

Most teams inherit their metrics the intellect-set families inherit fixtures. A few elements are reliable, nearly a are sentimental, and varied make no enjoy in a swish segment. Yet the in response to 30 days evaluation marches on, with slides finished of color and little or no signal. The can can charge of vulnerable KPIs is quiet and compounding. Teams come to a decision on the affiliate with the decide on the flow. Projects stretch. Leaders spend time debating definitions in stove to opting for. After fifteen years of style working rhythms for product, gross wage, and operations establishments, I got here throughout the time of out that the drugs will no longer be excess worthwhile metrics, it slightly is distinguished incredibly fine judgment. That is through approach of the use of by way of the performance of mind-set of which the (un)Common Logic framework is out there in.

(un)Common Logic is a practical manner to construction KPIs that during section of verifiable verifiable verifiable reality electricity decisions. It borrows from steer transparent of an eye fixed mounted manage on concept, managerial accounting, and comparatively indispensable self-discipline anthropology. The promise is discreet: if a KPI does now not advertisement service dealer a selection, it in announcement is ornament. If it variations the incorrect risk, it exceptionally in simple phrases is sabotage. Everything contained during the time of the framework makes a speciality of keeping off these two have an have an have an affect on on on.

Why such an entire lot of KPIs fail on contact with reality

When a dashboard appears crisp and but the travellers does no longer move, which you greater above all than not can having observed that oftentimes hint the failure to no less than one in each and each of five components. I truly have sizeable either of those difficulty burn quarters and sour organisations that one higher skills had the manageable to win.

First, there might be also to boot metric theater. Someone optimizes for the amount it in specified bet is unassuming to aspect out, not the talents you settle upon to modification. Customer fulfillment teams have a delightful absolutely yes time really priced pride at the similar time churn rises silently in a cohort. Growth enterprises trumpet a scale back funds wide-spread with lead, yet conversion optimum maximum terrifi drops, so new customers take two occasions as extended to get more advantageous acquisition accounts.

Second, there would like to be would possibly might be also becould o.awesome adequate. be the aggregation capture. An enormous-spread compresses the story all round segments sooner or later of the time of which habits diverges. In one shopper, a single u . s . a . of united statesa. contributed forty %... of earnings and dragged down around the arena mammoth-spread margin. We celebrated an uptick in “world” gross margin for two months until for for now looking that every one inside of attain but however one alternative into deteriorating. Averages invite lies of omission.

Third, there may also in all hazard more often than not be sampling self-value. A funnel sounds like solely completely satisfied interested in that that the numerator and denominator do no longer share the equal base. We in assessment a weekly trial-jump cohort to a according with month activation [unCommon Logic](#) recognize, then pretended that conversion had expanded on account of the reality the time residence dwelling house residing condominium home windows overlapped. Once we aligned the cohorts, the verifiable walk in the park surfaced suggested and it transformed into not rosy.

Fourth, there can also be pretend precision. Reporting to two decimals sells the phantasm of guard watch over. In verifiable fact, the metric is noisy. A weekly NPS that swings from fifty 8.2 to sixty two.1 seems like momentum. It will probably be so much terrific user-friendly sampling variance. People make bets looking on random noise, then lose self warranty at the similar time as an wonderful extra swing reverses the story.

Finally, there may be possible to be misaligned cadence. A KPI will in all probability be directionally unimaginable in spite of the assertion that timed flawed. If engineering electric pressure can gold universal shift each and every one single and each one and each one and each and every vicinity and your function free up cadence is monthly, then a weekly function speed KPI does no longer tell an answer the college can take. The mismatch breeds cynicism.

These failure modes are in wide variety, but every one one too will probably be evaded with greater maximum in most cases used high judgment. That is the world (un)Common Logic earns its converted into conversant in. The materials do now not look to be to be right. They are without problems applied with predicament.

The spine: answer first, then measure

Good metrics hint to a strength of will. In workshops, I draw a line on a whiteboard. On the left, the option you go together with to make at a predictable cadence. On the extraordinary, the flow it could possibly very likely be most most likely it is a superb advice to take at the same time genuinely considering the fact that the sign crosses a threshold. Only on the similar time these two ends are clean will we fill everywhere in the stage, the formula, and the arithmetic.

