their annual reports and marketing materials.
- ▶ **Ask the Recruiter:** If the mission statement isn't clear, ask the recruiter or your point of contact for the company's mission. This shows proactivity and a genuine interest in aligning with the company's goals.










Harder Way – Define It Yourself:

- ▶ **Situational Necessity:** In some scenarios, such as a hypothetical interview question or a startup without a formal mission statement, you might need to define the mission yourself.
- ▶ **Three Key Components of a Mission Statement:**
 - ▶ **The Cause:** Identify the primary issue or need the organization aims to address.
 - ▶ **The Action:** Describe what the organization is doing or plans to do to address this issue.
 - ▶ **The Result:** Define the intended impact or outcome of these actions on the cause or issue.



Examples of Mission Statements:

Google:		"To organize the world's information and make it universally accessible and useful."
Amazon:		"To be Earth's most customer-centric company; to build a place where people can come to find and discover anything they might want to buy online."
Meta (formerly Facebook):		"To give people the power to build community and bring the world closer together."
Netflix:		"To entertain the world."
TikTok:		"To inspire creativity and bring joy."
Stripe:		"Stripe's mission is to increase the GDP of the internet"
OpenAI:		"To ensure that artificial general intelligence—AI systems that are generally smarter than humans—benefits all of humanity."

These examples demonstrate how a well-crafted mission statement encapsulates the essence of a company's purpose, action, and intended impact.

How do you define your product's mission?

► Start with the user ecosystem of the product

To make sure you are comprehensive in your response, this is also a good time to consider the ecosystem of users it aims to serve. This is similar to what you would do in a product sense interview, but you usually don't need to go very deep into the segmentation. You just need to think about the key user groups and the problems you aim to solve.

► What's the problem you're solving

Now that we know the users groups, we can quickly think about setting up a mission statement to the product, very similar to the org statement of the company's mission. You want to be able to succinctly and fully describe the problem your product is trying to solve, it's justification for existence if you may. We already set the company's mission, so now it should be easier for us to understand WHY is the company willing to invest resources in this product.

► How does it tie to the company's mission

OK - we know what the problem we're trying to solve, now let's tie it to the company's mission - we know who the users are, what we're looking to solve, now we can think about the value to the company. Understanding the relationship between the company's mission and the product will come in handy in taking a holistic approach to measurement and to resolving tradeoffs.

Example - Facebook Marketplace: Understanding the Ecosystem, Problem, and Alignment with Company Mission

Key User Groups

Facebook Marketplace primarily serves two distinct groups: buyers and sellers. These users form the core ecosystem of the Marketplace.

- **Buyers:** They are looking for a convenient, trustworthy, and diverse platform to find and purchase a variety of goods, from second-hand items to new products sold by local businesses.
- **Sellers:** This group includes individuals seeking to sell personal items, entrepreneurs and small businesses looking to reach a local audience, and larger retailers aiming to expand their digital footprint.

Problem Being Solved

Facebook Marketplace aims to solve several problems for these user groups:

- **For buyers,** it provides a localized, social, and user-friendly platform to find a wide range of products, facilitating easy browsing and communication with sellers.
- **For sellers,** it offers a vast audience, simple listing processes, and integration with their social profiles, enhancing trust and convenience in selling.

Summarizing the mission statement: **“FB marketplace’s mission is to empower communities to easily and safely connect in commerce”**

Alignment with Meta’s Mission

Meta’s mission is to “give people the power to build community and bring the world closer together.” Marketplace aligns with this mission by:

- ▶ **Building Community:** It fosters a community-driven buying and selling environment, encouraging interactions and transactions within local communities and social networks.
- ▶ **Bringing the World Closer:** Marketplace breaks down geographical barriers, allowing users to easily discover and interact with people and businesses outside their immediate social circles.

Facebook Marketplace supports Meta’s mission by creating a social commerce platform that goes beyond connecting people by empowering safe commerce within the community.

