

TRACTION: GET A GRIP ON YOUR BUSINESS

by Gino Wickman

INSIGHTS BY:

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ABOUT:

This is a comprehensive summary of the book *Traction: Get a Grip on Your Business* by Gino Wickman. Covering the key ideas and proposing practical ways for achieving what's mentioned in the text.

Written by book fanatic and online librarian Ivaylo Durmonski.

(Printable available only for supporting members.)

HIGHLIGHTS:

- You will never reach the next level if you're unwilling to take more risks and let go of your current beliefs.
- You don't have to worry about 100 things to create and maintain a successful business. There are 6 major components that require your attention.
- Businesses are not exactly what they sound like. You should sell, yes, but you should also define how what you're selling is helping others.

ABSTRACT:

Feel like you're losing control of your organization? Struggling to scale your business? *Traction: Get a Grip on Your Business* can help. Gino Wickman promises to turn your company into a well-oiled machine. The author introduces a systematic approach (called the Entrepreneurial Operating System) that will prompt you to create a strong vision for your brand – along with other practical strategies – so you can successfully create a nurturing, well-focused, goal-oriented, and most importantly effective organization. Though the deep dive on corporate jargon makes this book tedious at times, the ideas inside *Traction* can certainly be useful for companies of all sizes.

THE CORE IDEA:

It's common for a business to become an all-consuming organism requiring constant care and attention while, sadly, slowly detaching from the original purpose. The more a company grows, the more unstructured it usually becomes. If you want to stay in business, you want solid foundations and clearly defined processes. Gino Wickman argues that the main goal for an owner should be to create well-defined guidelines for where the organization is heading. When everyone knows what are the goals, plus the steps that need to be executed, everyone in the team moves in the same direction.

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KEY LESSONS FROM TRACTION:

- LESSON #1: LET GO OF THE VINE AND EMBRACE CHANGE
- LESSON #2: DON'T FOCUS ON 100 THINGS, FOCUS ON THE SIX KEY COMPONENTS
- LESSON #3: CREATE A CLEAR PICTURE OF WHERE YOUR COMPANY IS HEADED
- LESSON #4: TO REACH YOUR GOALS SET QUARTERLY ROCKS AND IDENTIFY THE ISSUES
- LESSON #5: PLACE THE RIGHT PEOPLE IN THE RIGHT SEATS
- LESSON #6: MORPH THE RIGHT STRUCTURE AND DOCUMENT YOUR PROCESSES
- LESSON #7: START MAKING CHANGES BEFORE IT STARTS TO HURT BEFORE IT STARTS TO HURT

LESSON #1:

LET GO OF THE VINE AND EMBRACE CHANGE

As the author explains in the book: “If you’re not happy with the current state of your company, you have three choices. You can live with it, leave it, or change it.”

Living with it means not making any attempts to improve the current situation. It’s a realization that is often tightly related to hopelessness – “I wish I could do something about it, but I can’t!” Usually weak, conservative leaders who are constantly complaining are part of this group.

The next option is leaving. Quite often, abandoning a sinking ship is a smart move. If you already tried a bunch of things, saying enough and moving on is far better than investing more resources.

Lastly, we have the option to make a change. If progress is slow or even stagnant, if we want to turn things around we obviously

need to make changes in the way we do things. But here the author doesn't simply mean getting new software to manage finances, for example. It's about *fundamentally* changing how we think and how we run things.

And while change is the obvious move, people don't do it as often as they should.

Why?

Well, change is scary. Especially if you're in the industry for years, you have established flow of doing things, client-base, and gain a certain reputation. But most notably, change means admitting your mistakes and your inability to turn your business into a success. All things not a lot of hotheaded business people are willing to do. Yet again, whether you agree or disagree, change is the only way you can improve what you already have.

Even if things are sort of OK and if the sales numbers are "we can live with them". Change is still the go-to strategy for every organization in the long-run.

No matter what you do, if you keep doing the same things you'll inevitably reach the ceiling. Therefore, innovating and altering the way you think are the natural next steps.

Regardless of your industry, stay open-minded and confess when you are unsure of whether what you're doing is working. Your openness and vulnerability will help you find your weak spots. Therefore, help you progress.

“...growth is your only option. If you’re not growing, be it internally or externally, you’re dying. Most companies strive for external growth, but internal growth also leads to future greatness. In fact, most companies need to start with a focus on internal growth before they can even think about external growth.” Gino Wickman

LESSON #2:

DON'T FOCUS ON 100 THINGS, FOCUS ON THE SIX KEY COMPONENTS

From the outside viewer, the way an organization operates looks quite seamless. However, inside, things are often chaotic. That is, of course, when people don't have clear systems in place.

