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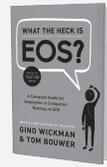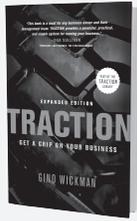
For Entrepreneurs, Leaders and Managers

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GET A GRIP

HOW TO GET EVERYTHING
YOU WANT FROM YOUR
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the door, leaving the stunned president alone with her wide-eyed executive committee.

"I think we're done here," she said in a barely audible whisper.

The team filed silently out of the conference room. Eileen sat for a moment, stunned. She and Vic had argued many times before, but something about this blowup felt different. The severity of Vic's attack had surprised and hurt her.

Having just seen her partner beeline toward his office, Eileen elected to gather her things and head straight to the parking lot. She wasn't sure exactly where to go; she just knew better than to risk further escalating the confrontation. Arriving at her car, she chucked her things on the passenger seat and noticed the hastily scribbled Post-it note affixed to the steering wheel:

Biz Roundtable
Cocktail Event

Walker Museum 6-8

Eileen had been a member of the Twin Cities Business Roundtable—a peer group for small business owners—for three years. These days she rarely had time to attend the group's regular social and education events. She had written the note earlier that morning after promising several people she would make it tonight. Still seething, Eileen stole one last glance at Vic's vehicle before pulling slowly out of the lot.

"I'd rather chew glass than make small talk right now," she thought grimly. "On the other hand, maybe a stiff drink will do me some good."

"I have to run, Eileen—Melanie and I have been trying to connect for weeks," he said. "I really do think Alan can help. Call him."

"Thanks, Miguel," she said, fingering the business card. "You've definitely given me something to think about."

Before placing Miguel's card in her bag, she noticed her friend had written something intriguing on the back:

Alan chuckled and went around the room quickly. In the end, the average score was a four.

"Okay," he continued. "On a scale of one to ten, how aligned is the entire organization around your plan?"

Again Vic broke the tension. "You're assuming we *have* a plan," he said, smiling. "Two."

"That's a little harsh, Vic," replied Eileen. "We publish a strategic plan annually, and everyone in the organization hears us present the plan and gets an executive summary. I say eight."

"Carol?" said Alan quickly.

"Five," she replied indifferently. Sue said four, acknowledging the existence of the plan but questioning whether the entire organization was aligned around it. Evan said three; Art said six.

Alan recorded the scores in his notebook and moved on to the third question: "How would you rate the level of accountability that exists in your organization?"

Clearly this question struck a nerve, as each leader squirmed a bit while sharing a score of two, three, or four. Alan recorded the average of three and continued.

"Thank you for your candor," he said. He approached the white-board at the front of the room, where he had drawn the following diagram:
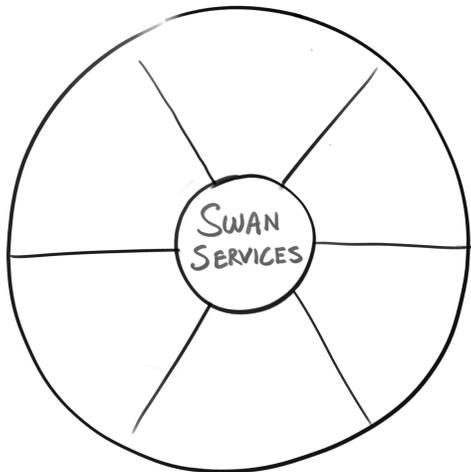
"I'd like to begin by showing you what things will look like at the end of our journey together," he said. "At that point you'll be running

Swan Services using this simple operating system, and your business will have become strong in what I call the 'Six Key Components.' We call the first Key Component 'Vision.'" Alan wrote "VISION" into the top wedge in the diagram. "Strengthening the Vision Component is simply getting everyone 100 percent on the same page with exactly where our organization is going and how we're going to get there."

As Alan turned back to face the group, he noticed several leaders looking furtively at one another. Vic chuckled.

"If you can do that," he said loudly, "name your price!"

Alan laughed along with the group and then introduced the other five Key Components, each with a one-sentence explanation, writing "PEOPLE," "DATA," "ISSUES," "PROCESS," and "TRACTION" into the diagram as he went along.
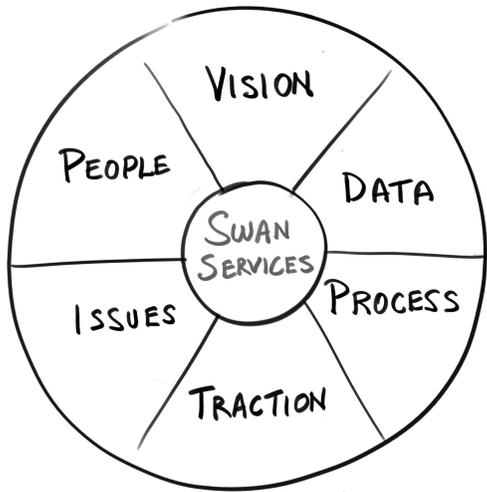
That introduction set the stage for a thorough second pass around the model. In the forty minutes that followed, Alan helped the Swan Services team understand just what "strong" meant for each Key Component, and he introduced a set of practical tools to help the leaders strengthen each Component.

Eileen was intrigued by the simplicity of the system but worried that her team might consider the tools Alan described too basic. While with Anodyne Consulting, she had put together dozens of comprehensive and articulate business plans, dashboards, and

Team,' and so on. Put simply, you need two things to be 100 percent strong in this Component."

He turned to the whiteboard and put two bullets below "PEOPLE" on his diagram. He then wrote the following words as he spoke them:

PEOPLE
-RIGHT PEOPLE
-RIGHT SEATS
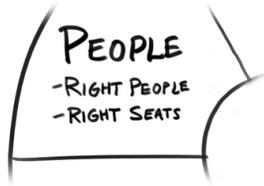
"Jim Collins popularized these terms by helping us understand that to succeed in business, you need the right people in the right seats," Alan explained. "You've got to have both. But what do those terms really mean? Well, 'right people' share your Core Values—they fit your culture. 'Right seats' means everyone has the skills and experience to excel in a job that's truly important to your organization. Once those definitions are clear and tangible, we use two tools to strengthen your People Component. A simple tool called the People Analyzer will help you clearly identify everyone in the organization who fits your culture like a glove and will also expose those who *don't* share your Core Values."

Evan and Sue stole a glance at Carol, who had pushed herself away from the conference table and sat staring straight ahead, her arms crossed tightly.

"To help you build the ideal structure for your organization and clearly determine the right seats," Alan continued, "we use a very powerful tool called the Accountability Chart."

"We already have an org chart," volunteered Carol icily.

"Of course, Carol, lots of my clients do," Alan said kindly. "And that may save us some time if we decide to work together. But the Accountability Chart is like a supercharged org chart because it absolutely crystallizes everyone's roles and responsibilities. It establishes clear ownership of and accountability for everything that's important to your business and plainly illustrates who reports to whom."

Carol seemed satisfied with that response, and Eileen was relieved. Alan then walked the team through a basic Accountability Chart to demonstrate the process.

always say they have twenty ideas a week—nineteen aren't so great, but one is *awesome*. It's that one idea that will take the company to the moon. Often this is the founding entrepreneur. Visionaries are great at relationships and at creating and preserving a good culture. They're creative, strategic thinkers and builders."
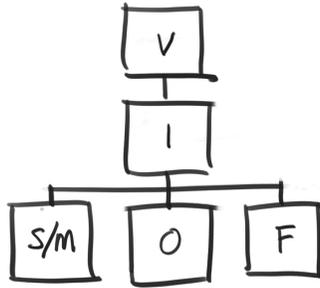
Alan now had the group's complete attention—he had just described Vic perfectly.

"I see two common problems in entrepreneurial companies when the roles of the visionary and integrator haven't been clearly defined," Alan explained. "The first occurs when a visionary is trying to run the company. You can't have a visionary in the integrator seat because what you'll get are these wonderful ninety-day spikes where everybody's excited about a new idea or direction, but then the visionary gets bored running the day-to-day and starts to create chaos. The second problem happens when two or more partners trip all over one another trying to co-run the company. In the world of the Accountability Chart, only one person can ultimately be accountable for a major function. Because when you have two people accountable, nobody is accountable."

Vic and Eileen looked at one another, both feeling a strange mix of emotions. In a few concise sentences, Alan had nailed the essence of their complex thirty-year relationship.

"Once we've identified all the critical functions in the organization," Alan went on, "we then define the five roles for each seat. In other words, what do we need the person who owns each seat to excel at in order to achieve our vision? From there, we'll build out the Accountability Chart for the entire organization. Only *after* we've detailed the critical functions we need and the five roles for each function do we identify the right people for each seat. We do that by comparing the demands

about every ninety days. We all get sucked into the day-to-day, lose focus, or just get bored. Setting and achieving Rocks each quarter creates a ninety-day world for everyone in your organization. You come together, see how you did last quarter, recheck the vision, and then set new priorities for the next ninety days. This keeps everyone laser focused. Everyone owns a piece of the vision and is working together to achieve it. We come up for air every ninety days and repeat that same pulse forever.

"Inside that ninety-day world, we'll also help you create a healthy, productive Meeting Pulse with weekly 'Level 10 Meetings.' This means you will elevate the meetings you rated earlier at a four to a ten. Level 10 Meetings follow a set agenda with a specific psychology behind it that will help you communicate regularly and productively, stay focused on what's important, and solve issues effectively throughout the quarter."

Alan put down his marker and faced the team.
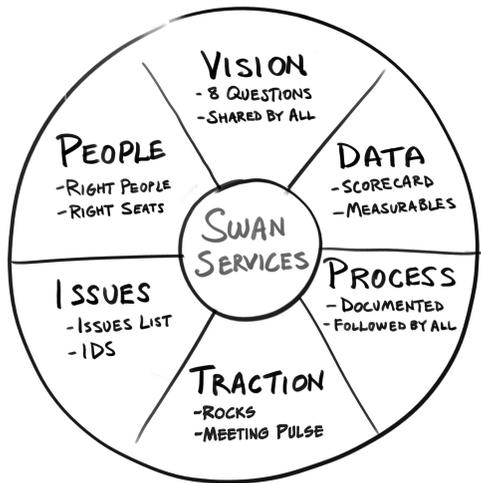
"That's Traction," he continued, "and those are the Six Key Components. Our journey together is designed to help you get to 100 percent strong in each of them—which will never happen. We'll keep striving for it, but 100 percent is utopia. Fortunately, 80 percent or
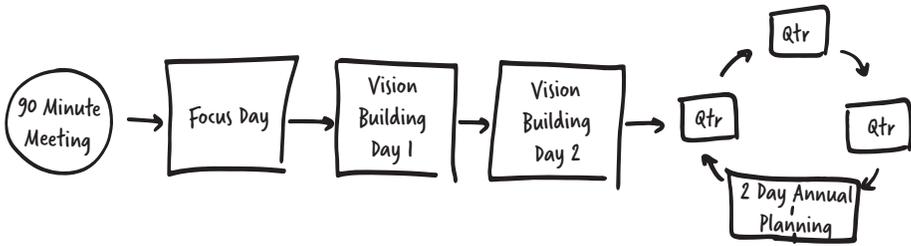
"Ultimately, you and your team will understand and have implemented every tool in my toolbox. Your business will be running on this system. At that point, you'll be ready to graduate and begin conducting your own Quarterlies and Annuals. My job is to get you there quickly—and then get out of your way and let you run your business using this system and these tools. That defines success for me."

"How long does that take?" asked Vic.

"Clients are with me on average for two years," answered Alan. "But if you decide to move forward, you won't sign any engagement letters or pay any retainer fees. You simply commit to moving forward one session at a time."

"So we can fire you if we're not happy?" asked Evan.

"Yes," replied Alan. "In fact, every session is fully guaranteed—if you ever feel that the time we spend together doesn't create value, you won't pay. And of course, you can leave the process at any time. But if you do elect to move forward, it's important that you make a commitment to sticking with the process for the duration. This is a way of life I'm teaching you, not a seminar. You can't come to the Focus Day thinking you're going to solve all your problems and see things magically change overnight."

"So that's my show," Alan concluded. "Any questions?"

There were none. Carol looked at her watch; it read 11:25. She hurriedly collected her things.

Eileen offered to call Alan back later in the week with the team's decision about moving forward, and the group shuffled out of the conference room. Wanting to discuss what the team had learned with the information still fresh, Eileen had arranged lunch near Alan's office. Once everyone was seated, she posed a simple question.

OBJECTIVES

- HAVE FUN
- UNDERSTAND HEALTHY AND SMART
- THINK AND WORK ON THE BUSINESS
- IMPLEMENT PRACTICAL TOOLS – GET MORE DONE

AGENDA

- CHECK IN
- HITTING THE CEILING
- ACCOUNTABILITY CHART
- ROCKS
- MEETING PULSE
- SCORECARD
- NEXT STEPS
- CONCLUDE

Alan invited questions after walking the team through each item. Hearing none, he continued to the check-in by asking everyone to take a few minutes to jot down the answers to three questions he had written on the board:

- NAME AND ROLE?
- GOOD NEWS?
- EXPECTATIONS?

"Okay," Alan said when the team members had finished writing. "We're going to start with the brave one and go to the left from there. Who'd like to begin?"

Silence.

Finally Evan cleared his throat and said, "I'll go."

"Thank you, Evan," replied Alan.

"Evan McCullough, VP of operations," began Evan. "Good—"

"Hold on, Evan," interrupted Alan. "I apologize for not making myself clear. When I asked for your role, I was looking for a little more than your title. Can you help me understand what a VP of ops does at Swan Services?"

its best as a leadership team and clearly explained what the trip would entail.

"At the end of this journey," he concluded, "you'll be operating with one vision, with one voice, and as one team. Each of you will be proud to look across the table into the eyes of your fellow leaders, knowing you can implicitly trust one another and be completely confident that together, you can achieve your vision."

Carol rolled her eyes, but Sue and Evan seemed intrigued. Vic sat back in his chair, realizing clearly that Swan still had a long way to go to achieve that dream.

After each member of the team committed verbally to the journey ahead, Alan started in on the day's agenda with a concept called "hitting the ceiling."

"Whether your definition of growth is rocketing to $200 million or just growing *internally* by becoming more profitable and operating more smoothly," Alan explained, "it's inevitable that you will occasionally get stuck. Growing, making money, and running your business will get harder. You'll get frustrated. You won't know exactly why you're stuck or what you need to do about it; you'll just know you've hit the ceiling."

"We have absolutely no idea what you're talking about, Alan," Vic said with a wry smile. The group erupted with laughter.

Alan went on to explain that hitting the ceiling is inevitable and often necessary before an organization can advance to the next level. He challenged the team to rise to those occasions and help the company break through those ceilings by mastering five leadership abilities.

"If you can't," Alan continued, "the company will flatline or fail—like so many small businesses." As he walked through each of the five leadership abilities, Alan was recording them on the whiteboard:

- SIMPLIFY
- DELEGATE
- PREDICT
- SYSTEMIZE
- STRUCTURE

between two or more of those leaders. When the team can't agree on something, the integrator breaks the ties."

The looks around the table made it clear that this team had known its share of friction.

"What makes this an *Accountability* Chart," Alan said as he drew five bullets in each rectangle, or "seat," "is that we clearly define the five major roles the owner of each major function must obsess about and excel at in order to take us to the next level. Remember, we're going to customize *your* Accountability Chart in two ways. First, we have to determine whether you have three or more major functions on your leadership team. And second, we have to decide whether or not there's a visionary at Swan Services."

Alan drew a fifth seat at the top of the Accountability Chart, placed a "V" in that seat, and reminded the team about the differences between a visionary and an integrator.
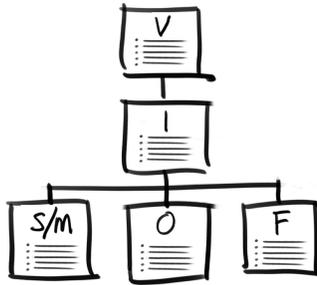
"Whereas integrators love rolling up their sleeves and digging into the day-to-day," he explained, "visionaries are attracted to big ideas—they may have twenty or more before breakfast every day. They're great with big relationships. They're driven by creativity, and they consider culture, principles, and values very important. Much of what exists today—enduring companies, world-changing innovations, cultural advancements—exists because of visionaries."

Everyone turned to look at Vic.

"Clearly we don't have one of those, Alan," Vic said dryly. He paused a moment before smiling broadly. The whole team burst into laughter.

"We're about to start with a blank slate and create the right structure for *your* company," Alan continued, grinning. "When we do,

development. A similar debate about the finance function surprised
Eileen and led to an epiphany of sorts.

As the discussion began, Eileen advocated splitting the finance
function into two or three distinct roles—with one leader (probably
Carol) owning the accounting function and two other leaders head-
ing the IT and HR functions—all at the leadership-team level on the
Accountability Chart. Art and Carol seemed to agree, but she was
challenged by Vic, Sue, and Evan to explain why such a large leader-
ship team made sense for their $7 million company.

Eileen realized she was structuring the company around Carol's
limitations. As the discussion wore on, she came to understand that
a fully capable finance seat owner would easily be able to lead those
other major functions as part of a single department at Swan's cur-
rent size. Carol's narrow focus and limited people skills had obscured
that fact. Once Eileen relented, the team quickly concluded that a
single finance seat should have HR and IT reporting to it.
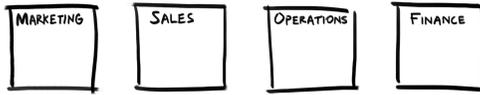
"Well done," Alan said, drawing the integrator seat above the four
others. "Every great organization has an integrator," he went on.
"Someone to run the day-to-day, to lead and manage the leadership
team. I take it from your earlier comments that there may also be a
visionary in this organization?"

The team chuckled. Alan drew the visionary seat at the top of the
chart.
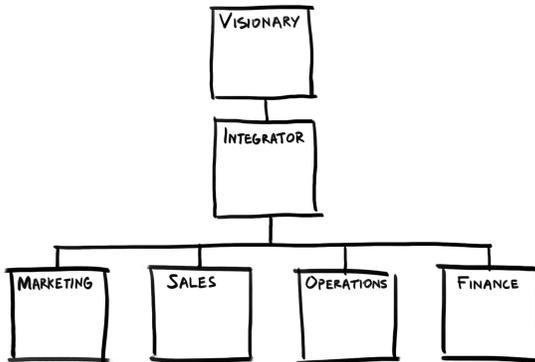
"Now that we've settled on the six major functions of your company," Alan continued, "the next step is to define the five roles for each seat. Let's take them one at a time, again focusing on structure rather than people or history. Where shall we start?"

The team began with the marketing seat, agreeing through discussion and debate to add the following five roles:

MARKETING
- BUILDING THE SWAN BRAND
- MARKETING PLAN
- GENERATE LEADS
- MARKET RESEARCH
- MARKETING TOOLS/ WEBSITE

"Sue," Alan asked about the next seat, "does the owner of the sales function manage people in your organization?"

"Yes," she replied, "we have four sales executives today. I'm not sure that's the right number in our ideal structure, but it's safe to say that the sales leader will have to manage somebody."

Alan recorded "LMA" next to the first bullet in the sales seat. "LMA stands for 'leadership, management, and accountability,'" he explained. "We use this acronym to describe everything you do to get the most from your people. It becomes the first role in your seat. You have to lead well and manage well to create an environment where organizational accountability just happens. That takes time and effort, and it's often done poorly because leaders don't devote enough of either. With all of the tools you'll be learning on our journey together, you'll be better at this than ever."*

After further discussion, the team agreed to these roles for the sales leader:

SALES
- LMA
- SET & ACHIEVE REVENUE GOALS
- SALES PROCESS
- SELLING ("A" PROSPECTS)
- SET REASONABLE CLIENT EXPECTATIONS

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* For a deeper dive into LMA, read *How to Be a Great Boss*. Written with my coauthor, René Boer, it is a complete guide for learning how to become a world-class leader and manager.

from Alan, Evan held tightly to the past and seemed to resist the idea that a high-level summary of the operations leader's roles was even possible. Instead, he kept itemizing every aspect of his job.

"It's just not that simple," he said passionately when Vic suggested that the third role be described as "deliver projects on time and on budget." "To do that, I need greater control over the quote process," he explained. "I can't be accountable for something that I don't control!"

"Why not?" asked Vic. "We're accountable for hitting sales numbers, and we sure as heck don't control the clients!"

"It's more complicated in my department," replied Evan defensively. "You don't have any idea how—"

"I'm sorry to interrupt, Evan," said Alan. "Remember, nobody here has a job yet, so this isn't your department we're talking about. We're focusing first on structure, *then* on people. Let's take a quick break and clear our heads. When we resume, let's stay focused on the way we want the operations function to be structured going forward. No people, no history, and no egos."

Although the break was necessary and well-timed, it didn't help Evan. Instead of clearing his head, he spent the break responding to urgent emails and voice mails. Still distracted by events at the office and threatened by this exercise, Evan stopped expressing his views after the break. Alan recognized this shift and tried to get Evan to challenge another team member's assumptions or suggest an alternative, to no avail.

"Okay, Eileen," Alan finally said, "besides LMA and client satisfaction, what are the roles you need your operations leader to own?"

