# THE TRACTION LIBRARY

Want even better results and more business success?

Equip every person on your team with the right information and tools to run your organization on EOS®, the Entrepreneurial Operating System®. With the Traction Library, everyone in the company—from leadership to management to employees—will understand their role and be empowered to help your company succeed.

HERE'S HOW:

For Everyone
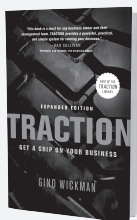
For Entrepreneurs, Leaders and Managers

For Visionaries and Integrators™

WHAT THE HECK IS

EOS?

A Complete Guide for Employees in Companies Running on EOS

GINO WICKMAN
& TOM BOUWER

is important, and how EOS strengthens each component. You'll also discover how they impact you.

The 6 Key Components (Vision, People, Data, Issues, Process, and Traction) are illustrated in the following EOS Model.
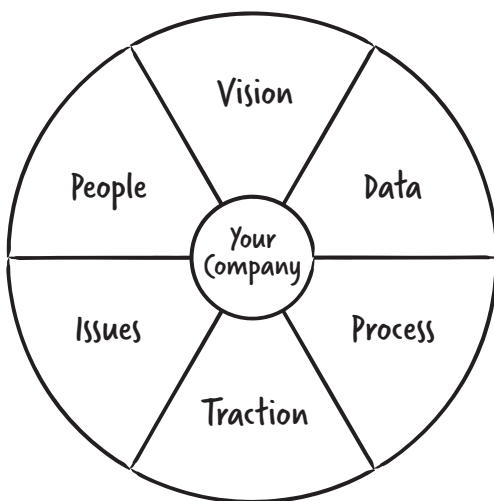
By using EOS to strengthen these 6 Key Components, your company will be a great, well-run organization. Your company's goal is to be 100% strong in each of these areas.

The EOS journey is not easy. You will have to challenge yourself, your manager, your team, and your company. That's because open and honest

THE VISION COMPONENT
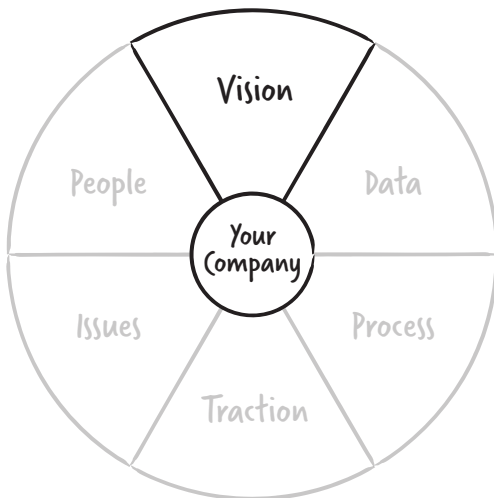
Have you ever been given direction from your manager only to be told something different by a leader from another department? If you answered yes, you're not alone. This is a common problem in many organizations.

It is caused by a lack of alignment within an organization. In other words, each manager or department has different priorities and does things differently. As a result, employees get pulled left, then right, and then told to go backward.

Imagine all the people in your company as arrows. When people have different objectives, the arrows all point in different directions, as shown in the picture below. As a result, energy is wasted.
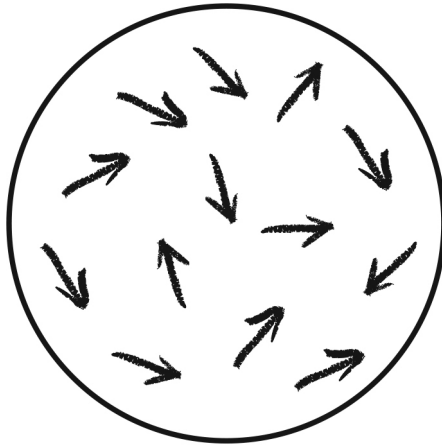
This was happening at a transportation company based in Houston. "Before EOS, I would get told one thing by my manager and another thing by the owner of the company," said one of the customer-service reps. "We were running around in circles, making the same mistakes again and again."