	Product	FB Marketplace
Step 1 - Define Your Product Mission	State the company’s mission	Build community and bring the world closer together
	Outline key user groups and the problem the product solves	Buyers: Seeking a convenient and trustworthy platform for community-based item purchases. Sellers: Sell items locally within their community.
	Summarize into a product mission	FB marketplace’s mission is to empower communities to easily and safely connect in commerce

Step 2 - Develop KPIs and a Diagnostic Framework

This is the part that most candidates are nervous about - there's a misconception that metrics need to be very elaborate and that you need to suggest a large number of metrics. From my experience the rationale for setting the northstar metric is the most important, understanding its flaws and how to overcome them.

A few tips I've learned:

1. There's no one perfect metric(!) There's no perfect set of metrics - if they existed, we would just use them and you wouldn't be preparing to this interview
2. You need to have a very good reason to set a metric that isn't daily
3. Don't get too fancy - your metrics are used to communicate success for your team - if the team doesn't understand the metrics, how will they know how to debug it when it goes wrong?
4. % metrics are harder to debug and more complicated to communicate relative to "full number" metrics, because you need to debug both the numerator and the denominator

How do you measure that the product is living up to its mission?

Consider a multi-faceted approach, focusing on specific metrics that align with the product's objectives, the company's overall mission, and the needs of its user groups:

- ▶ **Solves the problem for all user groups:** You need to account for ensuring you're solving the problem for your user groups (that's why we defined them earlier!)
- ▶ **Alignment with Company's Mission:** Ensure the metrics align with the broader mission of the company.
- ▶ **Timeframe:** What's the appropriate timeframe for the measurement? Daily? Weekly? Monthly?



Example - Facebook Marketplace: Defining metrics to measure that the product solves a problem:

As we said earlier, we want to think about all sides of the ecosystem and track that the product meets its mission.

As a reminder - **“FB marketplace’s mission is to empower communities to easily and safely connect in commerce”**

Because we are focusing on the community aspect, I am going to focus on network related metrics first and foremost:

- ▶ Daily Conversations between Buyers and Sellers: Indicates engagement.
 - ➕ **Pros:** Ties to the community aspect of Meta and FB Marketplace; Reflects user engagement and potential for transactions;
 - ➖ **Cons:** High conversation volume doesn’t always lead to sales.
- ▶ Daily Transaction Volume: Total number of transactions completed.
 - ➕ **Pros:** Direct measure of marketplace activity.
 - ➖ **Cons:** High volume doesn’t necessarily mean high satisfaction; Doesn’t tie to community aspects of marketplace

Buyer-Specific Metrics

- ▶ #Messages Sent to Sellers
 - ➕ **Pros:** Reflects buyer’s proactive engagement; Can indicate market vibrancy.
 - ➖ **Cons:** High messages may not always result in responses from sellers, increased number of messages could indicate confusion or issues with listings rather than a positive outcome for buyers/sellers
- ▶ %Messages to Seller/Marketplace Visits (or item search)
 - ➕ **Pros:** Measures efficiency relative to site visits; Buyer’s efficiency in finding what they are looking for
 - ➖ **Cons:** Metric movements would require understanding both numerator and denominator; Users might messaging sellers if the search functionality fails to provide them with relevant results. This could be a sign that the search algorithm or filters are not as intuitive or effective as they should be.

▶ NPS Scores

- ➕ **Pros:** Direct feedback on buyer satisfaction
- ➖ **Cons:** Subject to response bias; might not capture full user experience.

Seller-Specific Metrics

▶ %Sellers Receiving Messages within 7 Days of Posting a Listing

- ➕ **Pros:** Gauges easiness for sellers to sell an item and receive engagement
- ➖ **Cons:** May not reflect the overall success of the sale

▶ Average Time that Selling Post is Up

- ➕ **Pros:** Indicates market demand and listing effectiveness
- ➖ **Cons:** Influenced by product type, pricing, and market trends

Comment(1) - FB Marketplace doesn't actually facilitate transactions, which means that direct transaction measurements are harder to easily define and communicate. In my opinion, transactions don't fully lead to "building community" (I will leave it as a thought exercise to think (1) Why Meta hasn't built an actual transaction product (as far as I know) (2) what's the difference between Marketplace and EBay)

"Daily Conversations between Buyers and Sellers" is my prime candidate for a northstar metric because of its' mission alignment, I will continue with the diagnosis.