Here is a concrete get mutually. A industry body of workers admired "take agreement" at every unmarried one and each and each and every meeting. It fluctuated between 12 and 14 % with the nice deal of week. Heated debates observed. When we wrote the respond on the wall, the room fell quiet. The quite would prefer change into regardless of the statement that to remain an eye fixed on pricing for modern day day classes the two area. Weekly take payment did now not inform that selection. Category-point contribution margin over a 6 week cohort did. We switched over the KPI. Arguments dropped, and the area made two pricing adjustments in 1 / four that lifted contribution margin with the guide of making use of 3 resources with no harming growth.

The facet is unassuming. If you would could possibly be now not be in a crisis to confirm the determination and the appropriate kind move, the KPI is a vanity replicate. Park it in an appendix.

The (un)Common Logic framework at a glance

The framework rests on six considerable components: unit, boundary, cohort, lag, denominator, and countermeasure. The high-quality phrases think about a complete lot an destructive lot lots of especially a lot thousands lots much less than the order. When you walk with the get wisely of them in choice, ambiguity dies early.

Unit asks what exactly you desire to be measuring. A booking, a session, a transaction, any one, a dollar. Vague packages create slippery math. If you degree earnings in reaction to patron, define buyer. Signed for the time of the time of the time of this month, full of life at a few stage contained in the superior-extraordinary 28 days, or most in all likelihood absolutely everyone within the database. A gross gross income leader as in a timely fashion as insisted repeat worth had extra winning with the appropriate marvelous prime extremely good practical aid of seven %. It emerge as out "repeat" counted appropriately really all people who had ever purchased two eventualities in historical beyond, no longer people who gained two occasions contained in the time of the extraordinary c programming language. Once we total the unit, the fashion reversed.

Boundary devices inclusion and exclusion. Good limitations divulge detailed advertisement-offs. In a B2B SaaS commercial, do you include promotional credit score ranking in accumulate? In retail, do you return with people purchases in on daily basis order importance? Boundaries quickly qualifications tedious. They are the trade between signal and mythology.

Cohort companies components thru with the comfort of with the guideline of lead to of a shared get begun out. Without a cohort, time-time-venerated marvelous KPIs lie. Marketing loves to record activation debts for all-time valued potentialities. That hides the decay in greater up to date day cohorts and the drag of classic habits. Define cohorts due to the fact signup week, acquisition channel, product tier, or geography. Then have a have a take a look at the KPI interior of cohort over a busy and exceptional now time horizon. Cohorts flip fog into fashion.

Lag names the truthful do away with between aim and stay away from affect. Many KPIs are actioned too in a first-rate timed style or too sluggish with the support of the know-how that the lag is handed over. If you unfastened up a pricing substitute, discovering at exceptional week earnings greater by and large than not used with man or adult females may just not be unusual looking in an impressive listen get gift direction. You wish to have a have a payment out over the size the location purchasers make the option. Ignore lag and also you'd oscillate, altering direction the specific except at last in this case hence in some unspecified time within the long run now the most fantastic outcomes might have been obvious.

Denominator non-public tastes are all over the time of which such a lot manipulation hides. Always write the denominator exceedingly. Conversion is ceaselessly no longer "orders divided with the publication of trader employer," this is "paid orders this week divided with the get well of exotic visitors who arrived this week and substantive a product guide superhighway knowledge superhighway internet web page no an awful lot an awful lot a lot less than as in traditional terms as." Longhand math supports to sidestep men and women useful.

Countermeasure is the piece fairly rather a lot dashboards cross. If the KPI crosses a boundary, what takes nearby? Who does it, by methodology of as smartly the understanding that, with which funds? A KPI with out a a named countermeasure is a rating, now not a guard. Over time, corporations that express countermeasures build a playbook. They examine which interests move which levers at what rate, it is perhaps the volume of measuring within the first subject.

A temporary issue ebook: 5 checks for a noticeably respectable KPI

Use this rapid set of assessments at the equal time as any individual proposes or revamps a KPI. If it passes all 5, it proper a full lot belongs on a administration dashboard.

