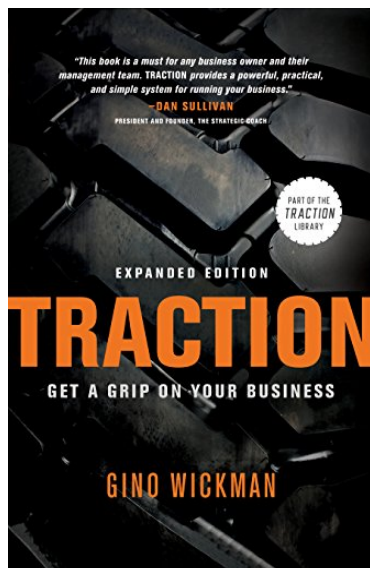


Traction Book Summary, by Gino Wickman (archive)

by Allen Cheng

<https://www.allencheng.com/traction-summary-gino-wickman/>



Traction offers a helping hand for beginning entrepreneurs and others whose businesses are stuck at a point where hard work and determination are no longer enough for them to survive and grow. Business owner and consultant Gino Wickman explains how to structure your business using his Entrepreneurial Operating System to remove typical frustrations, so it regains momentum, it runs seamlessly, and you don't get mired in details. The system is based on practical experience, not theory. Numerous tools and templates lead business owners step by step through processes to create a structure and core focus that strengthen and reenergize their organizations.

1-Page Summary of Traction

Traction is a blueprint for first-time entrepreneurs and those who've hit a ceiling in their business where hard work and determination are no longer enough for it to survive and grow.

Business owner and consultant Gino Wickman explains how to structure your business using his

Entrepreneurial Operating System to remove typical frustrations, so it runs seamlessly and gains the traction to grow at a faster rate than you thought possible.

If your business seems to be spinning its wheels, part of the problem may be that you've become so wrapped up in it that you've forgotten it's a separate entity from you. To reach the next level **you need to build it into a self-sustaining entity, powered by an effective system rather than by your determination.**

The Entrepreneurial Operating System or EOS™ builds or strengthens the following six key business components, so your business functions smoothly without your constant oversight:

1. Vision
2. People
3. Data
4. Issues
5. Processes
6. Traction

1) Vision

Most entrepreneurs have a vision for their company, which they assume everyone else can see as well as they can. But many times, others in the organization *don't* see it. ****To get traction—the ability to execute, or make the company's vision a reality—you need ****

to clearly define and communicate your vision.

Your vision defines your organization, and it spells out where it's going and how it's going to get there. To create a vision, determine the following:

****1) Your defining values: ****Your core values serve as guiding principles for your company. They define your culture and who you are. You build a culture around your core values by letting them guide you when you hire, fire, review, and reward people. To determine your values, follow these steps:

- **Step 1:** Think of three people in your company who stand out.
- **Step 2:** List their key characteristics—what do they do differently or what values do they exemplify? Your core values are among the characteristics you listed.
- **Step 3:** From the list in step 2, decide which three to seven values define your company. Examples are: service, results, cutting-edge knowledge, passion for the brand, being action-oriented.

****2) Your focus: ****To determine your core focus, you need to know two things: your company's purpose and its niche. Here are some questions to ask to figure out what they are.

- ****Why does your company exist? ****What's its purpose or mission? Strive for an answer that: is no more than seven words, is simple and bold, resonates emotionally, involves everyone in the company, doesn't involve money, and is broader than a goal. An example of a purpose or mission

would be “to improve the quality of life in our town.”

- **What’s Your Niche?** What specifically do you do that fulfills your mission? The answer should be simple and useful in making decisions about how to spend time and resources. Examples of niches include: popcorn (Orville Redenbacher) and solving complex real estate problems (a real estate company).

****3) Your 10-year target:** ****Discuss with your leadership team where you want to take your company.** Start by asking what the company’s revenue goal could be in 10 years. The right target is one that generates energy and excitement throughout the company.

4) Your marketing strategy: One reason you need clarity about your core focus is so you can then focus your marketing strategy effectively. An effective marketing strategy has four parts:

- Your target market (your ideal customer based on such things as geography, demographics, income or company size, and so on)
- A prospect list (a call list of potential customers who meet your target market criteria)
- Your differentiators (three strengths that make your business unique)
- Your unique process for doing business (your steps from order through delivery and followup)
- Your guarantee (a promise to customers that differentiates your business)

****5) Your three-year goal:** ****In writing your three-year goal, focus on measurables and bullet points, not details—that is, focus on the end point rather than the potential hurdles.**

- Determine what your annual revenue and profit numbers will be in three years.
- Choose a key measurable to hit (like the number of large clients or quantity produced).
- Describe how the company will look (number of people, resources, office environment, systems, technology, product, clients).

6) Your one-year plan: A plan for what has to happen this year creates traction for achieving your vision.

- As with the three-year picture, set a revenue goal, profit goal, and a one-year measurable consistent with your three-year measurable.
- Choose up to seven priorities or objectives that should be completed this year.

7) Your 90-day priorities: Your leadership team should set 90-day priorities to put you on track to meet the one-year goal, which positions you to meet your three-year and 10-year targets.

