



Traction: Get a Grip on Your Business

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Author's Bio: An entrepreneur since the age of 21, Gino Wickman has dedicated his life to learning what makes businesses thrive. At 25 he took over the running of the family business, which was deeply in debt and in need of help. After turning the company around and running it for seven years, he and his partners successfully sold the company.

Based on his years of real-world experience, Gino developed the Entrepreneurial Operating System (EOS®), a practical method for helping companies achieve greatness. In the past 20 years, he has personally delivered over 1,900 full-day sessions with over 135 companies. The EOS Tools are being used by almost 100,000 companies worldwide.

Authors' big thought: All entrepreneurs and business leaders face similar frustrations personnel conflict, profit woes, and inadequate growth. Decisions never seem to get made, or, once made, fail to be properly implemented. But there is a solution. It's not complicated or theoretical. Discovered by more than 80,000 companies, the Entrepreneurial Operating System® is a practical method for achieving the business success you have always envisioned.

In *Traction*, you'll learn the secrets of strengthening the six key components of your business. You'll discover simple yet powerful ways to run your company that will give you and your leadership team more focus, more growth, and more enjoyment. Successful companies are applying *Traction* every day to run profitable, frustration-free businesses and you can too.

INTRODUCTION

- If you're like most entrepreneurs, you're probably experiencing one or more of five common frustrations:
 1. Lack of control: Instead of controlling the business, the business is controlling you.
 2. People: You're frustrated with your employees, customers, vendors, or partners.
 3. Profit: Simply put, there's not enough of it.

- 4. The ceiling: Your growth has stopped.
- 5. Nothing's working: You've tried various strategies and quick - fix remedies.
- You are not your business. To achieve success, you have to turn it into a self - sustaining organism. You need skills, tools, and a system to optimize your people, processes, execution, management, and communication.
- This book contains all the tools and components that make up the Entrepreneurial Operating System (EOS). EOS is a holistic, self - sustaining system that addresses the six aspects of your business. Master the individual elements of EOS and you'll be able to integrate them into a powerful framework that will help you gain traction and realize the vision you've always had for your company.
- The Six Key Components of the Entrepreneurial Operating System (EOS) go right to the roots of the six most important aspects of your business and strengthen them, eliminating all of your symptomatic issues by solving the real ones. EOS is a method — even a way of life — that will help you crystallize your vision and build a strong organization. By first understanding and then implementing what you learn, you will be able to accurately monitor the pulse of your company and know how it's really doing.

CHAPTER 1 The Entrepreneurial Operating System®: Strengthening the Six Key Components

- Every great system is made up of a core group of basic components.
- The Entrepreneurial Operating System (EOS) identifies Six Key Components of any organization.
 1. **VISION:** Successful business owners not only have compelling visions for their organizations, but also know how to communicate those visions to the people around them. The more clearly everyone can see your vision, the likelier you are to achieve it.
 2. **PEOPLE:** Successful leaders surround themselves with great people. The two essential ingredients of any great team: the right people in the right seats. The three absolutes for any good hire. They must get it, want it, and have the capacity to do it.
 3. **DATA:** The best leaders rely on a handful of metrics to help manage their businesses. The Data Component frees you from the quagmire of managing personalities, egos, subjective issues, emotions, and intangibles by teaching you which metrics to focus on. In addition to learning to create and implement your Scorecard, you will take your data management to the next level by learning to empower each person in your organization. Everyone will have a clear, meaningful, and manageable number that he or she is accountable for on a regular basis.
 4. **ISSUES:** are the obstacles that must be faced to execute your vision. Regardless of how long you've been plagued by your problems, the Issues Component represents a huge opportunity .to identify, discuss, and solve your organizational issues in a lasting and meaningful way.

5. **PROCESS:** Your processes are your Way of doing business. Successful organizations see their Way clearly and constantly refine it. By deciding what the process is and training everyone to follow it, you will enhance your troubleshooting abilities, reduce your errors, improve efficiency, and increase your bottom line. Your processes will be clearly identified, documented, understood, and followed by everyone in your organization.
 6. **TRACTION:** In the end, the most successful business leaders are the ones with traction. They execute well, and they know how to bring focus, accountability, and discipline to their organization. Gaining traction requires two disciplines. First, everyone in the organization should have Rocks, which are clear 90 - day priorities designed to keep them focused on what is most important. The second discipline requires implementing what is called a Meeting Pulse at all levels in the organization, which will keep everyone focused, aligned, and in communication.
- In summary, successful businesses operate with a crystal-clear vision that is shared by everyone. They have the right people in the right seats. They have a pulse on their operations by watching and managing a handful of numbers on a weekly basis. They identify and solve issues promptly in an open and honest environment. They document their processes and ensure that they are followed by everyone. They establish priorities for each employee and ensure that a high level of trust, communication, and accountability exists on each team.

CHAPTER 2 Letting Go of the Vine

- Before you can grow, you'll need to take a leap of faith. If you're not happy with the current state of your company, you have three choices. You can live with it, leave it, or change it. If the first two are not an option, it's time to admit that you don't want to live this way any longer.
- Change is scary. You need to change from believing that you are your company and letting it become its own entity. With the right vision, structure, and people in place, your company can evolve and realize its full potential.
- To be truly ready for this change, you must be willing to embrace the following four fundamental beliefs: 1. You must build and maintain a true leadership team. 2. Hitting the ceiling is inevitable. 3. You can only run your business on one operating system. 4. You must be open - minded, growth - oriented, and vulnerable.

BUILDING A TRUE LEADERSHIP TEAM

- The philosophy of this book advocates a healthy leadership team approach, where you build a team of people that define the company's vision with you. These leaders all have clear accountabilities and must be able to take initiative over their respective departments. You must also all remain open and honest about all issues and be willing to fight for what is best for the company as a whole.

- If you want to grow, it's not possible to maintain a hand in sales, service, accounting, complaints, and follow - up on a regular basis. Each of your departmental heads should be better than you in his or her respective position. Of course, you will need to give them clear expectations and instill a system for effective communication and accountability. Once you have the right people in the right seats, let them run with it.
- Once your team is in place, each member needs to agree that the problems in the organization are also his or her responsibility. Once you take responsibility for a problem, you can help to solve it.
- The next leap of faith you have to take is this: As goes the leadership team, so goes the company. Your leadership team must present a united front to the rest of your organization.

HITTING THE CEILING IS INEVITABLE

- Reaching the natural limits of your existing resources is a by - product of growth, and a company continually needs to adjust its existing state if it hopes to expand through the next ceiling.
- You will hit the ceiling on three different levels: as an organization, departmentally, and as individuals. In all of these instances, growth is your only option. If you're not growing, be it internally or externally, you're dying.
- Most companies need to start with a focus on internal growth before they can even think about external growth. The paradox is that they will actually grow faster externally in the long run if they are focused internally from the outset.
- If your organization needs an internal transformation first, be honest with yourself and spend the next one or two years growing internally and honing your business model so it can support external revenue growth.
- Many organizations fail because they're unable to survive these growing pains.
- You can survive hitting the ceiling by choosing a leadership team that possesses five core leadership abilities. Above all else, your leaders need to be able to simplify, delegate, predict, systemize, and structure. To the degree that you and your team apply these five abilities, you will grow to the next level.

SIMPLIFY

- Simplifying your organization is key. This entails streamlining the rules you operate under as well as how they're communicated. The same goes for your processes, systems, messages, and vision.

DELEGATE

- Your ability to break through the ceiling also depends on your ability to delegate.

- You'll have to delegate some of your responsibilities and elevate yourself to operate at your highest and best use. When you experience that personal growth, the company will grow under you.
- The responsibilities that you delegate to other people have to be tasks that you have outgrown.
- Your team can also extend the company by building teams under them, thus ensuring the company's continued growth.