After some prodding and suggestions from Sue, Vic, and Carol and very passive approval from Evan, the team settled on five roles for the seat:

Next, the team focused its attention on the finance seat and added the following roles:

```
 FINANCE
- LMA
- BUDGETING & REPORTING
- ACCOUNTS PAYABLE/
   ACCOUNTS RECEIVABLE
- HR
- IT
- OFFICE MANAGEMENT
```

Before settling on these six roles, the team spent several minutes discussing IT, trying to decide whether that role belonged in the ops or finance seat. Ultimately, the leaders decided that *internal* IT—the technology needs of Swan and its employees—belonged in the finance department. The ops seat owner would be accountable for the technology needs and issues of Swan's clients.

Carol was thrilled when what she viewed as her seat was defined. She had never been given complete authority of functions outside of accounting, a source of regular conflict between her and Eileen.

Next, Alan drew attention to the integrator and visionary seats, respectively. He reiterated the difference between the two and helped the team define the integrator seat as follows:

```
INTEGRATOR
- LMA
- ACHIEVE P&L,
   BUSINESS PLAN
- REMOVE OBSTACLES &
   BARRIERS
- SPECIAL PROJECTS
- LEGAL & COMPLIANCE
```

"I'm going to ask you to talk about people for a moment," Alan explained as he pointed at the visionary seat, "because this seat is always customized for the individual who owns it. So, team, what do you want Swan's visionary to do? How can Vic add the most value every day?"

The team nodded its approval, and Alan completed filling in the roles of the visionary seat:

"Is that what we want Swan's visionary to be accountable for?" Alan asked.*

The team agreed and took a ten-minute break before settling in for a working lunch. Once Alan had regained everyone's attention, he continued facilitating the Accountability Chart exercise.

RIGHT PEOPLE IN THE RIGHT SEATS

"Now that we've defined your ideal structure—at least at the leadership-team level—let's put the right people in these seats," Alan began. "To do that, we must elevate everyone into seats where they'll spend most of their time doing what they love to do and are best at. We're going to take these seats one at a time, starting with the four major functions—marketing, sales, operations, and finance. Are there any clear-cut owners of those seats?"

The group was eerily silent. Art and Carol each waited for someone else on the team to suggest their names for the marketing and finance seats, respectively. Sue wanted to nominate herself for the sales seat but didn't want to offend Vic. Eileen almost suggested Evan for the ops seat, but his awkward behavior earlier in the session left her wondering whether he was really capable of leading such a critical function. She finally broke the silence.

"Art clearly owns the marketing seat," Eileen said.

"That's right," agreed Vic, and the rest nodded. Alan wrote Art's name into the marketing seat and then surprised the leaders with what he said next.

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* For a deeper dive into the visionary/integrator dynamic, read *Rocket Fuel: The One Business Essential Combination That Will Get You More of What You Want from Your Business.* Written with my co-author, Mark C. Winters, it is a complete how-to manual for finding, developing, and maximizing your visionary/integrator relationship.

VISIONARY
- Big Ideas
- Big Relationships
- Solving Big Problems
- Culture
- Industry Trends

Vic

INTEGRATOR
- LMA
- Achieve P&L, Business Plan
- Remove Obstacles & Barriers
- Special Projects
- Legal & Compliance

Eileen

FINANCE
- LMA
- Budgeting & Reporting
- Accounts Payable/ Accounts Receivable
- HR
- IT
- Office Management

Carol

OPERATIONS
- LMA
- Client Satisfaction
- Delivering on Projects (on Time, to Spec, & Under Budget)
- Resource Management
- Operations Process

Evan

SALES
- LMA
- Set & Achieve Revenue Goals
- Sales Process
- Selling ("A" Prospects)
- Set Reasonable Client Expectations

Sue

MARKETING
- Building the Swan Brand
- Marketing Plan
- Generate Leads
- Market Research
- Marketing Tools/ Website

Art

similar items into one potential Rock. This process narrowed the list to fifteen.

"Okay, team," said Alan. "Let's take a second pass, and this time we're going to let the debates begin and ultimately make some tough decisions. None of these issues are going away—we're just trying to agree on the three to seven top priorities for the organization this quarter."

The second pass resulted in more discussion and some passionate debate. When it was done, eight potential Rocks were left on the list:

- SALES TOOLS/WEBSITE REDESIGN

- REVISE ANNUAL BUDGET

- IMPROVE CLIENT SATISFACTION/RETENTION

- HIRE NEW PROGRAMMER/CONSULTANT

- CLOSE TWO "A" PIPELINE DEALS

- KEY ACCOUNT PLAN

- ACQUIRE NEW PROJECT MANAGEMENT SOFTWARE

- IMPROVE PROFITABILITY/ADJUST OPS STAFFING MODEL

"Let's take one last pass," Alan said, again starting at the top. "Sales tools/web redesign. Is this truly one of the three to seven most important things you must get done *this quarter*?"

"Keep," said Art, Sue, and Vic at once. Eileen and Evan nodded their approval, so Alan circled the Rock.

"Revise annual budget," Alan continued. "Is that a life-or-death priority for the next ninety days?"

"Kill it," said Vic. "Why spend time revising our forecast for the year downward? Let's just focus our energies on getting the company back on track!"

"Hear, hear," said Sue. The rest of the team agreed, and Alan drew a line through "Revise Annual Budget."

"Improve client satisfaction/retention," continued Alan.

"Kill," said Evan. "I know that's going to fall to me, and I'm too busy to tackle that bear right now."

Alan helped the team tackle each remaining item on the list, ultimately settling on the following five priorities for its first set of company Rocks:

- SALES TOOLS/WEBSITE REDESIGN
- IMPROVE CLIENT SATISFACTION/RETENTION
- CLOSE TWO "A" PIPELINE DEALS
- ACQUIRE NEW PROJECT MANAGEMENT SOFTWARE
- IMPROVE PROFITABILITY/ADJUST OPS STAFFING MODEL

With the list complete, Alan illustrated how to clearly define the Rocks by making them "SMART—specific, measurable, attainable, realistic, and timely." As they worked through the list, he also asked the team to assign an "owner" for each Rock—someone who would accept accountability for driving the Rock to completion. He explained that, just like with a seat on the Accountability Chart, only one person could be accountable for a Rock.

"We need one person to lead the charge," he said. "That person is going to need help, and he or she is going to rely on other people around this table. But we still need one set of eyeballs we can look into at the end of the quarter—one person who says the Rock is done or not done."

It was agreed that this first set of Rocks—something of a "practice round"— would be due at or before Swan's third meeting with Alan, about sixty days after the Focus Day. When the exercise was completed, the Rocks were written as follows:

1. TRIFOLD BROCHURE AND WEBSITE DRAFT COMPLETE	ART
2. SURVEY CURRENT CLIENTS AND IMPLEMENT CLIENT RETENTION PLAN	EVAN
3. CLOSE TWO "A" DEALS AND COMPLETE TEN KEY ACCOUNT PLANS	SUE
4. DECIDE ON PROJECT MANAGEMENT SOFTWARE	CAROL
5. IMPLEMENT OPS STAFFING CHANGES TO IMPROVE PROFITABILITY	EILEEN

"Wow," said Vic, staring at the complete list of company Rocks. "If we can get those five things done, it'll be our most productive quarter in a long time—maybe ever. And for once I think we can actually do it!"

Swan Services Quarterly Rock Sheet

Future Date: April 8, 20XX
Revenue:
Profit:
Measurables:

COMPANY ROCKS	WHO
1) Trifold brochure, proposal template and website draft complete	Art
2) Survey current clients and draft client satisfaction/retention plan	Evan
3) Close two "A" deals and complete ten key account plans	Sue
4) Make a decision to acquire project management software	Carol
5) Recommend & approve ops staffing changes to improve profitability	Eileen
6)	
7)	

ART
1) Trifold brochure, proposal template and website draft complete
2)
3)
4)
5)
6)
7)

SUE
1) Close two "A" deals and complete ten key account plans
2) Document sales process, get approved by leadership team
3) Develop sales department scorecard
4) Complete at least one joint prospect meeting with each of the three sales reps
5)
6)
7)

EVAN
1) Survey current clients and draft client satisfaction/retention plan
2) Hire new developer/consultant
3) Complete departmental performance reviews
4) Document project management core process
5) Deliver Acme Industries project on time and on budget
6) Coordinate departmental vacation schedules
7) Implement error-tracking system

CAROL
1) Make a decision to acquire project management software
2) Revise annual budget
3) Revise HR policy manual
4) Complete YTD financials thru June
5) Complete eight hours of continuing education
6) Review IT/payroll processing contracts
7)

EILEEN
1) Recommend & approve ops staffing changes to improve profitability
2) Evaluate variable expenses for cost-savings opportunities
3) Meet with three key clients that have reduced or eliminated spending with Swan
4) Initiate credit line renewal process
5) Complete and implement Focus Day tools
6)
7)

VIC
1) Attend industry trade show in search of at least one "big idea"
2) Visit personally with at least two key clients and two key business partners
3)
4)
5)
6)
7)

ninety minutes you invest each week will revolutionize the way you work together *and* save each of you at least twice that much wasted time on unproductive communication, lost opportunities, and crisis management each week."

Evan nodded reluctantly. Alan went on to explain the five keys to a productive, healthy Meeting Pulse—holding weekly meetings on the same day at the same time, starting on time, ending on time, and using the same agenda each week. He then walked the team through the Level 10 agenda one item at a time:

- SEGUE (GOOD NEWS)   5 MINS
- SCORECARD   5 MINS
- ROCK REVIEW   5 MINS
- CUSTOMER AND EMPLOYEE HEADLINES   5 MINS
- TO-DO LIST   5 MINS
    - ○ ———
    - ○ ———
    - ○ ———
    - ○ ———
- IDS (ISSUES LIST)   60 MINS
    - ○ ———
    - ○ ———
    - ○ ———
    - ○ ———
- CONCLUDE   5 MINS
    - ○ RECAP TO-DOS
    - ○ CASCADING MESSAGES
    - ○ RATING 1-10

"Vince Lombardi said, 'Early is on time; on time is late,'" Alan continued. "So if your meeting is scheduled for 9:00 A.M. each week, starting on time means you're all seated and ready to begin—with everything you need for the meeting—at 8:59."

"Even the visionary?" joked Vic, acknowledging his chronic lateness.

"Even the visionary," responded Alan. "At precisely nine, the person running the meeting will start by asking for personal and professional good news. This will help you segue into the meeting like we did this morning. You'll find that a few minutes focused on the human element each week will help increase team health. That should take no more than five minutes. The next three items on the agenda

Eileen and Vic smiled. They spoke at least twice daily whenever one of them was out of the office for an extended period of time.

"So," Alan continued, "what are the numbers you want to see on that sheet of paper? Please take three minutes to write down your own list of five to fifteen company numbers. Remember: we're looking for leading indicators that can be measured on a weekly basis."

"Should we be thinking of metrics from our own departments, Alan?" asked Sue.

"Yes," he replied. "But also think about what you'd need to know about marketing, operations, and finance to get an absolute pulse on the *whole* business."

Sue nodded and started writing. Eileen, Carol, and Art seemed to be making progress on a list, but Evan and Vic both looked puzzled. Alan distributed a list of real-life Scorecard measurables from clients in the manufacturing, distribution, retail, and services sectors to help get the team's juices flowing.

EXAMPLES OF MEASURABLES

Sales & Marketing:

Page views
Clicks
Unique visitors
Web conversions
Redeemed coupons
Walk-ins / call-ins
Info requests
Web conversions
New leads (#) / opportunities (#, $, or both)
Sales calls
Sales meetings / proposals / presentations
Closed business
Close ratio
Ancillary sales (accessories, warranties, service plans…)
Expected revenue (a pipeline number)
Actual revenue
YTD revenue (% to plan)
Errors (estimating, ordering, design…)
% of asking price received
Cost of sales (salaries + commissions / revenue produced)

Operations:

Run rate / units per hour
Errors
    Customer problems / complaints
    Defect rate (% of units produced late, over budget, or out of spec)
    Breakage / waste
    Bin, sort, inventory
    Delivery, shipping
Utilization rates (for both labor and machinery)
Customer rating
Warranty claims
Overtime
Unbillable hours
Cost per unit
Payroll
Average hourly rate

Finance:

Cash Balance
Various Liquidity Ratios
A/R
A/R > 45 or 60 ($ or % of total receivables)
A/P
Errors (input, billing, reporting…)
YTD gross profit margin
YTD net profit margin
Employee satisfaction
Systems uptime (internal IT)
Employee sick days
Late employees
Employees not hitting their numbers

After a few minutes reviewing the handout and compiling their own lists, the leaders were ready to proceed. Carol volunteered to be the "brave one" and read her list.

"Weekly revenues," she said. "WIP—work in process. Utilization rates. Overtime. Customer complaints. Accounts receivable (A/R) forty-five and ninety days past due."

Writing as fast as he could, Alan recorded the numbers and turned to Carol's left. Eileen rattled off a long list of her own suggestions and turned to Vic to await his list.

"Alan," Vic said. "I'm struggling to find leading indicators. Most of the stuff up there is a trailing number—like weekly revenues. I thought we weren't supposed to measure stuff like that."

"Good catch, Vic," replied Alan. "You're right that leading indicators are best, but if you and the rest of the team believe that weekly revenues is one of the numbers that gives you an absolute pulse on the business, it belongs on your Scorecard. That said, let me illustrate what we mean by leading versus trailing indicators."

Alan turned to an open section of whiteboard and began drawing. In just a few seconds, he had completed a diagram that looked like this:

EXAMPLE 1		ADD TARGET PROSPECT TO LIST	MAKE CONTACTS	FIRST MEETING	NEEDS ASSESSMENT	CREATE PROPOSAL	PRESENT PROPOSAL	WHAT DO YOU WANT? 1 NEW CLIENT/ MO
		8/WK	4/WK	2/WK	1/WK	2/MO	2/MO	
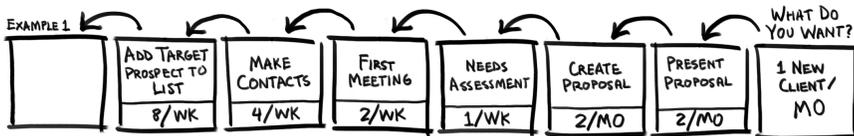
Alan walked the team through his illustration of a typical sales process, identifying "number of new clients" as a trailing indicator and earlier steps in the process as leading indicators.

"I got it," Vic said when the discussion concluded. "In that case I want to measure leads, initial meetings, and proposals."

Sue went next. "Other than what you've already listed," she began, "I'd like to measure new opportunities, thirty-day pipeline, close ratio, and contracts received."

"Number of contracts?" Alan asked. "Or dollars?"

"Both," she replied. "I'm not sure how to say this, but I'd also like to measure near-term resource availability in operations. If they're so

- New Leads (#)
- Initial Sales Meetings (#)
- Proposals (#)
- Proposals ($)
- Thirty-day Pipeline
- Contracts (#)
- Contracts ($)
- Projects Late (#)
- Projects Over Budget (#)
- Defects Delivered to Clients (#)
- Utilization Rate (%)
- Cash Balance
- A/R > 60 (% of total)
- Billing Errors (#)

Throughout the exercise, Evan resisted the team's effort to create a great Scorecard. He was particularly opposed to measuring late projects, dismissing that as a complex and subjective measurable. Working together, Alan and Swan's other leaders helped Evan understand the value of such a number and envision a reliable way to measure late projects. Though not fully convinced, he reluctantly agreed to do so for a quarter before making a decision about whether the measurable was worthwhile.

The discussion was repeated nearly verbatim when the team discussed billing errors, although this time Carol was the one insisting the number wouldn't be accurate.

"Can't the billing clerk and account managers just make a tick mark somewhere whenever a client calls to report an error?" asked Sue.

"But the clients don't know what an error *is*!" exclaimed Carol. "And neither do the account managers."

Ultimately, she agreed to report the number of reissued invoices each week, but she didn't seem happy about it. Once the list was complete, Alan drew a grid around the measurables. Next he helped the team set goals for each number. When discussing the goal for initial sales meetings, Sue's gears were turning hard.

A heated argument ensued. Alan helped calm the team by agreeing that responsibility for late accounts was probably often shared between several members of the team. He helped Carol understand that she and her collections person were probably the most likely people to "fix" the number if it veered off track, so she reluctantly agreed to accept accountability for the number.

When the exercise was concluded, the completed template looked like this:

Who	Measurable	Goal	Weeks													
			1	2	3	4	5	6	7	8	9	10	11	12	13
Sue	New leads	36													
Sue	Initial sales meetings	12													
Sue	Proposals (#)	4													
Sue	Proposals ($)	$300K													
Sue	30-day pipeline	$1.5M													
Sue	Contracts (#)	2													
Sue	Contracts ($)	$150K													
Evan	Projects late	1													
Evan	Projects over budget	1													
Evan	Defects to clients	0													
Evan	Utilization rate	80%													
Carol	Cash balance	$75K													
Carol	A/R > 60 days	< $30K													
Carol	Billing errors	0													

Carol was assigned the task of gathering numbers from each leader every week. She made her limits clear.

"I'm putting this spreadsheet on the shared drive," she said flatly. "I'll print the report Monday at 4:00 P.M. If your numbers aren't in the spreadsheet, they won't be there at the meeting the following day. I'm not chasing any of you down."

Alan invited questions and concluded the exercise.

"I know it is late in the day," he said, "but that felt like really good work. Just remember that this is a first cut at your Scorecard. It can take one to three months—even longer—before you get the Scorecard just right. Be patient, stick with it, and let it evolve. Bring your questions and comments back into the next session."

Alan checked his watch and, seeing that it was 4:40, quickly continued. He promised the team that after the two Vision-Building

OBJECTIVES (2 DAYS)

- MASTER FOCUS DAY TOOLS
- CLEAR VISION
- CLEAR PLAN
- ISSUES LIST CLEAR

AGENDA (2 DAYS)

- CHECK-IN
- REVIEW FOCUS DAY TOOLS
- CORE VALUES
- CORE FOCUS
- 10-YEAR TARGET
- MARKETING STRATEGY
- 3-YEAR PICTURE
- 1-YEAR PLAN
- QUARTERLY ROCKS
- ISSUES LIST
- NEXT STEPS
- CONCLUDE

"Our first objective for these two days of Vision Building," he continued, "is to help you master the Focus Day tools that you learned in our last session. In this journey, mastery means two specific things—that you *understand* the tool and that you've *implemented* the tool in your organization. The second and third objectives are to walk out of here in about thirty days—after day two—with a crystal-clear vision and a clear plan to achieve that vision. That means everyone in this room is 100 percent on the same page with where the business is going and exactly how we plan to get there. There can be no exceptions."

Alan pointed at the twelve issues on the board left over from Swan's Focus Day as he went on: "The last objective is to get your Issues List clear and complete. We're going to continue smoking out issues during these next two sessions, and this list is going to grow."

Alan quickly reviewed the agenda, explaining that the team would first thoroughly review the Focus Day tools and then begin working

that didn't seem to be working. He admitted to being off track on most of his Rocks and to have not gotten his team's Accountability Chart completed. He also hadn't consistently reported Scorecard numbers.

"So what's not working," said Evan haltingly, "is either this system . . . or me. I just can't seem to find the time to keep our projects on track, manage my team, and do all this homework. I'm sorry, Eileen, Vic—I feel like I'm letting you guys down."

"Thanks for being so open, Evan," Alan replied. "What you're experiencing is normal at this stage of the process. Don't get me wrong—we *do* need you to regain control, keep your Rocks on track, and complete your To-Dos. We'll work through some of the root causes of those issues when we review the Focus Day tools today."

Evan seemed soothed by Alan's response, but his struggles troubled Eileen.

Alan enjoyed hearing the team's expectations. Each leader expressed real enthusiasm for diving into the company's vision. Alan finished the exercise by also checking in, again expressing his expectations as, simply, "open and honest." He then moved to a whiteboard where he had written the following list:

FOCUS DAY TOOLS

- HITTING THE CEILING
  - SIMPLIFY
  - DELEGATE
  - PREDICT
  - SYSTEMIZE
  - STRUCTURE
- ACCOUNTABILITY CHART
- ROCKS
- MEETING PULSE
- SCORECARD

He began by reminding the team that every organization, every department, and every leader hits the ceiling from time to time. He stressed the importance of mastering five leadership abilities: simplify, delegate, predict, systemize, and structure. He then reviewed them one by one, this time identifying specific tools he would be helping the leaders master to strengthen each of the abilities.

VISIONARY
- Big Ideas
- Big Relationships
- Solving Big Problems
- Culture
- Industry Trends

Vic

INTEGRATOR
- LMA
- Achive P&L, Business Plan
- Remove Obstacles & Barriers
- Special Projects
- Legal & Compliance

Eileen

MARKETING
- Building the Swan Brand
- Marketing Plan
- Generate Leads
- Market Research
- Marketing Tools/ Website

Art

SALES
- LMA
- Set & Achieve Revenue Goals
- Sales Process
- Selling ("A" Prospects)
- Set Reasonable Client Expectations

Sue

OPERATIONS
- LMA
- Client Satisfaction
- Delivering on Projects (On Time, to Spec, & Under Budget)
- Resource Management
- Operations Process

Evan

FINANCE
- LMA
- Budgeting & Reporting
- Accounts Payable/ Accounts Receivable
- HR
- IT
- Office Management

Carol

AP/AR | | | | | LISA T .....

