**BOOK**
*Traction: Get A Grip On Your Business*

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**SYNOPSIS [From the publisher]**
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. 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.

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"If you're like most entrepreneurs, you're probably experiencing one or more of five common frustrations:
1. Lack of control: You don't have enough control over your time, the market, or your company. Instead of controlling the business, the business is controlling you.

2. People: You're frustrated with your employees, customers, vendors, or partners. They don't seem to listen, understand you, or follow through with their actions. You're not all on the same page.

3. Profit: Simply put, there's not enough of it.

4. The ceiling: Your growth has stopped. No matter what you do, you can't seem to break through and get to the next level. You feel overwhelmed and unsure of what to do next.

5. Nothing's working: You've tried various strategies and quick-fix remedies. None have worked for long, and as a result, your staff has become numb to new initiatives. You're spinning your wheels, and you need traction to move again.'

"You are not your business. Your business is an entity in and of itself. Yes, you created it, but in order to find success, you have to turn it into a self-sustaining organism. Reaching the next level requires more than just a product or service, or a simple determination to succeed."

"Successful business owners not only have compelling visions for their organizations, but also know how to communicate those visions to the people around them. They get everyone in the organization seeing the same clear image of where the business is going and how it's going to get there."

"The sun provides the earth with billions of kilowatts of energy, yet if you stand in it for an hour, the worst you will get is a little sunburn. On the other hand, a few watts of energy focused in one direction is all a laser beam needs to cut through diamonds."

"The two essential ingredients of any great team: the right people in the right seats."

"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."

"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."

"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."

"Dictatorships not only are exhausting, but also preclude future growth. It's simple math. One person can only make so many decisions and solve so many problems. You cannot build an enduring, successful organization that lives beyond you if your organization is designed to crumble the minute you step aside."

"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."

"As goes the leadership team, so goes the company. Your leadership team must present a united front to the rest of your organization."

"Organizations usually expand in spurts, by smashing through a series of ceilings. 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 and your leadership team need to understand this, because 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 strive for external growth, but internal growth also leads to future greatness. In fact, most companies need to start with a focus on internal growth before they can even think about external growth."

"80 percent of businesses fail in their first five years and 80 percent of those remaining will fail somewhere between years six through ten."

"The good news is that 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."

"Simplifying your organization is key. This entails streamlining the rules you operate under as well as how they're communicated."

"Simplify, simplify." Henry David Thoreau
"One 'simplify' would have sufficed." Ralph Waldo Emerson

"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?"

"Systemizing involves clearly identifying what those core processes are and integrating them into a fully functioning machine."

"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."

"Your company needs to be organized in a way that reduces complexity and creates accountability."

"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."

"If you cannot risk, you cannot grow. If you cannot grow, you cannot become your best. If you cannot become your best, you cannot be happy. If you cannot be happy, what else matters?"

"You cannot embark on this journey if you're not willing to be vulnerable. You have to let your guard down to see your organization for what it is. Eliminate the facade with your leadership team, and invite openness and honesty."

"The process of gaining traction starts here. Clarify your vision and you will make better decisions about people, processes, finances, strategies, and customers."

"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.""

"It was providing three very different services to the market, and because people had to change hats up to several times an hour to cater to different clients, the internal operations were needlessly complex."

"What is vision? It's clearly defining who and what your organization is, where it's going and how it's going to get there."

"What are core values?  . . . Once they're defined, you must hire, fire, review, reward, and recognize people based on these core values. This is how to build a thriving culture around them."

"Despite that, the perceived value of core values has diminished as of late. After all the hype in the 1990s, they are now frequently regarded as clichéd and tired. This, ironically, is what makes them more vital than ever."

"Your job as a leadership team is to establish your organization's core focus and not to let anything distract you from that. Many things have the potential to distract us from our core focus. Steve, a member of one leadership team, calls it "shiny stuff." A competitor, a new idea, a new product, and poor advice that looks like good advice at the time are just a few examples."

"Most people are sitting on their own diamond mines. The surest ways to lose your diamond mine are to get bored, become overambitious, or start thinking that the grass is greener on the other side. Find your core focus, stick to it, and devote your time and resources to excelling at it."

"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 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."

"1. You must look forward. You cannot look back or get caught up in the present. It will distort your judgment.
2. You must detach yourself from the existing business, your current role, and your ego.
3. You must elevate yourself above the business, look down on it, and make decisions for the long-term greater good of the company. 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."

"In the box to the left, you have the first major function: sales and marketing. In the middle box is the second: operations. In the box to the right, you have the third: finance and administration. You may call them by different names, but those are the three major functions. Sales and marketing generate business. Operations provides the service or manufactures the product, and takes care of the customer. Finance and administration manage the monies flowing in and out as well as the infrastructure."