PREDICT

- Prediction in business is done on two basic levels: Long - term and Short - term.
- *Long - term* predicting is the forecast of everything 90 days and beyond. To do so, your leadership team has to know where the organization is going and how you expect to get there. You do this by starting with the far future and working your way back. What is your 10 - year target? What is your three - year picture? Your one - year plan? What do you have to accomplish in the next 90 days in order to be on track?
- Long - term predicting is making a decision about what you will do tomorrow based on what you know today.
- *Short - term prediction.* While the long - term view addresses business needs 90 days and beyond, short - term focuses on the immediate future. These are the issues that will arise on a daily or weekly basis, and your ability to solve them will affect the long - term greater good of the organization.

SYSTEMIZE

- At some point, though, certain actions have revealed themselves as redundant. That's when you should systemize them.
- There are really only a handful of core processes that make any organization function. Systemizing involves clearly identifying what those core processes are and integrating them into a fully functioning machine.
- The methods you use should be crystal clear to everyone at all levels of the organization.
- The first step is to agree as a leadership team on what these processes are and then to give them a name. This is your company's Way of doing business. Once you all agree on your Way, you will simplify, apply technology to, document, and fine - tune these core processes. In doing so, you will realize tremendous efficiencies, eliminate mistakes, and make it easier for managers to manage and for you to increase your profitability.
- There is a direct correlation between organizational adherence to core processes and your own ability to let go.

STRUCTURE

- Lastly, you and your leadership team will need to structure your organization correctly. Your company needs to be organized in a way that reduces complexity and creates accountability.
- The Accountability Chart will enable you to implement a structure that encourages expansion and clearly defines everyone's roles and responsibilities.
- In summary , once you understand that hitting the ceiling is inevitable , you and your leadership team must employ these five leadership abilities to reach the next level : (1) simplify the organization , (2) delegate and elevate , (3) predict both long - term and short - term, (4) systemize , and (5) structure your company the right way .

YOU CAN ONLY RUN YOUR BUSINESS ON ONE OPERATING SYSTEM

- You must have one abiding vision, one voice, one culture, and one operating system. This includes a uniform approach to how you meet, how you set priorities, how you plan and set your vision, the terminology you use, and the way you communicate with employees.

YOU MUST BE OPEN - MINDED, GROWTH - ORIENTED, AND VULNERABLE

- Similarly, in your business environment, you have to be willing to be open to new and different ideas. If you don't know something, you have to admit that you don't know. You have to be willing to ask for and receive help.
- You cannot embark on this journey if you're not willing to be vulnerable.
- Being open - minded means being open to new ideas and being ready to change for the better. The mind is like a parachute — it has to be open to work.
- You must also be growth - oriented to take this journey.
- In summary, the four fundamental beliefs are as follows: 1. You must build and maintain a true leadership team. 2. Hitting the ceiling is inevitable. 3. You can only run your business on one operating system. 4. You must be open - minded, growth - oriented, and vulnerable.

CHAPTER 3 The Vision Component: Do They See What You Are Saying?

- The process of gaining traction starts here. Clarify your vision and you will make better decisions about people, processes, finances, strategies, and customers.
- Entrepreneurs must get their vision out of their heads and down onto paper. From there, they must share it with their organization so that everyone can see where the company is going and determine if they want to go there with you.
- In The Five Dysfunctions of a Team , Patrick Lencioni credits a friend who built an organization from a start - up to a billion dollars in revenue with the following observation :

“If you could get all the people in an organization rowing in the same direction , you could dominate any industry , in any market, against any competition , at any time.”

- The vision you’re about to clarify can’t be about you. It has to define something bigger. You need to create a vision that points the way to a greater good.
- To learn how to create a strong vision, you must first answer eight important questions.

ANSWERING THE EIGHT QUESTIONS

- By answering the following eight questions and filling out the V / TO, we will clarify exactly what your vision is. Let’s get started. The eight questions are as follows:
 1. What are your core values?
 2. What is your core focus?
 3. What is your 10 - year target?
 4. What is your marketing strategy?
 5. What is your three - year picture?
 6. What is your one - year plan?
 7. What are your quarterly Rocks?
 8. What are your issues?
- Please note that it’s recommended that you try to answer all eight questions in a full one - or two - day off - site session.

WHAT ARE YOUR CORE VALUES?

- They are a small set of vital and timeless guiding principles for your company. A good rule of thumb is to limit them to somewhere between three and seven. As always, less is more.
- These core values define your culture and who you truly are as people. When they are clear, you’ll find they attract like - minded people to your organization. You will also find that when they are applied in your organization, they will weed out the people that don’t fit. Once they’re defined, you must hire, fire, review, reward, and recognize people based on these core values.
- One important thing to understand is that core values already exist within your organization — they’ve just been lost in the day - to - day chaos. Your task is merely a matter of rediscovering what they are and instilling them as the rules you play by.
- Communicate these core values to the rest of the organization.
- People won’t necessarily understand what you mean if you merely state each core value. That’s why each one needs to be backed up with stories, analogies, and creative illustrations to drive home its importance.
- Your core values should become a guiding force in your organization and should be incorporated into your hiring process. When you interview employee candidates, they need to know who you are. It’s easy to find people with the right skill set, but you want the one that rows in your direction. You will find that your hiring success ratio will increase if you evaluate applicants’ core values before their skill.

- It doesn't matter what your core values are as much as it does that you've clearly defined, communicated, and are living them as an organization. Only then can you truly surround yourself with the people who will prepare your organization for growth.

WHAT IS YOUR CORE FOCUS?

- Your job as a leadership team is to establish your organization's core focus and not to let anything distract you from that.
- When your core focus is clear, you're going to come to several important realizations. You'll realize that certain practices, people, and, sometimes, entire divisions and / or product lines don't fit into your core focus.
- Decide what business you are in and be in that business.
- The combination of your talents and passions combined with your leadership creates something unique that no other company has, and that something is your core focus. You must uncover what it is.

HOW TO DETERMINE YOUR CORE FOCUS

- First, you and your leadership team should define, with absolute clarity, your two truths: your reason for being and your niche.
- Core focus is actually very simple. Why does your organization exist? What is its purpose, cause, or passion? When your purpose, cause, or passion is clear, you won't be able to tell what business you're in. You should be able to take it into any industry. This will also keep you from confusing it with your niche.
- When your purpose, cause, or passion is clear, it should meet all eight points of the following checklist: 1. It's stated in three to seven words. 2. It's written in simple language. 3. It's big and bold. 4. It has an "aha" effect. 5. It comes from the heart. 6. It involves everyone. 7. It's not about money. 8. It's bigger than a goal.
- What is your organization's niche? Your niche should be simple. It will ultimately become a filtering mechanism for your team to make its decisions as you move forward.
- With your niche and your organization's reason for being crystal clear, you now have a core focus. Once your core focus is clear, you'll need to stay true to it. If a new business opportunity doesn't fit, don't do it.
- One important point: The task of clarifying your core focus assumes that you already have a financial model that works.
- Once your core focus is clear, your people, processes, and systems can be put in place to drive it with consistency. Until you have exhausted every opportunity in your core focus, don't allow yourself to get distracted by the shiny stuff.

WHAT IS YOUR 10 - YEAR TARGET?

- In their book *Built to Last*, Jim Collins and Jerry I. Porras found that organizations that have endured for decades share another common practice: They all set massive 10 - to 25 - year

goals. Collins and Porras refer to these as **BHAGs** — Big, Hairy, Audacious Goals — and define them as having “a long - term vision so daring in its scope as to seem impossible.”

- That’s one of the main differences between a 10 - year target and any shorter ones you might set. This is the one larger - than - life goal that everyone is working toward, the thing that gives everyone in the organization a long - range direction. Once your 10 - year target is clear, you and your leadership team will start doing things differently in the here and now so as to get you there.