Now imagine the people in an organization that are 100% aligned around just a few goals. Everyone's effort is focused toward accomplishing these

few goals. Each department and every employee know the roles they are playing to help achieve these goals. As a result, the arrows are aligned, as depicted below.
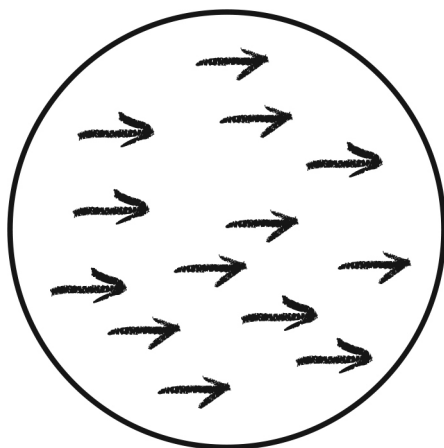
"Now," continued that same customer-service rep, "we all have the same goals, and we've worked together to solve some major issues. Our efforts are aligned, and I know what I need to do to help achieve our vision. Even better, we've stopped repeating the same mistakes."

That's being 100% strong in the Vision Component. When everyone in the company is working toward the same goals, there is less frustration

For the People Component, companies use 2 EOS tools: the Accountability Chart and the People Analyzer. We will explain these more in Chapters 4 and 8. Your role is to ask yourself, "Am I the Right Person for this company? Do I fit?" and, "Am I in the Right Seat? Can I do my job really well?"

THE DATA COMPONENT
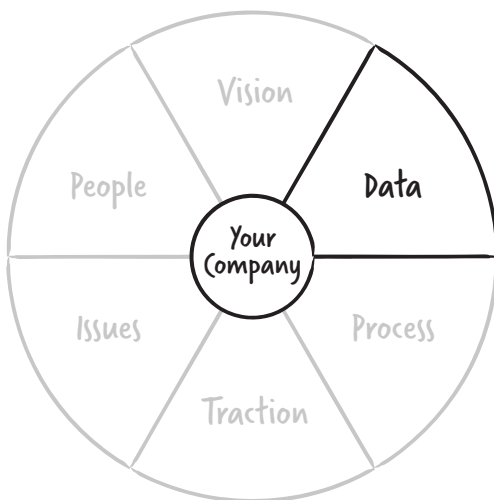
Would you ever get on a plane with no control panel, no gauges, and no radar? Probably not. Yet that is how many companies operate. They fly blind every day. They can't see where they are going because they don't have the right data—sometimes too much and often too little.

credit. Either way, don't worry; by using Scorecards and Measurables, you'll know if you are on track to achieve your goals.

THE ISSUES COMPONENT
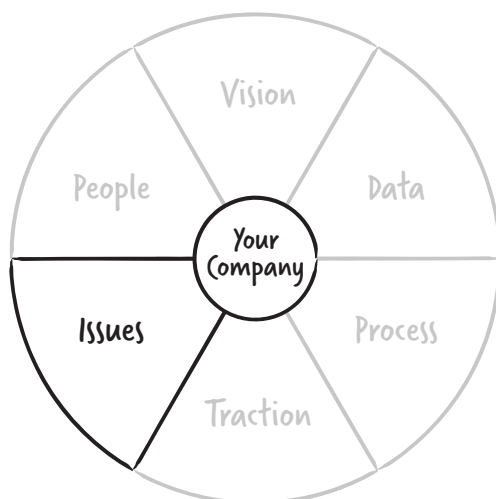
By now you've probably thought of a few things that need to be improved, fixed, or changed to make your company better. These are called issues. They include anything unresolved that needs to be discussed, such as problems, opportunities, or new and better ways to do things.

Perhaps you see an issue or a way to make things faster. Perhaps you see a way to do things more

Track is a disciplined way to help you prioritize and solve issues forever. More on these tools in Chapter 6.

Going forward, your role is to bring up the issues you see—and to help solve them. If this sounds scary, that's normal. If this makes you nervous, you are not alone. Rest assured: EOS will give you the tools to safely and effectively do this. If you accept this role, you will help make your company great.

THE PROCESS COMPONENT
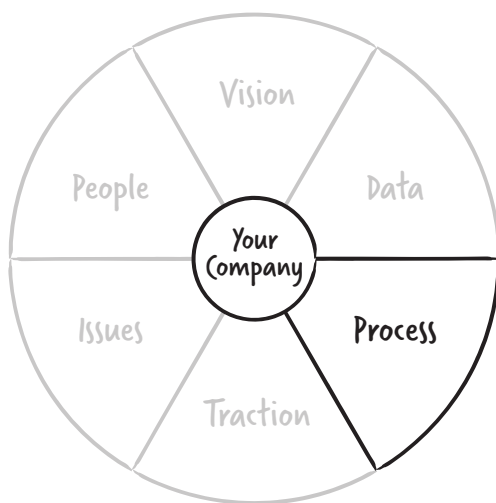
Do you manage projects in different ways? Do sales people enter orders in different ways? Do people take equipment or materials and then fail to replace