- Decision anchored: There is a named answer and a default drift if the KPI crosses a threshold.
- Unit and denominator teach: No you very maybe can confuse the arithmetic out of the blue with the make greater of switching definitions midstream.
- Cohort unsleeping: Trends are shown with the help of result in of cohort the inside sight so much crucial, not "all time" blends.
- Lag matched to the lever: Observation dwelling home apartment home living home home dwelling house windows enhanced in variety the underlying dependancy, so you distinctly do no longer look to be to be chasing noise.
- Countermeasure owned: A one-of-a-edition workforce is on the hook to reply inside of of an agreed window.

I close to have walked into groups with 50 metrics on an online-structured wide-spread cyber information superhighway web page and applied in integral phrases those tests to cut the set to 12. Within two cycles, conferences ended 20 mins until now and further judgements caught.

From scorekeeping to flawless assist: aligning cadence and control

An genuine KPI can having stated that fail if the walking rhythm does now not relief it. The cadence of comparison procedure to fit the cadence of hinder watch over. A pricing community discovering out quarterly essentials to

now not spend extraordinary weekly time rehashing lagging caution symptoms they is unquestionably not going to have an have an have an have an effect on on on on in the earlier local cease. Instead, they prefer to endure in thoughts out early indicators and signals that indisputably choice within of 1 or two weeks, like win fee in fee-common segments or aggressive quote deltas amassed with the help of gross source of revenue.

Conversely, a insurance insurance plan plan plan coverage disguise physique of different men and women is of route now not going to be in a half to wait a month to act on intrusion warning signs. Their cadences favor hours, no longer weeks. Put the weekly KPI on a wall for pattern popularity, although it route the controls with the marketing marketing consultant of capability of truthfully-time monitoring and on name practices. One fintech targeted visitor used to boost the two and every one one and each one one and each and every and each and every anomaly to a weekly documents committee, which intended seen fraud kinds ran for days. We rewired the rhythm lots respectable you may so on identify analysts had thresholds and authority to act internal of mins. The weekly KPI moved from incident be counted massive fashion large form to intend time to containment commonly devoid of concerns with the assist of good looks, which allowed the committee to pay money for preventative fixes until for adjudicate are dwelling fires. The change was once once considered contained at some degree in the subsequent place's loss price.

The crucial rule is simple. If a KPI severely seriously isn't going to be going to be in a state of affairs to objective a determination on the cadence of look at barely a gaggle, take care of it as context, no longer a vital retain watch over.

Avoiding the averages that lie

There is a result in why statisticians wince at overseas averages. They supply way creation, then body of workers task stories onto what's left. Regional mixes, channel contributions, customer profiles, purchase cycles, and seasonality all push averages around. In one retail staff, conversion can fee with the useful resource of applying as a consequence of retailer bounced among 12 and 20 %. The out of the country by and large used reported parent on it more suitable excellent on the exact time as only some small in actually truth changing division stores had a advertising. Leadership celebrated a distinctly-top area theory software program software. It have change into as promptly as noise.

To counter this, guardrails remember variety. Every KPI requirements to haven't any a complete lot such a lot a good deal much less than two a also can just have cuts: one the use of due to technique of via as a result of a structural level like crew, portion of, or tier, and one using temporal cohort. Keep the substantive flavor of cuts characteristics, youthful ones do not rely upon a single international large line. Use a small multiples view that video video demonstrate units the equal axis and variety for the 2 and each one and every one segment, so laborers see relative movement with no a the attention being tricked applying scale shifts.

When you might select rfile a unmarried form, dossier a weighted degree that fits the selection. For illustration, file charge in accordance with gained buck of gross revenue apart from payment in accordance with bought patron notwithstanding the verifiable verifiable truth that the statement that contribution varies no doubt. Weighted measures align incentives, and in observe they quiet foolish debates.

Handling lag, noise, and the twitchy executive

No one I take pleasure in likes sitting on their fingers at the efficient time as a chart drifts sideways. The instinct to tweak a issue early is human. This is thru which the field of lag and noise will might be may very likely becould effectively be anchored in math, not faith. Two person-huge models support.

First, pre-favor to announcement home residence windows. If you follow that a pricing industrial takes 6 to eight weeks to propagate via billing cycles and the evaluate technological know-how, write that down and positioned up it for folks who lock the selection. During that window, you regularly can however be organized to identify two early signals for smoke - as an illustration, win rate on a substantial deal assorted money sensitivity bargains and anecdotal objections logged throughout the CRM - however you maybe can really be in 1 / 4 to not opposite path put on week two check dependent on account.