HOW TO SET A 10 - YEAR TARGET

- Rarely does a team land on the same page with a 10 - year target on the first go - around. Be patient in your first attempt.
- Starting off by asking everyone how far out they would like to look. I would then ask everyone what they believe the revenue size of the organization could be at that point. This is a particularly fun question, and you’ll probably get a wide range of responses. These different figures should start to get everyone talking and ultimately in sync with each other.
- Once that decision is made, confirm that everyone is motivated by it and on the same page. As with all goal - setting activities, your 10 - year target must be specific and measurable so that there can’t be any gray areas. You will know the right goal when you have it. It will be the one that creates passion, excitement, and energy for every single person in the organization whenever it’s repeated.

WHAT IS YOUR MARKETING STRATEGY?

- Establish a clear strategy from the outset. A focused effort will enable you to sell and close more of the right business. It will become the foundation upon which you create all future materials, plans, messages, and advertising.
- All of your people will have clear direction on who your ideal customer is, what you’re supposed to be doing for them, and how you will do it.
- Ultimately, you will know which customers you should and should not be doing business with. That means you can stop trying to be all things to all people.
- Marketing strategy is made up of four elements, which are contained in the fourth section of the V / TO: 1. Your Target Market / “The List” 2. Your Three Unique 3. Your Proven Process 4. Your Guarantee

YOUR TARGET MARKET

- Identifying your target market involves defining your ideal customers. Who are they? Where are they? What are they? You need to know their demographic, geographic, and psychographic characteristics. By identifying your target market, you create a filter. Out of that comes *The List* of perfect prospects for your organization and sales team to target.
- How to Make the List: Have everyone on the leadership team brainstorm what they believe to be the following:

- The geographic characteristics of your ideal customers. Where are they?
- The demographic characteristics of your ideal customers. What are they?
- The psychographic characteristics of your ideal customers. How do they think? What do they need? What do they appreciate?
- With the answers to these questions, go to work on creating The List, which consists of the key contact information for each prospect.
- Determine the best way to reach these people by using your newly clarified marketing strategy,
- Once you're clear on your core values, core focus, 10 - year target, and marketing strategy, the answer should present itself. With this clarity, you can move forward with a targeted approach to your sales and marketing efforts.

YOUR THREE UNIQUES

- Other common marketing terms for this are “differentiators” and “value proposition.” Plainly put, these are what make you different, what make you stand out, and what you're competing with.
- You need to settle on three qualities that will truly make your company unique to the ideal customer. Again, what you're creating here is focus.
- If you believe in your Three Uniques, and you believe they matter to your ideal customer, you should never apologize for them.
- *How to Choose Your Three Uniques:* Debate and decide which are the three that truly make you unique, and which matter to you and your customer. The individual unique don't have to be different from those of your competition. It's the combination of all Three Unique that makes you different. No one else should do all three the way you do.

YOUR PROVEN PROCESS

- There are typically three to seven major steps in any company's proven process.
- Creating a standard proven process to use in selling situations will give you two very powerful advantages. It will increase your potential customers' confidence and peace of mind in doing business with you. Second, as most other companies don't illustrate how they work, it will make you stand out among the competition.

YOUR GUARANTEE

- The fourth and final element of your marketing strategy is your guarantee.
- A guarantee is your opportunity to pinpoint an industry - wide problem and solve it. This is typically a service or quality problem. You must determine what your customers can count on from you. If you guarantee it, that will put their minds at ease and enable you to close more business.

- Your guarantee has a secondary benefit. It forces all the people in your organization to deliver on it. That in turn forces you to look inward and make sure you've got all the right people, processes, and systems in place to do so. If not, you'll be forced to improve upon it.
- *How to Select Your Guarantee:* Brainstorm with your leadership team and list what you believe to be the biggest frustrations, fears, and worries for your potential customer when doing business with you. The ideal guarantee is backed up by a tangible penalty if you don't deliver on it. Your guarantee must drive more business or enable you to close more of what you're not winning. If it doesn't, you shouldn't waste your time using it.

WHAT IS YOUR THREE - YEAR PICTURE?

- there. It's now time to illustrate what your business will look like three short years from now.
- With life and business moving as fast as it does in the 21st century, there is little value in detailed strategic planning beyond a three - year window.
- With the three - year picture clearly in mind, you can more easily determine what you have to do in the next 12 months to stay on track.

PAINT THE THREE - YEAR PICTURE

- Determine the revenue picture. Start by asking your team this question: What is the annual revenue going to be three years from now?
- The next step is to agree on the profit number.
- After that, you'll want to determine your specific measurables. Measurables give everyone scope and size. It might be a number of clients, large clients, units, or widgets produced.
- Once you've determined your numbers, have everyone on the leadership team take a few minutes and write down bullet points of what the organization will look like on that date three years from now. Factors to consider include things such as number and quality of people, added resources, office environment and size, operational efficiencies, systemization, technology needs, product mix, and client mix.
- After some discussion and debate, your three - year picture will typically contain 10 to 20 bullet points that describe what your organization will look like. In addition, each person on the leadership team should verbalize his or her vision for his or her individual role in the organization in that time frame. You'll gain some interesting insights into people's motivations and help get everyone's expectations in line.
- You cannot move on and finalize your three - year picture until everyone on the leadership team sees it clearly.

WHAT IS YOUR ONE - YEAR PLAN?

- Next, decide on what must get done this year. Focus on a few goals rather than too many. By doing that, you will actually accomplish more. That is the power of focus.

HOW TO CREATE YOUR ONE - YEAR PLAN

- As with the three - year picture, again, decide on the numbers. What is your annual revenue goal? What is your profit goal? What is the measurable? This number should be consistent with the three - year picture measurable.
- With the three - year picture in mind, discuss, debate, and decide on the three to seven most important priorities that must be completed this year in order for you to be on track for your three - year picture. These become your goals. They need to be specific, measurable, and attainable.
- Make sure you have a projected budget in place that supports your one - year plan.

WHAT ARE YOUR QUARTERLY ROCKS?

- Once your one - year plan is clear, you need to narrow your vision all the way down to what really matters: the next 90 days. You should determine what the most important priorities are in the coming quarter. Those priorities are called *Rocks*.
- Quarterly Rocks create a 90 - Day World for your organization, a powerful concept that enables you to gain tremendous traction.
- Every 90 days, your leadership team comes together to establish its priorities for the next 90 days based on your one - year plan. You discuss and ultimately conclude what has to be executed in the next quarter to put you on track for the one - year plan, which in turn puts you on track for the three - year picture, and so on.
- The focus of the Rocks is what makes this process so productive.

WHAT ARE YOUR ISSUES?

- The eighth and final section in the V / TO is the *Issues List*.
- Now that you clearly know where you're going, you have to identify all of the obstacles that could prevent you from reaching your targets.
- Your leadership team should state them openly and honestly so that you can get them out of your heads and into writing. In doing so, you're taking the first step to solving them.
- Through answering the eight questions laid out in this chapter as a team, most of the issues will emerge.

SHARED BY ALL

- Now that you have completed your V / TO — the first part of the Vision Component — the foundation for the rest of The EOS Process is set. The second part is to share your vision with your employees. The number one reason employees don't share a company vision is that they don't know what it is. The only way you can determine if your vision is shared by all is simply to tell them.
- Here's the brutal truth: Not everyone in your organization will share your vision. The responsibility that you have as the leadership team is to share your V / TO and inspire your people with a compelling vision. As long as they understand it, they want to be a part of it,

and their actions perpetuate the vision, they share it. The ones that don't will stand out by contrast. Most of the time, they'll leave before you have to let them go.

- You can effectively communicate the company vision in three events:
 1. Have a company kickoff meeting and unveil your clearly defined vision (the V / TO).
 2. Every 90 days have a short (no more than 45 - minute) state - of - the - company meeting with all employees. The objective of this event is to share successes and progress, review the V / TO, and communicate newly set company Rocks for the quarter.
 3. Each quarter, as you set Rocks in each department, conduct a complete review of the V / TO as a team.
- People need to hear the vision seven times before they really hear it for the first time.
- As a good leader, you must remain consistent in your message.
- But by the fourth and fifth time of hearing it, they'll realize this is for real. By the seventh time, they'll be on board.