THE TRACTION COMPONENT
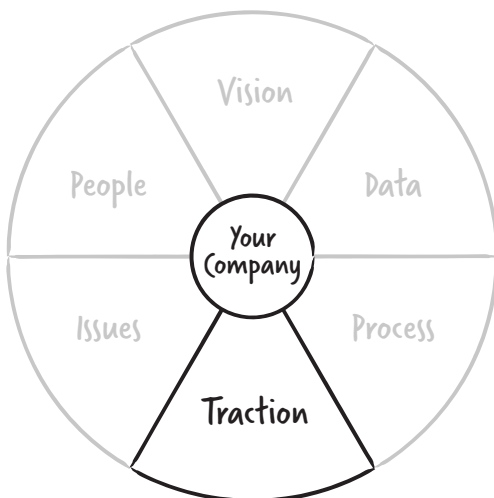
Are people in your company accountable? Do things get done on time, or are due dates constantly missed? Does your company take on too much? Has your company been trying to implement a software system for years and the project just never seems to end?

This was the case for Velocity Productions, a video production company in the Southeast. They had been trying to implement new accounting software for more than a year. "We just couldn't finish the project," said one accountant. "It went on and on—we didn't have any traction."

THE VISION/TRACTION ORGANIZER™

THE EOS MODEL

Organization Name: _____

VISION

		3-YEAR PICTURE™
CORE VALUES	1. 2. 3. 4. 5.	**Future Date:** **Revenue:** **Profit:** **Measurables:**
CORE FOCUS™	**Purpose/Cause/Passion:** **Our Niche:**	**What does it look like?** - - - - - - - -
10-YEAR TARGET™	_____ _____ _____	
MARKETING STRATEGY	**Target Market/"The List":** **3 Uniques™:** 1. 2. 3. **Proven Process:** **Guarantee:**	

QUESTION 1: WHAT ARE YOUR CORE VALUES?

Core Values are a timeless set of guiding principles. There are typically just a few—3 to 7 is the rule of thumb. They define the behaviors you expect from each other. They

CORE VALUES	1. 2. 3. 4. 5.

define your culture and who fits and who doesn't. They define what makes your company different and unique.

A famous business guru, Peter Drucker, is attributed with the saying, "Culture eats strategy for breakfast." History has shown that culture wins in the long run, not strategy. For a company to be great, it must first know who it is. Then focus on strategy. Who you are as a company is defined by your Core Values.

Every company has different Core Values because, well, every company is different. To help build a strong culture, your company will use your

Company	Current Reality	10-Year Target
ExCargo – A cargo transportation company	25,000 containers moved a year	112,000 containers moved a year
Velocity Productions – An AV and event company	$6 million in revenue	$20 million in revenue
LSR Multi Family – A roofing company	No roofs on the moon	Roof the first apartments on the moon
Autumn Associates – An insurance agency	Not getting enough referrals from clients	A referral from every client and every client from a referral

With a clear 10-Year Target that is shared by all, you will have a guiding light by which everyone can steer. This focus will direct your energy, resources, and decisions to help you grow faster and reach your 10-Year Target more quickly.

As with the above examples, most 10-Year Targets involve rapid and significant growth, which can't happen without the right Marketing Strategy—and that leads us to the next question on the V/TO.

QUESTION 4: WHAT IS YOUR MARKETING STRATEGY?

Defining your Market-
ing Strategy requires
crystallizing who your
ideal customer is and
clarifying the most
appealing message to
them. Doing this will

MARKETING STRATEGY

Target Market/"The List":

3 Uniques™:   1.
                      2.
                      3.
Proven Process:

Guarantee:

create a laser-like focus for your sales and market-
ing efforts. This in turn will help increase your sales
and move you toward your 10-Year Target.

You've probably had to deal with a customer who
is a pain in the butt. They call your service depart-
ment multiple times a day for the wrong reasons.
They submit special orders that fall outside your
standard process. You fix computers, and they want
you to fix their desks.

Many companies waste thousands of dollars try-
ing to be everything to everyone. They waste money
with inconsistent marketing messages. They take
sales trips to prospective customers who are never
going to say yes or are not a good fit for the company.