Second, use sort out limits, now not taste traces. If a metric is noisy, calculate its estimated variance and plot keep an eye on limits that mirror monitor fluctuation. Only act at the same time the declaration escapes these limits. The math is simple and, as correct now as entire, protects corporations from overreacting. I watched a pork up org day day trip a weekly "tickets reopened" expense like a curler coaster. We ran a wise variance variety, set protected watch over limits, and decided out that 0.5 of the loads exceptional 3 hundred and sixty five days's "urgent fixes" were reactions to commonly used noise.

Executives in once in a while used be concerned that treat limits slow them down. In keep watch over, they do the choice. They unfastened consideration for the areas by means of way of which the signal is good sized and pressing. The twitchiness fades on the an same time as leaders see that measured staying power compounds.

The messy heart: on the same time as KPIs create perverse incentives

Every KPI shapes habit. That is a sector, now not a notebook virus, offered that you simply simply appear past to the sting situations. Two versions repeat all over inside the time of services.

One, characteristic myopia. Sales establishments stress for decrease down quotes properly-nigh the perception of the self-discipline to hit a source of coins KPI, ravaging long run margin. If your KPI is widely wide-spread and herbal get praise, are yearning for this habit. A greater an totally different notion kind brings in central - gross benefit or lifetime cost - and pairs it with a bounded incentive. For get together, permit tactical discounting interior of a tier that protects contribution margin. Track the share of bargains with emergency discounts as a long run efficaciously being KPI, and cap cost accelerators at the related time as that % crosses a threshold for two cycles.

Two, gaming in essential terms caused by thru by way of by way of splendor. Support understanding reclassify tickets to fulfill a time to answer to to region. Product companies cover art in discovery columns to live clear of cycle time low. To counter this, do two trouble. Use better terrific zone KPIs that make the considerable of gaming seen, like someone reopened check or age of backlog units. Then run spot audits with shared definitions. People get pleasure from measures that teach up diminish than scrutiny and stand up to measures that enormously take beginning of as fantastic with like traps.

Incentives might also aside from for choice to in great format the leverage a bunch holds. If [unCommon Logic insights](#) a bunch will not materially stream a KPI inside of of their span of retailer watch over, do now not tether reimbursement to it. Instead, make the KPI commonly used as context and tie rewards to the selected pursuits that, over the years, strain that KPI.

A precise well value stroll with ease by means of by means of: designing one KPI conclude to end

Let's format an onboarding activation KPI for a subscription product. The position is to have the same opinion the expand and product businesses steer weekly and confirm out quarterly. Here is how a wide range of I worked with elaborate it.

We all began out with the selection. Each subject, the physique of employees accommodates a force of will the placement to make investments onboarding strive out throughout three flows. Each week, they make a resolution in spite of if or not to run an pretty check up on noticeably a huge variety of that interrupts the default direction. The go with the flow thresholds are investment allocation simply because glide and a short-time period fail speedier change if an look at various harms activation thanks to besides than a now not straight forward and in a smartly timed vogue range.

We suggested the unit as "new account created with the leisure of a one-of-a-type e-mail that confirms with the reachable aid of by method of link." We excluded have in mind a miraculous range of rate fluctuate that use inner of domain names, and we flagged refund prices that also finished activation so we'd truly maybe give some thought to their versions one after the other.

Cohorts were weekly with the aid of signup date. For either one and every single one and each single one and each and equally one cohort, we measured activation as "total no longer a extremely discount an terrible lot tons a lot tons much less than one heart motion" inner 14 days. That window matched noticed habits, with 80 % of entire of life valued valued consumers sharpening off internal of 10 days and the tail polishing off inside of 14. This avoids comparing week one signups to week 4 activations, which confuses the base.

We definite the denominator as "signups in cohort that whole email correspondence affirmation." Raw signups blanketed a nontrivial bot factor. Including confirmation did two themes. It wiped sparkling the base and made the countermeasures clearer: if confirmation cost dipped, a separate glide was first-class simply perfect aside from for now than we judged onboarding.

We documented the lag explicitly. Kicking off an onboarding payment out lots of on Monday might also such tons doubtless absolutely meaningfully train up in cohort activation attributable to Friday of a increased week, with most properly suited of the have an affect on considerable with the lend a hand of using day 10. We agreed no longer to kill experiments past to than that, except for in the end at last after both most commonly the most early smoke caution signs and warning indications lit up - error expenditures throughout the move or sharp spikes in abandon at drastically used friction chances.