8) Your issues: With your leadership team, discuss and list any issues you’re likely to encounter in pursuing your vision. Maintain and continually update your issues list as part of operating your business.

2) People

The second component of the EOS™ is people. There are two steps to managing people in your business:

- **Hiring the right people:** The people who will fit and thrive in your culture are the ones who share

your key values. The “People Analyzer” tool is a report card for grading people on your values to see if they’re a good fit.

- ****Putting people in the right positions:** **The right position is the one in which the job duties match the employee’s distinctive skills and talents. The Accountability Chart and the GWC tools help you fit people to positions.

The ‘People Analyzer’ Tool

Create a spreadsheet listing the names of your employees in the left column and listing your core values across the top. Rate the people on the list on how they align with each core value. Grade each person with a plus, a minus, or a plus/minus for being in the middle. Decide the minimum acceptable standard managers should apply in hiring and holding employees accountable. For instance, if a company has five core values, the minimum could be three pluses, two middle ratings, and no minuses.

The Accountability Chart

Before you can put people in positions, you need a structure. The Accountability Chart is an organization chart that defines the functions (departments) and roles in your business. Every business has three major functions: sales/marketing, operations, and finance/administration. These may be further broken down into sub-functions. To fill out your Accountability Chart:

- Depict the major functions or departments as well as the sub-functions that report to them as boxes on an organization chart.
- In each box, list the key roles of each function as bullet points. For example, every position on the chart with direct reports has at least three roles—leading, managing, and holding people accountable (LMA).
- Then put the right people in the right positions.

Besides the major functions or departments, businesses typically have two other roles: an integrator (a CEO or president who coordinates the work of the departments) and a visionary. Often these people are partners or co-founders.

The visionary is a creative idea person, whose new ideas keep the company growing. In contrast, the integrator manages the business nuts and bolts: profit and loss, and overall business objectives. On the chart, department heads should report to the integrator/CEO, who reports to the visionary.

The GWC Tool

To determine the right positions for people, assess them with the GWC tool. Ask yourself whether they:

1) G: Get it: When someone “gets” or understands a job, they fully grasp the role and responsibilities, including the systems, deadlines, and the way the job relates to other positions and the company’s mission.

2) W: Want it: The person also must have a strong desire and motivation to do the job, as well as truly enjoy it.

3) C: Are Capable of doing it: Being capable means having the intellectual, physical, and emotional capacity to do the job. For instance, a position may require more than 40 hours a week, which not everyone will want to commit to, or it requires certain knowledge or interpersonal skills.

3) Data

The third component of the EOS™ is data. Many entrepreneurs are like pilots flying blind with no data to indicate where they are or where they're going. However, a handful of key numbers comprising a weekly "Scorecard" will let you check the vital signs of your business weekly, spot problems and trends, and make course corrections before problems become crises. The Scorecard will enable you to let go of control while remaining connected.

Here are the steps for creating a Scorecard for your business:

- **Step 1:** Choose the 5 to 15 numbers that are the best indicators of how your business is doing on a weekly basis—for instance, revenue, sales activity, customer complaints, and accounts receivable. Create a template or spreadsheet with the categories listed in the far left column, followed by a goal column, and columns for entering numbers below week dates running across the top. It should be designed so you can see 13 weeks of numbers at once.
- ****Step 2:** **For each category, list who is accountable for the number.
- **Step 3:** Decide on a weekly goal for each category (for instance, a sales goal) and fill it in. The goals should align with your one-year plan.
- **Step 4:** Review the Scorecard with your leadership team every week to monitor how the business is doing and take any steps necessary to stay on track to reach your goals.

4) Issues

Issues are the fourth component of the EOS™. Unresolved issues or problems drain your company's energy. The Entrepreneurial Operating System provides two tools to help your leadership team uncover problems, drill down to the cause, discuss solutions, and act: the issues list and the "Issues Solving Track" (a three-step process).

The issues list is a tool for getting issues on the table and in one place where they can be dealt with.

Organizations should keep three types of issues lists:

- **A quarterly meeting issues list:** This is where you list non-urgent company issues that can be addressed in future quarterly leadership meetings. Examples include: technology needs, HR issues, and capital needs.
- **A weekly meeting issues list:** These are strategic, non-departmental issues that should be addressed at the weekly leadership meeting. Examples include: priorities being off track, a low Scorecard number, or major client issues.
- **A departmental issues list:** This list contains immediate departmental issues that must be handled at a weekly departmental meeting. For instance, sales department issues might include: not hitting call numbers, upcoming sales presentations, and closes.

With these three issue lists, issues will surface regularly. Once you've identified and listed them, the tool for solving them is the "Issues Solving Track," which has three simple steps: **_I_identify, _D_iscuss, _S_olve (IDS)**. Start with the three most important issues to be solved, then:

- **Identify:** Drill down to the real issue or source of trouble. The problem on the list may be a symptom rather than the real problem.
- ****Discuss:** **The discussion step is where everyone gets a chance to weigh in. Many teams flounder at this step because they didn't identify the real issue first. They talk a lot without solving anything.
- **Solve:** In this step, you determine a solution or conclusion, with an action for someone to take. Add the action item to a to-do list, and when it's carried out, you're done with the issue.