In Traction, Gino Wickman introduces his view of what a company should focus on – a framework called EOS (Entrepreneurial Operating System).

In simple terms, this is a framework that arranges the business-related processes - basically everything an organization needs to focus on - into 6 components. This segmentation reduces unnecessary complexity and gives the founder clarity on what needs to be done.

Here are the six key components that form the EOS framework:

VISION:

Successful owners create a strong vision for their companies. But they don't stop there. They make sure that everyone in the organization understands and follows the predefined path. It sounds easy on paper but it's something that requires a lot of work and repetition - especially in the communication part. When people *get* what needs to be done and where everyone else is heading, you get where you want quicker. Everyone is focusing his efforts on the right tasks and things get executed without delays.

PEOPLE:

You don't simply need people. You need to find the right people for your organization. The author expands on this by adding, "the right people in the right seats."

When organizations evolve, it's common for them to put the recruiting process on auto mode. People enter, they work, but they rarely excel. Sometimes it's because their skills are limited. Other times, though, because you're placing them in positions that are not adequately modeled to stimulate their unique skill set.

DATA:

Checking the pulse of your company happens when you monitor the right numbers. The author suggests creating a Scorecard. A weekly report-like spreadsheet containing up to 15 data

components. These should tell you how your business is doing at a glance - sales, inquiries, revenue, etc.

Regularly reviewing your numbers can help you spot problems arising or such that are still lurking. Additionally, it will allow you to give clear instructions to people and also see when someone is not focusing on the right task.

ISSUES:

Some call them goals, the author calls them Issues. These are basically the tasks you need to complete to make your vision a reality.

The most important component of this section is creating an organization where people speak up about the issues the company is facing. You would want people to share the issues so you can address them. The opposite of this will hugely hurt your progress. If people don't feel safe about sharing a problem, everyone will bury, hide, disguise the problems they see to appear as things are OK. Naturally, this will lead to even more issues.

PROCESS:

You might think that people know what to do, but this is often not the case. A well-defined list of processes is a must for a successful organization. Things might seem clear and well-defined in your head but this is not true for everyone.

Documenting the major processes in your company is the first step towards clarity. People have the right to know what exactly they should focus on - and why they should focus on these things. Once everything is written down, it will be a lot easier for everyone to execute based on the blueprint.

TRACTION:

Setting a goal and going around the office to tell everyone how great your new idea sounds won't add much to the implementation. You need traction. Processes that will bring your idea to life. As the author states, "Vision without traction is merely hallucination."

Gaining traction and succeeding in your initiatives requires mainly two things: 1) Clear, well-defined tasks accomplishable within 90-days – called Rocks; 2) Regular meetings – called Meeting Pulse. Keep in mind that the idea of these meetups is to keep everyone on track. Clear communication should encourage productivity, not waste time – what usually happens in meetings.

"In summary, successful businesses operate with a crystal clear vision that is shared by everyone. They have the right people in the right seats. They have a pulse on their operations by watching and managing a handful of numbers on a weekly basis. They identify and solve issues promptly in an open and honest environment. They document their processes and ensure that they are followed by everyone. They establish priorities for each employee and ensure that a high level of trust, communication, and accountability exists on each team." Gino Wickman

LESSON #3:

CREATE A CLEAR PICTURE OF WHERE YOUR COMPANY IS HEADED

The first, and probably the most important component of the EOS framework is setting a vision for your organization.

Companies that wish to make the world a better place come and go. Some succeed others miserably fail.

The difference between the two?

Clear, well-defined vision along with steps on how to actually reach this desired state of operation.

Preparing a vision statement is not uncommon for organizations. Most owners know the power of describing where they aspire to go. But most take it too literally and create a 10-page business plan that later no one reads.

Gino Wickman suggests something much simpler yet more

practical – the so-called Vision/Traction Organizer.

This corporate-sounding spreadsheet consists of several components that are vital for your organization:

- **Core values:** The values of the organization should be timeless. These will guide you when you are stuck; Define the culture of your organization; Help you make the right decision when you're not sure what you have to do next; Decide who should stay and who should go. In this step, you should aim for around 5 things that will capture the spirit of your organization.
- **Core focus:** It's easy to get distracted, bored even, after doing the same thing for years. That's why often business owners get distracted by the shiny stuff and start pursuing different agendas completely neglecting their main product lines. As a leader of your organization, you should clearly set the path and not let anything outside distract you. To create this laser-focus, answer the following two questions: Why does your organization exist?; What is your organization's niche?
- **10-year target:** Where do you want to be in 10 years? It's a simple question that sadly often gets neglected. 10 years seems so far that most people don't even bother thinking about this. But the most successful companies set clear 10-year targets. This keeps them focused during their day-to-day tasks.
- **Marketing strategy:** As with everything else that was mentioned so far, to attract new customers you should create clear guides for your marketing and sales teams. Don't try to please everyone. Say no to people who are not a good fit. Take a stand and explain to others what your product can't do. Define

the three unique characteristics of your product and use them in your marketing campaigns.