Chapter 4: The People Component: Surround Yourself with Good People

- The right people are the ones who share your company's core values. They fit and thrive in your culture. They are people you enjoy being around and who make your organization a better place to be.
- The People Analyzer will cut through the murkiness of personnel choices to show you who's right for your company.

Core Value + People Analyzer = Right People

- The right seat means that each of your employees is operating within his or her area of greatest skill and passion inside your organization and that the roles and responsibilities expected of each employee fit with his or her Unique Ability. When you are operating from your Unique Ability, your superior skill is often noticed by others who value it. You experience never-ending improvement, feel energized rather than drained, and most of all, you have a passion for what you're doing that presses you to go further than others would in this area.
- The accountability Chart is the ultimate tool for structuring your organization the right way, defining roles and responsibilities, and clearly defining all the seats in the organization.

Unique Ability + Accountability Chart = Right Seats

RIGHT PERSON, WRONG SEAT

- In this case, you have the right person (i.e., one who shares your core values), but he or she is truly not operating in his or her Unique Ability®. This person has been promoted to a seat that is too big, has outgrown a seat that is too small, or has been put in a position that does not utilize his or her Unique Ability®.

- Your job in this situation is to move this person out of that seat and into a seat that is right for this person, one where he or she will be successful. Unfortunately, sometimes there is no seat available and you have to make the very difficult choice for the greater good of the business and let them go.

WRONG PERSON, RIGHT SEAT

- In this case, the person excels at what he or she does, is extremely productive, and is clearly in his or her Unique Ability®. What makes this person the wrong person is that he or she doesn't share your core values. While this obstacle may seem like something you can live with in the short term, that person is killing your organization in the long run.
- There is a third type of people issue, and that is wrong person, wrong seat. The solution is obvious: That person must go. The way you reach that point isn't always obvious.
- Your job is to hire, fire, review, reward, and recognize all of your people around core values and Unique Abilities. That's the way to build an organization with all of the right people in the right seats.

RIGHT PEOPLE

- Understanding your core values, you now have the ability to define who the right people are for your organization.

THE PEOPLE ANALYZER

- First, put the names of the people you're going to analyze in the left column. Then list your core values across the top. Then rate each person according to his or her adherence to the core values.
- Give one of three ratings:
 - + He or she exhibits that core value most of the time.
 - +/- Sometimes he or she exhibits the core value and sometimes he or she doesn't.
 - He or she doesn't exhibit the core value most of the time.
- Your leadership team has to determine what the bar (minimum standard) is that you will accept from the People Analyzer results. The power of setting the bar is that you give all managers absolute clarity on what is acceptable and what is not. Once managers know your expectations, they will hold people accountable accordingly.
- The recommended bar for a company with five core values is three pluses, two plus/minuses, and never a minus.

THE THREE STRIKE RULE

- If someone is below the bar, first communicate the People Analyzer results to the person and give the person the chance to better his or her performance. He or she will improve most of the time.
- The three-strike rule works as follows:

- *Strike One*: Discuss the issues and your expectations with the person and give him or her 30 days to correct the problem.
- *Strike Two*: If you don't see improvement, discuss his or her performance again and give him or her another 30 days.
- *Strike Three*: If you still don't see improvement, he or she is not going to change and must go. When the termination finally happens, all of those who are the right people will thank you for it and wonder what took you so long.
- Most of the time people will leave on their own when they realize their core value are not a fit. This process will smoke them out.

Use the following steps:

1. After discovering your core values as a leadership team, "people-analyze" each other. It will validate your core values and you will see if someone is below the bar.
2. Have your leadership team people-analyze everyone in the organization and then have each manager share those results in one-on-one sessions. This will bring the tool to life throughout the organization.
3. Use the People Analyzer in your quarterly performance reviews with all team members. Let them analyze you as well. Don't be afraid to put your money where your mouth is.
4. If your leadership team is struggling with a personnel problem, run the person through the People Analyzer. This will give you a clear perspective on whether it's a right-person issue.

RIGHT SEATS

- Once you're confident you have selected the right people. It's important to get them in the right seats. That means all of your people are operating in their Unique Abilities and those abilities are clearly in line with their roles and responsibilities.

THE ACCOUNTABILITY CHART

- This tool is used to create an organizational structure that will lift your company to the next level. It forces users to view their organization in a different way and to address people issues that have been holding them back for years.
- The Accountability Chart starts with a fundamental belief that there are only three major functions in any business and those three functions make every organization run, regardless of whether it's a start-up business or the largest company in the world.
- The three major functions are:
 1. Sales and marketing generate business.
 2. Operations provides the service or manufactures the product and takes care of the customer.
 3. Finance and administration manage the monies flowing in and out as well as the infrastructure.

- All three major functions must be strong. If any of the three major functions are weak, your organization is not as effective. Given that they are all equally important, it's time to apply the Accountability Chart.
- In order to maintain accountability, only one person can ultimately be in charge of any major function within an organization. Only one person oversees sales and marketing, only one person runs operations, and only one person manages finance and administration. When more than one person is accountable, nobody is.

INTEGRATORS

- The integrator is the person who harmoniously integrates the major functions of the business. When those major functions are strong and you have strong people accountable for each, great healthy friction and tension will occur between them. The integrator blends that friction into greater energy for the company as a whole. The Integrator is the glue that holds the company together.
- When customizing the Accountability Chart for your company, the three major functions might split into more functions. Depending on the size and state of your organization, you will end up with anywhere between three and ten major functions on that front line.
- Besides an integrator integrating the major functions, there's another very powerful role in the organization. This role shows up above the integrator function, and it's called the visionary.

VISIONARIES

- The visionary and the integrator couldn't be more different. The visionary typically has 10 ideas a week. Nine of them might not be so great, but one usually is, and it's that one idea each week that keeps the organization growing. For this reason visionaries are invaluable.
- They're typically very creative. They're great solvers of big ugly problems (not the little practical ones), and fantastic with important clients, vendors, suppliers, and banking relationships. The culture of the organization is very important to them, because they usually operate more on emotion and therefore have a better barometer of how people are feeling.
- By contrast, integrators are typically very good at leading, managing, and holding people accountable. They love running the day-to-day aspects of the business. They are accountable for profit and loss, plus the overall business plan for the organization. They remove obstacles so that people running the major functions can execute. They're great at special projects. In sum, they operate more on logic.
- When it's structured correctly, the dynamic that exists between the two Unique Abilities can be magical.

- It's common for a company to have a visionary but no integrator. This causes a real struggle, because the visionary is constantly frustrated with his or her lack of traction. In addition, he or she has to keep acting as the integrator and get pulled into the day-to-day management of the business.
- What makes the Accountability Chart more than just an organizational chart is that once the major functions are clear, each is defined by five major roles.
- You now map out your entire organization using the Accountability Chart structure. Illustrate all of the functions in your organization and which function they report to, and then list the five major roles of that function. Determine if you have a visionary in your organization. If you do, illustrate it clearly.
- AS you create your Accountability Chart, create only the structure first. Once the right structure is set, then put the right people in the right seats.
- When you're finished, the Accountability Chart should look like an organizational chart, with five bullets that illustrate the major roles of each function. Important note: The Accountability Chart will clarify function, role, and reporting structure, but it will not define communication structure. Your communication should flow freely across all lines and departments where necessary, creating an open and honest culture.
- With each position's accountability clear and communication crossing all departments, you will avoid cross-departmental issues. The Accountability Chart should in no way create silos or divisions.

YOUR LEADERSHIP TEAM

With the completion of your Accountability Chart, the visionary, if you have one, the integrator, and the people heading up the major functions will become your leadership team.