"To take structure a step further, these three functions cannot operate independently of each other. That's why all great organizations have another major function, a role that I like to call the integrator. 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 visionary and the integrator couldn't be more different. In a small to mid-size company, the visionary is typically the owner, co-owner, or founder. In a partnership, most of the time, one partner is the visionary and the other is the integrator. It's a dynamic that has elevated them to where they are. The visionary typically has 10 new 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. If you're one, know thyself and be free."

"A word of caution: Now that you've created clarity, you'll clearly see the people that do not fit in the organization. Yet you shouldn't run out and fire them all. That would make you vulnerable as an organization and leave some gaping holes. 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. This doesn't give you an out. It just means that you can't put the company in a vulnerable position. You still have to make the change."

"Imagine you're on a desert island somewhere. None of you can talk to anyone, access e-mail, or talk on the phone. All you have is a piece of paper with a handful of numbers on it. These numbers must allow you to have an absolute pulse on your business."

"He told us that 'everyone has a number.' He went on to explain how every employee in his organization has a number, even his receptionist. Hers was two, as in, 'two rings good, three rings bad.' His speech was a wake-up call for me. Back at my office, I came up with and implemented a number for everyone. I have since taught this discipline to every client, and it has produced tremendous results.'

"1. Numbers cut through murky subjective communication between manager and direct reports.

2. Numbers create accountability. When you set a number, everyone knows what the expectation is. Accountability begins with clear expectations, and nothing is clearer than a number.

3. Accountable people appreciate numbers. Wrong people in the wrong seats usually resist measurables.

4. Numbers create clarity and commitment. When an employee is clear on his or her number and agrees that he or she can achieve it, you have commitment. There is no gray area.

5. Numbers create competition. Charles Schwab was able to create competition by making a target number known to all teams.

6. Numbers produce results.

7. Numbers create teamwork. When a team composed of the the right people in the right seats agree to a number to hit, they ask themselves "how can we hit it," creating camaraderie and peer pressure.

8. You solve problems faster. When an activity-based number is off track, you can attack it and solve the problem proactively, unlike with an end-result based number that shows up after it's too late to change it."

STEP 1: IDENTIFY
"Clearly identify the real issue, because the stated problem is rarely the real one. The underlying issue is always a few layers down. Most of the time, the stated problem is a symptom of the real issue, so you must find the root of the matter. By batting the issue back and forth, you will reach the true cause."

"Plan on getting a little bit uncomfortable. Most causes of real issues are people. The discussion can hit close to home if either someone on the leadership team or one of his or her staff is responsible. You have to be able to talk about the elephant in the room. That is why trust is so important. You have to become more vulnerable with each other and be willing to be straight about real problems. Remember the greater good."

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. They just discuss everything ad nauseam, and they actually think they are being productive. The task of clearly identifying an issue enables you to stay focused on the issue at hand and avoid tangents."

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 item is completed, the issue goes away forever."

TEN COMMANDMENTS
1. Thou Shalt Not Rule by Consensus On a healthy team where the vision is clear and everyone is on the same page, eight out of 10 times, everyone will agree with the solution. However, sometimes they won't, and someone needs to make the final decision. Consensus management does not work, period. Eventually, it will put you out of business.

2. Thou Shalt Not Be a Weenie The solution will always be simple; it's just not always easy to implement. You must have strong will, have firm resolve, and be willing to make the tough decision.

3. Thou Shalt Be Decisive Remember the study from Think & Grow Rich. The 25,000 people who failed lacked the ability to make decisions and procrastinated, whereas the several hundred millionaires made decisions quickly and changed them slowly. Remember, it's less important what you decide than it is that you decide … so, decide!

4. Thou Shalt Not Rely on Secondhand Information You cannot solve an issue involving multiple people without all the parties present.

5. Thou Shalt Fight for the Greater Good Put your egos, titles, emotions, and past beliefs aside. Focus on the vision for your organization.

6. Thou Shalt Not Try to Solve Them All Take issues one at a time, in order of priority.

7. Thou Shalt Live with It, End It, or Change It This is another great lesson from my dad. In solving an issue, you have three options: You can either live with it, end it, or change it. There are no others.

8. Thou Shalt Choose Short-Term Pain and Suffering

9. Thou Shalt Enter the Danger The issue that 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 around for someone else to solve it.

"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."

"Gaining traction means making your vision a reality. At this moment, your vision is crystal clear, you have the right people in the right seats, you're managing data, you're solving your issues, and you've defined your Way of doing business and everyone is following it. Now you're ready to master organizational traction."

"The ability to create accountability and discipline, and then execute, is the area of greatest weakness in most organizations."

"Luftmensch is a Yiddish word made from two others; luft means "air" and mensch means "person." A luftmensch is an "air-person," someone who has his or her head in the clouds. I don't mean this as an insult. Ideas come from having your head in the clouds. Most visionaries would agree with me. That is their gift, their strength, and their value. Nothing exists without visionaries. Yet once the vision is clear, you need to go from luftmensch to action."