- **3-year picture:** This stage intends to narrow your focus. You shift from “Where do I want to go?” to “What do I have to do to get there?” Also, here is the place where you define the desired income you want to generate. Of course, be reasonable. If you’re making 1 million per year it will be strange to aim for 10 million. Surely 10X-ing your current cash flow sounds awfully sexy, but if you set impossible goals you’ll create unwanted tension within your troops.

“The most common mistake that most organizations make involves competing in too many sectors, markets, services, or product lines, and trying to be all things to all people. It’s a game you will not win. Rather than your salespeople saying, ‘Yes, we do that, and oh yes, we’ll do that,’ to everything, they should be saying, ‘If you’re looking for that, we probably aren’t the company for you. What we excel at are these three things.’” Gino Wickman

LESSON #4:

TO REACH YOUR GOALS SET QUARTERLY ROCKS AND IDENTIFY THE ISSUES

Obviously, the composition of goals and vision statements, alone, won't get you far. Writing fancy words that look good on paper, get traction on social media, sound sophisticated on board meetings, won't help you actually make your dream a reality. You need something else.

But how to transition from a planner to someone who actually makes things possible then?

Once your long-term vision is established, it's time to dig deeper. To concentrate on the actions. Or in other words, create to-do lists that will define your daily activities.

The author breaks this process down into the following phases:

- **Create a one-year plan:** Condense the long-term vision in a yearly goal. Don't aim to accomplish a lot of things. Focus on

the most important components that will bring you closer to the desired place. Depending on your organization, you should set between 5 and 15 major goals (or less) for the year that follows.

- **Set quarterly Rocks:** The quarterly Rocks practice is about creating a world where you see things in a 90-day period. Plainly, every 3 months, the leadership team should meet to discuss what is happening – what’s done and what’s not done. This practice not only clearly defines the objectives of everyone in the organization but also sets the mood right. People know what to follow and know that every 3 months they’ll be accountable for what they’ve accomplished – or didn’t.
- **Identify your issues:** What obstacles are preventing you from accomplishing what you have just described? This is a different way to look at your goals. Instead of looking at tasks that need to be accomplished, you see things from a different lens – the problems that hinder your progress. Usually, these things will be quite clear when you think about them. And that’s the main idea here: to think about these issues. This will help you start dealing with them faster and therefore move in the right direction with haste.

After the goals are set and the issues that need addressing are clear, communicate this with everyone – the whole company. All should know what is required of them.

Additionally, all should feel safe to talk about the goals and the problems your organization is facing. Nurture a culture where open conversations about issues are welcomed – not avoided.

“One helpful by-product of strengthening the first three EOS components is transparency. Execute them properly and you will have created an open organization where there is nowhere to hide. As a result, you will smoke out issues that have been holding you back.” Gino Wickman

LESSON #5:

PLACE THE RIGHT PEOPLE IN THE RIGHT SEATS

Your desire to expand your business will inevitably reach a state where a well-trained helping hand is needed. In other words, you need quality people to work for you.

But finding people to join your forces is the easy part. The hard part is finding the *right* people to work for you. And also, placing them in the right positions.

You want, as the author explains, “the right people in the right seats.”

But who are the right people?

The definitions may vary. But as a manager, an owner, you should be most interested in people who share your company’s core values. Plus, of course, have decent skills for the job.

On some occasions, it's better to have a relatively skilled person, not the best, but one who is, in a way, in love with what you're doing as opposed to someone who is with superior skills but neglectful of what you're trying to accomplish. In this case, the first person will be - most probably - willing to invest his time to fill the gaps in his knowledge.

How to place the right people in the right seats?

Uncover his/her Unique Abilities.

Gino Wickman explains that you should place employees in positions where their natural skills can best serve the organization. The trick is to discover their passions and in what field they are naturally creative.

Once you get to know your people, you'll eventually encounter two equally important situations that need addressing: Right people in wrong seats; Wrong people in right seats.

The first seems easier – you just regroup and make internal rearrangements to find the best place for the person sharing your values. The second is a bit more complicated. This “wrong person” is probably good at his job and it might seem like something you can live with. However, these people are often hurting more than they are helping. Sabotaging your company from the inside by turning everyone against you. In these situations, letting these people go is usually the best approach.