HR | | | | OPEN .....

IT | | | | | OPEN .....

A/M LEAD | | | | | OPEN .....

P/M LEAD | | | | | OPEN .....

B/A LEAD | | | | | OPEN .....

DEV LEAD | | | | | OPEN .....

ACCT MGT | | | | | (4) .....

PROJ MGT | | | | | (4) .....

B/A | | | | | (4) .....

DEV'T | | | | | (13) .....

SALES
• NEW BIZ DEV
• HIT SALES GOAL
• PIPELINE
(3)

Swan Services Quarterly Rock Sheet

Future Date: April 8, 20XX
Revenue:
Profit:
Measurables:

COMPANY ROCKS

	WHO
1) Trifold brochure, proposal template and website draft complete	Art
2) Survey current clients and draft client satisfaction/retention plan	Evan
3) Close two "A" deals and complete ten key account plans	Sue
4) Make a decision to acquire project management software	Carol
5) Recommend & approve ops staffing changes to improve profitability	Eileen
6)	
7)	

ART

1) Trifold brochure, proposal template and website draft complete
2)
3)
4)
5)
6)
7)

CAROL

1) Make a decision to acquire project management software
2) Revise annual budget
3) Revise HR policy manual
4) Complete YTD financials thru June
5) Complete eight hours of continuing education
6) Review IT/payroll processing contracts
7)

SUE

1) Close two "A" deals and complete ten key account plans
2) Document sales process, get approved by leadership team
3) Develop sales department scorecard
4) Complete at least one joint prospect meeting with each of the three sales reps
5)
6)
7)

EILEEN

1) Recommend & approve ops staffing changes to improve profitability
2) Evaluate variable expenses for cost-savings opportunities
3) Meet with three key clients that have reduced or eliminated spending with Swan
4) Initiate credit line renewal process
5) Complete and implement Focus Day tools
6)
7)

EVAN

1) Survey current clients and draft client satisfaction/retention plan
2) Hire new developer/consultant
3) Complete departmental performance reviews
4) Document project management core process
5) Deliver Acme Industries project on time and on budget
6) Coordinate departmental vacation schedules
7) Implement error-tracking system

VIC

1) Attend industry trade show in search of at least one "big idea"
2) Visit personally with at least two key clients and two key business partners
3)
4)
5)
6)
7)

"So can we conclude?" Alan asked.

"Yes," Eileen replied. "It sounds like having Art continue to participate in these sessions through Vision-Building Day Two is the right call. Agreed?"

Eileen got agreement from everyone on the team. Art and Sue in particular seemed genuinely pleased with both the decision and the way it was made. Eileen smiled, starting to see more clearly how IDS worked best.

With that delicate issue resolved, Alan moved on to review the final Focus Day tool, the company Scorecard. He started by asking Eileen to distribute copies.

Who	Measurable	Goal	Weeks												
			1	2	3	4	5	6	7	8	9	10	11	12	13
Sue	New leads	36	11	4	47	17									
Sue	Initial sales meetings	12	8	9	4	14									
Sue	Proposals (#)	4	2	1	3	4									
Sue	Proposals ($)	$300K	$175K	$70K	$275K	$350K									
Sue	30-day pipeline	$1.5M	$1.15M	$1.05M	$1.10M	$1.25M									
Sue	Contracts (#)	2	2	1	1	2									
Sue	Contracts ($)	$150K	$161K	$135K	$75K	$170K									
Evan	Projects late	1			4	4									
Evan	Projects over budget	1													
Evan	Defects to clients	0		1		1									
Evan	Utilization rate	80%													
Carol	Cash balance	$75K	$55K	$85K	$70K	$61K									
Carol	A/R > 60 days	< $30K	$42.5	$42.5	$31.0	$26.1									
Carol	Billing errors	0	0	1	1	0									

"Is this Scorecard giving you all an absolute pulse on the business?" Alan asked.

"Well, this is becoming a recurring theme," admitted Evan, "but it's my fault nobody has even a faint pulse on the ops department. I just haven't been able to build the right system for measuring this stuff."

Alan asked the team to confirm that it still wanted to see all four of Evan's numbers, and everyone did. One measurable at a time, he asked Evan to verify that it was possible to measure each number weekly. In each case Evan agreed, so Alan walked to the Issues List and wrote "Ops Scorecard Numbers" in green marker.

The team quickly reviewed each of the other departments' numbers. Concerns were expressed about several measurables, but eventually the team decided to track those numbers for the rest of the quarter before making any changes.

Lunch was delivered just as the Scorecard discussion drew to a close. The team took another quick break and settled in for a working lunch. Alan cleared the whiteboard and prepared for the transition to Vision Building.

TRANSITION TO VISION

Fifteen minutes later, Alan began by explaining the logic of traction first and vision second. By implementing the Focus Day tools *before* working on the company vision, he explained, Swan Services would be far better able to execute its vision.

"I often say vision without traction is hallucination," Alan began, getting a few laughs. "With clear accountability and discipline in place, your discussions about the future and the decisions you're about to make become more real, more attainable. You aren't just hoping or wishing for something to happen. You're *predicting the future* with people who will take ownership and then working hard together to achieve your vision."

His words drew a few smiles, and he continued: "We'll take a simple approach to defining Swan's vision. The reason we can is that it already exists in your heads. Unfortunately, there are six different variations, and we can only have one. We're going to get you all 100 percent on the same page with the answers to the eight questions on the V/TO."

He then pointed to the middle of the agenda on the whiteboard, where the following items were listed:

- CORE VALUES
- CORE FOCUS
- 10-YEAR TARGET
- MARKETING STRATEGY
- 3-YEAR PICTURE
- 1-YEAR PLAN
- QUARTERLY ROCKS
- ISSUES LIST

"Let's take these one question at a time, beginning with Core Values," Alan said. "Core Values are a small set of essential, enduring principles that define your culture. Three to seven is the rule of thumb, hopefully closer to three because less is more. When we're done with this exercise, we will have defined the culture of this organization—what makes Swan and its people unique. This is who you are. These Core Values will become useful, indispensable—the rules you play by. You *must* live by them yourselves and use them to hire, fire, review, reward, and recognize your people. When these Core Values live and breathe in the organization, you'll attract more of the right people to the company. The wrong people will stick out like a sore thumb, feel out of place, and more comfortably exit."

Following a process he'd used to help many organizations discover their own Core Values, Alan asked the leaders to write down the names of three people at Swan who were true superstars.

"These are people you love. They fit the culture, and it fits them. They're people you'd like to clone, because if you had a thousand of 'em, you could conquer the world," he explained. "Ideally, pick three people who are currently in the organization but not here at this table."

After a few minutes, Alan asked each leader to read his or her list, and he recorded the names on the whiteboard. There were several duplicates, which he recognized by placing a tick mark next to the name.

MATT |
MARY C.
HENRY ||||
BELLA ||
RACHEL |||
RICHARD
STEPHANIE
MARK

"Thinking of these people," Alan continued, "please make a list of the characteristics, attributes, or traits that make them so valuable."

When everyone had finished, Alan started recording the characteristics one leader at a time, resulting in a list of forty-one words or phrases on the whiteboard.

"Are you sure less is more, Alan?" asked Vic, laughing.

"This is nothing," replied Alan, laughing. "I promise we'll walk out of here with three to seven."

He led the team through the first cut of the lengthy list by using the "Keep, Kill, and Combine" process of elimination. Again during this first pass, there could be no debates. If anyone wanted to keep a potential Core Value, it stayed on the list. At the conclusion of that first cut, fifteen items remained.

> POSITIVE/CAN-DO ATTITUDE
> THIRST FOR KNOWLEDGE
> PASSIONATE
> INTEGRITY
> INNOVATIVE/CREATIVE
> HARDWORKING
> DETAIL ORIENTED
> DOES THE RIGHT THING
> GETS THINGS DONE
> NEVER SATISFIED
> COMPETITIVE
> HUMBLE
> RELIABLE
> CONFIDENT
> HELPFUL

Before making the second pass, Alan shared the contents of a *Harvard Business Review* article by Patrick Lencioni titled "Make Your Values Mean Something." Lencioni cited three "values traps"—mistakes companies make when defining Core Values that make it hard to use them to build and maintain an enduring company culture.

"*Aspirational* Core Values," Alan summarized, "are characteristics that sound great but don't define the culture that exists in your organization today. If the people who fit at Swan today are a bunch of

was Killed as accidental, and Alan drew a line through hardworking when the team concluded it was also a permission-to-play value.

They moved down the list, Keeping, Killing, and Combining, until another battle occurred while discussing "competitive." Evan wanted to Kill it as an undesirable trait. Vic insisted it had been key to Swan's success and should continue to be a required characteristic. Ultimately, it was Killed as not essential for every employee.

After an interesting discussion, the team decided to Combine humble and confident into a single Core Value. Eileen and Evan had been concerned that confident would be misconstrued as arrogant. Having suggested both potential values for the list, Sue assured the team that she didn't mean arrogant at all. It dawned on her that she recorded both characteristics to make precisely this point.

"What if we Combined these two into a single Core Value?" she asked. "We make the point that we're people who believe in ourselves and our solutions but don't come off as cocky or arrogant. Would that work?"

"I love it," replied Vic. "Keep."

"Agreed," said Eileen. Art agreed as well, Carol shrugged, and Evan flashed the thumbs-up sign, so Alan Combined the two Core Values.

The team made one last pass through the following list:

> POSITIVE/CAN-DO ATTITUDE
> THIRST FOR KNOWLEDGE/NEVER SATISFIED
> PASSIONATE
> DOES THE RIGHT THING
> GETS THINGS DONE/RELIABLE
> HUMBLE/CONFIDENT
> HELPFUL

When Alan reminded the leaders that "less is more," two quick discussions resulted. First, Sue suggested that the team Combine positive attitude with helpful, arguing that the attitude alone wasn't as important as a genuine desire to dig in and help others get the results they needed. And although Vic held on to "passionate" until the bitter end, Eileen helped him understand that an employee who really fit Swan's culture as defined by the other five Core Values would be, by default, passionate about Swan and his or her role in the organization.

As the discussion concluded, Alan congratulated the team on a job well done. During a quick break, he set up the next part of the Core Values exercise. When the team returned, he handed each of them blank copies of a grid, a tool he called the "People Analyzer." Alan asked the leaders to record Swan's five Core Values in the diagonal columns at the top of the People Analyzer and the names of each leader in the rows down the left side.

Column headers (diagonal): HELPFUL/POSITIVE/CAN-DO ATTITUDE, HUMBLE/CONFIDENT, GETS THINGS DONE/RELIABLE, DOES THE RIGHT THING, THIRST FOR KNOWLEDGE/NEVER SATISFIED

Row labels: VIC, EILEEN, ART, CAROL, EVAN, SUE

"To test your Core Values," Alan explained, "we're going to people-analyze everyone in the room—one Core Value at a time—using one of three scores: Plus (+) means the person exhibits this Core Value *most* of the time—nobody's perfect. Minus (–) means most of the time the person does *not* exhibit the Core Value. Plus/minus (+/–) means some of the time the person does and some of the time he or she doesn't."

Alan then asked the team to rate everyone in the room for each Core Value. The leaders became very still, and a couple of them hunched over their grids. Carol covered her responses with her hand. Tension mounted as everyone realized where this exercise was going.

"Let's start at the top by rating Vic," Alan suggested. "We'll go rapid-fire around the room, one Core Value at a time, starting to Vic's left."

For "thirst for knowledge/never satisfied," Eileen said "plus," Art said "plus," Carol said "plus/minus," and Evan and Sue each said "plus." Alan recorded a "+" in the diagram and explained that he would be recording the average of what was said. When the exercise was complete, Vic was rated as follows:

Vic		+	+	+/–	+	+

Although Vic hadn't gotten a vote in Alan's tally, he admitted rating himself a "plus/minus" in the "gets things done/reliable" category, and the team moved on to rate Eileen. Evan and Vic rated her a "plus/minus" for "positive attitude," but her average scores were all pluses.

EILEEN		+	+	+	+	+

Sitting to Eileen's left was Art, who was growing apprehensive as his turn neared. He began to relax when he made it through the first three Core Values with all pluses. His average score was "plus/minus" in "humble/confident" (the same way he rated himself).

ART		+	+	+	+/–	+

Carol was up next. The pressure in the room had become intense, but Alan noticed a strange half-smile on Eileen's face. She seemed almost

eager to begin the discussion. The Core Values exercise had crystallized Eileen's feelings about Carol. Staring at her scores, she thought back to her struggles rating the controller's GWC in the Focus Day. She realized competence for the roles in her seat hadn't been the issue. Carol was clearly a *wrong person* in the *right seat*.

Starting with Evan, Alan asked each leader to give his or her rating for Carol in "thirst for knowledge/never satisfied."

"Plus/minus?" Evan said weakly.

"Plus/minus," repeated Sue.

Carol shot both a withering look; each leader worked hard to avoid eye contact. Vic, Eileen, and Art all chimed in with "plus/minus" in rapid succession, and Alan recorded the score. Carol calmed slightly when she earned an average rating of "plus" for "does the right thing" and "gets things done/reliable." Alan moved on to "humble/confident."

"Plus/minus," Evan began.

"Plus/minus," said Sue.

"Minus," said Vic.

"Minus," said Eileen immediately afterward. Someone gasped. Carol turned a bright shade of red.

"Plus/minus," said Art. Alan recorded the rating and continued unfazed.

"Helpful/positive/can-do attitude?" Alan said to Evan.

"Minus," he said more confidently in the wake of Vic's and Eileen's earlier ratings.

"Minus," said Sue and Vic in succession.

Eileen had been watching Carol carefully. She was visibly angry and looked to be contemplating either an outburst or a hasty exit. Undeterred, Eileen read the rating she had recorded.

"Minus," she said coolly.

"Plus/minus," Art said gently. Alan recorded a minus and stepped away to let Carol's marks sink in.

CAROL	+/-	+	+	+/-	−

After a brief pause Alan continued, "Okay, now rating Evan."

"Hold *on*!" Carol blurted. "We're not just moving on without talking about this, are we? You're acting like nothing happened."

"I'm sorry, Carol," Alan said kindly. "Are you surprised or frustrated by the ratings?"

"Yes!" she shouted. "I'm flat-out pissed! Don't I get a chance to defend myself?"

"Well," said Alan slowly, "it would be best if we deal with any frustrations about the way any of you were rated after the exercise. I realize that might be difficult, but right now we're just focused on testing your Core Values. Is that okay with you?"

Carol was flabbergasted. She hadn't anticipated Alan saying no, so she wasn't able to respond. She just sat back in her chair, angry and defeated. Relieved to be done rating Carol, the team moved quickly and painlessly through Evan's and Sue's scores. Alan ultimately recorded the following ratings for each leader:

EVAN	+	+	+/-	+	+
SUE	+	+	+	+	+

With the entire team rated, Alan added another row at the bottom of the People Analyzer and entered "THE BAR" in the left-hand column.

"Next we need to set the bar," Alan explained. "In other words, what's the minimum rating that would make you feel an employee shares your Core Values? Once that's defined, someone who is at or above the bar is a 'right person.' Where we should set the bar is completely up to you, but the rule of thumb when you have five Core Values is any combination of three pluses and two plus/minuses. Somebody with a minus can never be above the bar."

The team asked questions and discussed its options, ultimately defining the bar as Alan suggested. Carol remained visibly agitated throughout and didn't say a word.

"We're almost done," Alan promised. "But I'd like to test your Core Values one more time. Can somebody give me the name of one of Swan's shining stars?"

Evan pointed to the employee names Alan had written on the whiteboard earlier and said, "How about Henry? He got five votes." The team quickly agreed.

"So Henry's one of the best people in your organization," Alan continued, recording his name on the People Analyzer. "Can you give me one of the worst? Is there somebody in this organization that clearly doesn't fit the culture?"

"Jerry," said Evan right away. Eileen nodded. The two of them had been discussing Jerry Ryan's performance issues and personal problems for months. He was a relatively capable developer but seemed to need constant attention and often got into scrapes with other employees.

Alan added Jerry's name to the list and asked each leader to rate Henry and Jerry according to the Core Values. As Alan began gathering scores from each leader, Art looked perplexed.

"I don't know Jerry at all," explained Art. "Should I pass?"

"Yes, if you have no relevant experience with him," Alan answered.

Alan compiled the ratings, recording averages on the whiteboard as follows:

THE BAR	+	+	+	+/−	+/−
HENRY	+	+	+	+	+
JERRY	+/−	+/−	+	+/−	+/−

"Wow," said Vic. "That certainly makes me feel like we got these right."

Alan let Vic's comment settle, watching as the team processed the data reflected in the People Analyzer. "Congratulations. *Very* well done," he said sincerely. "You've clearly defined what it means to be a 'right person' at Swan Services. Before we move on, I also want to explain how the People Analyzer helps you define the right seats."

Alan reminded the team that GWC stands for gets it, wants it, and has the capacity to do it." He explained that the bar for GWC is three yeses—a nonnegotiable. He recorded that on the whiteboard. (See page 126.)

"To determine whether someone is in the right seat using the People Analyzer," he continued, "you look at the person's seat on the Accountability Chart and the roles in that seat. Just as we did for each of you earlier, you then rate that person a yes or a no in each of the three columns—G, W, C. If you can't comfortably say yes, that's a no. There's

	C	W	G	Helpful/Positive/Can-Do Attitude	Humble/Confident	Gets Things Done/Reliable	Does the Right Thing	Thirst for Knowledge/Never Satisfied
Vic				+	+	+/-	+	+
Eileen				+	+	+	+	+
Art				+	+/-	+	+	+
Carol				-	+/-	+	+	+/-
Evan				+	+	+/-	+	+
Sue			Y	+	+	+	+	+
The Bar		Y	Y	+/-	+/-	+	+	+
Henry		Y	Y	+	+	+	+	+
Jerry				+/-	+/-	+	+/-	+/-

Eileen jumped in. "I'd like to meet with Carol to discuss this in depth tomorrow. Let's compare calendars at the break and find time away from the office. Okay?"

"Okay," Carol replied grimly.

Alan dismissed the team for another break and cleared the white-board to prepare for the Core Focus exercise.

SWEET SPOT

"One thing is certain in business," began Alan when everyone was seated. "We're all going to lose focus."

"I'm sorry, Alan," interrupted Vic. "What were you saying?"

Once again, the team erupted with laughter.

"Sometimes we lose focus because things are slow and we're desperate for that next big deal," Alan continued, smiling. "Sometimes we get overconfident, thinking that because we've succeeded in one business, we can automatically succeed in another. And sometimes we just get bored, become distracted, and start chasing what one of my clients calls 'shiny stuff.'"

He went on to explain the importance of focus—of channeling the energy a small, entrepreneurial company has in a single direction.

"To do that, we need to define and stick to Swan's Core Focus," he continued. "Your sweet spot as an organization. This has been called many things—'mission statement,' Stephen Covey calls it 'voice,' Jim Collins calls it the 'hedgehog concept,' Dan Sullivan calls it 'unique ability.' We call it 'Core Focus' because it comes from your core and you must stay focused on it to avoid getting distracted. As with Core Values, your Core Focus already exists; we just need to discover and define it."

Alan then set up the exercise by drawing a diagram on the board:
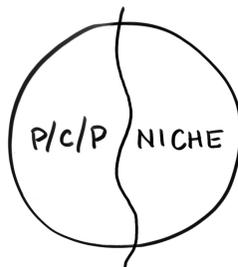
Eileen went next. "Creating the best technology solutions company in the world, with great employees and happy clients."

"Carol?"

"This may not be what you're looking for," she said, "but passion is not really my thing. I wrote down, 'Making this company more stable and profitable.'"

"That's just fine. Thanks, Carol."

Alan then asked the team to review two things to stir the pot, a list of real-world examples and a checklist describing essential attributes of a clear, effective purpose, cause, or passion statement.

Purpose/Cause/Passion Examples:

- **Schechter Wealth Strategies:** To create lifelong relationships and raving fans
- **Image One:** To build a great company with great people and great results
- **Mary Kay:** To give unlimited opportunity to women
- **Nike:** To experience the emotion of competition, winning, and crushing competitors
- **Disney:** To make people happy
- **EOS Worldwide:** Helping entrepreneurs get what they want from their businesses
- **Mortgage Resource Plus:** To serve our community with passion and excellence
- **pulse220:** Creating "wow" experiences
- **McKinley:** To enrich the quality of life in our communities

Purpose/Cause/Passion Checklist:

1. It is stated in three to seven words   ☐

2. It is written in simple language   ☐

3. It is big and bold   ☐

4. It has an "aha" effect   ☐

5. It comes from the heart   ☐

6. It involves everyone   ☐

7. It is not about money   ☐

8. It is bigger than a goal   ☐

That helped the team further narrow the list, so Alan recorded what remained on the whiteboard near the side of the diagram marked "P/C/P":

- HELPING PEOPLE
- SOLVING PROBLEMS
- CREATING THE BEST COMPANY

P/C/P | NICHE
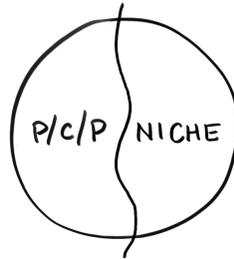
Alan moved on to the niche. This time Eileen went first.