THE EOS PROCESS®

90 MINUTE MEETING
- About Us
- About You
- The Tools
- The Process

FOCUS DAY™
- Hitting the Ceiling
- Accountability Chart™
- Rocks
- Meeting Pulse™
- Scorecard

30 Days

VISION BUILDING™ Day 1

30 Days

VISION BUILDING™ Day 2
- Core Values
- Core Focus™
- 10-Year Target™
- Marketing Strategy
- 3-Year Picture™
- 1-Year Plan
- Quarterly Rocks
- Issues List

90-Day World®

QTR

QTR

QTR

2-DAY ANNUAL PLANNING
- Quarterly Pulsing™
- Focus & Traction®
- Team Health
- Quarterly Rocks
- Issue Solving
- Toolbox Tools
- Accountability

sales and put you on track to hit your 10-Year Target faster.

QUESTION 5: WHAT IS YOUR 3-YEAR PICTURE?

The next step in achieving your Vision is painting a picture of what your company will look like in 3 short years. The 3-Year Picture creates a vivid image of exactly what your company will look like, feel like, and be like in 3 years.

Unfortunately, a lot of managers don't share their picture of the future with employees. Why not? Most of the time, they don't know it themselves—or at least haven't written it down.

The 3-Year Picture helps everyone see the same image 3 years down the road. It contains just a handful of numbers: Revenue, Profit, and a Measurable. In addition,

3-YEAR PICTURE™

Future Date:

Revenue:

Profit:

Measurables:

What does it look like?

·
·
·
·
·
·
·

and focused on the priorities, but then people start getting distracted by competitors' actions, unplanned emergencies, and day-to-day distractions.

ROCKS
Future Date:
Revenue:
Profit:
Measurables:

Rocks for the Quarter:	Who
1.	
2.	
3.	
4.	
5.	

As a result, that great energy is lost, and plans start to unravel and fray. Deadlines get pushed back, and priorities get lost in the hustle and bustle. All of a sudden, November rolls around, and you're saying, "Oh crap! How are we going to get this all done?"

Rocks help solve this problem by breaking down annual goals into bite-size chunks. This approach is illustrated in the following story:

On January 14, 2015, Tommy Caldwell and Kevin Jorgeson finished one of the most difficult climbs in the world—the sheer southeastern face of El Capitan in Yosemite National Park. They spent 19 days scaling the almost 3,000-foot, *never*-before-free-climbed vertical wall. When asked how they did it, Jorgeson

Goals:

1. Fill one sales position
2. Software version 2.3 in production
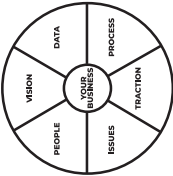3. Go/no-go decision made on new office
4. Purchase 4 trucks

By setting Rocks every quarter, your company will get a lot more done in a lot less time. Every 90 days, your company will refocus and set new Rocks. With that done, everyone will know the most important priorities for the company every 90 days.

QUESTION 8: WHAT ARE YOUR COMPANY'S ISSUES?

The final question is as important as the previous 7. To achieve your company's Vision, it is vital to openly admit all of your company's obstacles to the opportunities that lie before you. This is simply a list of all the

ISSUES LIST

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____
8. _____

things that could prevent your company from reaching your Vision or that will help you get there faster.

THE VISION/TRACTION ORGANIZER™

THE EOS MODEL

VISION
PEOPLE
DATA
YOUR BUSINESS
PROCESS
ISSUES
TRACTION

Organization Name: ABC Company

V I S I O N

CORE VALUES	**1.** Humbly Confident **2.** Grow or Die **3.** Help First **4.** Do the Right Thing **5.** Do What You Say
CORE FOCUS™	**Purpose/Cause/Passion:** Deliver value with every interaction **Our Niche:** IT Solutions
10-YEAR TARGET™	$50 million in revenue by 20XX

MARKETING STRATEGY	**Target Market/"The List":** Companies with: revenue between $5–50 million; 20–250 employees; growth oriented; seeking partners not commodity providers; in the United States.
	
	3 Uniques™: **1.** 99% On-Time Delivery
	  2. Local Technicians
	  3. 24-Hour Response Time
	
	Proven Process: The ABC Proven Process
	
	Guarantee: We'll show up on time or the first hour is free.