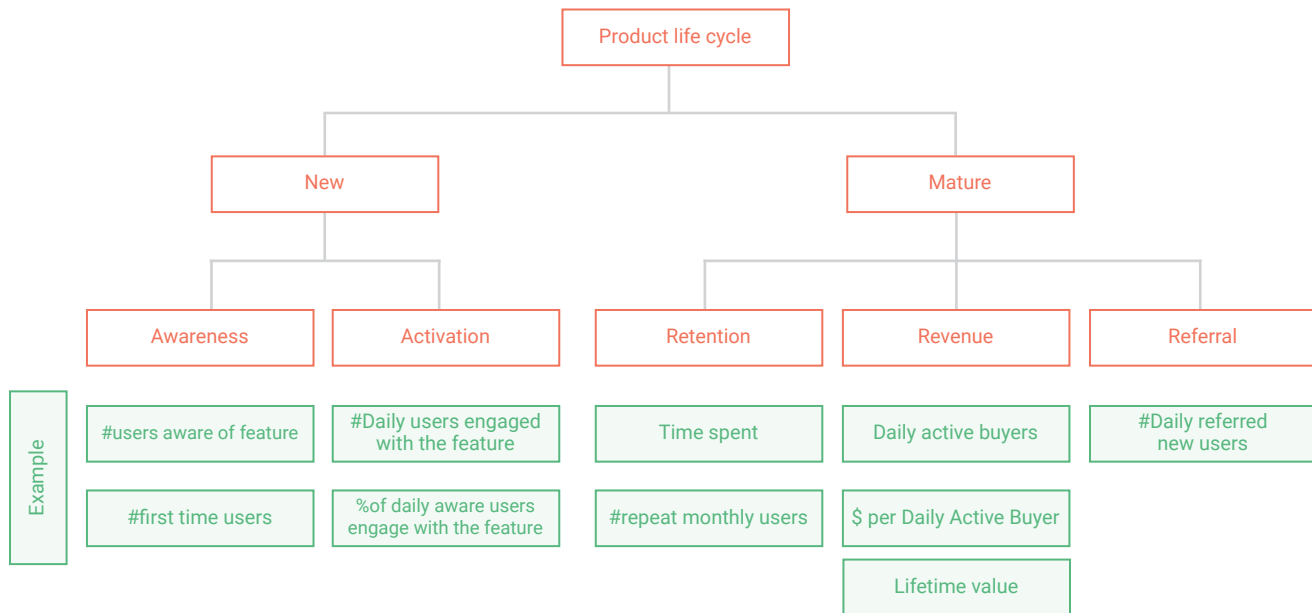
How do you measure the success of the product based on its current stage in the lifecycle?

You must be wondering why we need to think about the lifecycle diagnostic. While in most cases, this framework won't lead you to your northstar, which is usually product lifecycle agnostic, this is important to get a full picture of how your product or product performs.

The provided diagram represents a structured approach to measuring the success of a product throughout its life cycle, employing the AARRR framework (also known as the Pirate Metrics). This framework is an industry-standard methodology for evaluating the performance of a product at different stages—from the initial awareness among potential users to the point where the product is mature, generating revenue, and benefiting from user referrals.

Contextualizing the Diagram:

Product Life-cycle



- ▶ **Awareness:** In the “New” stage, metrics like the number of users aware of the product and the number of first-time users are crucial to understanding initial exposure and interest.
- ▶ **Activation:** Here, the focus shifts to engagement, tracking daily active users and the percentage of aware users who start using the product.
- ▶ **Retention:** As the product matures, retention metrics such as time spent with the product and the number of repeat monthly users become pivotal.
- ▶ **Revenue:** For mature products, revenue metrics such as daily active buyers and their lifetime value are key indicators of financial success.
- ▶ **Referral:** Lastly, the referral stage is about growth through word-of-mouth, measured by the number of daily referred new users.