GWC

- Your completed Accountability Chart clarifies who is accountable for what. With this level of clarity, you can put the right people in the right seats. To do so, you need only one filter: GWC.
- GWC stands for *get it*, *want it*, and *capacity* to do it.
 - *Get it* – they truly understand their role, the culture, the systems, the pace, and how the job comes together.
 - *Want it* – This means they genuinely like the job. They understand the role, and they want to do it based on fair compensation and the responsibility.
 - *Capacity* to do it – means having the time as well as the mental, physical, and emotional capacity to do a job well.
- A “no” on any of these three means it's not the right seat for the person, it's not their Unique Ability.

- If you're truly going to commit to building a great company, a strong leadership team, and getting the right people in the right seats, you must prepare for change on your leadership team. However, you may be one of the 20 percent in which there is no change.

ONE NAME, TWO SEATS

- You can have one name in two seats, just not two names in one seat. When an organization first starts out, the founding entrepreneur occupies every seat. He or she is the one name in all seats. He or she is the integrator, the head of sales and marketing, the head of operations, and the head of finance.
- As the organization grows, new people are brought in to fill the seats needed.

DELEGATE AND ELEVATE

- As your company grows, you have to rise to your Unique Ability®, and the same goes for your leadership team. With your Accountability Chart in place, you can now determine when someone is working at full capacity.
- When the amount of work requires more than 100 percent to do the job well, say 120 percent, something has to give. This person needs to delegate and elevate the extra 20 percent because he or she is holding the organization back and hitting the ceiling. At all times you want to make sure that this person is drawing closer and closer to his or her Unique Ability.
- When you delegate and elevate, it's vital that you have the right person in the right seat. If you don't, you'll never feel completely comfortable letting go. You must also realize that you have no choice but to delegate. If you're at 120 percent, you're holding the organization back and probably starting to burn out.

EVOLUTION

- As your organization grows, your Accountability Chart will constantly evolve and change. At a growth rate of 20%, you will make a change to your Accountability Chart about every 90 days.

SCALABILITY

- When you build out your Accountability Chart, you will notice that certain functions require multiple people doing the same job (e.g., salespeople, customer service representatives, accounting clerks). The Accountability Chart becomes scalable.
- Where multiple people have the same job, you simply put the number of people in that function rather than adding multiple new boxes.

YOUR EXISTING ORGANIZATIONAL CHART

- Your newly created Accountability Chat will replace it and become the tool you use to illustrate the organizational structure.

TERMINATIONS

- Take a methodical approach to personnel changes, making sure that everyone on the leadership team is on the same page and then moving forward step by step.
- You must do a little pruning from time to time for the organization to flourish. Once you do so your organization will be revitalized.

36 HOURS OF PAIN

- If the People Analyzer shows you that someone is the wrong person for your organization, make the decision. And yes, there will be some pain, but only for about 36 hours.

THE THREE QUESTIONS TO ASK

- When a client completes its Accountability Chart, we ask three questions to confirm that it is at 100 percent. Please ask these three questions with your leadership team:
 1. Is this the right structure to get us to the next level?
 2. Are all of the right people in the right seats?
 3. Does everyone have enough time to do the job well?
- A “yes” on all three confirms that you’re at 100 percent in this essential component.

Chapter 5: The Data Component: Safety in Numbers

- Only factual information can provide the basis for productive discussion and decision making.
- You will gain the power of being able to manage your business through a handful of numbers. These numbers will allow you to monitor your business on a weekly basis, quickly showing which activities are on or off track.
- With the introduction of a Scorecard, everyone in your organization will have a number, a meaningful, manageable measurable. This will give them clear direction and increase productivity.

SCORECARD

- A Scorecard is a handful of numbers that tell you at a glance how your business is doing. Most organizations don’t have a Scorecard. They lack activity-based numbers to tell them the score.
- A profit and loss statement is a trailing indicator – it is historical.
- The numbers you need to track depends on the type of business you have. Your Scorecard will be unique to you and your organization.
- The numbers in the Scorecard should be weekly activity-based numbers – not P & L numbers.

- The Scorecard is a proactive tool, helping you to anticipate problems before they happen.
- When managing a Scorecard, red-flag categories that are off track. This creates better focus and awareness on that number, which creates more urgency in the weekly meeting.
- The Scorecard should cause an organizational shift. Your leadership team will become more proactive at solving problems because you'll have hard data that not only points out current problems but also predicts future ones.

STEPS FOR CREATING A SCORECARD

1. Decide and list all of the categories you need to track on a weekly basis to have a pulse on your business. These categories should include items such as weekly revenue, cash balances, weekly sales activity. Customer satisfaction/problems, accounts receivable and payable, and client project or production status, to name a few. Keep the numbers you measure as simple as possible.
2. List who is accountable for each of the numbers. Only one person is ultimately accountable for each, and it usually the person heading up that major function.
3. Decide and fill in the expected goal for the week in each category. The goal numbers should be tied directly to your one-year plan.
4. Put next week's date in the first date column in preparation for filling in your Scorecard next week.
5. Decide who is accountable for collecting the numbers and filling in the Scorecard every week for the leadership to review. Decide how that person will receive the numbers from each member.
6. Review your Scorecard every week to ensure that you are on track. See 13 weeks at a glance.

MEASURABLES

- What gets measured gets done. Complete mastery of your Data Component is achieved when you boil the organization's numbers down to the point where everyone has a single meaningful, manageable number to guide them in their work.
- This number will enable leaders to create clarity and accountability throughout their team. With a completed Scorecard, you can track high-level numbers down to a single person as the source.

EVERYONE HAS A NUMBER

- There are eight distinct advantages to everyone having a number:
 1. Numbers cut through subjective communication between managers and direct reports. They become a communication tool creating the basis of comparison, unemotional dialogue, and ultimately results.
 2. Numbers create accountability. People know exactly what their target is.

3. Accountable people appreciate numbers. Everyone pitches in to make the company a success because right people like to win.
 4. Numbers create clarity and commitment.
 5. Numbers create competition. There is nothing wrong with a little pressure.
 6. Numbers produce results. What gets watched improves.
 7. Numbers create teamwork. Those who don't pull their weight get called out.
 8. You solve problems faster. When an activity-based number is off track, you can attack it and solve proactively.
- With the tabulation of data, your organization accomplishes the third essential component of gaining traction. With the vision clear, people in place, and data being managed through a Scorecard, you're creating a transparent organization where there is nowhere to hide.

Chapter 6: The Issues Component: Decide!

- The fourth essential component of gaining traction is having the discipline to face and solve your organization's issues as they arise. When the vision is clear, the people are in place, and you're managing data, you will inevitably find out what's holding you back. Successful companies solve their issues. They don't let them linger for weeks, months, and years at a time.
- Your ability to success is in direct proportion to your ability to solve problems.
- Unresolved issues drain energy. Each unresolved issue is an incomplete project weighing down your organization and holding you back.
- By solving these issues, you'll free up capacity, creating more time and energy.

THE ISSUES LIST

- The key is to create an environment that smokes out existing issues. If the leadership team is open and honest, issues will flow freely.
- If the leadership team is not healthy, the organization never will be. In *The Five Dysfunctions of a Team*, Patrick Lencioni makes the point that a high level of trust is the foundation of what makes teams healthy and functional. Trust creates an open culture in which everyone feels comfortable talking about issues as they arise.
- You set the tone by openly admitting mistakes and issues and then working to solve them. Everyone must know that it's okay to raise issues as long as they are corrected.
- The Issues List is a tool that creates discipline to keep all of your issues out in the open and organized in one place.
- There should be three types of Issues Lists in your organization:
 1. The issues List in your Vision/Traction Organizer (V/TO) – These are all the issues that can be shelved beyond 90 days. This list will include issues as diverse as new product ideas, key employees' issues, technology needs, the need for HR policies etc. They'll go there if this is not the quarter to solve them.

2. The weekly leadership team Issues List. These are all of the relevant issues for this week and quarter that must be tackled at the highest level. These issues will be resolved in your weekly leadership team meetings. Leadership issues include things as diverse as company Rocks being off track, and process- and system-related problems.
3. The departmental issues. These include all the departmental issues for the week that must be tackled during the weekly departmental meetings.

