

# DATA

HARNESS YOUR NUMBERS  
TO GO FROM UNCERTAIN  
TO UNSTOPPABLE

DIGITAL REVIEW COPY



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BenBella Books, Inc.  
Dallas, TX

## CHAPTER 1



# THE VALUE OF DATA

“In God we trust, all others must bring the data.”

—**W. Edwards Deming, American statistician  
and quality control expert**



The methods, mindsets, and tools in this book can fundamentally transform your business and how you relate to it.

Yes, that’s a big claim. Let’s dig a little deeper to get at what we mean.

The Entrepreneurial Operating System (EOS) has been used by tens of thousands of businesses, and our work with those entrepreneurs has revealed to us common patterns. One of those patterns can be summed up in one (unfortunate) word: **FRUSTRATION**.

We’re not talking about the surface-level stuff, the little annoyances of work. We’re referring to deep dissatisfactions and aggravations that can slowly become an unhealthy mental habit. In fact, we have seen these patterns so often that EOS Worldwide has defined

and identified them as the “5 Frustrations” that keep entrepreneurs up at night:

- **Control:** You are burning out because you have little schedule flexibility and you keep working longer and harder without it making much of a difference. It feels like your business is running you instead of you running your business.
- **Profit:** You are not consistently producing enough money to invest in your people and technology. Nor are you getting enough financial rewards for the work you put in. Your business isn't the cash machine you thought it would be when you started it.
- **People:** The team is not on the same page, which is causing a lot of headaches and wasted energy. Your team, vendors, and customers just don't listen.
- **Hitting the Ceiling:** Your business is not growing fast enough, or it's just plain stuck. You feel like nothing is going to allow you to break through to the next level. Speaking of which . . .
- **Nothing Is Working:** It's not as if you haven't read books, attended seminars, tried to implement new ideas, or the like. It's just that none of that has moved the needle. Or if it did, it didn't stick. You've fallen into the “flavor of the month” trap, always trying yet another tip, trick, or tool.

Here's the good news. There is not a single one of these frustrations that cannot be solved when you master the Data Component of your business.

But before we jump headfirst into data, let's go a bit deeper on those last two frustrations, because sometimes they are expressed in a more positive way. Many business owners feel reasonably good about the money they have been making and are proud of the business they have built. They would not describe themselves as frustrated.

But if you scratch the surface, you start to hear things that sound remarkably like “We are hitting the ceiling” and “We've tried several new things, but the growth I was hoping for just isn't there.”

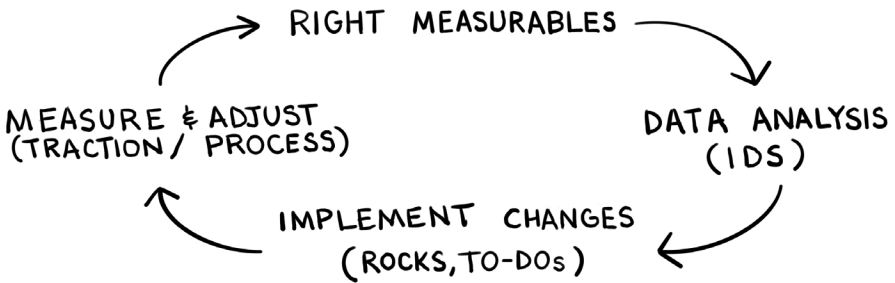
Entrepreneurs express these points not so much in terms of frustration as much as from a burning desire to get their business to the next level. They know where they want to go, but they need someone to help them with the “how” part: “HOW do I get there? Is there a proven way to get exponential growth and make my company bulletproof? And can I achieve that growth without putting all my prior success at risk?”

This is less frustration and more a passion and drive to go “from Good to Great” (as Jim Collins famously first formulated it).

In a way, it doesn't matter whether you call it frustration, or a fire inside you to make your company great. What matters is *how you solve it*. Because underneath the frustration is an uncertainty about what needs to change. So the big question is: How do you get rid of the frustration and uncertainty and create an unstoppable business that achieves greatness?

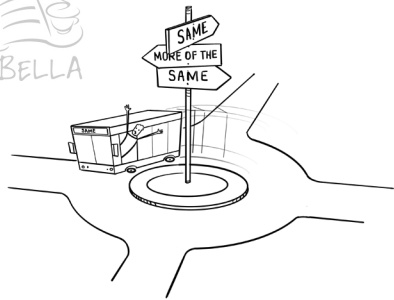
The answer is that you need to learn to *master the metrics that matter*.

Once you can consistently identify and track the right measurables, you put yourself in control of your business. Having the right measurables will guide your actions toward the success goals you and your business have set. This creates a positive feedback loop that creates true confidence and crushes frustration.



Too many business owners feel like bus drivers on the same route day after day. They can never take their hand off the wheel, and there never seems to be any time to pause and reflect on new and innovative ways to get to the desired destination (or even figure out if it's the right destination).

When you know what to measure, you can go from the harried business owner always working *in* their business to the entrepreneur who is confident and free to work *on* their business. You'll jump off the endless bus loop and be free to explore new possibilities, but without losing control of what is already working.