3-YEAR PICTURE™

Future Date: December 31, 20XX

Revenue: $14.5 million

Profit: $1.8 million

Measurables: 300 Customers

What does it look like?
- 80 employees
- 3 new product lines
- 100% right people in the right seats
- Bright, energetic, fun office
- Strong culture
- Largest customer accounts for <10% of revenue
- Best place to work in the state
- All Core Processes documented and Followed by All

THE EOS MODEL

THE VISION/TRACTION ORGANIZER™

Organization Name: ABC Company

T R A C T I O N

1-YEAR PLAN	ROCKS	ISSUES LIST
Future Date: December 31, 20XX	**Future Date:** March 31, 20XX	**1.** EOS Rollout
Revenue: $8 million	**Revenue:** $2 million	**2.** operations Lead
Profit: $900K	**Profit:** $200K	**3.** S.E. Territory Sales
Measurables: 150 Customers	**Measurables:** 115 Customers	**4.** 3rd Product Line
Goals for the Year:	**Rocks for the Quarter:** Who	**5.** Training Program
1. Sign deals with two premier vendors	**1.** Fill one sales position	**6.**
2. 100% right people in the right seats	**2.** Software version 2.3 in production	**7.**
3. Add three salespeople to the current team of seven	**3.** Go/No Go decision made on new office	**8.**
4. All Core Processes are documented	**4.** Purchase four trucks	**9.**
5. Add 50 new customers	**5.**	**10.**
6.	**6.**	**Prioritize**
7.	**7.**	**- Identify**
		- Discuss
		- Solve

With this clarity, everyone will be rowing in the same direction. You will be part of an incredibly focused organization with a strong culture.

Sarah McNulty, account manager at Limbach, stated, "We all have a clear idea of what the future goals and Vision are for the company, which helps us remember that our daily activities are focused on a much bigger, future picture. It allows us to realign our activities when necessary to keep us on track."

Here's a summary of each of the 8 questions on the V/TO and what each answers for your company:
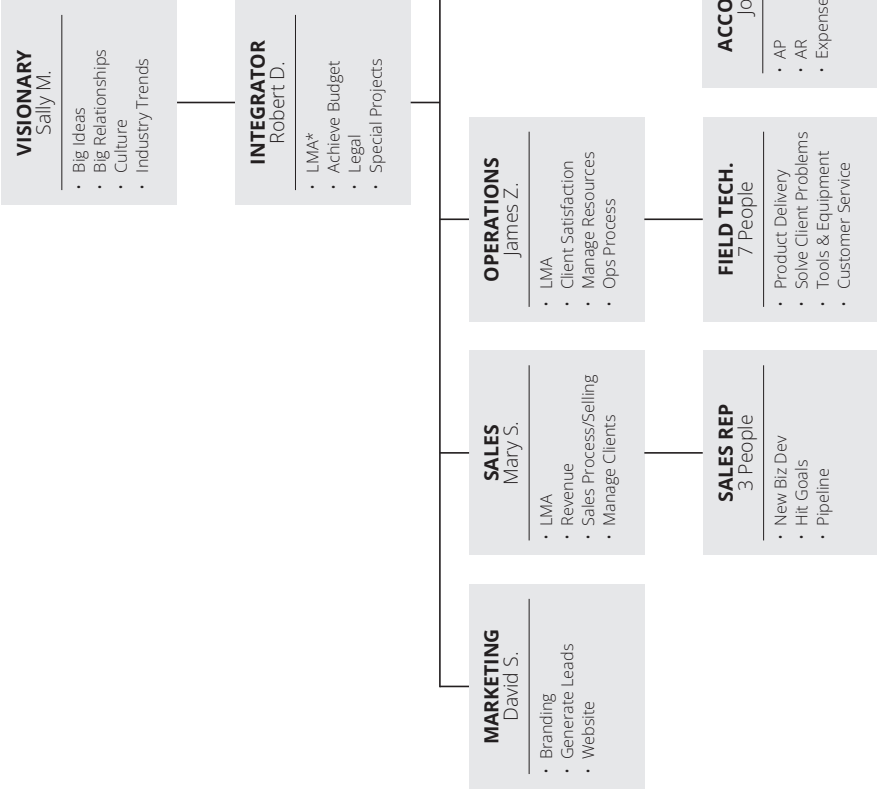
V/TO Question	What it answers
Core Values	Who you are
Core Focus	What you are
10-Year Target	Where you are going
Marketing Strategy	Which potential customers you are targeting with what message
3-Year Picture	What you will look like in 3 years
1-Year Plan	What your goals are for the next 12 months
Rocks	What your priorities are for the next 90 days
Issues	What will stop you or get you there faster

your company. It crystallizes your company's struc-
ture so that everyone knows who is doing what, who
is responsible for what, and who reports to whom.

"The Accountability Chart helped me understand
where I fit in the bigger picture and what everyone
else is doing," said Doug Hebert, a graphic artist at
Savage Brands.