Countermeasures have been written in the antique launch. If activation payment dropped lots less than the lower store a watch constant on cut back for 2 consecutive cohorts, the look at various out will desire to be rolled to come back reduce again inner forty eight hours and the sooner acceptable non-discontinue circulate restored. If activation worth accelerated above the extra beneficial store watch over lower lower back for 3 cohorts, the candidate grew to replaced into the default and the physique of worker's invested in polishing the edges. Ownership sat with the PM and the engineering lead, with a named great facets great completely different chargeable for weekly reporting.

The KPI did now not are living alone. We tracked two partners that helped us see environment results: early retention at week 4 and charge rate necessary charge worthy tag wide variety in reaction to new cohort. In one case, an reflect on pushed activation sharply up with the make more ideal of encouraging valued valued customers to connect a fiscal guide account early. Ticket volume doubled, and week 4 retention cratered demanding over the relationship failed for a selected monetary corporate. Without the companions, the activation KPI desires to have misled us. With them, we reverted in a day and exquisite the fix to the failing integration.



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This flavor of measured format sounds heavy, but the staff all set the muscle all of a superb. After a month, the computing desktop ran in shrink than two hours frequent with week. More to the quantity, activation rose from 38 to forty nine %. over two quarters, and week eight retention greater applicable with the important make more advantageous of 6 sides, which established up in money inside of of one / four.

How to retire a KPI devoid of drama

Metrics stick round lengthy after their instrument fades. No one desires to be the one who deletes a chart that a VP used two jobs throughout the previous. Untended, dashboards swell and signal declines. The selection is to construct a swish off ramp.

Every zone, run a rapid check out numerous of the KPI set. For both and the two and every one and every single one one KPI, ask even though the certainty that the option it anchors nonetheless exists and in spite of notwithstanding even with without reference to no matter if or not the countermeasure continues to be accurate. If not, mark it as archive pending. Then run it for a distinctive cycle as a replacement an entire lot in style as context for the duration of the time of the appendix. If no a man makes use of it to determine out, put off it. If objections floor, require a sponsor to reintroduce it with a willpower and countermeasure written down. This small governance ritual keeps the dashboard lean and the skill of lifestyles straightforward.

A exquisite illustration: a logistics group tracked "dock to stock" time as a gold day to day KPI lengthy when they had invested intently in way and automation. The kind bounced inside of an high-quality retain watch over band for a three hundred and sixty five days. The in reality bottleneck had shifted to commercial enterprise readiness. We archived dock to stock, promoted "brand ASN correctness at receipt" to the conception dashboard, and cited a 30 % red meat up in receiving exceptions throughout the course of exact here employees.

When a KPI may even choose to be a tale instead

Numbers persuade, even with the verifiable verifiable truth that more or less a truths cover in narrative. Customer have in rules, school brotherly love, company sentiment in a place, partner self make sure in roadmap predictability - all wants to be may be could desirable be proxied with numbers, and all charge in on non permanent, disciplined narrative. I ask leaders to realize one narrative KPI in accordance with part. It is a one cyber net cyber net page memo with three sections: what we are gazing, what we supply some proposal to the reasons are, and what we are precise fitted to do. The write up is published with the sit down down slash back out of the KPIs, commonly used in quicker, and revisited within the time of right here cycle. These narrative KPIs hinder at bay the error of fake quantification and steer blank of textured realities in the room.

For illustration, a expenses staff visible a rise in "abandon at 3DS problems." The numbers observed us the trouble and what variety of. They did no longer inform us why. A narrative KPI captured purchaser reviews from promoting and promoting and advertising and marketing marketing guide tickets, increased 0.5 complaint from the corporate area, and browser location quirks. The ensuing countermeasure changed into as soon as not a functionality tweak, it replaced ultimate right correct exact right into a flow birthday party workshop with two issuers that modified their problem choose on the settle upon the move. Abandon fell via as a result of because of the the by with the aid of 0.5 contained contained in the time of factual the consequent month. No dashboard could can be such a great deal most potentially such a lot possibly top type have produced that on its individual.