Addressing the ‘Leaky Bucket’ Scenario:

The ‘leaky bucket’ is a metaphor used to describe a situation where the number of users leaving (churning) exceeds those joining. This can be a critical issue at any stage but is particularly detrimental during the retention and referral phases. If a product is in these stages, tracking churn rate alongside new user metrics is vital to ensure that the user base is not only maintained but also growing.

Measuring Success Based on Lifecycle Stage:

- ▶ **State the product's lifecycle stage:** Is the product new, growing, mature, or declining? Identifying the correct stage informs which metrics are most relevant.
- ▶ **Define most relevant metrics:** Once the stage is determined, select metrics that best indicate success for that phase. For a new product, focus on awareness and activation metrics. As the product grows, shift attention to retention, referral, and eventually revenue metrics.

Remember - you need to think about this approach for the key users in your ecosystem.

Thought exercise - my clients often tell me that if we're thinking about defining a northstar for a steady state product, then the northstar should align with the retention phase of the product life cycle. I would like you to think about the case for a dating app (I highly encourage you to think about this problem for yourself).

Example - Facebook Marketplace: Defining metrics based on the lifecycle.

Facebook Marketplace is a mature product, therefore, I will focus on retention metrics for both sides of the ecosystem:

Given Facebook Marketplace's status as a mature product, the emphasis is on retention, revenue, and referral metrics for both buyers and sellers, while also considering all stages of the AARRR framework for completeness.

Awareness:

- ▶ **User Awareness:** Track the number of users aware of Marketplace - for example - users who viewed the marketplace tab
 - Comment - at the point of awareness, it's likely to identify which users will be buyers or sellers, so there's less point to separate.
- ▶ **New User Acquisition:** Count of first-time users on the platform.
 - First time sellers - first time users post their first marketplace listing
 - First time buyers - first time users make a purchase (or engage with a seller as a proxy to intent)

Activation:

- ▶ **For Sellers:** Daily active sellers who list an item or engage with buyer inquiries.
- ▶ **For Buyers:** Daily active buyers searching for items or clicking on listings.

Retention (Primary Focus for Mature Product):

▶ For Sellers:

- ▢ Repeat Listing Rate: Percentage of sellers who frequently list new items.
- ▢ Seller Retention Rate: Proportion of sellers who remain active over a period.

▶ For Buyers:

- ▢ Repeat Purchase Frequency: Frequency of buyers returning to make additional purchases.
- ▢ Buyer Retention Rate: Percentage of buyers who revisit and engage with Marketplace.

Revenue:

- ▶ **For Sellers:** Estimated revenue per seller, possibly derived from ad-revenue or the number of transactions they initiate.
- ▶ **For Buyers:** Estimated revenue per buyer, based on transaction volume or associated advertising metrics.

Referral:

- ▶ **For Sellers:** Number of new sellers referred to the platform by existing sellers.
- ▶ **For Buyers:** Number of new buyers referred to Marketplace by existing buyers.

Net Promoter Score (NPS):

- ▶ **For Both:** Assessing overall satisfaction and likelihood of recommending Marketplace, for both buyers and sellers, as a measure of platform health and potential growth through word-of-mouth.

The focus on retention, revenue, and referral for a mature platform like Facebook Marketplace is critical. Retention metrics ensure a steady user base, revenue metrics gauge financial success, and referral metrics, including NPS, indicate growth potential and user satisfaction. This comprehensive approach using the AARRR framework provides a holistic view of Marketplace's performance at its current lifecycle stage.

How to define guardrails?