“What makes this person the wrong person is that he or she

doesn't share your core values. While this obstacle may seem like something you can live with in the short term, that person is killing your organization in the long run. He or she is chipping away at what you're trying to build, in little ways that, most of the time, you don't even see. It's that wry comment in the hallway, the dirty look behind your back, and the dissension that this person spreads." Gino Wickman

LESSON #6:

MORPH THE RIGHT STRUCTURE AND DOCUMENT YOUR PROCESSES

Great organizations understand something that other, struggling companies, often neglect: You need the right structure to move in the right direction. And, of course, you need to reach your financial goals.

If you are just starting out, your organization is probably notoriously unstructured. A lot of undefined processes and questions in regards to how you should structure your company bounce around in your head. Yet, as the author argues in the book, there are only three major operational functions in a company regardless of the size: Sales and marketing; Operations; Finance.

That's it.

If you have all three set, you'll have a winning product and a thriving culture.

Let's observe each of the three individually:

- **Sales and marketing:** This branch of the business is responsible for attracting new customers. If you have a good product but no one is getting it, this means that you'll be soon out of business. Meaning that you need people to *market* your product and people who will *sell* your product.
- **Operations:** This section is responsible for the creation and maintenance of the product itself. This also includes customer service. As you can imagine, this is a major component. This is the actual tangible product that you'll be selling. If you have a great sales team but a flimsy operation system, this is, again, a losing strategy as new customers will soon realize that your product is laughable.
- **Finance:** Profit is the backbone of your business. If you're not making net profit you're exhausting your potential – basically wasting your time. You need a good financial strategy and quality people who can supervise the income and the outcome of cash flow.

On the top, the person who is pulling the strings is called Integrator. Basically, the CEO of the company (probably you).

Your job is not only to point the way, observe what's happening, but also to create the processes your people should follow.

Selling and supporting might seem like obvious tasks, but if you want to excel and be noticed in the targeted market, defining *how* exactly you want to sell and *how* exactly you want to support your

customers will differentiate you from the competitors. This is how you communicate – both with employees and customers – the way you want things to be done in your company.

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

LESSON #7:

START MAKING CHANGES BEFORE IT STARTS TO HURT

The author shares the following short story in the book: “The old dog is moaning, so the gentleman asks the old man why. “It’s because he’s sitting on a nail,” the old man replies. “Why doesn’t he move?” asks the gentleman. “Because it’s not hurting enough for him to move.””

It is common for businesses – this also includes individuals – to neglect certain areas of their organization until the situation becomes urgent. When the problem becomes so unbearably painful that not attempting a change either means you are stupid and/or blindfolded.

A smart person doesn’t wait for the problem to spread. He acts beforehand. Before the small problems, but surely still problems, turn into tremendously difficult to overcome boulders.

How do anticipate and solve issues before they become costly to

solve?

Here is where the traction part comes into play.

The author argues that you need to focus on the following things to get good traction of your business:

- A clear vision shared by all.
- Right people in the right seats.
- Issue list and ways to solve these problems.
- Data collection that explains how you're doing.
- Well-documented processes.

When all of these are clear, it goes down to the following two:

- **Rocks:** To achieve your long-term vision you need short-term priorities. Gino Wickman explains that you should see the world in 90-day periods. You focus on the most important things and make sure that these are solved within 90 days. Everyone in the organization should have quarterly Rocks to solve.
- **Meetings:** According to Mr. Wickeman, meetings are not a waste of time. Regular, well-run, and focused meetings will increase the productivity of the organization. It makes a lot of sense, if you don't see each other to discuss what is done and what is not, you won't have the full picture and thus decide what's important (and what isn't). The author suggests organizing two sets of regular meetings: Quarterly where everyone shares the key objectives for the next 90 days; And weekly, where people stay focused and hold each other

accountable for implementing the goals.

“Making the meeting the same day and time creates a routine. Using the same agenda discourages reinventing the wheel; once you have an agenda that works, stick to it. Plus, it also helps to keep the meetings consistent.” Gino Wickman

ACTIONABLE NOTES:

- **Find people who add value:** The easiest way to determine whether you should hire someone – and also keep someone – is by using the following model: the person should get the job, want the job, and have the capacity to do the job. The author of the book calls this framework GWC (get it, want it, and capacity to do it). Simply understanding what needs to be done and wanting to work for a company is not enough. You should have the skills to do what's required. However, having only the capacity is also (usually) not enough. This might mean that you consider your job a drag and your mood might often hurt others, and the organization. The GWC framework, when possessed by a person, will mean that this person is valuable for the company.
- **Admit you don't know:** Being honest when you don't know is not a weakness, is one of the best ways to further strengthen your skills. After all, if you don't admit, at least to yourself, that you are ignorant, you will never make attempts to improve your knowledge. Running a company in the context of this book is an endless learning experience. If you believe that you have reached a state of almighty wisdom in your field, you're delusional. You let your ego take control. Therefore, you start to make wrong decisions because you lack a fresh perspective. Be vulnerable and open-minded, this will keep you curious and thirsty for more knowledge.
- **Follow the 3-step business process:** The more I think about it, the more I agree with the author about the 3-part business structure consisting of sales and marketing, operations, and finance.