THE ISSUES SOLVING TRACK

- The issues solving track consists of three steps: (IDS)
 1. Identify
 2. Discuss
 3. Solve
- Examine your Issues List and quickly decide on the top three issues to be solved. Start with the most important and follow the Issues Solving Track.

STEP 1: IDENTIFY

- Dig deep to clearly identify the real issue, because the stated issue is rarely the real one.
- Plan on getting a little uncomfortable. Most causes of real issues are people. You have to become more vulnerable with each other and be willing to be straight about real problems.
- Sometimes you will spend most of your time identifying the issue. As a result, the discuss and Solve steps will go quickly because the real issue is now clear.

STEP 2: DISCUSS

- Most people spend the majority of their time at this step. They rarely identify the real problem before they start discussing, and thus they rarely solve anything.
- The task of clearly identifying an issue enables you to stay focused on the issue at hand and avoid tangents. Sometimes because the issue is so clear, the solution becomes obvious.
- In its simplest form, the discussion step is everyone's opportunity to say everything they have to say about the issue. You get everything on the table in an open environment where nothing is sacred.
- You should have healthy conflict and let the best solution come to light.
- The number one reason most leadership teams spend the majority of their time talking is tangents. If you observe the team going off on tangents say: "Tangent Alert!"

STEP 3: SOLVE

- The solve step is a conclusion or solution that usually becomes an action item for someone to do. The item ends up on the To-Do List, and when the action is completed, the issue goes away forever.
- When your vision is clear, it becomes much easier to make decisions.
- Three types of resolutions will emerge from an issues-solving session.

1. The first is when the issue is solved and requires action.
2. The second is when the issue is merely awareness, and the conclusion is that everyone concurs with the awareness.
3. The third is when the issue requires more research or facts – this to becomes an action item.

THE TEN COMMANDMENTS OF SOLVING ISSUES

1. Thou Shalt Not Rule by Consensus – Not everyone will be pleased in some situations, but as long as they have been heard and if the team is healthy, they can usually live with it and will support the decision presenting a united front.
 2. Thou Shalt Not Be a Weenie – You must have strong will, have firm resolve, and be willing to make the tough decision.
 3. Thou Shalt be Decisive – It's less important what you decide than it is that you decide!
 4. Thou Shalt Not Rely on Secondhand Information – schedule a time when all parties can attend.
 5. Thou Shalt Fight for the Greater Good- Focus on the vision for your organization. If you stay focused on the greater good, it will lead you to better and faster decisions.
 6. Thou Shalt Not Try to Solve Them All – take one issue at a time, in order of priority.
 7. Thou Shalt Live with It, End It, or Change I = living with it should be the last resort.
 8. Thou Shalt Choose Short-term Pain and Suffering – remember the “36 hours of pain” rule and solve your problem now rather than later.
 9. Thou Shalt Enter the Danger – The issue you fear the most is the one you most need to discuss and resolve.
 10. Thou Shalt Take a Shot – Taking a shot means that you should propose a solution. Don't wait for someone else to solve it.
- When the issue is completely solved, someone must make a solution statement. You'll know after the statement that the problem is solved because you'll hear the sweet sound of agreement in the room.

THE PERSONAL ISSUES SOLVING SESSION

- If a team is not opening up, it might be because two individuals don't get along. You must resolve the tension as you need a functional, cohesive team to be a healthy, growing company.
- Have a third party facilitate a personal issue solving session.
 1. Have each person prepare and then share with the other what he or she believes the other's three greatest strengths and three greatest weaknesses are.
 2. List all the issues and solve them.
 3. List the action items from the solutions.
 4. Meet 30 days later to make certain that the action items have been accomplished.

- If their differences are not resolved, you have a tough decision to make because one must go for the greater good of the team.

Chapter 7: The Process Component: Finding Your Way

- Nothing can be fine-tuned until it's first consistent. The Process Component is strengthened through your understanding of the handful of core processes that make up your unique business model. You then have to make sure that everyone in your organization understands them, values them, and follows them.
- By not giving this component your full attention, it's costing you money, time, efficiency, and control.
- A typical organization operates through a handful of core processes. How these processes work together is its unique system. To break through the ceiling and build a well-oiled machine, you need to possess the ability to systemize.
- To the degree you can clarify your systems and hone them, you will run your business as opposed to having your business run you. The culmination of identifying, documenting, and having everyone follow the core processes of your business is your Way. When you have a clear Way, you immediately increase the value of your business, strengthen your control over it, and give yourself options. From there, you may grow the business, let someone else run it, sell it, or simply take more time off.
- To systemize your organization through your core processes, you must take two major steps. First, you have to document the core processes. Second, you have to ensure that they are followed by all.

DOCUMENTING YOUR CORE PROCESSES

There are three stages in documenting your Way. First, identify your core processes. Then break down what happens in each one and document it. Finally, compile the information into a single package for everyone in your company.

IDENTIFY YOUR CORE PROCESSES

- Start by scheduling an hour with your leadership team. Your leadership team needs to identify and agree on what you call your core processes. Once you start the discussion, you're going to find you have different names for them and lack consensus on how many there are.
- Your core processes typically include:
- *The HR process* is the way you search, find, hire, orient, manage, review, promote, retain, and fire people.
- *The marketing process* is the way you get your message to your target audience and generate interest in what you do and prospects for your salespeople.
- *The sales process* is the way you convert a prospect into a customer.

- *The operations processes* are the way you make your product or provide your service to your customer. There are typically one to three core processes within operations (e.g., project management, logistics, warehouse, distribution, service technicians, account management, service delivery, production, quality control, customer service).
- *The accounting process* is the flow and management of all monies coming in and going out.
- *The customer-retention process* is the proactive way that you take care of your customers after your product or service has been delivered and the way you retain customers so that they continue to come back and send you referrals.
- List all your processes in one document and make sure that your leadership team is 100 percent on the same page with the amount, the names, and what they are. Just by calling your core processes by consistent names, you reduce complexity and increase efficiency in the organization.

DOCUMENT EACH OF THE CORE PROCESSES

- The person that is accountable for a certain process takes charge of documenting it.
- The integrator usually owns the entire project, making sure everyone is clear and on track.
- Document the 20 percent that produces 80 percent of the results. The 20/80 rule gives you the highest return on your time invested.
- You need to capture the basic steps in the process at a very high level, with several bullets under each step, which are procedures. This way you can make sure everyone is following the process.
- In the end, each core process will run between two and ten pages. By documenting the process, you will find many opportunities to dumb them down by eliminating redundant steps, taking out confusion and complexity. The goal is to streamline.
- Eliminate steps, condense steps, and put checklists in place where possible. Some steps in your processes will easily be converted to checklists that can be used on the floor or in the field. You should make your processes bulletproof so that no one can screw them up.
- Another advantage of simplifying each of the processes is to discover where technology can be applied. To connect core processes, or to enhance them on their own, realizes efficiencies and increases your profitability.
- Technology must improve your Way. That means you must research and then decide based on creating efficiencies and simplification, not hype.
- The other reason you must document and simplify your processes is that your business has to become self-sustaining.

PACKAGE IT

- Now that your core processes are documented, package it. Each documented process become one of the sections put in a binder or intranet. Your Way is now ready to use for

reference and training/ Now everyone in the company can be trained to follow the correct process.

FOLLOWED BY ALL

- The clear lines of process enable you to let go and gain more control. Your business now becomes more scalable, which means you can add more customers, transactions, revenue, and employees while reducing complexity.
- To convince your people to follow the process, your leadership team needs to be committed to managing all of the people to make the adjustment. If you are all committed, it will work.
- What you need to show is how the new system will create efficiencies to make their lives easier and the company more successful. They need to understand how the processes tie together into a complete system.
- One of the best ways to convince them is by creating a clear visual of what your Way looks like. Business processes are often intangible and therefore tough for people to understand. To the degree that you can illustrate what it looks like, you will accomplish this objective.