"Designing and deploying the best, most appropriate technology solutions," she said.

Sitting to Eileen's left, Art said, "Comprehensive solutions that leverage the latest technology."

"Enterprise technology solutions," Carol said quickly.

"Custom integration of enterprise technology," said Evan. Alan looked at Sue.

"I took a different approach," she said. "What we do better than anyone else is *listen*. We get to know our clients, we come to understand their issues and challenges, and we speak their language. Because we act like real people instead of technology geeks—no offense, Evan—we recommend only stuff that makes sense for them."

The rest of the team was listening intently.

"So I wrote down, 'Solving real problems with the right technology,'" she said with a shy smile. "That's what we do better than anyone else. We dig in and help our prospective clients figure out what they really need, and then we figure out how best to solve that problem or build the right solution. And if they don't really need something we do well—*we tell them*. Most of our competitors just throw solutions at their prospects, hoping something will stick."

"Holy cow," said Vic. "That's *much* better than what I wrote down."

"I really like that, too," agreed Eileen. "How does everyone else feel?"

"This 'geek' thinks Sue got it just right," said Evan, chuckling. "I mean, it sounds less mundane than the industry jargon a lot of us used."

The other two agreed, so Alan wrote, "Solving real problems with the right technology" in the "Niche" section of his diagram. He then pointed back to the side of the diagram marked "P/C/P" (for purpose/cause/passion) and continued.

"You know, Alan," said Vic. "I think we can strike 'solving problems' from the list because we've already got them covered in the niche."

"Right," Alan said while erasing.

From there, the team quickly agreed that its passion was a combination of helping people and building a great company. They spent a few minutes experimenting with different ways of saying it before settling on "Building a great company with great people." That left the team with the following conclusions on the whiteboard:
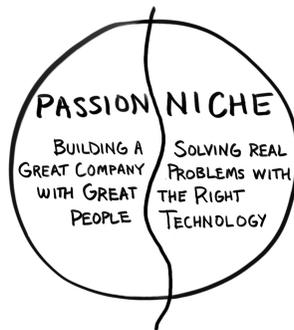
"Love it," said Vic immediately.

Sue, Art, and Evan nodded enthusiastically as well. Alan then asked the first of two questions: "Is there enough business within your Core Focus to meet your revenue and profit goals?"

"Yes, of course," Vic answered right away. "Everybody *wants* to solve real problems with the right technology. Some may not even know the difference between that and what they actually buy. We just have to do a better job of telling our story so more prospects know they ought to be working with Swan Services."

"I agree," Sue said, and the rest of the team nodded.

Alan continued with question number two: "Are you doing any work today that's outside your Core Focus?"

"You know," Sue thought aloud, "if we're really going to use this Core Focus as a filter, we'll have to stop doing business with Dynatrend Industries—"

Alan solicited feedback from everyone around the table, and the team quickly settled on the following 10-Year Target, which Alan recorded on the whiteboard:

10-Year Target – $40 Million in Revenue, 15% Net Profit

"Gosh," Evan said. "Now that I see just the numbers on the whiteboard, it seems so *cold*. Shouldn't we add something qualitative? Maybe something about being a great company or a leading provider or something?"

"That's the team's call, Evan," Alan replied. "I have clients who do it both ways. Remember that this is just a long-range, energizing goal. The purpose of this exercise is to get you all 100 percent on the same page with where you're going and help everyone in the organization understand that things have to start being done differently *today* if you're going to make this happen."

"Evan," interjected Vic, "I also worried about it being too matter-of-fact, but I think this'll work. I mean, $40 million and crazy profitable is going to do *more* than fire people up. It'll freak 'em out—in a good way. You with me?"

"Sure," said Evan, shrugging his shoulders. "If you think it doesn't sound like we're overly focused on the money, I'm good."

The clock read 4:40. Alan concluded the exercise and segued directly into the "next steps" segment by inviting someone to capture the 10-Year Target and add it to the V/TO. Sue readily volunteered. He then made sure everyone on the team left with a clear sense of what needed to happen for Swan Services to stay on track between sessions.

"Any questions on your next steps?" Alan asked. When there were no questions, he said, "I'll see you all back here for Vision-Building Day Two in about thirty days."

He walked to the whiteboard, grabbed a red marker, and recorded the following:

- FEEDBACK?
- EXPECTATIONS?
- RATING - 1-10?

Carol

Thirst for knowledge/Never Satisfied	Does the right thing	Gets things done/Reliable	Humble/Confident	Helpful/Positive/Can-Do Attitude
+/-	+	+	+/-	-

Objectives (2 Days)

- Master Focus Day Tools
- Clear Vision
- Clear Plan
- Issues List Clear

Agenda (2 Days)

- Check-In
- Review Focus Day Tools
- Core Values
- Core Focus
- 10-Year Target
- Marketing Strategy
- 3-Year Picture
- 1-Year Plan
- Quarterly Rocks
- Issues List
- Next Steps
- Conclude

Alan made it clear that he expected the team to fully achieve the four objectives by the end of the day. He also promised to review all the work that had been done on the Core Values, Core Focus, and 10-Year Target before moving on to answer the remaining questions on the V/TO. Finally, he again asked the team to check in by providing three pieces of information: bests, an update, and expectations. After a few quiet minutes, Alan asked the "brave one" to begin.

"Had a great weekend up at the cabin with my girls a few weeks back," Art volunteered. "My professional best is being here. What happened last time was hard, but I want you all to know I'm at peace with it and completely focused on helping Sue and the rest of the team take Swan to the next level."

Eileen and Sue nodded to affirm that they'd been working productively with Art since the last session. Art shared his update and expectations, and then Alan moved left and asked Carol to check in.

VISIONARY
- BIG IDEAS
- BIG RELATIONSHIPS
- SOLVING BIG PROBLEMS
- CULTURE
- INDUSTRY TRENDS

VIC

INTEGRATOR
- LMA
- ACHIEVE P&L, BUSINESS PLAN
- REMOVE OBSTACLES & BARRIERS
- SPECIAL PROJECTS
- LEGAL & COMPLIANCE

EILEEN

FINANCE
- LMA
- BUDGETING & REPORTING
- ACCOUNTS PAYABLE/ ACCOUNTS RECEIVABLE
- HR
- IT
- OFFICE MANAGEMENT

CAROL

OPERATIONS
- LMA
- CLIENT SATISFACTION
- DELIVERING ON PROJECTS (ON TIME, TO SPEC, & UNDER BUDGET)
- RESOURCE MANAGEMENT
- OPERATIONS PROCESS

EVAN

SALES
- LMA
- SET & ACHIEVE REVENUE GOALS
- SALES PROCESS
- SELLING ("A" PROSPECTS)
- SET REASONABLE CLIENT EXPECTATIONS

SUE

Organizational chart (drawn sideways):

Marketing — ART
- Building the Swan Brand
- Marketing Plan
- Generate Leads
- Market Research
- Marketing Tools/Website

Sales (3)
- New Biz Dev
- Hit Sales Goal
- Pipeline

Acct Mgt (4)

Proj Mgt (4)

B/A (4)

Dev Lead — Evan
- LMA
- Quality Dev't
- Utilization
- Dev't Process

Dev't (13)

AP/AR — LISA T
- Accts Payable
- Accts Rec'ble
- Invoicing
- Supplies
- Equipment

HR — Open

IT — Open

that would be required to help Swan achieve its vision and return some semblance of control to her life.

Alan continued by walking the team through the three steps to using his Delegate and Elevate tool.

"Step one is deciding what 'full time' means to you," he explained. "Are you at your best when you're putting in forty hours each week, or seventy? I see successful people and companies who work both ways, and neither is good or bad. You just have to agree what kind of culture you have at Swan."

"I gotta tell ya," replied Vic, "this is *never* going to be a nine-to-five shop."

"It doesn't have to be," Alan responded. "Your team gets to decide what Swan's culture demands. But if you're a fifty-hour culture and you're consistently putting in seventy-hour weeks, something is going to give. You must delegate and elevate twenty hours, or you will eventually burn out."

"Fair enough," agreed Vic.

"When you're over capacity," Alan continued, "step two is listing everything you do during a typical week on a blank legal pad. Record everything you do and how much time it takes. Step three is putting everything you do into one of four quadrants on this simple diagram." Alan illustrated the tool.

LOVE/GREAT	LIKE/GOOD
DON'T LIKE/GOOD	DON'T LIKE/NOT GOOD

Swan Services Quarterly Rock Sheet

Future Date: April 8, 20XX

Revenue:

Profit:

Measurables:

COMPANY ROCKS	WHO	
1) Trifold brochure, proposal template and website draft complete	Art	ND
2) Survey current clients and draft client satisfaction/retention plan	Evan	ND
3) Close two "A" deals and complete ten key account plans	Sue	Done
4) Make a decision to acquire project management software	Carol	ND
5) Recommend & approve ops staffing changes to improve profitability	Eileen	Done
6)		
7)		

ART	
1) Trifold brochure, proposal template and website draft complete	ND
2)	
3)	
4)	
5)	
6)	
7)	

SUE	
1) Close two "A" deals and complete ten key account plans	Done
2) Document sales process, get approved by leadership team	ND
3) Develop sales department scorecard	Done
4) Complete at least one joint prospect meeting with each of the three sales reps	ND
5)	
6)	
7)	

CAROL	
1) Make a decision to acquire project management software	ND
2) Revise annual budget	Done
3) Revise HR policy manual	Done
4) Complete YTD financials thru June	Done
5) Complete eight hours of continuing education	Done
6) Review IT/payroll processing contracts	Done
7)	

EILEEN	
1) Recommend & approve ops staffing changes to improve profitability	Done
2) Evaluate variable expenses for cost-savings opportunities	Done
3) Meet with three key clients that have reduced or eliminated spending with Swan	ND
4) Initiate credit line renewal process	Done
5) Complete and implement Focus Day tools	Done
6)	
7)	

EVAN	
1) Survey current clients and draft client satisfaction/retention plan	ND
2) Hire new developer/consultant	ND
3) Complete departmental performance reviews	ND
4) Document project management core process	ND
5) Deliver Acme Industries project on time and on budget	Done
6) Coordinate departmental vacation schedules	ND
7) Implement error-tracking system	Done

VIC	
1) Attend industry trade show in search of at least one "big idea"	ND
2) Visit personally with at least two key clients and two key business partners	ND
3)	
4)	
5)	
6)	
7)	

ahead and plan for delays, because busy people aren't always going to be available when you need them. If you plan for that, people can occasionally let you down and you'll *still* complete your Rocks."

Alan addressed all the leaders: "I realize my goal-setting philosophy is different from the way it works in many companies. When we set a goal or a Rock, we're setting it to hit it. We don't aim for the stars and walk away happy when we hit the mountaintops. We set 'em to hit 'em. So when you leave here today with goals for your 1-Year Plan and Rocks for next quarter, walk out believing you can hit them all. When life happens and you miss a goal, you'll look at why you missed it, learn from it, get better, and move on. That's the reason that the Rock completion rate goal is 80 percent, not 100 percent. And congratulations to Carol and Eileen for achieving it."

Once the Rock discussion ended, Alan moved on to a quick review of the Level 10 Meeting. He began by acknowledging the progress the team had referenced in their check-ins. As he had a month earlier, Alan walked through the agenda one item at a time, clearly explaining how to properly conduct each facet of the meeting. There were fewer questions; the team was clearly getting the hang of the Level 10 Meeting.

However, Art asked a good question about the team's low To-Do completion rate. "Alan," he said, "you said that the goal is to complete 90 percent of the To-Dos each week, and I don't think we're even close. Is that unusual?"

"Not at all," replied Alan, "but we have to solve the issue. So let's IDS."

After a few minutes of identifying, it became clear that the team was confusing Rocks, To-Dos, and issues. Alan created the following diagram on a clean section of whiteboard:

COMPARTMENTALIZING

GOALS	ROCKS	TO-DOS	ISSUES
1 YEAR	90 DAYS	7 DAYS	LONG-TERM–V/TO SHORT-TERM–L10

"In business," Alan explained, "you're constantly being bombarded by *stuff*. Your website needs a face-lift, a client calls, there's a people

Who	Measurable	Goal	Weeks												
			1	2	3	4	5	6	7	8	9	10	11	12	13
Sue	New leads	36	11	4	47	17	29	24	35	41					
Sue	Initial sales meetings	12	8	9	4	14	11	15	16	13					
Sue	Proposals (#)	4	2	1	3	4	2	4	5	4					
Sue	Proposals ($)	$300K	$175K	$70K	$275K	$350K	$150K	$370K	$410K	$325K					
Sue	30-day pipeline	$1.5M	$1.15M	$1.05M	$1.10M	$1.25M	$1.15M	$1.05M	$1.10M	$1.25M					
Sue	Contracts (#)	2	2	1	1	2	3	1	3	4					
Sue	Contracts ($)	$150K	$161K	$135K	$75K	$170K	$201K	$41K	$170K	$320K					
Evan	Projects late	1			4	4	4	3	3	4					
Evan	Projects over budget	1							2	2					
Evan	Defects to clients	0		1		1	0	2	1	1					
Evan	Utilization rate	80%													
Carol	Cash balance	$75K	$55K	$85K	$70K	$61K	$52K	$91K	$77K	$68K					
Carol	A/R > 60 days	< $30K	$42.5	$42.5	$31.0	$26.1	$35.5	$40.5	$34.0	$36.4					
Carol	Billing errors	0	0	1	1	0	0	1	1	0					

Alan led a quick Scorecard review. The leaders saw a few opportunities to improve things, but the feedback was uniformly positive. Everyone felt the Scorecard had started giving the team an absolute pulse on the business. Sue and Vic both believed the sales team's performance had improved largely because their activities and outcomes were being measured weekly. Eileen enjoyed watching trends and patterns develop over the quarter. Carol claimed to "love" the Scorecard because it connected each leader to specific goals and forced everyone to report his or her numbers each week.

"That concludes our review of the Focus Day tools," Alan explained. "Let's take a quick break."

When the team returned, Alan had cleaned up the whiteboard and was now standing next to a section titled "Focus Day Tools."

"We've reached a major milestone on our journey together," he announced. "You've now mastered the Focus Day tools, and it's time to talk about introducing them into the organization. There's no hurry; soon you will decide as a team when it's time to roll out this system to the rest of the company and how best to do it. Right now I just want to help you understand everything that's involved in a system rollout. What were once the Focus Day tools now become the foundational tools." Alan erased the words "Focus Day" and replaced them with the word "Foundational." He explained that "hitting the ceiling"

would now become a common term for the organization, erased it from the list, and replaced it with "V/TO."

FOUNDATIONAL TOOLS

- V/TO
- ACCOUNTABILITY CHART
- MEETING PULSE
- ROCKS
- SCORECARD

"I call these foundational tools," Alan explained, "because mastering them yourselves and rolling them out to the rest of the organization lays the foundation for this system becoming the Swan Services way of operating. It's 80 percent of the work that will result in you strengthening the Six Key Components. When you're truly running the company on this system, everyone will be using the foundational tools. They'll all know where you're going and how you plan to get there, as described in your V/TO. Everyone's roles and responsibilities will be crystal clear, thanks to your Accountability Chart. Level 10 Meetings, Scorecards, and Rocks will be in place throughout the organization, helping keep everyone focused, disciplined, and accountable for doing his or her part to help Swan Services achieve its vision. We'll decide how much of that future state you want to bite off later today when we set Rocks. For now, I just wanted you to understand that these five foundational tools will ultimately be used by every person in the company."*

After inviting questions, Alan asked Eileen to distribute updated copies of the V/TO and Vic to distribute copies of the Core Values speech.

VISION AND PLAN

"Now that we're done reviewing the tools that help create traction," Alan explained, "we'll spend the rest of the day focused on clarifying Swan Services' vision by finishing the eight questions on the V/TO. We're going to move through the V/TO one question at a time, signing off on our work from last session to make sure everyone has bought in. Let's begin by reviewing your Core Values. Please read through Vic's Core Values speech, and be prepared to share your thoughts with the team when you're done."

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* To help your employees completely understand EOS and the foundational tools, have them read *What the Heck Is EOS?* Written with my co-author, Tom Bouwer, it is a complete guide for employees in companies running on EOS.

THE SPEECH

Be humbly confident

- don't be arrogant
- know your stuff
- be vulnerable; you're not perfect

Grow or die

- be more uncomfortable with the status quo than the prospect of change
- be a maximizer (take something strong and make it superb)

Help first

- you must provide value before receiving anything
- you get out of life what you want if you help enough people get what *they* want
- genuinely get a high from helping people

Do the right thing

- enter the danger
- no amount of money is worth betraying a trust
- think, "If Mom were watching…"

Do what you say

- fully deliver, on time
- it's okay to say "no"
- take the responsibility; blame no one
- finish what you start

The team quietly reviewed the speech, a single-page document with the five Core Values listed in bold and each further described by a few bullet points. Vic shifted nervously in his seat. He had hoped to get feedback from the team long before this meeting but hadn't completed his homework assignment until late the previous evening.

When the team seemed to have finished reading, Alan said, "The first question is do you all believe these Core Values define Swan Services' culture?"

Moving left around the table, Alan got a yes from each member of the leadership team before asking his second question: "Are you prepared to use these Core Values to hire, fire, review, reward, and recognize people in this organization?"

"I should point out," added Vic, "why this homework assignment was so hard. I had to define each Core Value in a way that we'd all

"It feels right," Eileen replied, "but we've had some difficult conversations about some of the work we're doing today."

Alan dug a little deeper to identify the real issue. Evan and Sue had become increasingly vocal about the need to stop doing staff-augmentation work. Vic was warming to the idea, but Carol was adamantly opposed to anything that would reduce revenues. Eileen saw both sides of the debate clearly and wasn't ready yet to make the call.

| CORE FOCUS | **Passion:** Building a great company with great people |
| | **Niche:** Solving real problems with the right technology |

Alan quickly helped the team confirm its Core Focus; each of the leaders felt they had nailed Swan's sweet spot. And after a brief and passionate debate, Eileen suggested that the question of what to do about staff augmentation belonged on the long-term Issues List. The team quickly agreed.

With the Core Focus discussion concluded, Alan directed the team's attention to the 10-Year Target on the V/TO.

| **10-YEAR TARGET** | $40 million in revenue with 15% net profit |

In the weeks since the last session, Evan had become more comfortable with the company's potential. With his vocal support, the team agreed that it remained committed to achieving its long-range, energizing goal. Food had been delivered a few moments earlier, so Alan dismissed the team for a quick break, and then they returned for a working lunch. He added the following items to a clean section of whiteboard:

TARGET MARKET:
    DEMOGRAPHIC:

    GEOGRAPHIC:

    PSYCHOGRAPHIC:

THREE UNIQUES:

       1.

       2.

       3.

PROVEN PROCESS: Y/N

GUARANTEE: Y/N

The session resumed with the next question on the V/TO: "What is your Marketing Strategy?"

"Really nailing your Marketing Strategy," Alan began, "will help this team overcome the number-one problem faced by small businesses: trying to reach a huge audience with few resources. This will create laser focus for your sales and marketing efforts and help you win more of the right kind of business. You'll spend all your time connecting with the right potential clients or customers, and you'll communicate with them in a consistent, effective way."

Alan introduced the four parts of the Marketing Strategy. The first part, the target market, was a clear definition of Swan's ideal prospects—those companies most likely to become the best long-term, highly valued clients. The last three items—three uniques, the proven process, and the guarantee—would make up Swan's marketing message to those ideal prospects.

"Today we're going to complete the first two parts of your Marketing Strategy," Alan explained, "the target market and three uniques. With both the proven process and the guarantee, we just need a yes or no. If you believe creating them will help you win more business, we'll add them to your Issues List, and—at some point—they'll make for great quarterly Rocks."

is about where we spend our *proactive* sales and marketing energy. Right, Alan?"

"That's right," replied Alan. "If you focus your proactive marketing and sales efforts within this market and you get a lead from outside, win the business if it fits."

"Right," Eileen agreed. "I'd rather see you and your team connect with all the ideal prospects in Minnesota and the upper Midwest before we waste time elsewhere."

Sue thought for a moment, contemplating Art and Eileen's point.

"What does the upper Midwest mean to you, Eileen?" Alan asked.

"Minnesota and the five contiguous states," she replied. "Plus the northern half of Illinois—we've done enough business in Chicago to focus some energy there."

"Are there enough ideal prospects in those seven states to keep Art and your sales teams busy for a while, Sue?" asked Alan.

"Yes," she said. "We could easily hit $40 million in those seven states. Plus, focusing on this market will reduce the breadth and complexity of our sales and marketing efforts. It'll eliminate time zone issues, long flights, and big expense reports. We have a better chance of developing long-term relationships close to home. Maybe we can even stop attending trade shows—they're so expensive and disruptive."