What makes an Accountability Chart different
from a traditional organizational chart is, first, there
are no dotted lines (dotted lines mean an employee
reports to multiple bosses, which causes confusion).
Second, for each seat in the company, 5 or so bullet
points clarify the major roles of that job (as shown
below):

| FUNCTION Name	CUSTOMER SERVICE John
• Role • Role • Role • Role • Role	• Solve customer issues • Document customer interactions • Escalate when appropriate • Open and close customer accounts • Generate sales leads

VISIONARY
Sally M.
- Big Ideas
- Big Relationships
- Culture
- Industry Trends

INTEGRATOR
Robert D.
- LMA*
- Achieve Budget
- Legal
- Special Projects

MARKETING
David S.
- Branding
- Generate Leads
- Website

SALES
Mary S.
- LMA
- Revenue
- Sales Process/Selling
- Manage Clients

SALES REP
3 People
- New Biz Dev
- Hit Goals
- Pipeline

OPERATIONS
James Z.
- LMA
- Client Satisfaction
- Manage Resources
- Ops Process

FIELD TECH.
7 People
- Product Delivery
- Solve Client Problems
- Tools & Equipment
- Customer Service

FINANCE
John P.
- Reporting
- Accounting
- Cash

ACCOUNTING
John L.
- AP
- AR
- Expenses

IT
Dana G.
- Systems
- Computers
- Internet
- Phones

HR
Chrissy L.
- HR Process
- Finding Candidates
- Benefits
- Review Process

*LMA = Leadership, Management, Accountability

to talk about *your* Rocks—the most important things that *you* must get done in the next 90 days.

How will Rocks apply to you? How will they help you do your job better? How will they help increase accountability throughout your organization?

The term "Rocks" comes from a simple science experiment made popular by Dr. Stephen R. Covey in his book *First Things First.* It works like this—imagine you have a small pile of rocks, some pebbles, and some sand. Your objective is to get them all to fit in a glass jar. If you put the sand in first and then the pebbles, the rocks don't fit (see the jar on the left side of the picture).
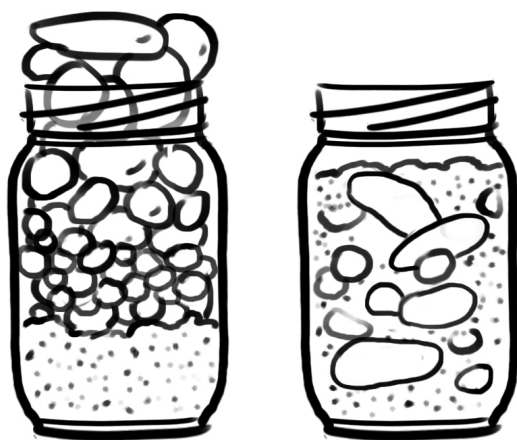
Here are some examples of SMART Rocks and those same Rocks *not* written in a SMART way:

Not SMART Rocks	SMART Rocks
Online class	Successfully complete an online training class on website marketing
Requirements for Electrician 2	Pass the requirements (test and field work) for Electrician 2
Safety inspections	Pass 100% of safety inspections
Read a book	Read **What The Heck Is EOS?** and discuss all chapter questions with my manager

The problem with the *not* SMART Rocks is that they are open to interpretation and/or don't have a specific outcome. This will lead to very murky and frustrating conversations when your Rock review is held at the end of the 90 days, which leads to diminished accountability.

For example, take the *not* SMART Rock "Online class." This could mean you registered for a class, you started taking a class, or even that you completed a specific course. However, your manager might interpret this Rock as you having completed an entire semester on marketing. As you can see, making Rocks SMART is essential for creating

END PROCRASTINATION

Most human beings by nature procrastinate; they wait until the last minute to get things done. Here's what normally happens, illustrated by the following procrastination model. You have a meeting (call that point A), and during it, people are usually assigned tasks. The line in the picture below represents the activity to get that stuff done. People delay acting until the last minute—until just before the next meeting at point B—to do everything. You can see the line spike just before the next meeting.

Now, if you only meet once a month, you will only get that spike once a month. Therefore, to the degree you increase the meeting frequency, you create that spike of activity more often, as shown below.
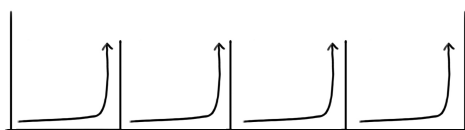
That spike of activity you create looks like an EKG—it is the heartbeat of your organization, or pulse, thus the term "meeting pulse."