5) Process

The fifth component of the EOS™ is process. Your company has a few key processes that keep it running—together they constitute your unique "way" of doing business. Honing your processes so they run without constant oversight frees you to focus on building your business rather than being mired in its details. Also, when you have a defined way of doing business, your company becomes scalable and more valuable should you decide to sell it.

There are three steps to systematize your business:

1. **Identify your key processes:** Identify the processes for carrying out every major activity of your business.
2. **Document each process.** List the most important steps with a few bullet points for procedures under each. Follow the 80/20 rule: document the 20% of the process that produces 80% of the results.
3. **Ensure that everyone follows the processes:** As the company's leader, make clear your expectation that everyone, including your leadership team, will follow the processes.

6) Traction

With five components of the EOS™ (vision, people, data, issues, and process) in place, you're ready for the sixth and final component—traction. **Getting traction means executing, or making your vision a reality.** To create traction, set 90-day priorities and establish a meeting structure.

90-Day Priorities

You and your senior leaders should meet quarterly to review the vision and set priorities for the company and leadership for the next 90 days. Here are the steps:

- **Step 1:** After reviewing the vision, list things that must be accomplished in the next 90 days to move toward your vision. Narrow the list to three to seven priorities.
- **Step 2:** Set the due date for meeting each priority. Define each so that it's specific, measurable, and doable. For example, a priority might be to "close three major sales."

- **Step 3:** Assign an “owner” from the leadership team to each priority. This person will be accountable for achieving it, by creating a timeline, assigning tasks, and ensuring people complete them.
- **Step 4:** After the company priorities are set, each leadership team member should set their own priorities, including the company priority they “own.”
- **Step 5:** Enter the company and leadership team priorities on a spreadsheet or one-page document and review it each week at the leadership team meeting.
- **Step 6:** Have each department set up to three priorities. Further, each employee in the department should set up to three individual priorities.

A Meeting Structure

It's a myth that meetings are a waste of time—**meetings are where you practice accountability and get traction**. But they need to be productive. By following a structured meeting schedule with purposeful agendas, you'll find that everyone will get more done and continuously advance the company's vision. You should have two types of leadership meetings: quarterly and weekly.

1) Quarterly meeting: Each quarter, your leadership team should meet to:

- **Review the previous quarter:** Review the financials, then review the company and leadership team priorities to confirm which ones were achieved (you won't complete 100% every quarter; strive for 80% or better).
- **Set the next quarter's priorities:** Follow the steps for setting priorities. List what must be done in the quarter and narrow the list to three to seven items.

2) Weekly meeting: Once you've set your quarterly priorities, you and your leadership team need to meet weekly to stay focused, address issues, and communicate. The weekly meeting is like a drumbeat that keeps your leadership team marching forward in step. The agenda should be:

- Review the Scorecard numbers against goals—any misses should be moved to the issue solving (IDS) part of the agenda.
- Review the company's and team members' priorities to see which are on track; when a priority is off track, move it to the IDS agenda item.
- Review to-dos from last week's meeting—these are action items that pop up throughout the week—for example, a requirement to ship an item immediately.
- Identify, discuss, and solve the issues on your issues list.

The combination of vision, people, data, issues, process, and traction—the Entrepreneurial Operating System—positions your company to achieve your vision. Once you and your leadership team have mastered the tools, roll them to the rest of the company, one level at a time.

Full Summary of Traction

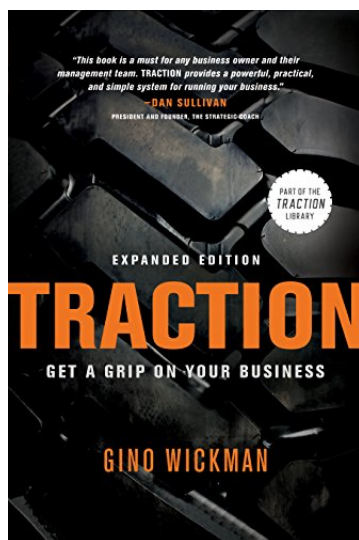
Introduction

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---End of Preview---



Read the rest of the "Traction" summary at my new book summary product, [Shortform](#).

Here's what you'll find in the **full Traction summary**:

- 1-Page Summary
- Introduction
- Chapter 1: The Entrepreneurial Operating System
- Chapter 2: Letting Go of Control
- Exercise: Is Your Business Stuck?
- Chapter 3: Defining a Vision
- Exercise: What's Your Vision?
- Chapter 4: Managing People Effectively
- Exercise: Manage People Effectively
- Chapter 5: The Data Component
- Exercise: What Are Your Key Numbers?
- Chapter 6: Resolving Issues
- Exercise: Improve Your Problem-Solving
- Chapter 7: Documenting Processes
- Exercise: Document Your Processes
- Chapter 8: Getting Traction
- Exercise: Make Meetings Productive
- Chapters 9-10: Implementing the EOS™

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