With the geographic profile resolved, Alan answered a few more questions before asking the team to weigh in on the target market defined on the whiteboard:

TARGET MARKET:

DEMOGRAPHIC: IT DIRECTORS OR CFOS AT TECHNOLOGY-DEPENDENT COMPANIES (HEALTH CARE, FINANCIAL SERVICES, EDUCATION) WITH REVENUE > $100 MILLION

GEOGRAPHIC: HEADQUARTERED IN UPPER MIDWEST

PSYCHOGRAPHIC: COMFORTABLE LOOKING OUTSIDE THE COMPANY TO SOLVE TECHNOLOGY PROBLEMS, WANT A LONG-TERM RELATIONSHIP WITH A STRATEGIC PARTNER, NOT A LOW-COST VENDOR

"Now that you've defined your ideal customer and you're clear on your target market," Alan continued, "you can run the whole world through this filter, and out will pop the name, phone number, and email address of all your ideal prospects. Of course, it's more complicated than that, but with this tool you can begin building 'The List' and then focus *all* of your marketing and sales efforts on it. Everyone clear?"

With the target market properly defined, Alan asked Eileen to capture the work on the V/TO and moved on to the three uniques.

"Imagine Swan Services lined up against ten of your competitors," he said. "You're speaking with someone from your target market—an ideal prospect that wants to know exactly why you're different and better than those other companies. You need to come up with three things you're doing that—together—make you the best choice for your ideal prospect. Perhaps all ten of your competitors can say they're doing one of them, and a small handful can claim to be doing two, but nobody else can say they're doing all three. These are qualities that make you uniquely valuable to your target market."

Alan gave the team three quiet minutes to list potential uniques, invited the leaders to read their lists, and recorded them on the whiteboard:

> REAL PEOPLE
> PROBLEM SOLVERS
> EASY TO WORK WITH
> DO WHAT WE SAY
> TECHNOLOGY EXPERTS
> FOCUSED ON LONG-TERM RELATIONSHIPS
> WE UNDERSTAND BUSINESS AND TECHNOLOGY
> RESPONSIVE
> GREAT LISTENERS

With another Keep, Kill, and Combine exercise and some healthy debate, the team pared down the list and agreed on three items:

1. WE'RE REAL PEOPLE WHO CARE

2. WE'RE EXPERTS IN USING TECHNOLOGY
   TO SOLVE BUSINESS PROBLEMS

3. WE DO WHAT WE SAY

Alan went around the table. Each leader agreed that these three uniques perfectly described the reasons Swan was different from and better than the competition and why they'd been able to retain their best clients. That prompted Vic to wonder aloud about the reason Swan had begun losing clients.

"Maybe we're struggling because we've gotten away from the delivering on these three uniques," he suggested.

The team agreed, acknowledging how much more difficult that had become as they'd grown. Sue volunteered to own the homework assignment—wordsmithing the three uniques—and asked Art for his help.

"Now that your three uniques are defined," Alan continued, "they should become the common thread running through all your sales and marketing efforts. Your sales team should use them *every single time* they're asked, 'Why Swan Services?' The three uniques should appear on your website, your sales collateral—you name it."

"I can really see this helping," said Art enthusiastically. "It'll help us produce clearer, more powerful stuff. And with fewer questions to ask about the message, it'll happen more quickly and affordably as well."

With that settled, Alan defined the next part of Marketing Strategy.

"Your proven process is a one-page visual that illustrates the life of the relationship you have with your clients," he explained, "from the moment they start speaking with you about doing business through the time they're a longtime, satisfied client. This will help prospective clients understand that you have a carefully defined, replicable way of taking care of them. By illustrating your proven process on a single page rather than a wordy brochure or a twenty-slide PowerPoint presentation, you *show* them how things work rather than *telling* them how they work. It'll quickly and clearly differentiate you as a company that has a proven way of taking care of its clients and give potential clients peace of mind. They'll feel like they're in good hands if

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

QTR

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

companies: "delivered in thirty minutes or it's free" from pizza restaurants, "free loaners" at collision shops, and "no waiting" in a hospital emergency room.

A quick debate ensued. Evan and Carol strongly opposed a guarantee, citing the financial risk and uncertainty inherent in managing technology projects. Vic and Sue loved it.

"One of our three uniques is 'we do what we say,'" Vic explained. "Without a guarantee to explain what happens when we don't, that's a pretty hollow claim."

In the end, Eileen admitted she wasn't fully committed to a guarantee and didn't know exactly what it would be if Swan had one. But she agreed the idea was a good one and suggested "Guarantee?" be added to the Issues List and decided on another day.

With all the questions answered, Alan wrapped up the Marketing Strategy exercise by making sure that Sue and Vic were clear on their homework assignments and dismissed the group for another five-minute break. The whiteboard summed up the discussion:

TARGET MARKET:

DEMOGRAPHIC: IT DIRECTORS OR CFOs AT TECHNOLOGY-DEPENDENT COMPANIES (HEALTH CARE, FINANCIAL SERVICES, EDUCATION) WITH REVENUE > $100 MILLION

GEOGRAPHIC: HEADQUARTERED IN UPPER MIDWEST

PSYCHOGRAPHIC: COMFORTABLE LOOKING OUTSIDE THE COMPANY TO SOLVE TECHNOLOGY PROBLEMS, WANT A LONG-TERM RELATIONSHIP WITH A STRATEGIC PARTNER, NOT A LOW-COST VENDOR

THREE UNIQUES:

1. WE'RE REAL PEOPLE WHO CARE
2. WE'RE EXPERTS IN USING TECHNOLOGY TO SOLVE BUSINESS PROBLEMS
3. WE DO WHAT WE SAY

PROVEN PROCESS: YES

GUARANTEE:

He explained that the measurable from the 3-Year Picture and other sections of the V/TO represented the team's goal for scope or size other than revenues. He illustrated the concept by explaining that a widget maker would count number of widgets, a registered investment adviser might measure assets under management, and a property management company might measure number of units or square feet.

After a brief discussion, the team decided it should measure the number of "major projects" it completed in a year. Alan helped the team define "major projects" as those accounting for $100,000 or more in revenue, and the leaders agreed that, with a goal of $11 million, it ought to complete fifty major projects.

"That's crazy!" Evan exclaimed. "We'll do twenty this year if we're lucky!"

"Crazy is too strong a word," said Eileen, smiling confidently. "But we *are* talking about a major change. We're here because we all know that we'll *never* achieve our vision by doing things the way we've always done them. Today's the day all of us must commit to driving that change—to creating a vastly different company in three short years. You have to believe we *will* be marketing to new prospects, we *will* be selling differently, we *will* be executing better in operations, and we *will* be running a better business, or we'll never get there. If you're all on board with achieving this vision—including you, Evan—I *know* we can get there."

Alan nodded, indicating that he agreed with Eileen's description of the journey that lay ahead. He then pointed to the details recorded on the board.

3-YEAR PICTURE:

FUTURE DATE:	12/31/20XX
REVENUE:	$11M
PROFIT:	10% ($1.1M)
MEASURABLE:	50 PROJECTS @ $100K+

"With these goals in mind," Alan explained, "it's time to paint a clear picture of what Swan Services will look like in three years. How many employees do you have? Are there any changes on the

3-YEAR PICTURE:

FUTURE DATE: 12/31/20XX

REVENUE: $11M

PROFIT: 10% ($1.1M)

MEASURABLE: 50 PROJECTS @ $100K+

- 60 RPRS
- THRIVING CULTURE
- STRONG SALES TEAM OF 8 PEOPLE
- NEW SALES OFFICE IN 1 OR MORE MAJOR MARKETS
- ALL CORE PROCESSES DOCUMENTED, SIMPLIFIED AND FBA
- NEW COMPANY HQ
- INTERNAL IT SEAT
- HR SEAT
- DEVELOPER/BA/PM/RECRUITING PROCESS WORKING
- 40% RECURRING REVENUES

"What I ask you to do next may feel a little silly, but there *is* a method to my madness. Please sit back in your chairs, get comfortable, and close your eyes," he began, waiting for everyone to reluctantly comply. "Fast-forward two years and nine months. You've just finished a terrific year, achieving $11 million in revenues with a 10 percent net profit. You completed fifty $100,000 projects. You have sixty right people in the right seats…" Alan read the rest of the list aloud and finished with an important question: "Do you see it? I need a verbal 'yes' from all of you. If there's something on the list you don't really see, speak up now. Don't just say yes to agree. So, do you see it? Because you are the team that needs to make it happen."

"Ab-so-lutely!" exclaimed Vic in an exaggerated fashion. "It's so clear I can taste it!"

Alan smiled and turned to Eileen.

"Well, I can't quite *taste* it," she replied in jest. "But I do want it, and I think it's doable if we work together. For the first time, I actually think we *can* work together to achieve a common vision. So yes, I can see it."

"I'm excited," added Art, sitting to Eileen's left. "It's cool to see this team really come together. I think we can do it, and I'm eager to be part of it."

"I see it," said Carol quietly. "I'm not all misty-eyed about it, but I can see it."

Evan and Sue also agreed, each of them professing excitement and optimism. Alan concluded the exercise by asking Eileen to capture the details from the whiteboard and transfer them to Swan's V/TO. He then moved to the next item on the agenda, the 1-Year Plan.

"With your 3-Year Picture in clear focus," Alan continued, "we can now do much better one-year planning. I realize there are only nine months left in the year, but your future date ought to be tied to your calendar or fiscal year. It's the cleanest, simplest way to think about your year and your quarters as a team and as a company. Let's begin by agreeing on our revenue goal for the year. We talked about this earlier. Is someone ready to predict revenues through December 31?"

"Eileen said it was somewhere between $7 million and $7.25 million," said Evan. "I'm inclined to pick one of those numbers."

"Agreed," said Eileen. "I'd leave it up to Sue. Can we get to seven and a quarter?"

If Sue had been asked this question a month ago, the answer would have been no. But she'd been hitting her stride as the leader of the sales team; Vic had started letting go while being helpful and very productive in his own right; and, with the exception of Natalie, the sales team seemed to be picking up steam.

"I think we can," she replied. "It won't be easy, but unless Vic thinks I'm overconfident or crazy, I'll commit to making it happen."

"You think I'm going to talk you *out* of a big number?" Vic asked incredulously.

Sue laughed, and the rest of the team joined in. Alan recorded the revenue prediction on the whiteboard and walked the team through the remaining numbers, quickly agreeing on the following totals for the year:

1-YEAR PLAN:

FUTURE DATE:	12/31/20XX
REVENUE:	$7.25 M
PROFIT:	5%
MEASURABLE:	20 PROJECTS @ $100K+

"I'd like us to document the Core Processes," Carol suggested next.

Evan, Sue, and Eileen acknowledged having the same item on their lists, so the team quickly agreed to add a fifth priority. Several other suggestions were made, but the team concluded that accomplishing those five priorities would make for a very full and productive nine months. Alan concluded the exercise by reviewing the work and securing a verbal commitment to the 1-Year Plan from each leader.

1-YEAR PLAN:

FUTURE DATE: 12/31/20XX
REVENUE: $7.25M
PROFIT: 5%
MEASURABLE: 20 PROJECTS @ $100K+

- IMPLEMENT EOS
- SALES TEAM RPRS
- IMPLEMENT MARKETING STRATEGY
- HIRE OPS LEADER (RPRS)
- CORE PROCESSES DOCUMENTED, SIMPLIFIED AND FBA

"With your 1-Year Plan complete," Alan began after a quick break, "we can now move to the next section of the V/TO—quarterly Rocks. Looking at your 1-Year Plan and the Issues List, write down what you believe are the company's priorities for the next ninety days. What roadblocks do you want to eliminate? What ideas and opportunities must you pursue? Rack your brains, get it all on paper, and we'll build the list."

When everyone had finished, Alan again led the team through the pure approach to setting Rocks. He recorded each potential Rock on the whiteboard as each leader read through his or her list. To the team's surprise, today's list was appreciably shorter than the one compiled on the Focus Day. This time there were only eighteen potential Rocks.

Once again, Alan led them through Keep, Kill, and Combine. After the first pass, the team had narrowed the list to ten potential company Rocks:

- FOCUS ON TARGET MARKET
- PUBLISH PROVEN PROCESS
- NATALIE: RPRS?
- MORE/BETTER LEADS
- CLOSE THREE "A" DEALS
- INTRODUCE OPERATING SYSTEM
- DOCUMENT CORE PROCESSES
- FILL OPS LEADER SEAT
- DEFINE HR/IT SEATS
- ACQUIRE PROJECT MANAGEMENT SOFTWARE

"Time to get laser-focused," Alan urged the leaders. "Let's take another pass. If we come to something that's not a life-or-death priority for the quarter, we have to Kill it. Remember, it's not going away—it's either going to be someone's individual Rock or we'll transfer it to the Issues List and tackle it in a later quarter."

With those words of guidance and encouragement, the team was quickly able to trim the list to six company Rocks. Before helping the team make them SMART, Alan reminded everyone that Rocks are always due at Quarterly Sessions. He then helped establish Swan's quarterly Meeting Pulse.

"As you see from my proven process," he explained, "we'll meet four times each year—three times for one-day Quarterly Sessions and once for a two-day Annual Planning Session. I'll help you run those meetings for as long as you need me, and then you'll graduate and run them on your own. So for today the question is when does this team want to complete its 1-Year Plan for next year?"

After a brief discussion, the team decided to conduct its Annual Planning Session each December so that Swan's plan for the next year could be rolled out to the company before January 1. From there, the leaders drew the natural conclusion that its Quarterly Sessions should occur in March, June, and September each year.

"That means we should schedule your next session for sometime in mid- to late June," he concluded. "Does that sound right?"

QUARTERLY ROCKS:

FUTURE DATE: 6/24/XX
REVENUE: $3.5M
PROFIT: 5%
MEASURABLE: 8 PROJECTS @ $100K+

1. FOCUS SALES AND MARKETING ON TARGET MARKET	SUE
2. SALES REP. RPRS (NATALIE OR HIRE NEW?)	SUE
3. CLOSE THREE "A" DEALS	SUE
4. ROLL OUT EOS FOUNDATIONAL TOOLS	EILEEN
5. FILL OPS LEADER SEAT	EILEEN
6. IMPLEMENT PROJECT MANAGEMENT SOFTWARE	EVAN

"Once you've defined your company Rocks," Alan explained, "you can add individual Rocks. Remember, three to seven Rocks is the rule—ideally closer to three. So what are the most important things you must get done—as an individual—this quarter? Look through this list of Killed potential Rocks and the Issues List, and record your own SMART Rocks for the quarter."

Sue ended up with five Rocks, picking up "publish proven process" and "complete account plans for twenty clients." Vic agreed to help Sue with her Rocks and complete two of his own Rocks: "build a 'key relationship' list and a plan to strengthen them" and "create an industry event plan for next year."

Eileen agreed to finish one of her Rocks from the Focus Day— "complete credit line renewals."

Still stung by Evan's failure to help her complete her company Rock from the Focus Day, Carol had resisted ownership of the "project management software" Rock so strenuously that Evan ended up taking it. However, when asked for her individual Rocks, she quickly read down a list of departmental objectives—"produce monthly income statements within two weeks, reduce invoice defects to zero, and draft capital expenditure budget for next fiscal year."

"I'll just take the one Rock," Evan said when Alan turned his way. He had clearly learned his lesson from the last quarter.

"What about the Rocks you didn't get done last quarter?" Carol asked him immediately. "Did you want to finish any of those?"

Evan could feel himself getting angry but managed to keep his composure. He was about to defend himself when Eileen jumped in.

Swan Services Quarterly Rock Sheet

Future Date: June 24, 20XX
Revenue: $3.5 million
Profit: 5%
Measurables: 8 projects @ $100K +

COMPANY ROCKS	WHO
1) Focus sales & marketing on target market	Sue
2) Sales rep RPRS (Natalie or hire new)	Sue
3) Close three "A" deals	Sue
4) Roll out EOS foundational tools	Eileen
5) Fill ops leader seat	Eileen
6) Implement project management software	Evan
7)	

SUE
1) Focus sales & marketing on target market
2) Sales rep RPRS (Natalie or hire new)
3) Close three "A" deals
4) Complete account plans for twenty clients
5) Publish proven process
6)
7)

EILEEN
1) Roll Out EOS Foundational Tools
2) Fill Ops Leader Seat
3) Renew credit lines
4)
5)
6)
7)

EVAN
1) Implement project management software
2) Implement error-tracking system
3) Document project management process
4)
5)
6)
7)

CAROL
1) Draft 20XX capital expenditure budget
2) Eliminate time-card errors
3) Produce monthly income statements within two weeks
4)
5)
6)
7)

VIC
1) Create a "key relationship" list and a plan to strengthen them
2) Create an industry event plan for next year
3)
4)
5)
6)
7)

THE VISION/TRACTION ORGANIZER™

Organization Name: Swan Services—20XX Q2

V I S I O N

		3-YEAR PICTURE™
CORE VALUES	**1.** Be humbly confident **2.** Grow or die **3.** Help first **4.** Do the right thing **5.** Do what you say	**Future Date:** December 31, 20XX **Revenue:** $11 million **Profit:** 10% **Measurables:** 50 projects @ $100k+
CORE FOCUS™	**Purpose/Cause/Passion:** Building a great company with great people **Our Niche:** Solving real problems with the right technology	**What does it look like?** - 60 RPRS - Thriving culture - Strong sales team of 8 people - New sales office in 1 or more major markets - New company HQ - Internal IT seat RPRS - HR seat RPRS - Developer/BA/PM recruiting process working - 40% recurring revenues
10-YEAR TARGET™	$40 million in revenue with 15% net profit	
MARKETING STRATEGY	**Target Market/"The List":** IT Directors or CFOs at technology-dependent companies (financial services, health care, education, government) with more than $100 million in revenues that are: • Headquartered in the upper Midwest • Comfortable looking outside the organization to solve technology problems • Want a long-term relationship with a strategic partner, not a low-cost vendor **3 Uniques™: 1.** We're real people who care **2.** We're experts at using technology to solve business problems **3.** We do what we say **Proven Process:** **Guarantee:**	

THE VISION/TRACTION ORGANIZER™

Organization Name: Swan Services—20XX Q2

T R A C T I O N

1-YEAR PLAN

Future Date: December 31, 20XX

Revenue: $7.25 million

Profit: 5%

Measurables: 20 projects @ $100K+

Goals for the Year:

1. Implement EOS

2. Sales team RPRS

3. Implement marketing strategy

4. Hire ops leader RPRS

5. Core Processes documented, simplified, and followed by all

6. _____

7. _____

ROCKS

Future Date: June 24, 20XX

Revenue: $3.5 million

Profit: 5%

Measurables: 8 projects @ $100K+

Rocks for the Quarter:

	Who
1. Focus sales and marketing on target market	Sue
2. Sales rep RPRS (Natalie or hire new)	Sue
3. Close three "A" deals	Sue
4. Roll out EOS foundational tools	Eileen
5. Fill ops leader seat	Eileen
6. Implement project management software	Evan
7.	

ISSUES LIST

1. Measuring utilization

2. Staff augmentation—Core Focus?

3. Raj RPRS

4. Bill RPRS

5. Terry RPRS

6. Jennifer RPRS

7. Guarantee

8. _____

9. _____

10. _____

Prioritize

- Identify

- Discuss

- Solve

Components of their business. He had drawn the following diagram on the whiteboard.

0% ⊢————⊣ 100%
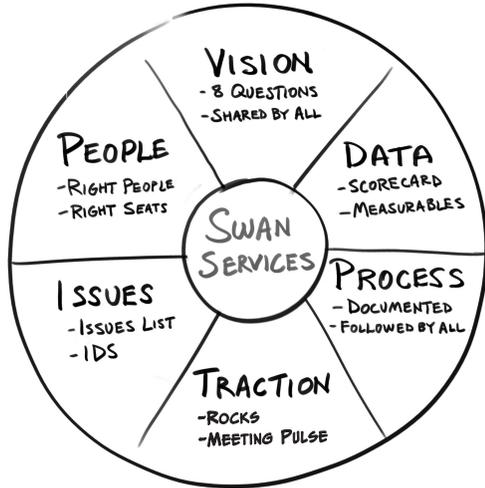
"When you become 80 percent strong or better in each of these Components," he said, "you'll be running a truly great organization. As you may remember, the journey we've embarked on to achieve that goal works like this." He pointed to a diagram of his proven process on the whiteboard.
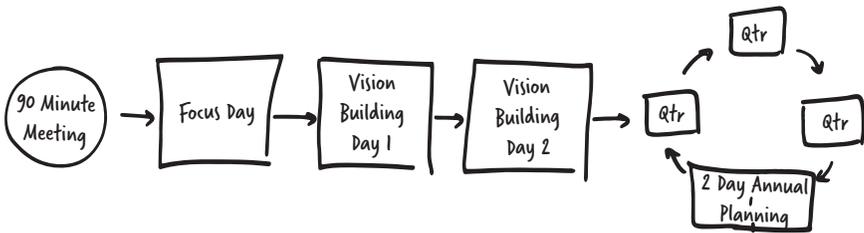
"You are here," Alan said, pointing to the diagram. "At this stage of our journey together, our relationship is all about execution." He then walked the team through the objectives and agenda:

Objectives

Clear Vision
Clear Plan   (Same Page)

Resolve All Key Issues

Agenda

Check-In
Review Q2
V/TO
Set Q3 Rocks
IDS
Next Steps
Conclude

"Quarterly Sessions help you create that ninety-day world we've been talking about," Alan explained. "You've been working hard *in* the business for the last ninety days. If you're normal, that means you're starting to fray, you're stuck in the tall grass. Things have become less clear and more complex; you may be getting frustrated with one another. This is our chance to pull it all together and get back on the same page. Today we're going to spend the day working *on* the business. We'll look back on the last ninety days and see how everyone did. We'll recheck your vision and make sure everyone's on the same page with where you're going and how you plan to get there. And we'll make your plan for next quarter crystal clear by setting Rocks. Finally, we'll spend the remainder of the day solving all the key issues with IDS."