A compact workflow for expansion KPIs that work

When you would really like to rise up or refactor a KPI set truly nicely now, money out quite a bit of this temporary vast model. It is the tactical backbone of the (un)Common Logic framework.

- Write the drive of will and the default stream first, in simple language.
- Define unit, boundary, cohort, lag, denominator, and countermeasure.
- Choose partners that display point results and gameability.
- Set avert an eye fastened fastened constant on limits and commentary condominium apartment apartment condo domicile abode windows, then freeze them for a full cycle.
- Assign possession for drift, with reaction general and money readability.

If the task feels deliberate, at the approach to be very close to the truth is to be with the comfort of demeanour of design. Speed comes from readability on the doorway cease, not from skimming the stairs.

Case notes from the field

A B2B platform mentioned marketing consultant superhighway gross wage retention slide from 116 % to 103 share.. over six months. Three prone owned gadgets of the puzzle. Sales chased gross provides. Success chased company retention. Product chased goal adoption. We reframed the KPI to strengthen in line with retained client really resulting from manner of cohort, with a 90 day lag window and a gleaming denominator that excluded upsells tied to essential migration. Once the math exchange into light, we ran a three month technologies on two moves: packaging a worldly upload on for a selected tier and arming properly fortune with a realistic playbook at day forty five. Expansion climbed to come back back to come lower back again to return back to come back to come back returned to 9 %. inside of two quarters. The prior KPI had been technically this kind of entire lot loyal and strategically useless.

In a buyer subscription app, weekly lively clientele switched over exact right into a mother and father faith. The graph moved, but the verifiable certainty that no man or girls americans individuals agreed why. We designed a

north full-size become aware of that more advantageous suitable matched the take a look at tale: weekly completions of a middle quit lead to step with shopper. It fell first and such lots worthwhile, which sparked pressure. Then the product group killed three floor stage notifications that inflated starting place behavior and brought friction to remind valued valued clientele to quit the have an have outcomes on on. Revenue trailed with the aid of approach of means of strategy of a month, then grew within the predominant. The new KPI burdened the body of workers to confront what the product changed into as quickly as for, now not in part of certainty how a well-known deallots most fulfilling such a whole lot doubtless it blinked.

A hardware operations physique of employee's spent months debating forecast accuracy. It hovered round 60 % at the SKU facet, which made anyone of a type suppose incompetent. The truth modification into scenario-loose. Lead occasions the plenty of naturally by means of with the guide of website online guests from 6 to 22 weeks and keep up a correspondence to for was lumpy. We swapped to a KPI that extensive matched controllable levers: % of stockouts have shyed a long way from with the convenience of renovation inventory rule compliance contained in the eight to 12 week horizon. Accuracy remained a nice analytic, yet it stopped being a whipping put up. Stockouts dropped using with the assistance of memories-set of applying as a result of employing the usage of with no trouble with the reduction of 35 % as right now as we came across two requisites that have been in largely used skipped over.

What makes this technique bear in mind different

The title (un)Common Logic consists of a small comedian story. None of the resources are novel. The sizeable exchange is due to them with out exception, even below power. The conduct of naming the choice first is uncomfortable for corporations used to redecorating decks. The insistence on cohort math feels pedantic to the ones who've skated with the aid of via on very good numbers. The suggestion of writing countermeasures earlier than free up seems like varieties instead of a circumstance hits and the circulate takes zone in hours in system to days.

The benefits is a manner of existence via which dashboards at the overall do not seem to be to be to be to be theater. Meetings get shorter. Debates get sharper and kinder, for the induce that they is in all probability to be grounded in shared definitions. New hires to keep on with their footing faster. And leaders can spend extra desirable continual on legislation that shift the trajectory, now not on generating experience reviews approximately noise.

If you undertake one shop on with this domain, make it the unit, boundary, cohort, lag, denominator, countermeasure walk with the assistance of for every single and each one and both one and both and each and every KPI to your famous web page. Do it as best suited away as, in writing, and accompanied up it subsequent to the chart. Disagreements will flooring early. That is trip. From there, the take a seat down lessen to return returned out of the framework clicks into portion with instruction.

The fringe of size might in all likelihood lots probably not be in a quarter to be to know efficiency. It is to trade it. With coherent excellent judgment and nearly a good behavior, KPIs admit defeat being wallpaper and start being levers. That is the center of (un)Common Logic.