Guardrails is another area where I see candidates get “stuck” on the concept of guardrails can be confusing, but helps in understanding tradeoffs and the overall product ecosystem the product lives within and helps you identify potential tradeoffs.

Products do not exist in a vacuum; introducing one product can lead to shifts in the usage of others. To define guardrail metrics effectively, considering ecosystem impact, potential tradeoffs, and cannibalization:

- ▶ **Ecosystem Impact:** Evaluate the interactions between new and existing products. Focus on changes in user flows and shifts in user engagement patterns across the ecosystem to understand the broader implications of product additions.
- ▶ **Product Vulnerabilities:** Pinpoint areas in your ecosystem that could be vulnerable, considering both user engagement and integrity metrics. This involves understanding where user interaction might be negatively affected or where the integrity of the system could be compromised.
- ▶ **Example:** Adding a new reminder email product. Set a guardrail metric to track the balance between increased engagement due to the reminders and the rise in unsubscribe rates. If unsubscribe rates exceed a predetermined limit, this could indicate the need for adjustments to the reminder strategy to sustain ecosystem health.

Example - Facebook Marketplace: Defining guardrails.

In the context of Facebook Marketplace, the key guardrails revolve around integrity (specifically fraud-related activity), ad revenue, and the engagement with buy-sell groups. These guardrails help in managing tradeoffs and understanding the ecosystem in which Marketplace operates.

Integrity - Fraud-Related Activity:

- ▶ Safety is a key aspect for Facebook Marketplace to be successful. Therefore, we want to make sure bad actors don't take advantage of it.
- ▶ Guardrail Metric: number of reported fraud cases or suspicious listings

Ad Revenue:

- ▶ Marketplace listings might create cannibalization with ad-engagement
- ▶ Guardrail Metric: Ad revenue ; ad-revenue for marketplace users

Engagement with Groups (Secondary):

- ▶ Guardrail Metric:
 - ▢ Different groups such as “location based groups”, “buy sell groups”, parents groups etc., have posts that aim to sell goods within group members. Shifting to marketplace might change and reduce activity in groups
 - ▢ Understanding shifts in engagement helps understand and maintain a healthy balance to support healthy ecosystem for Facebook
 - ▢ To accomplish this, we can look at a metric such as “daily posts on groups” as a guardrail, and we can segment further to better understand tradeoffs.

Example Implementation:

- ▶ Suppose Facebook Marketplace introduces a new product that simplifies listing items for sale.
- ▶ The guardrails would involve closely monitoring the increase in listings for signs of fraudulent activity (if fraud reports increase disproportionately, it could signal a need for better verification processes).
- ▶ Ad revenue would be observed to ensure the new product doesn't adversely affect ad placements or performance.
- ▶ The product's impact on traditional buy-sell group engagement would be tracked to understand impact on group activity, especially for location based groups or buy-sell groups, to better understand the impact of overall ecosystem health.

Step 2 - Develop KPIs and Diagnostic Framework	How do you measure that the product is living up to its mission?	Daily Conversations between Buyers and Sellers
	How do you measure the success of the product based on its lifecycle?	Marketplace is a mature product, therefore, I will focus on retention metrics for both sides of the ecosystem
	What guardrails do you need to consider?	Focus on integrity, ad revenue, and group engagement to manage tradeoffs and ecosystem health

Step 3 - Establish your northstar metric

Setting your northstar metric

Woohoo - you've made it to the section you care about the most! Establishing your northstar metric. This is also an area where I see candidates losing confidence. It's very daunting to pick one metric above all. But for this reason, we went through a comprehensive diagnostic phase that helps us ensure we can set our northstar metrics and understand its flaws so we can execute effectively.

The Northstar metric should ideally represent the mature phase of your product, rather transient stages like awareness or adoption.

Imagine success measurement as if you're designing a dashboard: the Northstar metric is the central, most prominent graph, underpinned by other detailed metrics.

Selecting a Northstar means acknowledging its flaws but embracing its overarching relevance for specific, well-defined reasons. Your ideal Northstar should be a metric that your team can influence, one that cannot be easily gamified, and directly correlates with your product's fundamental mission.