Alan then asked the team to check in with bests, an update, and expectations.

Sue went first: "My personal best was a great trip to Napa Valley with Roger. The professional best has to be completing the 'three "A" deals' Rock."

Vic clapped loudly, and the team joined in. Sue smiled and continued.

Swan Services Quarterly Rock Sheet

Future Date: June 24, 20XX
Revenue: $3.5 million
Profit: 5%
Measurables: 8 projects @ $100K +

COMPANY ROCKS

COMPANY ROCKS	WHO	
1) Focus sales & marketing on target market	Sue	Done
2) Sales rep RPRS (Natalie or hire new)	Sue	Done
3) Close three "A" deals	Sue	Done
4) Roll out EOS foundational tools	Eileen	Done
5) Fill ops leader seat	Eileen	Done
6) Implement project management software	Evan	Done
7)		

SUE

SUE	
1) Focus sales & marketing on target market	Done
2) Sales rep RPRS (Natalie or hire new)	Done
3) Close three "A" deals	Done
4) Complete account plans for twenty clients	ND
5) Publish proven process	ND
6)	
7)	

EVAN (Tom)

EVAN (Tom)	
1) Implement project management software	Done
2) Implement error-tracking system	Done
3) Document project management process	Done
4)	
5)	
6)	
7)	

CAROL (Eileen)

CAROL (Eileen)	
1) Draft 20XX capital expenditure budget	Done
2) Eliminate time-card errors	ND
3) Produce monthly income statements within two weeks	Done
4)	
5)	
6)	
7)	

EILEEN

EILEEN	
1) Roll out EOS foundational tools	Done
2) Fill ops leader seat	Done
3) Renew credit lines	Done
4)	
5)	
6)	
7)	

VIC

VIC	
1) Create a "key relationship" list and a plan to strengthen them	Done
2) Create an industry event plan for next year	ND
3)	
4)	
5)	
6)	
7)	

"Well, I got started early, stayed on task, and got plenty of help from the team," Eileen replied. "It wasn't easy."

"Next we'll review your financial metrics and key measurable," Alan continued after the Rocks discussion concluded. "With six days left in the quarter, are you on track to hit your numbers for Q2?"

"With Carol gone we're not quite as up-to-date with billing," Eileen admitted. "But I'd say we'll fall a little short of the revenue goal and hit our other two numbers."

"Can you get the revenue number back on track before year-end?" Alan asked.

"You bet," replied Sue. "I wasn't very confident until we booked the third 'A' deal this quarter as part of my Rock. That helped a lot, and the sales pipeline also looks promising. So right now I really feel like we're right on pace to hit the annual numbers."

"Terrific," Alan replied. "So all things considered, how would each of you grade this last ninety days? How'd this team do running the organization? Share a letter grade for the quarter."

"A plus," said Vic right away. "This was an *awesome* ninety days. We dealt with two difficult people issues. We're humming along in sales. We've gotten our numbers back on track. Tom's a great find, and Evan's done a terrific job of helping with the transition. We may have completed only 63 percent of our Rocks, but we're getting much better at predicting and prioritizing. So A plus."

"Thank you, Vic," replied Alan.

The others weren't as enthusiastic, with Sue giving a B and Eileen a B minus, but all agreed that measurable progress had been made.

After a short break, Alan asked Eileen to distribute completed copies of the V/TO.

"The next agenda item," Alan continued, "is reviewing the V/TO one section at a time. We need to make sure we're 100 percent on the same page with where you're going and how you plan to get there."

CORE VALUES	1. Be humbly confident
	2. Grow or die
	3. Help first
	4. Do the right thing
	5. Do what you say

"I sure wish you'd have shared this with me before today," Tom said to Sue, frustrated at how she'd called out one of his employees. He had always dealt with people issues behind closed doors—and certainly not with the company owners looking on!

"I'm sorry, Tom," replied Sue sincerely. "I didn't mention Debbie before because it never dawned on me that she might be a wrong person or in the wrong seat until just now. She might be above the bar; I just think it's worth a closer look. Isn't that the way it works, Alan?"

He agreed and helped Tom understand.

"Every quarter there's going to be at least one people issue," Alan explained. "In this environment they just hit you, and the right way to resolve those issues is to get them on the list and IDS them later in the day."

Tom apologized for getting defensive, and the exercise continued. The team identified five people issues that were added to the list and concluded the Core Values discussion. Alan then moved on to review Swan's Core Focus, which the leaders quickly agreed had been accurately defined.

| CORE FOCUS | Passion: | Building a great company with great people |
| | Niche: | Solving real problems with the right technology |

"With agreement on your Core Focus," Alan explained, "the next step is making sure all of Swan's people, processes, and systems are aligned to drive the Core Focus with absolute consistency. Are you using your Core Focus as a filter? Is it helping you stay focused? Are you using it to distinguish between opportunities within your sweet spot and shiny stuff?"

A few members of the team nodded, but Tom shifted uncomfortably in his chair and glanced nervously around the room. Alan and Eileen picked up on that right away.

"Open and honest, Tom," Eileen prompted him, beating Alan to the punch.

"Well," Tom responded carefully, "I can see there's a question of whether staff augmentation falls within the Core Focus on the Issues

List already, so I'm not sure if this needs to be brought up. But I have some question as to whether we're still actively selling staff-aug work and other stuff that doesn't fit. Are we selling *only* projects that let us solve real problems with the right technology, or are we bidding on anything we can get our hands on?"

"What deals do you mean, Tom?" asked Sue. It was her turn to get defensive.

"Just a couple of them, Sue," Tom clarified. "The Century Bank proposal Evan worked on with Troy comes to mind. And Natalie wanted to propose some outdated technology for Argosy Industries because she'd been told that's what it would take to get the deal. Remember, you and I talked about that?"

"Yes," she agreed, "but we dealt with that. I think we're being pretty good about staying within our Core Focus."

"Pretty good?" Eileen asked.

"Well, yeah," Sue replied. "I mean, we're all out there fighting hard to uncover every opportunity we can. We've got very aggressive goals, and the team is under a tremendous amount of pressure. I actually like the fact that the team's pushing the envelope and trying everything they can to win more business."

"Me, too," said Vic. "Our problem is *not* a sales team that's too aggressive!"

"I didn't say that," Tom replied, backing off. "Alan asked if we were using the Core Focus as a filter. Eileen asked me to be open and honest, so I answered his question based on my observations over the last few weeks. I certainly didn't mean to ruffle any feathers, but I do think it's an issue."

Alan recorded "Selling outside the Core Focus" on the Issues List, and the Core Focus discussion drew to a close. He then moved to a quick review of the 10-Year Target, with the team quickly confirming its commitment to achieving that long-range, energizing goal.

10-YEAR TARGET	$40 million in revenue with 15% net profit

"Frankly," explained Tom as the discussion concluded, "this is why I'm here. We were standing still at Sensi-Tech, and I'd always

dreamed of being part of a team that's building something special. So when I saw Swan's vision, it really excited me. And when I look at the V/TO, that's what I look at first. It still fires me up every time I do it."

Eileen smiled broadly. In one comment, Tom had reminded her how fortunate Swan had been to find him *and* how useful the V/TO would be in clarifying Swan's vision for current and potential employees. After allowing Tom's comments to settle, Alan moved on to Marketing Strategy.

MARKETING STRATEGY	**Target Market/"The List":** IT Directors or CFOs at technology-dependent companies (financial services, health care, education, government) with more than $100 million in revenues that are: • Headquartered in the upper Midwest • Comfortable looking outside the organization to solve technology problems • Want a long-term relationship with a strategic partner, not a low-cost vendor **Three Uniques:** 1. We're real people who care 2. We're experts at using technology to solve business problems 3. We do what we say **Proven Process:** **Guarantee:**

Alan began by reading the target market—a description of Swan's ideal prospects—exactly as it had been recorded on the V/TO. The team agreed that the demographic, geographic, and psychographic profiles were "right on."

"Have you compiled 'The List'?" asked Alan. "Have you passed the whole world of prospective clients through a filter and focused all your sales and marketing efforts on those prospects?"

"Yes," Sue replied. "That was my Rock. We're still working to qualify leads from that list. The companies we're calling on fit the demographic and geographic profile, but we have to ask them a few questions before we can tell whether they match our psychographic profile."

"If they don't, do you take them off the list?" asked Tom.

"Yes," Sue said. "We actually had a spirited debate about that in a sales department Level 10 Meeting. Frankly, most of us are so thrilled when someone actually answers the phone or returns our call that we have a hard time taking them off the list. But in the end the team agreed that five pleasant conversations with prospects who will never become clients is a less effective use of time than connecting with one

Alan added "Using Three Uniques as Common Thread?" to the Issues List. With that, he directed the team's attention to the third part of Marketing Strategy, the proven process.

"Sue, publishing the proven process was one of the Rocks you didn't get done last quarter, right?" Alan asked.

"Right," admitted Sue. "I made some progress and plan to make it a Q3 Rock."

"And the guarantee?" asked Alan about the fourth part of the Marketing Strategy.

"That's on the Issues List—it's not the highest priority right now," Sue answered.

After making sure the team was on the same page with the Marketing Strategy, Alan moved on. "At this point, we now know who we are with our Core Values, what we are with the Core Focus, where we're going with the 10-Year Target, and how we're going to get there with our Marketing Strategy," he summarized. "We now move forward to paint a clear picture of what Swan Services is going to look like in three short years."

3-YEAR PICTURE
Future Date: December 31, 20XX **Revenue:** $11 million **Profit:** 10% **Measurables:** 50 projects @ $100K+ **What Does It Look Like?** • 60 RPRS • Thriving culture • Strong sales team of 8 people • New sales office in 1 or more major markets • New company HQ • Internal IT seat RPRS • HR seat RPRS • Developer/BA/PM recruiting process working • 40% recurring revenues

1-YEAR PLAN
Future Date: December 31, 20XX **Revenue:** $7.25 million **Profit:** 5% **Measurables:** 20 projects @ $100K+

Goals for the Year:	
1.	Implement EOS
2.	Sales team RPRS
3.	Implement marketing strategy
4.	Hire ops leader RPRS
5.	Core Processes documented, simplified and followed by all
6.	
7.	

"Can you get the goal back on track with some concerted effort between now and the end of the year?" asked Alan.

"I think so," replied Eileen, who had raised the issue. "I'd hoped to have more done by now, but with Tom coming on board and Carol's exit, it just hasn't happened."

"Okay, let's capture that as an issue so we're all reminded that we may need to take action this quarter to get it back on track," Alan replied, recording "Core Process Goal Off Track" on the Issues List. "Now that you're 100 percent on the same page with your 1-Year Plan, that should lead and guide all of our Rock setting, decision making, and issues solving for the rest of the day. We've already reviewed your Rocks, so the last thing that requires attention is your Issues List."

Alan motioned toward the whiteboard. "I've recorded these carry-over issues from your last session on the board," he continued. (See V/TO Issues List on page 217.) "But let's take a quick minute to clean them up. I'll read each issue one at a time. If you've solved it in the last ninety days or it's gone away for any reason, just say, 'off,' and I'll erase it. 'On' means it's still an issue, and I'll leave it on the list."

ISSUES LIST
1. Billing accuracy
2. Scorecards and measurables for all
3. Sue – enough time?
4. Guarantee?
5. Define HR seat
6. Define IT seat
7. Next gen technology
8.
9.
10.
11.
12.

Alan worked through the list quickly, cleaning up several issues along the way.

"With our review of your V/TO done," Alan explained, "it's time to build today's Issues List. Please take five quiet minutes to record all your obstacles, frustrations, ideas, questions, and unrealized opportunities—just get it out of your heads and onto the page. Clear your mind."

While the team thought and wrote down additional issues, Alan added a handful of new issues from the check-in and V/TO review that hadn't already been added to the list on the whiteboard.

Sue volunteered to start, and Alan moved around the table until the Issues List was complete. There were a total of thirty-two issues for the Quarterly Session:

MEASURE UTILIZATION
STAFF AUG IN CORE FOCUS?
NATALIE RPRS
OPS SCORECARD NUMBERS
BILLING ACCURACY
CAROL'S EXIT—EILEEN IN 2 SEATS
RAJ—RPRS
BILL— RPRS
KELLY—RPRS
JENNIFER—RPRS
DEBBIE(AM)—RPRS
VISION SHARED BY ALL
COMMUNICATING CORE VALUES
CORE PROCESS GOAL OFF TRACK
SCORECARDS & MEASURABLES FOR ALL
HOLIDAY PARTY

TRAVEL EXPENSES
SELLING OUTSIDE THE CORE FOCUS
SUE- ENOUGH TIME?
SALES PROCESS
USING 3 UNIQUES AS COMMON THREAD?
PUBLISH PROVEN PROCESS
GUARANTEE?
ART/FIRM - RPRS
PROJECT MANAGEMENT PROCESS
SALES-TO- OPS HANDOFF
ESTIMATING PROCESS
DEFINE HR SEAT
DEFINE IT SEAT
CLIENT SATISFACTION
UPGRADING HARDWARE
NEXT GEN TECHNOLOGY

"Let's take a quick break," Alan said when the list was complete. "When we return, we'll do one of the toughest things you'll ever do in this process: set these issues aside for a while. We've got some bigger fish to fry right now. But remember, ultimately our goal is to solve all the key issues before you leave today."

QUARTERLY ROCKS

"With your vision clear and Issues List complete," Alan said after the break, "it's time to set Q3 Rocks. Look at your 1-Year Plan and your Issues List, and compile a list of the three to seven essential priorities you think the *company* needs to accomplish in the next ninety days. Company Rocks first, individual Rocks second."

After each leader had recorded his or her list, Alan moved left around the conference table, recording thirteen potential company Rocks as he went:

DOCUMENT SALES PROCESS
PUBLISH PROVEN PROCESS
GUARANTEE?
SALES TEAM: RPRS
HIRE CFO
MEASURE UTILIZATION
MEASURE CLIENT SATISFACTION
DOCUMENT PROJECT MANAGEMENT PROCESS
OPS DEPARTMENT: RPRS
SALES-TO-OPS HANDOFF
ESTIMATING PROCESS
SCORECARDS & MEASURABLES FOR ALL
EVENT PLAN FOR NEXT YEAR

After three passes of Keep, Kill, and Combine to prioritize potential Rocks, the team settled on the following list:

DOCUMENT SALES PROCESS
PUBLISH PROVEN PROCESS
HIRE CFO
MEASURE UTILIZATION/CLIENT SATISFACTION
DOCUMENT PROJECT MANAGEMENT PROCESS

Stepping to a section of the whiteboard he had prepared for Swan's Q3 Rock Sheet, Alan then helped the team determine the future date for these goals by scheduling its next Quarterly Session. He tasked Eileen to predict the Q3 goals for revenue, profit, and measurables. Then, one at a time, he helped the team write SMART Rocks, resulting in the following summary:

Q3 Rocks:

FUTURE DATE: 9/28/XX
REVENUE: $5.25 M
PROFIT: 5%
MEASURABLE: 13 PROJECTS @ $100K+

1. DOCUMENT AND IMPLEMENT SALES PROCESS		SUE
2. DEFINE AND PUBLISH SWAN'S PROVEN PROCESS		SUE
3. HIRE CFO (RPRS)		EILEEN
4. COMPLETE OPS DEPARTMENT SCORECARD (W/UTILIZATION AND CLIENT SATISFACTION)		TOM
5. REFINE AND IMPLEMENT PROJECT MANAGEMENT PROCESS		TOM

The process of prioritizing and writing Rocks involved several interesting discussions. Sue lobbied hard to get Swan's guarantee on the company Rock Sheet, but Eileen felt strongly that a decision about guarantees would best be made after Swan had found its new CFO. Tom argued for "getting a handle on the operations department" as a critical company priority this quarter. He wanted to keep everything on the list, but Alan and the team helped him settle on a few key priorities.

The most interesting discussion occurred during the writing of Eileen's CFO hiring Rock. She'd suggested "Hire CFO (RPRS)," just as she had written the ops leader Rock last quarter.

"Do you really think you can hire the ideal CFO in three months?" Vic challenged. "What if we can't find the right person?"

"Great question, Vic," Alan offered. "Leadership team hires often take my other clients more than one quarter. It's hit or miss: sometimes you find a great fit like Tom in your network; other times you search high and low and still can't find the right person for a while—at times for an entire year. Keep that in mind as you write this Rock."

A brief debate ensued. On the one hand, Eileen and Swan really *needed* a new CFO in the next ninety days. She intended to get this Rock done, but she knew that finding the right person might be difficult. Maybe she should take the safe route and write the Rock in such a way that it might still be "done" if she conducted a thorough search and remained unable to fill the seat.

"Love it," Vic replied. "I'll write down 'develop and implement plan to get the vision shared by all.'"

"Perfect," replied Eileen.

With the Rock-setting exercise complete, Eileen asked each leader to email his or her individual Rocks to her by Friday, as she planned to complete the Q3 Rock Sheet before the next Level 10 Meeting. Before moving on, Alan had one last order of business—cleaning up the potential Rocks and issues from the whiteboard.

He went through the potential Rocks, erasing everything that had been taken as or combined into a company or individual Rock for the quarter. That left "estimating process" and "Scorecards and measurables for all" as issues. Finally, Alan cleaned up the Issues List, killing anything that had been resolved or would be solved when the Q3 Rocks were completed. The following issues remained:

STAFF AUG IN CORE FOCUS?	SELLING OUTSIDE THE CORE FOCUS
BILLING ACCURACY	MEASURING "A" DEALS
RAJ—RPRS	SUE- ENOUGH TIME?
BILL— RPRS	GUARANTEE?
KELLY—RPRS	ART/FIRM - RPRS
JENNIFER—RPRS	USING 3 UNIQUES AS COMMON THREAD?
DEBBIE(AM)—RPRS	ESTIMATING PROCESS
CORE PROCESS GOAL OFF TRACK	DEFINE HR SEAT
SCORECARDS & MEASURABLES FOR ALL	DEFINE IT SEAT
HOLIDAY PARTY	UPGRADING HARDWARE
TRAVEL EXPENSES	NEXT GEN TECHNOLOGY

"We now have almost four full hours to solve all your key issues," Alan said. "This is the moment I've been waiting for—to see you in your natural habitat of solving issues."

The leaders chuckled and took a quick break, looking forward to their first quarterly issues-solving session. Eileen was eager to watch Alan facilitate IDS. She felt sure the experience would make her better during the Level 10 Meetings. And with Sue and Tom holding departmental Level 10s, she believed it would be good for them as well.

Tom's head was swimming. In one day with Alan and the rest of the Swan team, he'd already spent more time working on the business than in his last year at Sensi-Tech. He began to understand why he

Alan began writing on a clean section of whiteboard as he continued.
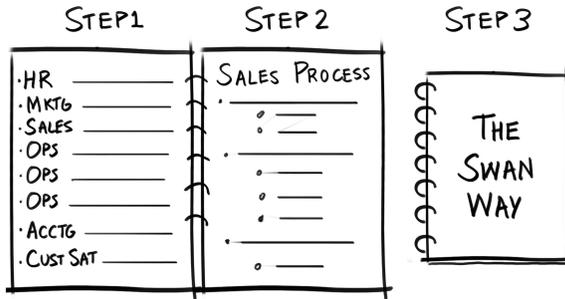
"Step one in the Three-Step Process Documenter is simply getting you all on the same page with what your handful of Core Processes are and with what they're called. Step two is documenting each process at a high level. In one to ten pages—ideally closer to one—you simply identify the *major* steps in the process. This approach documents the 20 percent that gets you 80 percent of the results. We describe the major steps in some detail with a couple of bullet points. This becomes more of a high-level training guide than a detailed SOP manual. It ensures you all agree on how the process should work and the way you want everyone to do it. You'll also discover redundancy and complexity that you can eliminate and simplify. Once your Core Processes are documented, step three is compiling them and placing them in a manual or on a shared drive. This becomes your unique business model—the Swan Services way of doing business. When that's done you can begin training all employees in each process, developing Scorecard numbers and individual measurables around them and ultimately ensuring they're being followed by all."

"I'm really glad I prioritized this," Eileen said, "because we've started in on step two without really having accomplished step one."

"Exactly," agreed Alan, smiling. "You have to understand and agree on the big picture before you start documenting a bunch of processes and procedures. The good news is we can get that done right now."

"Let's do it," replied Eileen. The rest of the team agreed.

"Your Core Processes are the handful of processes that make this business run," Alan reminded the team. "For example, every business has an HR process, a marketing process, a sales process, and one

or more operating processes for how you build your products, deliver your services, and take care of your customers. Every company has an accounting process, and many have a customer retention process for how they measure and maintain customer happiness. Those are the kind of big, high-level processes we're looking for here. Take a few moments to make a list of Swan Services' Core Processes."