WEEKLY MEETING PULSE

We recommend a *weekly* meeting pulse. That way you get a spike of activity 52 times per year (as opposed to 12 times with monthly meetings). By creating that spike of activity more often, you reach a point where there is no time to procrastinate; you come out of the gate running. The activity looks like the picture below.
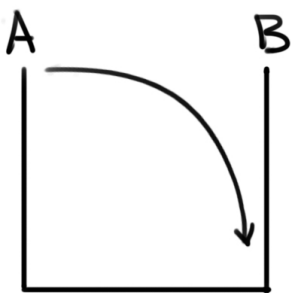
Great organizations minimize the number and length of meetings and maximize meeting productivity. In these organizations, teams have what's called the "right meeting pulse"—the right heartbeat, as mentioned above. Meeting pulse is simply

T H E   L E V E L   1 0
M E E T I N G   A G E N D A

Level 10 Weekly Meeting Agenda

SEGUE	**5 min**
SCORECARD	**5 min**
ROCK REVIEW	**5 min**
CUSTOMER / EMPLOYEE HEADLINES	**5 min**
TO-DO LIST:	**5 min**

• John to Call ABC Co.

• Bill to have a meeting with Sara

• Sue to call the supplier

• Jack to revise core values speech

IDS:	**60 min**

• Winter sales are down

• We missed the delivery date on ABC

• A/R is over 60 days

• Charles is not following the process

CONCLUDE:	**5 min**

Notice how the to-dos and issues are built right into the agenda.

like revenue, sales, and profit. For example, you might have a company goal to achieve $10 million in revenue, and as a result you need to schedule 20 sales appointments per week to hit that goal. The logic is, 20 sales appointments leads to 5 new clients, which leads to $200,000 in sales per week, which leads to $10 million in annual revenue. The 20 scheduled appointments is the activity-based leading indicator, and the $10 million in revenue is the future result.

Below are 2 examples of department Scorecards using activity-based numbers.

SALES DEPARTMENT SCORECARD							
Who	Measurable	Goal	3-Mar	10-Mar	17-Mar	....	26-May
Laurie	# New Leads						
Okan	Total Opportunities in $						
Ron	# Scheduled Sales Appointments						
Lliam	Win Rate %						

OPERATIONS DEPARTMENT SCORECARD							
Who	Measurable	Goal	3-Mar	10-Mar	17-Mar	....	26-May
Sue	% Utilization						
Jennifer	% Service Level						
Jon	$ Cost per Unit						
Paul	# Overtime Hours						

A Scorecard must have 4 key columns: Who, Measurables, Goal, and Date.

This tool has a higher purpose. Great organizations are built by having the Right People in the Right Seats—100% across the organization—and that's what the People Analyzer helps you do. In Chapter 2, we defined the Right People as people who fit in your company's culture. These people act according to your company's Core Values.

In Chapter 4, we defined seats using the Accountability Chart. The Right Seat means placing everyone in a role where they can best contribute to the organization. This is the job where their innate talents and skills are put to the best use. Each seat is defined by an average of 5 roles and responsibilities as shown below:

CUSTOMER SERVICE
John

- Solve customer issues
- Document customer interactions
- Escalate when appropriate
- Open and close customer accounts
- Generate sales leads
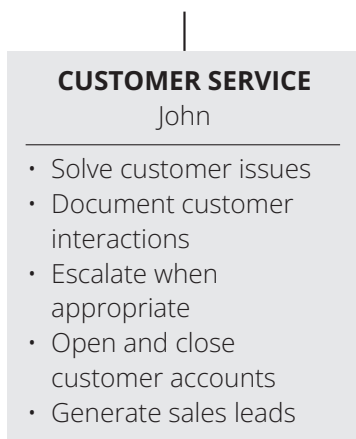
The People Analyzer is a simple tool that pulls Core Values and the Accountability Chart together and helps your organization identify if they have the Right People in the Right Seats. As Doug Hebert puts it, "The People Analyzer was a real eye-opener for me. It is really clear when people don't align with our Core Values or fit their role—it's just not their [thing]."

So how does it work?

STEP 1

On the People Analyzer you list a person in the left-hand column and then your company's Core Values across the top, as shown:

THE PEOPLE ANALYZER™

Name	Be Humbly Confident	Grow or Die	Help First	Do the Right Thing	Do What You Say	
Sally Jones						

The person is rated on how they live or don't live your company's Core Values with a plus, a plus/minus, or a minus. Here are the definitions for each rating:

- A plus (+) means that they live the Core Value most of the time. No one is perfect.
- A plus/minus (+/-) means that sometimes they do and sometimes they don't live the Core Value. They're hot and cold.
- A minus (-) means that most of the time they do not live the Core Value.