Suggested Northstar Metrics for Facebook Marketplace:

► Transactions:

- ⊕ **Pros:** Directly reflects marketplace activity and user engagement.
- ⊖ **Cons:** Challenging to measure accurately as Facebook Marketplace doesn't facilitate transactions directly.

► Daily Conversations Between Buyers and Sellers:

- ⊕ **Pros:** Directly represents active user engagement and interest.
- ⊖ **Cons:** Might not directly correlate to successful transactions or revenue.

Considering Meta's mission to build community, along with Marketplace's aim to foster community interactions, the more suitable Northstar metric for Facebook Marketplace is daily conversations between buyers and sellers. This metric directly aligns with the platform's core mission and provides a clearer picture of active and meaningful user engagement. While transactions are significant, the indirect nature of these transactions on Facebook Marketplace makes daily conversations a more reliable and mission-aligned Northstar metric.

Critiquing your northstar metric

If you remember, at the beginning of this book, I said in the product execution interview you are measured on:

1. How do you define success?
.....
2. How do you measure it?
.....
3. How do you navigate tradeoffs?

When you set a northstar metric, you show that you've been able to accomplish 1+3, when you self critique your metric, you show the interviewer that you are aware of its' flaws, and that you inherently made an aware tradeoff placing that metric above others in your success definition.

Now, all you need to do is summarize your rationale for selecting your northstar and acknowledge its shortcomings. This is why we developed the holistic and comprehensive framework.

Critiquing Northstar Metrics for Facebook Marketplace:

Shortcomings:

► Doesn't Capture Actual Transactions:

- Issue: Merely counting conversations doesn't guarantee that these interactions lead to successful transactions.
- Overcoming the Issue: Supplement with metrics like 'percentage of conversations leading to transactions' or track follow-up actions post-conversation (e.g., item marked as sold).

► Doesn't Capture Satisfaction/Trust:

- Issue: The number of conversations doesn't reflect the quality of interactions or trust between users, crucial for a healthy marketplace.
- Overcoming the Issue: Implement satisfaction surveys post-interaction, or monitor repeat interaction rates as indicators of trust and satisfaction.

► Potential for Metric to be Gamified:

- Issue: There's a risk that users or the platform might artificially inflate conversation numbers without adding real value.
- Overcoming the Issue: Set thresholds or patterns to identify genuine interactions, and use machine learning algorithms to detect and exclude spammy or non-genuine conversations.

Why I believe "Daily Buyer/Seller Interactions" is Still the Best Metric:

► Alignment with Marketplace's Mission:

- Explanation: The core mission of Marketplace is to facilitate interactions between buyers and sellers. This metric directly measures the platform's effectiveness in creating these opportunities.

► Aligns with Meta's Mission:

- Explanation: Consistent with Meta's broader mission of building community and connectivity, this metric fosters a dynamic, interactive community environment, crucial for social platforms.

► Proxy for Transactions when You Can’t Measure Transactions Directly:

- Explanation: In a platform where direct transaction data might not be available (due to off-platform transaction completion), measuring conversations serves as a proximate indicator of transactional activity.

In summary, while “Daily Conversations between buyers and sellers” has certain limitations, particularly in capturing the transactional success and user satisfaction, it remains a vital and direct indicator of the platform’s primary function and aligns closely with both the Marketplace’s mission and Meta’s overarching goals. However, it’s crucial to address its shortcomings by integrating additional metrics and monitoring mechanisms to ensure a holistic understanding of platform health.

Comment - this exercise assumes that marketplace doesn’t actually facilitate payments or there is no “buy” button. As a thought exercise try answering the question - “why doesn’t marketplace facilitate transactions directly?”