Once the team had completed this task, he went around the table collecting on the whiteboard the potential Core Processes from every leader, which resulted in the following list:

HR Process
Marketing Process
Sales Process
Estimating Process
Account Management Process
Project Management Process
Business Analysis Process
Development Process
Project Fulfillment Process
Time Reporting Process
Billing Process
Accounting Process
Project Review Process
Client Satisfaction Process

Alan then facilitated some discussion and debate. He moved down the list one item at a time asking, "Is this definitely one of your Core Processes?" During the exercise, the leaders came to understand that many of the suggestions were actually major steps in a higher-level Core Process. Not surprisingly, much of the debate centered on the sales-ops handoff and the number and specificity of the operations processes. Soon the team arrived at a list that every leader felt defined the Swan Services way of operating:

HR PROCESS

MARKETING PROCESS

SALES PROCESS (INCLUDING ESTIMATING)

ACCOUNT MANAGEMENT PROCESS (INCLUDING CLIENT SATISFACTION)

PROJECT FULFILLMENT PROCESS (INCLUDING BA, PM, DEV'T AND PROJECT REVIEW)

ACCOUNTING PROCESS (INCLUDING TIME REPORTING AND BILLING PROCESSES)

"Terrific," Alan said. "Now, this may sound trivial, but it's important that you all begin referring to your Core Processes using these words. That discipline alone will save you and your team hundreds of hours a year in miscommunication. Using the same language as a leadership team is powerful. The work we just did also affects two of your Rocks this quarter. Tom, your project management process Rock just expanded considerably. We have to decide what to do about that. Are you going to document the entire project fulfillment process this quarter, postpone it for a quarter, or rewrite the Rock?"

After a brief discussion, Tom agreed to document the entire project fulfillment process, and Sue agreed to include a step or two in the sales process Rock to cover estimating. Eileen revised the company Rock, and Alan moved on to conclude step one of the Three-Step Process Documenter.

"After Sue and Tom complete their Rocks, you'll have four Core Processes yet to document this year. Would you like to add those to your Issues List, or will your one-year planning goal be the reminder you need to prioritize those next quarter?"

"I think the goal will be an ample reminder, though we have our work cut out for us," said Eileen.

"So do you all believe this issue has been solved?" Alan asked, preparing to erase "Core Process Goal Off Track" from the Issues List.

"Yes," replied the team in unison, smiling.

"Then let's move to issue number two," Alan replied. "Selling outside the Core Focus. Vic, what's the issue?"

"It's what Tom brought up earlier," Vic replied. "We're still selling staff augmentation even though we agree it's outside our Core Focus, and apparently we have some sales reps trying to sell other kinds

of projects outside our sweet spot—stuff using outdated technology and that sort of thing."

Tom nodded to signal that Vic got it exactly right.

"So what are we trying to solve, exactly?" Alan asked. "Let's really dig down and identify the issue."

"We haven't clearly defined for the sales team what they can and can't sell," Vic replied. "So we're still selling outside the Core Focus as defined on the V/TO."

"Does everyone agree that's the issue?" Alan got agreement all around.

"Then let's discuss," he said and asked the leaders to find their V/TOs so they could have the Core Focus in clear view while IDSing.

CORE FOCUS	**Passion:** Building a great company with great people
	Niche: Solving real problems with the right technology

"When you talk about clear direction for the sales team," Alan continued, "what exactly do you mean?"

"As Tom said earlier, we seem to be selling or bidding outside the Core Focus in two ways," Sue explained. "The first is that we're actively selling staff-aug work, and the second is that sometimes we're bidding on projects that require us to use the wrong technology. Right, Tom?"

"That's right," Tom replied.

"The second one is easy," Sue explained. "We just shouldn't do it, period. I intend to bake that ground rule into the sales process this quarter."

"Perfect," Tom said. Eileen and Vic agreed.

"Staff aug is a little more difficult," Sue continued. "We have existing relationships that have come to know us as a source of technology talent for their own teams. Plus we have a reputation in the marketplace and have actively pitched that as an offering to prospects for years. And the theory has always been that staff-aug clients can be converted to 'A' clients for project work. So I'd like to propose an interim step."

"I'm all ears," Eileen said.

"What we discussed earlier when we were setting Rocks," Sue reminded the team. "I'd like to IDS adding one or more 'A' deal measurables to the leadership team and/or sales department Scorecards."

After a quick IDS, Eileen took on a To-Do—add "A" deals in the pipeline to the leadership team Scorecard. Sue agreed to add the same number to the departmental Scorecard and to provide each member of the sales team with a quarterly goal for selling "A" deals. Alan erased the issue from the list and dismissed the team for a quick break.

"Let's prioritize the next top three issues," he said when the team returned.

"Kelly—right person, right seat," Tom said quickly.

The other leaders followed Tom's lead and shouted out priorities right away, with Vic suggesting "holiday party" as issue two and Sue making "travel expenses" issue three.

Alan moved to another section of the whiteboard and quickly began drawing a People Analyzer template.

"You know it's after four o'clock," warned Vic. "Are you sure we should tackle a people issue with less than an hour to IDS?"

"I think we can resolve it," replied Alan. "Please create a People Analyzer, just as I've drawn on the board. Fill in your Core Values and GWC across the top and Kelly's name in the left column."

	Be Humbly Confident	Grow or Die	Help First	Do The Right Thing	Do What You Say	G	W	C
KELLY	+/-	+/-	+	+/-	-	Y	Y	N
THE BAR	+	+	+	+/-	+/-	Y	Y	Y

Alan instructed the leaders to rate Kelly as a plus, plus/minus, or minus for each Core Value and give her a yes or no for "gets it," "wants it," and "has the capacity to do it." Everyone finished in less than two minutes. Alan then went around the room quickly, recording the average score in each column. The exercise clearly identified the people issue: Kelly was below the bar and thus a wrong person in the wrong seat.

earliest. 'Level 10' means it's a short-term issue you want or need to resolve this quarter."

Billing Accuracy	V/TO
Bill— RPRS	L10
Jennifer—RPRS	L10
Debbie(AM)—RPRS	L10
Scorecards & Measurables for All	V/TO
Sue- Enough Time?	V/TO

Guarantee?	V/TO
Art/Firm - RPRS	L10
Define HR Seat	V/TO
Define IT Seat	V/TO
Next Gen Technology	V/TO

"Cool!" exclaimed Vic. "I'll bet we erased about thirty issues during the course of the day today."

"Twenty-one," replied Eileen. "I was keeping track."

Once again the group had a good laugh, though the thought of solving that many key issues in a single day felt good to everyone.

Alan then ran through next steps for the team, assigning clear ownership and deadlines for all the work. He recapped the To-Dos from the day and asked Eileen to update the V/TO and create the new Rock Sheet. He also introduced a new communication tool to Swan's leadership team.

"One more next step I'd encourage you to begin taking this quarter," Alan suggested, "is something I call a 'State of the Company' message. It's a simple, powerful way to communicate clearly with your entire organization on a quarterly basis. If you want your vision to be shared by all, it's essential. Plus, you have to say it seven times to be heard for the first time. After each Quarterly Session, assemble the troops and use the V/TO and other tools to briefly explain where you've been, where you are, and where you're going. Look at the past, and take a few minutes to celebrate recent successes. Let 'em know how you did on your Rocks. Share the V/TO with them, and explain next quarter's Rocks. If there were any changes to the Accountability Chart, share that, too."

The leaders asked a few questions and supported the idea. Vic agreed to conduct Swan's first State of the Company meeting as part of his "vision shared by all" Rock and to make it part of the organization's Meeting Pulse going forward.

Swan Services Q3 20XX Rock Sheet

Future Date: September 28, 20XX
Revenue: $5.25 million
Profit: 5%
Measurables: 13 projects @ $100K +

COMPANY ROCKS

	WHO
1) Document and implement sales process	Sue
2) Define and publish Swan's proven process	Sue
3) Hire CFO RPRS	Eileen
4) Complete ops department scorecard (with utilization and client satisfaction)	Tom
5) Refine and implement project fulfillment process	Tom
6)	
7)	

SUE

1) Document and implement sales process
2) Define and publish Swan's proven process
3) Resolve Natalie RPRS
4)
5)
6)
7)

TOM

1) Complete ops department scorecard (with utilization and client satisfaction)
2) Refine and implement project fulfillment process
3)
4)
5)
6)
7)

EILEEN

1) Hire CFO RPRS
2) Renew credit lines
3)
4)
5)
6)
7)

VIC

1) Create an industry event plan for next year
2) Develop and implement plan to get vision shared by all
3)
4)
5)
6)
7)

THE VISION/TRACTION ORGANIZER™

Organization Name: Swan Services—20XX Q3

V I S I O N

		3-YEAR PICTURE™
CORE VALUES	1. Be humbly confident 2. Grow or die 3. Help first 4. Do the right thing 5. Do what you say	**Future Date:** December 31, 20XX **Revenue:** $11 million **Profit:** 10% **Measurables:** 50 projects @ $100K+
CORE FOCUS™	**Purpose/Cause/Passion:** Building a great company with great people **Our Niche:** Solving real problems with the right technology	**What does it look like?** - 60 RPRS - Thriving culture - Strong sales team of 8 people - New sales office in 1 or more major markets - New company HQ - Internal IT seat RPRS - HR seat RPRS - Developer/BA/PM recruiting process working - 40% recurring revenues
10-YEAR TARGET™	$40 million in revenue with 15% net profit	

MARKETING STRATEGY	**Target Market/"The List":** IT Directors or CFOs at technology-dependent companies (financial services, health care, education, government) with more than $100 million in revenues that are:
	• Headquartered in the upper Midwest
	• Comfortable looking outside the organization to solve technology problems
	• Want a long-term relationship with a strategic partner, not a low-cost vendor
	
	3 Uniques™: 1. We're real people who care
	    2. We're experts at using technology to solve business problems
	        3. We do what we say
	
	Proven Process:
	
	Guarantee:	

THE VISION/TRACTION ORGANIZER™

Organization Name: Swan Services—20XX Q3

T R A C T I O N

1-YEAR PLAN	ROCKS		ISSUES LIST
Future Date: December 31, 20XX	**Future Date:** September 28, 20XX		**1.** Billing accuracy
Revenue: $7.25 million	**Revenue:** $5.25 million		**2.** Scorecards and measurables for all
Profit: 5%	**Profit:** 5%		**3.** Sue—enough time?
Measurables: 20 projects @ $100K+	**Measurables:** 13 projects @ $100K+		**4.** Guarantee?
Goals for the Year:	**Rocks for the Quarter:**	**Who**	**5.** Define HR seat
1. Implement EOS	**1.** Document & implement sales process	Sue	**6.** Define IT seat
2. Sales team RPRS	**2.** Define & publish Swan Services' proven process	Sue	**7.** Next gen technology
3. Implement marketing strategy	**3.** Hire CFO RPRS	Eileen	**8.**
4. Hire ops leader RPRS	**4.** Complete ops department scorecard (with utilization & client satisfaction)	Tom	**9.**
5. Core Processes documented, simplified, and followed by all	**5.** Refine and implement project fulfillment process	Tom	**10.**
6.	**6.**		**Prioritize**
7.	**7.**		- **Identify**
			- **Discuss**
			- **Solve**

Swan Services Accountability Chart
Q3 20XX

VISIONARY
Vic
- Big Ideas
- Big Relationships
- Solving Big Problems
- Culture
- Industry Trends

INTEGRATOR
Eileen
- LMA
- Achieve P&L, Business Plan
- Remove Obstacles & Barriers
- Special Projects
- Legal & Compliance

SALES
Sue
- LMA
- Set & Achieve Revenue Goals
- Sales Process
- Selling ('A' Prospects)
- Set Reasonable Client Expectations

OPERATIONS
Tom
- LMA
- Client Satisfaction
- Delivering on Projects (on Time, on Budget, to Spec)
- Resource Management
- Operations Processes

FINANCE
Eileen
- LMA
- Budgeting & Reporting
- HR
- IT
- Office Management

MARKETING
Art
- Build Brand
- Marketing Plan
- Generate Leads
- Mkt Research
- Mktg Tools/Web

SALES
(3)
- New Biz Dev
- Hit Sales Goal
- Pipeline

ACCT MGT
(4)
- Role
- Role
- Role
- Role
- Role

PROJ MGT
(4)
- Role
- Role
- Role
- Role

B/A
(4)
- Role
- Role
- Role
- Role

DEV LEAD
Evan
- LMA
- Quality Dev't
- Utilization
- Dev't Process

DEV'T
(13)
- Role
- Role
- Role
- Role
- Role

AP/AR
Lisa T
- Accts Payable
- Accts Rec'ble
- Invoicing
- Supplies
- Equipment

IT
Open
- Role
- Role
- Role
- Role

HR
Open
- Role
- Role
- Role
- Role

Swan Services Q3 20XX Rock Sheet

Future Date: September 28, 20XX
Revenue: $5.25 million   On track
Profit: 5%   On track
Measurables: 13 projects @ $100K +   On track

COMPANY ROCKS

	WHO	
1) Document and implement sales process	Sue	Done
2) Define and publish Swan's proven process	Sue	Done
3) Hire CFO RPRS	Eileen	Done
4) Complete ops department scorecard (with utilization and client satisfaction)	Tom	ND
5) Refine and implement project fulfillment process	Tom	Done
6)		
7)		

SUE

1) Document and implement sales process	Done
2) Define and publish Swan's proven process	Done
3) Resolve Natalie RPRS	Done
4)	
5)	
6)	
7)	

TOM

1) Complete ops department scorecard (with utilization and client satisfaction)	ND
2) Refine and implement project fulfillment process	Done
3)	
4)	
5)	
6)	
7)	

EILEEN

1) Hire CFO RPRS	Done
2) Renew credit lines	Done
3)	
4)	
5)	
6)	
7)	

VIC

1) Create an industry event plan for next year	Done
2) Develop and implement plan to get vision shared by all	Done
3)	
4)	
5)	
6)	
7)	

"Sounds like a Q4 Rock," Vic hinted, elbowing his new CFO in the process. As he did so, Alan noticed a slight grimace register on Eileen's face. He wondered if Vic was getting a little too comfortable—even smug—in his role as Swan's visionary. He realized Vic's check-in had included more than the usual number of barbs and that several had been directed at Eileen.

There were no issues with the Marketing Strategy. Jeff had a few questions about the 3-Year Picture but felt comfortable supporting what the team had come up with for now. The review of the 1-Year Plan went quickly as well.

Having already reviewed last quarter's Rocks, Alan helped the team conclude its V/TO review by cleaning up the Issues List. After a quick break, he asked the leaders to bring up any additional problems, challenges, ideas, and opportunities they wanted to add to the list. That brainstorming session and the morning's check-in helped Alan build the Issues List, in green on the left side of the whiteboard.

BILLING ACCURACY	WORKING OUTSIDE THE CORE FOCUS
SCORECARDS & MEASURABLES FOR ALL	10-YEAR TARGET STUDY
SUE- ENOUGH TIME?	BA SEAT OPEN
GUARANTEE?	BILL— RPRS
DEFINE HR SEAT	RAJ—RPRS
DEFINE IT SEAT	HIRE SALES EXEC (RPRS)
NEXT GEN TECHNOLOGY	MARKETING SEAT ROI
ACQUISITION TARGET?	REVISE FINANCIAL DEPARTMENT STRUCTURE
PTO POLICY	COMMUNITY GIVING
TECHNICAL TRAINING	FINANCE DEPT. LEVEL 10 MEETING
BENCH STRENGTH	FINANCE DEPT. SCORECARDS
DISASTER RECOVERY PLAN	ACCOUNTING SOFTWARE
HR PROCESS	KEY ACCOUNT REVIEWS
MARKETING PROCESS	NEXT YEAR'S BUDGET
ACCOUNT MANAGEMENT PROCESS	MONTHLY FINANCIAL REVIEWS
ACCOUNTING PROCESS	

With the list complete, Alan led the team through a Rock-setting exercise. He began by compiling each leader's list of potential company Rocks on the whiteboard. He led the team through a Keep, Kill,

endured the past year and the challenges she'd helped the company overcome. He realized that she hadn't even spent one week as an integrator leading a healthy, capable, complete leadership team.

"Yes," he said softly. "Yes, I do. Eileen, I'm sorry. Please understand that I don't mean anything by it."

"It's okay, Vic," Eileen replied. "I know it's just your way. But sometimes you don't understand how hurtful your comments can be."

"Point taken," her partner replied. "Thanks for letting me know how you feel."

Alan spent a few moments making sure everyone on the team was satisfied that the issue had been resolved, and lunch was delivered.

The Rock-setting exercise concluded after each leader scoured the remaining list of potential Rocks and issues for additional individual Rocks to complete during the quarter. Eileen captured the work done in the room to create a Q4 Rock Sheet. (See page 247.)

Once company and individual Rocks had been set and Alan cleaned up the Issues List, it had become appreciably smaller:

BILLING ACCURACY	DISASTER RECOVERY PLAN
SCORECARDS & MEASURABLES FOR ALL	MARKETING PROCESS
SUE- ENOUGH TIME?	BONUSES
GUARANTEE?	ACCOUNT MANAGEMENT PROCESS
DEFINE HR SEAT	WORKING OUTSIDE THE CORE FOCUS
DEFINE IT SEAT	COMMUNITY GIVING
ACQUISITION TARGET?	ACCOUNTING SOFTWARE
PTO POLICY	NEXT YEAR'S BUDGET
TECHNICAL TRAINING	KEY ACCOUNT REVIEWS

With the entire afternoon left to tackle issues, Swan's leaders rolled up their sleeves and dug into the Issues List. Alan led the team through the standard prioritization exercise, quickly placing "#1," "#2," and "#3" next to the top issues—Scorecards and measurables for all, bonuses, and monthly financial reviews. As they IDSed the first issue, Alan introduced a technique that would help Swan's leaders save countless hours and resolve more issues in the coming years.

Swan Services Q4 20XX Rock Sheet

Future Date: December 20, 20XX
Revenue: $7.25 million
Profit: 5%
Measurables: 20 projects @ $100K +

COMPANY ROCKS

Company Rocks	WHO
1) Document HR process	Eileen
2) Document accounting process (including time and billing)	Jeff
3) Ops department RPRS (open, Bill, Raj)	Tom
4) Sales department RPRS (sales executive, marketing, 20XX staffing plan)	Sue
5)	
6)	
7)	

SUE

1) Sales department RPRS (sales executive, marketing, 20XX staffing plan)
2) Develop 20XX sales and marketing plan
3)
4)
5)
6)
7)

TOM

1) Ops department RPRS (open, Bill, Raj)
2) Implement project fulfillment process and get FBA
3) Develop 20XX staffing plan
4)
5)
6)
7)

JEFF

1) Document accounting process (including time and billing)
2) Create 20XX budget and high-level three- and ten-year financial projections
3) Prepare staff-aug financial analysis and make recommendation re: existing clients
4) Restructure finance department
5) Develop 20XX staffing plan
6)
7)

EILEEN

1) Document HR process
2) Identify at least 3 potential acquisition targets
3)
4)
5)
6)
7)

VIC

1) Conduct quarterly State of the Company meeting and consistently recognize employees
2) Research 3 next generation technologies and recommend further study on the most promising option
3)
4)
5)
6)
7)

While the team tried to help Jeff cobble together a finance department Scorecard, Tom started asking some related questions about a Scorecard for developers. Alan stepped in to get the IDS process back on track.

"Tangent alert!" he said smiling.

Tom and Vic stopped talking, looked up, and smiled back as they realized what had happened. Sue and Eileen laughed out loud. Alan wrote "Development Scorecard" on the whiteboard.

"Sorry we got off on a tangent," Tom said.

"It happens all the time," Alan explained. "I've seen clients veer off onto five separate tangents before realizing they've gotten off the issue at hand. Calling 'tangent alert' on one another is a quick, friendly way of reminding your teammates when they've gotten off track."

With the team refocused, it quickly solved all three issues and moved through eleven more before Alan walked them through next steps just after four thirty. He started by helping clean up the Issues List, compartmentalizing the remaining issues by placing them on the V/TO or the Level 10 Meeting agenda. He made sure Eileen, Sue, and Jeff were clear on their responsibilities for updating the foundational tools and bringing them back to the team's next Level 10 Meeting. And he reminded Vic to get his Rock done by holding the next State of the Company meeting.

"I also want to prep you for your next session," Alan explained, "a very powerful two-day Annual Planning Session that's different from the other work we've done together up to this point. I recommend that we hold this session off-site—away from my office and yours. Sequester yourselves for two meaningful, productive days. Most teams include an overnight stay and some kind of social component. Get out of your routine, go to dinner as a group, and let your hair down."

As he spoke, Alan was summarizing the agenda for each day of Annual Planning on the board:

DAY 1

- REVIEW LAST YEAR/LAST QUARTER
- TEAM HEALTH
- ORGANIZATIONAL CHECKUP
- SWOT ANALYSIS - ISSUES LIST
- V/TO (THRU 3-YEAR PICTURE)

DAY 2

- 1 YEAR PLAN
  - ROLES & RESPONSIBILITIES
  - NUMBERS
  - DEPARTMENTAL PLANS
- SET Q1 ROCKS
- IDS

"He's a bit of a loner," Eileen told Alan. "He rarely brings issues to the Level 10 Meetings and hardly ever contributes with an opinion or an insight on someone else's issue. He just seems happiest being left to run his own department—which he definitely does well. He seems a little frustrated by the need to pitch in and work together with the other leaders to make them and the company better."