When completed, the People Analyzer might look like this example:

THE PEOPLE ANALYZER™						
Name	Be Humbly Confident	Grow or Die	Help First	Do the Right Thing	Do What You Say	
Sally Jones	+	+	+	+	+	
The Bar	+	+	+	+/−	+/−	

THE PEOPLE ANALYZER™								
Name	Be Humbly Confident	Grow or Die	Help First	Do the Right Thing	Do What You Say	**Get it**	**Want it**	**Capacity to Do It**
Sally Jones	+	+	+	+	+	Y	Y	Y
The Bar	+	+	+	+/–	+/–	Y	Y	Y

The minimum standard, or "The Bar," for GWC is 3 yeses. The People Analyzer will now show a complete picture of whether your company has the Right Person in the Right Seat. The above example shows that Sally is the Right Person in the Right Seat.

STEP 3

The next step is to apply it to yourself. That will give you a very clear answer of whether you are the Right Person in the Right Seat. Here's how to do it:

1. On the following diagram, fill in your company's Core Values across the top followed by Get It, Want It, Capacity to Do It.
2. Fill in your name in the far-left column.

3. Give yourself a +, +/-, or - for each Core Value based on your honest assessment of how well you live that specific Core Value.

4. Give yourself a yes or no for Get It, Want It, and Capacity to Do It.

5. Compare yourself to your company's Bar.

6. Note: In order for this to be a useful tool, you need to be completely open and honest with yourself about how you live your company's Core Values and if you GWC your current seat.

THE PEOPLE ANALYZER™									
The Bar									

WRONG FIT—DON'T PANIC

Once you see the results, don't worry. If you're the wrong person, it doesn't mean you are a bad person. It only means you might be a better fit in a different company culture. If you're in the wrong seat, it just means you need to find a seat that better

THE EOS ORGANIZATIONAL CHECKUP ™

For each statement below, please rank your company on a scale of 1 to 5, where 1 is weak (or you don't do it) and 5 is strong (you're very good at it).

1 2 3 4 5

1. We have a clear vision in writing that has been properly communicated and is shared by everyone in the company.

2. Our core values are clear, and we are hiring, reviewing, rewarding, and firing around them.

3. Our Core Focus™ (core business) is clear, and we keep our people, systems and processes aligned and focused on it.

4. Our 10-Year Target (big, long-range business goal) is clear, communicated regularly, and is shared by all.

5. Our target market (definition of our ideal customer) is clear, and all of our marketing and sales efforts are focused on it.

6. Our 3 Uniques (differentiators) are clear, and all of our marketing and sales efforts communicate them.

7. We have a proven process for doing business with our customers. It has been named and visually illustrated, and all of our salespeople use it.

8. All of the people in our organization are the "right people" (they fit our culture and share our core values).

9. Our Accountability Chart™ (organizational chart that includes roles / responsibilities) is clear, complete, and constantly updated.

10. Everyone is in the right seat (they get it, want it, and have the capacity to do their jobs well).

11. Our leadership team is open and honest, and demonstrates a high level of trust.

THE EOS ORGANIZATIONAL CHECKUP ™

	1	2	3	4	5
12. Everyone has Rocks (1 to 7 priorities per quarter) and is focused on them.	☐	☐	☐	☐	☐
13. Everyone is engaged in a regular Meeting Pulse™ (weekly, quarterly, annually).	☐	☐	☐	☐	☐
14. All meetings are on the same day and at the same time, have the same agenda, start on time, and end on time.	☐	☐	☐	☐	☐
15. All teams clearly identify, discuss, and solve issues for the long-term greater good of the company.	☐	☐	☐	☐	☐
16. Our Core Processes are documented, simplified, and followed by all to consistently produce the results we want.	☐	☐	☐	☐	☐
17. We have systems for receiving regular feedback from customers and employees, so we always know their level of satisfaction.	☐	☐	☐	☐	☐
18. A Scorecard for tracking weekly metrics/ measurables is in place.	☐	☐	☐	☐	☐
19. Everyone in the organization has at least one number they are accountable for keeping on track each week.	☐	☐	☐	☐	☐
20. We have a budget and are monitoring it regularly (e.g., monthly or quarterly).	☐	☐	☐	☐	☐

Total number of each ranking ☐ ☐ ☐ ☐ ☐

Multiply by the number above   x1 x2 x3 x4 x5

☐ ☐ ☐ ☐ ☐

Add all five numbers to determine the percentage score that reflects the current state of your company: ☐ %