FOLLOWED BY ALL ACTION STEPS

- Create your process visual.
- Schedule a company meeting to share your Way or share it at your next quarterly company meeting.
- Retrain everyone.
- Manage your people to follow the processes.
- With your business systemized, you can better troubleshoot when problems arise, since many of them result from process-related issues.
- By putting consistent processes in place your organization will be worth more as a result.

Chapter 8: The Traction Component

- Gaining traction means making your vision a reality. When the first five components already covered are strong, you will take off in the right direction – toward your vision.
- The ability to create accountability and discipline, and then execute, is the area of greatest weakness in most organizations.
- Most leaders know that bringing discipline and accountability to the organization will make people a little uncomfortable. That's an inevitable part of creating traction. What usually holds an organization back is the fear of creating this discomfort. But you don't have any other option if you want to build a great company.
- The two disciplines needed to gain traction are:
 1. First, everyone must set specific, measurable priorities.
 2. Second, you must meet better as an organization.

- These two essentials are called: Rocks and a Meeting Pulse.

ROCKS

- With a clear long-term vision in place, you're ready to establish short-term priorities that contribute to achieving your vision. You will establish the three to seven most important priorities for the company, the ones that must be done in the next 90 days. Those priorities are called Rocks.
- Your company will have Rocks, each member of your leadership team will have Rocks, and your employees will also have Rocks. The reason to limit Rocks to three to seven (preferably closer to three) is that you're going to break the organization of the habit of trying to focus on everything at once. It simply can't be done. By limiting priorities, you can focus on what is most important. With the increased intensity of focusing on a limited number of Rocks, your people will accomplish more.
- To the degree that you focus everyone in one direction, you'll gain the power of that laser beam, gaining traction toward your goals.
- Once you set the company Rocks and then the leadership team's Rocks, you then communicate these Rocks to the entire organization so they can set theirs. This process creates alignment.
- The process works like this: Your team meets for a full day every 90 days. You review your vision, and then determine what the Rocks are for the organization for the next 90-day period to keep you on track for your vision.

ESTABLISHING YOUR ROCKS

- A rock is specific, measurable and attainable. It must be clear to avoid ambiguity.
 1. After reviewing your V/TO and getting on the same page, your leadership team lists everything on the whiteboard that has to be accomplished in the next 90 days. On average, you'll discover about 10 to 20 things that you'd like to close out.
 2. With that list of 10 to 20 items in front of you, discuss, debate, and determine the most important priorities for the company in the next 90 days. Make a decision on each one whether to keep it, kill it, or combine it as a company Rock for the quarter.
 3. Once you've narrowed your list, set the date that the Rocks are due. This is typically by the end of the quarter (i.e., March 31, June 30, September 30, and December 31). Now define each one by making sure the objectives are clear.
 4. Assign who owns each Rock. This is vital for clear accountability. The owner is the person who drives the Rock to completion during the quarter by putting together a timeline, calling meetings, and pushing people. At the end of the quarter, the owner is the one that everyone looks at to assure the Rock was completed.
 5. Once the company Rocks are set, the members of the leadership team each set their own Rocks. They first carry forward any company Rocks that they own to their individual list of Rocks and then come up with their most important three to seven.

6. When all that great work is done, you then create what is called the Rock Sheet, which is just a landscaped piece of paper. At the top are the organization's Rocks, and below that are each of the leadership team's individual Rocks. This Rock Sheet is brought to your weekly meetings to review your Rocks.
7. Share the company Rocks with the whole organization. Every quarter you should meet with the entire organization for your state-of-the-company meeting for no more than 45 minutes to share successes, progress, and the V/TO and to unveil the company Rocks for the quarter.
8. Have each department set their Rocks as a team.

ROCK TRAPS AND PITFALLS

- Garbage in, garbage out. Make sure you spend the necessary time setting the right ones.
- It takes two quarters to master Rocks. True mastery comes from experience.
- Commitment fizzle. Make sure that when rolling out Rocks, you're fully committed to them each quarter.
- Too many Rocks- don't give people outside the leadership team more than three Rocks. Less is more.

MEETING PULSE

- Well-run meetings are the moment of truth for accountability. To gain traction, you'll probably need to meet even more than you presently do. The time you spend meeting will actually free up time for moving forward.
- The Meeting Pulse is your organization's heartbeat. Rather than long, meandering meetings, a Meeting Pulse with a specific agenda throughout your departments will keep your organization healthy.
- A Meeting Pulse operates just like an EKG illustrating a spike. When people have to get something done for a meeting, they wait until the last minute and usually finish it—that's the spike. The more you can increase the meeting interval, the more spikes you get, and then the more business you'll finish.

THE 90-DAY WORLD

- The 90-day idea stems from a natural phenomenon—that human beings stumble, get off track, and lose focus roughly every 90 days. To address this aspect of human nature, you must implement a routine throughout the entire organization that creates a 90-Day World.
- point: If you don't continue to align quarterly, your organization will fragment to the point that you will get far off track, you will start to lose great people, you will lose sight of your vision and you will end up in chaos.

THE EOS QUARTERLY MEETING PULSE

Who: The leadership team

Where: Off-site
Duration: Eight hours
Frequency: Every 90 days

Pework: Vision/Traction Organizer complete (Everyone brings his or her issues and proposed priorities for the coming quarter)

THE QUARTERLY MEETING AGENDA

• Segue • Review previous quarter • Review the V/TO • Establish next quarter's Rocks • Tackle key issues • Next steps • Conclude

Segue

This is the transition from a full 90 days of working hard in the business to starting to work on the business.

Each person should share three things:

- (1) best business and personal news in the last 90 days,
- (2) what is working and not working in the organization, and
- (3) expectations for the day.

Not only will this elevate everyone to working on the business, but it will also help set the stage for the quarterly meeting.

Review Previous Quarter

- Review all of your numbers (quarterly revenue, profit, gross margin, and any other relevant key numbers) and your Rocks (company and leadership teams on the Rock Sheet) from the previous quarter to confirm which ones were achieved and which were not. Simply state done or not done.
- If not done, you need to understand why and learn from it.
- Options for incomplete Rocks:
- Carry the Rock forward to the next quarter
- If the Rock is 85% complete, completing the last 5% becomes an action on the TO-Do list.
- Reassign the Rock to someone else.

Review the V/TO

- The intent is to refresh your memory on the vision every quarter and make sure you are still on the same page. Within that framework, you will set much better Rocks for the next quarter.
- In an open and honest environment, everyone must voice their opinions if they don't understand, don't agree, or have a concern with any item in the V/TO. If there is any confusion, you must solve the issue at that moment until everyone is in concert.
- Update the Issues List

Establish Next Quarter's Rocks

As previously outlined

Tackle Key Issues

- It's now time to tackle all of your relevant issues for the quarter. What makes for great meetings is solving issues.
- Start by making sure that all of the issues are on the list. Ask the team for any issues they have on their minds if they haven't shared them already during the first half of the meeting.
- You now go to the Issues List you have compiled, which includes issues from the first half of the meeting and all carryover issues from previous meetings that were listed on the V/TO Issues List.
- Remove all issues that were resolved by the creation of new Rocks.
- Tackle the remaining issues following the Issues Solving Track—Identify, Discuss, and Solve (IDS).
- Establish the top three issues, then start with number one and work through the list in order of priority.

Next Steps

- This part of the quarterly meeting is typically short. Everyone discusses any next steps—who is doing what, and whether there are any messages to communicate to the organization based on the decisions made in the meeting.

Conclude

- In concluding the meeting, everyone shares three things: (1) feedback on the meeting, (2) whether their expectations were met or not, and (3) their rating on the meeting from 1 to 10. You want the standard to average above 8.

THE EOS ANNUAL MEETING PULSE

- Who: The leadership team
- Where: Off-site
- Duration: Two days
- Frequency: Every year
- Pework: Bring completed Vision/Traction Organizer, proposed budget for next year, and thoughts on goals for next year.