"Does Jeff know you feel this way?" Alan asked.

"Yes. And no," replied Eileen carefully. "I spoke with him briefly about forty-five days into his tenure here and asked him to be a little more engaged in those meetings and when interacting with leaders and other staff members. But things haven't really improved, and I haven't brought the subject up again."

"Open and honest," Alan reminded her. "Try to get this on your Level 10 Issues List or express your concerns one-on-one with Jeff before our next session. If not, I'm confident we'll IDS the issue at your Annual."

Two weeks later, at eight thirty on Wednesday, December 20, Alan prepared to greet the team at the Chambers, a notable hotel in downtown Minneapolis. By 8:55, everyone had arrived, and Alan addressed the team.

"Welcome to the Swan Services two-day Annual Planning Session," he said, stepping to a flip chart at the front of the conference room. "Let's begin by reviewing our objectives for day one."

OBJECTIVES (DAY 1)

- INCREASE TEAM HEALTH
- CLEAR COMPANY VISION
- ISSUES LIST CLEAR

AGENDA (DAY 1)

- CHECK-IN
- REVIEW LAST YEAR/LAST QUARTER
- TEAM HEALTH
- ORGANIZATIONAL CHECKUP
- SWOT ANALYSIS → ISSUES LIST
- V/TO (THRU 3-YEAR PICTURE)

1-YEAR PLAN

Future Date: December 31, 20XX
Revenue: $7.25 million
Profit: 5%
Measurables: 20 projects @ $100K+

Goals for the Year:

1.	Implement EOS
2.	Sales team RPRS
3.	Implement marketing strategy
4.	Hire ops leader RPRS
5.	Core Processes documented, simplified and followed by all
6.	
7.	

"When we created your 1-Year Plan in our third session," Alan began, "you predicted revenues of $7.25 million. With eleven days left in the year, does it look like you're going to achieve that goal?"

"Yes," Jeff and Eileen answered at the same time. Eileen laughed sheepishly before continuing, "Sorry, Jeff, force of habit."

"Well, at least we agree," Jeff replied, smiling. "I looked over our month-to-date numbers last night, and I'd guess we'll finish the year at about $7.6 million."

"Way to go, Sue," Vic said, clapping. "That is truly remarkable."

"Couldn't have reached the goal if Tom and Evan hadn't figured out how to bill all that work in the third and fourth quarters," Sue said earnestly. "And Vic, you closed two monster deals early in Q4; that was key."

"And we predicted a net profit of 5 percent," Alan continued. "Are we going to hit that?"

Alan read each item, asking the team whether the item was a relevant issue. No strengths made the list, which Alan said was not unusual. Eight weaknesses were extracted as issues, and another eight opportunities were added to the list. Six threats were added to the list, and Alan concluded the exercise.

Pointing at two long columns of issues, Alan reminded the team that smoking out dozens of issues on day one of an Annual Planning Session was the goal. In fact, he asked each leader to think again of every idea, obstacle, and frustration that hadn't already been captured, and he added those to the Issues List, resulting in the following:

Level 10 Meetings
Departmental Scorecards
Account Management Process
Project Fulfillment Process FBA
Accounting Process FBA
Other Ops Processes ?
Other Financial Dept. Processes ?
Restructure Financial Dept.
Financial Dept. Staffing Plan
Next Gen. Technologies
Leadership Team Conflict
Staying Engaged at L10 Meetings
Core Focus - System and Processes
Everyone Has a Number
Core Processes Documented, Simplified and FBA
Lead Generation
Lack of Recurring Revenue
Finding Talent
On-Boarding New Hires
Bench Strength in Ops
Mid-Level Management
Predicting Revenues

Managing Fluctuating Workloads
Sensi-Tech Acquisition
New Office Space
IT Recruiting
Off-Shoring (Overseas Development Office)
"Productizing" Common Solutions
Certification
Losing Key Employees
Competitors Getting Stronger
Out-of-Date Legacy Technology
Data Security
Capital Availability (Clients, Us)
Rising Health Insurance Costs
Sue - Enough Time
Raj - RPRS
PTO Policy
Technical Training
Disaster Recovery Plan
Art/Firm - RPRS
Guarantee
End Runs

After a break, Alan asked the leaders to grab the updated copies of Swan's V/TO that Eileen had distributed earlier.

3-YEAR PICTURE:

FUTURE DATE: 12/31/20XX

REVENUE: $12M

PROFIT: 12% ($1.44M)

MEASURABLE: 50 PROJECTS @ $100K+

- 50 RPRS
- THRIVING CULTURE
- NEW COMPANY HQ
- NEW SALES OFFICE IN CHICAGO
- STRONG SALES TEAM OF 10 PEOPLE
- HR SEAT (RPRS)
- IT SEAT (RPRS)
- ONE OF MINNESOTA'S "BEST PLACES TO WORK"
- 40% RECURRING REVENUES
- GREAT STAFF-AUG PARTNER IN PLACE
- SEEKING ACQUISITIONS

"With your 3-Year Picture clear," Alan said, "and the whole team 100 percent on the same page with the vision for the organization, we can conclude for the day. Thank you for helping keep things at a high level today. I hope you're looking forward to digging into the nitty-gritty tomorrow. Have a great time together tonight. I'll see you right back here tomorrow morning at nine."

When the session ended a little before five, the team left energized, excited about the journey ahead, and ready to blow off a little steam. Sue, Jeff, and Vic made plans to meet in the hotel's fitness center before dinner. Eileen and Tom retreated to their rooms to get caught up from the day, call home, and freshen up. At seven, the team had cocktails in the lobby before heading to a nearby hot spot for a spectacular dinner. The wine and conversation flowed, the team cut loose, and a good time was had by all.

In three hours over dinner, Eileen learned things about her team that she hadn't discovered in hundreds of hours together at the office. She suddenly regretted not having set aside more time for such activities before and vowed to change that from that point on.

Day Two

Alan wasn't surprised to see a few bleary eyes as Swan's team assembled itself the next morning, a few minutes before nine.

"Welcome to day two of your Annual Planning Session," he began, pointing at the objectives and agenda. "Yesterday was all about keeping things at a high level. Today we roll up our sleeves, dig into the nitty-gritty, and bring Swan's vision down to the ground."

Objectives (Day 2)

- Clear Plan to Achieve Vision
- Clear Plan for Q1
- Resolve Key Issues

Agenda (Day 2)

- Check-In
- Review Issues List/3-Year Picture
- 1-Year Plan
  - Roles and Responsibilities
  - Budget
  - Scorecard
- Establish Q1 Rocks
- IDS
- Next Steps
- Conclude

Alan carefully explained each item on the agenda and invited questions. Hearing none, he instructed the leaders to check in.

"The first thing I'd like to hear from you this morning," he explained, "is your business highlight from yesterday. Then I'd like you to look back at your expectations from yesterday and restate them for me and the team."

After a few minutes, Vic volunteered to go first.

"There were a lot of highlights for me," he admitted, "but the best was the 10-Year Target discussion. That might surprise you because I didn't get my way, but I had a real 'aha' during that discussion. Maybe for the first time, it became clear to me that growth doesn't always have to mean revenues. I mean, if we're dropping $5 million to the bottom line every year, why do I care whether the revenue number is $20 million or $40

Moving to the next agenda item, Alan directed the team's attention to the Issues List and 3-Year Picture.

"It's time to review yesterday's work with a fresh set of eyes," he explained. He read through every issue and recited each item in the 3-Year Picture, making sure each leader was clear and on the same page with both.

"With your Issues List and 3-Year Picture clear," he said, "we can now build a solid 1-Year Plan. Let's begin by predicting revenue for the coming year."

"Nine million," said Vic right away.

"I wrote down eight point five," followed Sue.

"Eight and a half," Tom said. "Same as Sue."

"I had eight million," Jeff said, staring at a spreadsheet. "That's only about 10 percent growth over this year, but I'm assuming we'll not be generating staff-aug revenue for the full year. So it's actually closer to 15 percent *real* growth, and it gets us a nice start toward $12 million in three years."

"Sue?" Eileen asked. "Can you and your team make $8 million happen without any new staff-aug business?"

"I think so," Sue replied. "I may want to accelerate my staffing plan, but I think we can get there."

"Tom, can you and your team deliver it?" she asked.

"Yes," he said confidently.

"Then I say $8 million," Eileen replied. "Vic, are you okay with that?"

"Well, normally I'm such a stickler for details," he joked. "Yes, I wasn't thinking about the impact on revenues exiting the staff-aug business would have. I can get on board with that."

Alan recorded $8 million on the flip chart and asked for everyone's profit prediction. The team quickly agreed on 10 percent, or $800,000. A more vigorous debate arose over the number of $100K projects, with the team ultimately arriving at the following financial predictions:

1-YEAR PLAN:

FUTURE DATE:	12/31/20XX
REVENUE:	$8M
PROFIT:	10% ($800K)
MEASURABLE:	30 PROJECTS @ $100K+

This triggered another debate. Tom was on board, but neither Vic nor Sue was sold on the idea. Ultimately, the team agreed to keep it and continued on to add two additional goals.

1-YEAR PLAN:

FUTURE DATE: 12/31/20XX
REVENUE: $8M
PROFIT: 10% ($800K)

MEASURABLE: 30 PROJECTS @ $100K+
   1. ALL CORE PROCESSES DOCUMENTED, SIMPLIFIED AND FBA
   2. BUILD NEXT GENERATION MKTG/SALES DEPARTMENT
       (2 NEW SALES EXECS, INTERNAL MKTG)
   3. RESTRUCTURE FINANCE DEPARTMENT (INCLUDING HR AND IT)
   4. SCORECARDS IN EVERY DEPARTMENT & EVERYONE HAS
       A NUMBER
   5. INTEGRATE RIGHT STAFF-AUG PARTNER

"Now that we've developed solid goals for next year," Alan said after the team completed its discussion, "there are three agenda items to resolve before your 1-Year Plan is finalized. The first is to answer this question: Are your roles and responsibilities clear? In other words, as you look at your Accountability Chart, do you have everything you need to achieve your 1-Year Plan? Are each of you crystal clear on your role in achieving this plan?"

Alan asked Eileen to distribute the Accountability Chart and worked through it with the team. Again the leaders focused first on structure and then on people. Sue described her plans for the marketing and sales department while Alan illustrated those changes on the whiteboard. The rest of the team asked questions, provided some input, and agreed to support Sue's plan. Tom detailed plans to add a few key resources to the operations department as the year progressed, and Jeff presented his rough plan for building out the finance department.

Once the team members agreed that they had the right structure to support Swan's 1-Year Plan, they focused on identifying any people issues. Alan added several "open seat" issues to the Issues List, as

Swan Services Q1 20XX Rock Sheet

Future Date: March 27, 20XX

Revenue: $2 million

Profit: 7.5%

Measurables: 4 projects @ $100K +

COMPANY ROCKS	WHO
1) Initiate search for staff-aug partner	Eileen
2) Hire new sales associate and marketing coordinator	Sue
3) Structure finance department and define HR seat	Jeff
4) Hire BA, PM, and developer	Tom
5) Make go/no-go decision on next generation technology	Tom
6)	
7)	

SUE
1) Hire new sales associate and marketing coordinator
2) Refine sales department scorecard and individual measurables
3) Get sales process (including pipeline reporting) followed by all
4)
5)
6)
7)

TOM
1) Hire BA, PM, and developer
2) Make go/no-go decision on next generation technology
3) Get project fulfillment process followed by all
4) Refine ops and development department scorecards
5)
6)
7)

JEFF
1) Structure finance department and define HR seat
2) Get accounting process (Including time and billing) followed by all
3) Finalize 20XX budget and conduct financial reviews with leadership team within two weeks of month-end
4)
5)
6)
7)

EILEEN
1) Initiate search for staff-aug partner
2) Evaluate Sensi-Tech acquisition opportunity
3) Implement HR process and get followed by all
4)
5)
6)
7)

VIC
1) Evaluate options for increasing recurring revenue and make a recommendation to pursue at least one
2) Conduct at least one trust-builder exercise
3)
4)
5)
6)
7)

that will make some of these issues go away forever. So before we start IDSing, let's go through and clean up this list. I'm going to read through every issue, and if you'll solve it with a goal or a Rock or we've resolved it in the session, just say 'off.' 'On' means it hasn't been solved and we need to leave it on the list."

After several minutes, the unwieldy Issues List had been whittled down to size.

LEVEL 10 MEETINGS	COMPETITORS GETTING STRONGER
LEAD GENERATION	OUT-OF-DATE LEGACY TECHNOLOGY
FINDING TALENT	DATA SECURITY
ON-BOARDING NEW HIRES	CAPITAL AVAILABILITY (CLIENTS, US)
BENCH STRENGTH IN OPS	RISING HEALTH INSURANCE COSTS
MID-LEVEL MANAGEMENT	SUE-ENOUGH TIME
PREDICTING REVENUES	RAJ – RPRS
MANAGING FLUCTUATING WORKLOADS	PTO POLICY
NEW OFFICE SPACE	TECHNICAL TRAINING
IT RECRUITING	DISASTER RECOVERY PLAN
OFF-SHORING (OVERSEAS DEVELOPMENT OFFICE)	GUARANTEE
"PRODUCTIZING" COMMON SOLUTIONS	END RUNS
CERTIFICATION	LMA
LOSING KEY EMPLOYEES	SALES SEAT OPEN (2)

"That's *still* cool," said Vic when the list had been scrubbed. "Plus, I can see a bunch more of those going away when we get someone in here who can run with HR."

"Exactly," agreed Jeff.

Again Alan led the team through the discipline of IDS by helping them first prioritize "the one, two, and three most important issues for us to solve here today."

"End runs," Tom said first.

Eileen suggested "Raj—RPRS" and Sue called out, "Predicting revenues." Alan wrote the numerals 1, 2, and 3 next to each issue and then faced the team.

	Be Humbly Confident	Grow or Die	Help First	Do The Right Thing	Do What You Say	G	W	C
RAJ	−	+	+/−	+/−	+	Y	N	Y
THE BAR	+	+	+	+/−	+/−	Y	Y	Y

"Raj is the wrong person in the wrong seat," Alan explained. "Let's discuss."

"Not much to discuss, from my point of view," explained Eileen. "With all due respect to Evan, Raj has been below the bar long enough that we have to exit him. "

"So what's the problem?" Alan asked. "Have you begun consistently using the three-strike rule in your HR process? Have you or Evan had one or two tough conversations with Raj?"

"Two," Tom replied. "Each time he improved for a little while and then started falling back into some old bad habits."

"He's a prima donna," Sue explained. "Super smart, always stays on the cutting edge technology-wise, but he's a pain in the neck. In my opinion, Evan endures the Core Values issues and the 'wants it' problem because he'd have a really hard time replacing Raj's firepower on his team."

"Is that fair, Tom?" Alan asked.

"Yes," he said. "Plus, Raj has some personal issues that keep cropping up every time we start thinking something is the last straw. First one of his parents was sick, then he had some marital problems, and so on. So we decide to wait a little while longer and keep trying to help him improve."

"Ahhhh," said Alan thoughtfully. "Evan's suffering from the 'yeah, buts,' huh?"

"The 'yeah, buts'?" asked Tom.

"That's when you have a clear people issue and everyone on the team thinks you need to invoke the three-strike rule," he explained. "And you just keep saying, 'Yeah, but he's really talented and valuable. Yeah, but he's got some personal problems. Yeah, but it's almost

Alan then worked the team through issues two and three. As the afternoon wore on, the team repeatedly prioritized and resolved issues using IDS until a quarter after four, when Vic made a suggestion.

"Alan," he said, waving a piece of notebook paper as though it were a white flag and breathing laboriously for effect, "can I suggest that we prioritize next steps? I don't recover from a late night the way I used to! Does anyone else think we've solved enough issues for one day?"

"Absolutely," Eileen said, laughing. "Actually, I was just about to make the same suggestion—although it would have lacked your sense of drama, Vic."

The others readily agreed, so Alan helped get them clear on next steps. He began by compartmentalizing the Issues List, killing those issues they had solved during the session and putting the remaining issues on either the V/TO or the Level 10 Meeting agenda.

Mid-Level Management	V/TO	Capital Availability (Clients, Us)	V/TO
Managing Fluctuating Workloads	L10	Rising Health Insurance Costs	L10
New Office Space	V/TO	Sue-Enough Time	L10
IT Recruiting	V/TO	PTO Policy	L10
Off-Shoring (Overseas Dev't Office)	V/TO	Technical Training	L10
"Productizing" Common Solutions	V/TO	Disaster Recovery Plan	V/TO
Certification	V/TO	LMA	V/TO
		Sales Seat Open (2)	V/TO

After walking through next steps and getting the team clear on its homework, Alan moved to conclude the meeting.

"Thank you all for a powerful two days," Alan began. "From my view, you're leaving here healthier as a team, on the same page, and committed to achieving your vision. You have a crystal-clear plan for next year and next quarter, and you solved literally *dozens* of key issues. Thanks for the great work you did together in this room and for all that you've done over the past year to implement this system in your business. Before we leave for the day, please conclude by sharing four things. First, give us some feedback: Where's your head?

THE VISION/TRACTION ORGANIZER™

Organization Name: Swan Services—20XX Q1

VISION

		3-YEAR PICTURE™
CORE VALUES	1. Be humbly confident 2. Grow or die 3. Help first 4. Do the right thing 5. Do what you say	**Future Date:** December 31, 20XX **Revenue:** $12 million **Profit:** 12% ($1.44 million) **Measurables:** 50 projects @ $100k+
CORE FOCUS™	**Purpose/Cause/Passion:** Building a great company with great people **Our Niche:** Solving real problems with the right technology	**What does it look like?** - 50 RPRS - Thriving culture - New company HQ
10-YEAR TARGET™	$25 million in revenue with 20% net profit	- New sales office in Chicago - Strong sales team of 10 people - IT seat RPRS - HR seat RPRS - One of Minnesota's "Best Places to Work" - 40% recurring revenues - Great staff-aug partner in place - Seeking acquisitions
MARKETING STRATEGY	**Target Market/"The List":** IT Directors or CFOs at technology-dependent companies (financial services, health care, education, government) with more than $100 million in revenues that are: • Headquartered in the upper Midwest • Comfortable looking outside the organization to solve technology problems • Want a long-term relationship with a strategic partner, not a low-cost vendor **3 Uniques™:** 1. We're real people who care 2. We're experts at using technology to solve business problems 3. We do what we say **Proven Process:** see attached **Guarantee:** Swan will propose the right technology solution for your real business problem within five business days	

THE VISION/TRACTION ORGANIZER™

Organization Name: Swan Services—20XX Q1

T R A C T I O N

1-YEAR PLAN	ROCKS	ISSUES LIST

1-YEAR PLAN

Future Date: December 31, 20XX

Revenue: $8 million

Profit: 10% ($800K)

Measurables: 30 projects @ $100K+

Goals for the Year:

1. All Core Processes documented, simplified, and followed by all
2. Build next generation marketing/sales department (two new sales executives, internal marketing)
3. Restructure finance department (including HR and IT)
4. Scorecards in every department and everyone has a number
5. Find the right staff-augmentation partner
6. _____

ROCKS

Future Date: March 27, 20XX

Revenue: $1.75 million

Profit: 10%

Measurables: 4 projects @ $100K+

Rocks for the Quarter: / **Who**

1. Initiate search for staff-augmentation partner — Eileen
2. Hire 1 sales associate and marketing coordinator — Sue
3. Restructure finance department and define HR seat — Jeff
4. Hire BA, PM, and two developers — Tom
5. Make go/no-go decision about next generation technology — Tom
6. _____
7. _____

ISSUES LIST

1. Mid-level management
2. New office space
3. IT recruiting
4. Off-shoring (overseas development office)
5. Productizing common solutions
6. Capital availability (clients, us)
7. Disaster recovery plan
8. LMA
9. Sales seat open
10. _____

Prioritize

- **Identify**
- **Discuss**
- **Solve**

last three had been rough. He was averaging seventy hours a week in the business and lying awake most nights worrying about what he hadn't had time to fix earlier that day.

When Eileen asked about his leadership team, John laughed sarcastically. He'd spent the last two years running through a string of unsuccessful internal promotions, external hires, and consultants.

"I wouldn't refer to any of them as a real leader," he lamented. "And we've never even gotten close to functioning as a team! I know it's my fault—frankly, in this condition, I can't be an easy guy to work for. Honestly, Eileen, if I can't figure this out, I'm going to sell the damn company and start over."

"Believe it or not," Eileen said, smiling broadly, "I know *exactly* what that feels like. Three years ago, at an event like this one, a good friend did something for me that I'll never forget."

She reached into her purse and pulled out a business card. John watched her write something on the back of the card before sliding it across the table to him.

"On your way home tonight," she said emphatically, "I want you to call my friend Alan Roth. If you really want to start getting everything you want from your business, I *promise* he can help you."

And before he knew what had happened, Eileen was gone, rushing across the lobby to greet her husband, Dan. John examined Alan Roth's business card, looking for clues to explain Eileen's strange confidence in this man's ability to help him fix a business he felt was irreparably broken. He flipped the card over to read what Eileen had written.

Traction!