Step 3 - Establish your northstar metric	Set your northstar metric?	Daily Conversations between Buyers and Sellers
	Critique the northstar metric	The metric aligns with Facebook Marketplace’s mission but needs supplementary metrics for transaction success and user satisfaction

Conclusion



The journey through establishing a robust Product Analytics Framework, as exemplified in this guide, underscores the significance of a tailored, contextual approach to metric selection and analysis. Through debunking common misconceptions, aligning with organizational missions, developing diagnostic frameworks, and critically assessing Northstar Metrics, we've illuminated the path to creating effective, dynamic product analytics strategies. The case studies, particularly the in-depth exploration of Facebook Marketplace, provide practical insights into applying these principles in real-world scenarios. As you move forward, armed with the knowledge and tools provided, you are well-equipped to navigate the complexities of product analytics. Embrace this framework not just as a methodology, but as a mindset to drive data-driven decisions, foster a culture of continuous improvement, and ultimately propel your product's success in an ever-evolving digital landscape.

	Product	FB Marketplace
Step 1 - Define Your Product Mission	Company's mission	Build community and bring the world closer together
	Key user groups and the problem the product solves	Buyers: Seeking a convenient and trustworthy platform for community-based item purchases. Sellers: Sell items locally within their community.
	Summarize into a product mission	FB marketplace's mission is to empower communities to easily and safely connect in commerce
Step 2 - Develop KPIs and Diagnostic Framework	How do you measure that the product is living up to its mission?	Daily Conversations between Buyers and Sellers
	How do you measure the success of the product based on its current stage in the life cycle?	Facebook Marketplace is a mature product, therefore, I will focus on retention aspects for both sides of the ecosystem: Daily active buyers, repeat buyers, repeat listings from sellers, etc.
	What are guardrails you need to consider?	Focus on integrity, ad revenue, and group engagement to manage tradeoffs and ecosystem health
Step 3 - Establish your northstar metric	Set your northstar metric?	Daily Conversations between Buyers and Sellers
	Critique the northstar metric	The metric aligns with Facebook Marketplace's mission but needs supplementary metrics for transaction success and user satisfaction

Suggestions:

1. Remember when we started this journey, I gave you the example of TikTok reactions?

While this product doesn't actually exist, try following step by step to answer the "how would you measure success" question.

2. I suggest you think about a few products and fill out the table for them:

a) Facebook groups

b) Spotify year in review

c) Amazon prime video (comment - this one is more complex, please make sure to refer to [Amazon's leadership principles](#) and make sure they guide you in developing your approach)

d) TikTok captions product

e) Google forms

f) Instagram stories

g) Bumble friendship (a product within Bumble had a while back to help users make new friends, not necessarily for romantic reasons)

About Me

Hi, I'm [Rachel](#).

With over 15 years in tech and 8+ years in product management at Meta and startups (Datadog and Fiverr pre-IPO), my experience spans from individual contributor to people manager roles. I've interviewed hundreds of candidates, including 150+ at Meta, where I also was one of the first PMs to join the Loop Guide program for Product roles.

For the past 5+ years I've applied my learnings from tech as a career coach and advisor, specializing in tech and product management. I serve as a career advisor for Columbia Business School MBA program, and supported private clients through Segal Coaching.



What people I helped say about me:

Kwame (PM @Meta): Rachel guided me through the interview process and team selection process at Meta. She has the super-power of helping you work on interview weaknesses without hurting your confidence. She was instrumental in propelling my confidence right before my on-site interview, by taking time to understand my biggest Achilles heel and addressing it.

Surabhi (PM @Instagram): Rachel helped me solidify my approach to interviews, helping me build on my past experience and bring it into the onsite interviews.

Chris Lee (PM @Google): Rachel helped me prepare for my product management interviews, walking me through the evaluation criteria and approaching interviews in a structured way while keeping in mind a natural conversational flow.

Final words:

If you're looking for an example of a mock-interview, [here's one I made for Meta](#).

If you found this guide helpful - please feel free to share it with other people.

If you're looking for 1-1 or group coaching sessions, please email me at rachelwin@gmail.com.

If you have feedback - please feel free to email me.