THE ANNUAL PLANNING AGENDA: DAY ONE

- Segue • Review previous year • Team health building • SWOT/Issues List • V/TO (through one-year plan)

Segue

- Each member of the leadership team shares three things:
 - (1) the organization's three greatest accomplishments in the previous year,
 - (2) his or her one greatest personal accomplishment for the year, and
 - (3) his or her expectations for the two-day annual planning session.
- The power of the annual segue, in addition to setting the stage and transitioning from working in the business to on the business, is that leaders have a chance to stop for a few minutes and reflect on the company's successes and progress over the previous year.

Review Previous Year

- Review the previous year's goals, the previous year's numbers (previous year's revenue, profit, gross margin, and other relevant key numbers), and last quarter's Rocks. You should be achieving 80 percent or better of your goals to truly be great. One of the ways you and your team will become better predictors of future events is by reviewing your results and addressing what worked and what didn't.
- Keep in mind your goals were set a year ago. Most people's memories aren't good enough to remember what the intention was that far back. You don't have to remember intentions if you have specific and measurable goals.
- With practice, you'll learn to set targets that are truly specific, measurable, and attainable, which will make you great predictors and ultimately lead to a solid, well-run, and enduring organization.

Team Health Building

- *One Thing exercise*: Each member of the team receives feedback from the others on his or her single greatest strength or most admirable ability and his or her biggest weakness or hindrance to the success of the company. The exercise is done out in the open, with the entire leadership team present.
- After everyone has received the feedback from their team members, each then must choose one thing he or she will commit to doing differently in the coming year based on the feedback. It's short, simple, very powerful, and effective, and it leads to great insights with improved openness and honesty on the team. This exercise should take no longer than two hours.

SWOT/Issues List

- Provide an opportunity for everyone to share what they believe the organization's strengths, weaknesses, opportunities, and threats are.
- The most productive outcome of the SWOT analysis is the Issues List. This list is used in the Issues Solving.

V/TO (Through One-Year Plan)

- Working your way through the V/TO, take a hard look at your core values, challenge the core focus, make sure everyone is still on board for the 10-year target, and confirm that the marketing strategy is still unique and valuable to the customer. Where you're not on the same page, discuss and debate until everyone is in sync.
- Create a new Three-Year Picture and begin to work on next year's plan. It's important to create a new three-year plan because of lessons learned and changes that occurred during the recent year.
- Set the revenue, profit, and numbers for the coming year and then set your three to seven most important goals.
- Make sure a budget exists to support the plan and that everyone is clear on their roles and responsibilities in the coming year. Let the Accountability Chart be your guide.

THE ANNUAL PLANNING AGENDA: DAY TWO

- Establish next quarter's Rocks • Tackle key issues • Next steps • Conclude
- Refer to the Quarterly Planning Agenda for details on these agenda items.

Annual Planning Tips:

- This may take one day or two – don't rush the process
- Have dinner as a team at the end of day 1
- Get away for annual planning

THE BUILDUP

- One of the reasons the Quarterly and Annual meeting Pulse is so effective is because of the buildup. People prepare better for it.
- Many issues come up in the quarterly meetings that don't come up in the course of day-to-day business.
- People are more focused, energetic, and ready.

THE WEEKLY MEETING PULSE

- Once the quarterly priorities are set, you must meet on a weekly basis to stay focused, solve issues, and communicate.
- As you can see by the following model, the Weekly Meeting Pulse is your opportunity to make sure that everything is on track. If you're on track for the week, then you're on track for the quarter, and if you're on track for the quarter, then you're on track for the year, and so on.

ALWAYS A LEVEL 10 MEETING

- By implementing the level 10 Meeting Agenda you will keep your leadership team focused on what's most important on a weekly basis. The Level 10 meeting is the most effective and

efficient way to stay on track and keep you focused on what's important. It helps you spot developing problems, and then drives you to solve them.

THE EOS WEEKLY MEETING PULSE

- *Who:* The leadership team
- *Where:* The office conference room
- *Duration:* 90 minutes
- *Frequency:* Every Week
- *Pework:* Rocks established, and Rock Sheet created; Scorecard complete; Issues Solving Track understood by everyone

THE LEVEL 10 WEEKLY MEETING AGENDA

- Segue 5 minutes
 - Scorecard 5 minutes
 - Rock review 5 minutes
 - Customer/employee headlines 5 minutes
 - To-Do List 5 minutes
 - IDS 60 minutes
 - Conclude 5 minutes
- Two roles are vital in the Level 10 Meeting. One person must run the meeting. This person will move the team through the agenda and keep them on track. Second, someone must manage the agenda. This person makes sure that the agenda, Scorecard, and Rock Sheet are updated and in front of everyone in each meeting. They update the To-Do and Issues Lists in the agenda each week.

THE FIVE POINTS OF THE WEEKLY MEETING PULSE

A productive Meeting Pulse should meet the following five criteria. The meetings must

1. be on the same day each week,
 2. be at the same time each week,
 3. have the same printed agenda,
 4. start on time, and
 5. end on time.
- Making the meeting the same day and time creates a routine. Using the same agenda discourages reinventing the wheel; once you have an agenda that works, stick to it. Plus, it also helps to keep the meetings consistent.
 - Start on time, because when you start the meeting late, the part of the meeting that always suffers is the issues-solving time, and that's what matters most in the meeting. You will cut down the best part. And end on time so that you don't push back any following meetings.

MEETING PULSE ACTIONS

1. *Schedule your quarterly session* as close to the quarter's end as possible and then every quarter after that. Follow the agenda and Rock-setting process in your quarterly meetings, then roll Rocks out by department.
2. *Decide when your Weekly Meeting Pulse* will be as a leadership team. Pick the ideal day and time for you to meet every week.
3. *Follow the Level 10 Meeting to the letter for one month.* Make any fine-tuning adjustments, and then continue for another month
4. *Decide who is going to run the meeting.* There can only be one. This person has to be comfortable moving people along and pushing them through the agenda when they are getting off track.
5. *Decide who is going to manage the agenda.* This person keeps the To-Do and Issues Lists updated during the meeting and makes sure a copy of the agenda, the Rock Sheet, and the Scorecard are placed in front of everyone when the meeting starts every week.

Recommendation: To put it all together and get started, I highly recommend buying the book. Both *Traction* and *Scaling Up* (by Verne Harnish who is mentioned in Traction) are the two best books giving you the ingredients to grow your business

For over 150 business book summaries just like this one contact Dr. Frumi.



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About the reviewer: Frumi Rachel Barr, MBA, PhD

Dr. Frumi Rachel Barr is truly an entrepreneur having started and run 5 entrepreneurial adventures prior to following her passion for guiding the success of CEOs and their teams to Scale Up safely.

Money and a plan don't guarantee execution

Execution depends on communication, cascading priorities throughout the organization and an external guide that holds the team accountable and keeps the momentum going. Lots of companies know **what** to do – it's the **doing** that needs an external guide. That's what we provide. We have synthesized the best systems on the planet to create "**The Frumi Fix**" to track team initiatives and progress.

Dr. Frumi's "Why" is to create a safe place for leaders and teams to discuss what matters most. She is known as The CEO's Secret Weapon. Her Who: Dr. Frumi guides creative, ambitious CEOs who want to grow their businesses, so they have more freedom and a fabulous culture. Her how: Dr. Frumi works with companies of all sizes to Scale Up and to create greater alignment, effectiveness and accountability and gain traction. She focuses on culture first to create an environment that allows for the right decisions to be made regarding Vision, Culture, Strategy, Metrics, Execution and Cash Management. Using practical tools, outcomes include higher revenue and profitability, with greater collaboration and accountability.

Dr. Frumi is the author of a ***CEO's Secret Weapon: How to Accelerate Success***. The book was ranked top business book of 2012 by ExecRank and has a foreword by her colleague Simon Sinek, international author of best-selling ***Start with Why***.