Businesses of any size can fit inside this structure. How can you use this? Well, if you're unsure how to arrange your organization you can simply copy/paste this framework proposed by the author. In short, you need 3 loops to run your business: A sales cycle that will ensure that new, fresh leads are collected; A strong organization loop responsible for creating and maintaining the product; A loop to ensure that your budget is way above zero.

- **10 years; 3 years; 1 year; 90 days:** Rarely someone thinks about his organization a decade from now. Especially if you're a small niche store operating in a local market. And even more so if you are starting an internet store, blog, or something else on a trending topic. Yet, it helps to think about how you want your operation to evolve. Once this is settled, zoom in. What should be your focus for the next 3 years? Then, what is your one-year plan? Finally, set quarterly goals – referred to as Rocks in the book. You can't do everything, no matter how hard you try. So, determine 90-day priorities. They will keep you focused and help you gain traction.
- **Don't grow a business you don't want:** There is a specific side of a successful business that is often overlooked. Say you do create an amazing product that is widely adopted by the masses. However, imagine the product or the company you have created suddenly feels foreign, or worse, something you don't even like. Something that doesn't feel like part of you as an individual. This is not an exception, it's something quite common for entrepreneurs. They hustle and bustle only to find themselves in an industry they don't even like and in a role they also despise. The message here is that you shouldn't overlook the importance of values. Your involvement in the business is directly linked to your moral principles. In other words, don't involve yourself in things that are not in line with your personal principles.

COMMENTARY

Though dry, and impressively corporate-sounding at times, this book can give you a simple framework on what to focus on as a business owner.

The Entrepreneurial Operating System (EOS) framework that is presented by the author promises to turn your complex and probably chaotic internal structure into a well-oiled machine where regular meetings and 90-day sprints are the norm.

There are many checkups and list-filling components that can sound a bit boring. Also, the ever-repeating theme of how amazing it is to have regular meetings. Yet, overall, this book offers a great way to organize your business regardless of the size.

The best thing about Traction is the way the author teaches you to streamline your operation processes, and processes in general, while simultaneously never losing sight of your long-term goal.

There are no magic formulas involved. There is no secrecy or promise for world domination – though he shares how his clients reached hard-to-believe figures of growth. The EOS framework presented in the book explains the most important aspects a business owner should consider doing to establish a strong presence in the market.

Key takeaway?

Things are usually remarkably simple around running a business. You create a product and you reach out to people who might like

it while making sure that you are actually making money. It gets complicated when we forget our core values, goals, and when we start to pursue new shiny markets. That's why the author mentions multiple times how important it is to define the core processes of your business and to create clear guidelines for everyone in the organization to follow.

NOTABLE QUOTES:

“If I could leave you with one message, it’s that: Stay focused. As for what to focus on, that’s your decision.” Gino Wickman

“If your new business idea is a good one, and it doesn’t fit in the current core focus, consider starting a new company with its own resources. Too many times, a new idea is incorporated into the current company, and it’s the kiss of death, due to stretched resources such as people, cash, and time.” Gino Wickman

“Kanter’s law: “Everything can look like a failure in the middle.” Sometimes on your journey, you’ll feel like it’s not working. When this occurs, I urge you to stay the course. Mastery requires total commitment, and gaining traction requires a complete operating system.” Gino Wickman

“Don’t think that your company will get better simply because you’ve read this book or attended an EOS session. You’ll still need to do the work. You’ll need to manage your people, talk to your clients, make tough decisions, and do all of the daily blocking and tackling that goes on inside a business.” Gino Wickman

WORKSHEET

Reading alone won't help you understand the actionable notes. You need to engage with the content. Answer the question below to plan your next steps:

1/ Do the people in your organization fit the GWC framework?

2/ Do you confess when you don't know something or you try to hide it?

3/ How are you performing based on the 3-step business process framework?

4/ Think about the following time frames: 10 years; 3 years; 1 year; 90 days:

5/ Are you growing the right business or are you stuck in one that doesn't spark joy?

THANKS FOR READING!

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