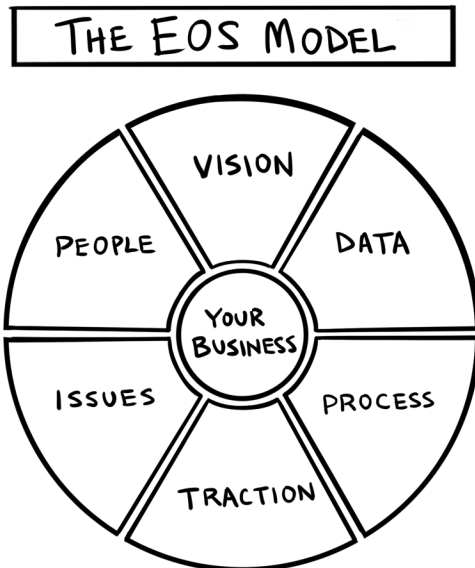


*When you master the Data Component, you'll be amazed at how in control of your business you can feel—and how in control you'll actually be. It's how business leaders transform from uncertain to unstoppable.*

Becoming proficient with data will require effort and focus, but one thing you *don't* need to worry about is having high-level math skills. One common misconception among business owners is that being successful with data means being comfortable with advanced math concepts. We'll detail this further later in the chapter, but for

now it's enough to understand that no special math skills or aptitudes are required.

The other good news is that everything you'll learn in this book about data is not guesswork; the concepts and tools have been tested and they work. We can say that confidently because these concepts and tools have been *proven* to work in real-world settings again and again. They are drawn from the Entrepreneurial Operating System created by founder Gino Wickman. To date, EOS has helped hundreds of thousands of businesses by teaching them to improve the Six Key Components of an organization: Vision, People, Data, Issues, Process, and Traction. This book is all about strengthening your Data Component.



## AN EOS OVERVIEW

EOS is a simple way of operating a business. It's a complete system, full of timeless concepts and simple, practical tools that help owners and leaders get what they want from their businesses. Through painstaking study and years of trial and error, Gino Wickman discovered how to help Leadership Teams resolve the hundreds of common issues facing an entrepreneurial company.

What Gino found was that each and every common issue was caused by weakness in Vision, People, Data, Issues, Process, and Traction—what we call the Six Key Components of any business—as illustrated in the EOS Model.

Whether implementing the EOS tools and concepts on their own or with the aid of an EOS Implementer, leadership teams follow a Proven Process to strengthen each of these Six Key Components.

A strong **Vision Component** means everyone in the organization is 100 percent on the same page with where the company is going and exactly how it plans to get there. A strong **People Component** means you've clearly defined what a "great person" means in your unique business and you're great at attracting and retaining them. A strong **Data Component** (our topic in this book) means you're running your business on a handful of numbers that give you an absolute pulse on your business, predict future results, and help you make better, faster decisions.

A company with a strong **Issues Component** can solve issues as they arise and make them go away forever, rather than letting them linger for weeks, months, and sometimes even years. A strong **Process Component** is about getting the most important things in your business done the right and best way every time. And finally, a strong **Traction Component** is about instilling discipline and accountability at all levels of the organization so that, everywhere you look, everyone is executing on your vision day in and day out.

The journey to implement EOS is a journey to strengthen *all* Six Key Components. Many leaders mistakenly believe that they can solve all the issues in their business just by working on one or two of them, but we know from experience that becoming 80 percent strong or better in each of the Six Key Components will help you run a truly great business. To get a clear picture of your organizational strength in each of the Six Key Components, visit [organizationalcheckup.com](http://organizationalcheckup.com).

You can also learn more about EOS by reading *Traction: Get a Grip on Your Business* by Gino Wickman.

There's no need to be an EOS expert to gain value from this book. Individuals unfamiliar with EOS who would like to learn more can do so by visiting [www.eosworldwide.com](http://www.eosworldwide.com). To be sure, readers unfamiliar with EOS will still understand and benefit from the concepts and tools in the pages that follow.

## DRIVEN BY DATA

Let's go deeper into the ideas behind the power and value of data. What exactly do we mean by the Data Component? At the highest level, what we mean is that successful businesses grow exponentially when:

- THEY KNOW WHAT TO MEASURE
- THEY KNOW HOW TO MEASURE IT
- THEY HAVE A SYSTEM FOR REVIEWING THE DATA REGULARLY
- THEY COMMIT TO TAKING ACTION ON DATA

In future chapters, we will give you the precise tools and teach you how to use them so you'll know how to do all of the above.

But in this initial chapter, let's get an overview of how powerful the right measurements can be.

What follows is a general example, but two quick cautions first.

Caution number one is that there are no "one size fits all" measurements or metrics we can give you. Ultimately numbers are not about numbers, they are about tracking behaviors and habits in a measurable way *so you can get what you want out of your business*. That means they will always be unique to your needs. As you read the following, keep in mind that not every example will necessarily fit your circumstances, but they can still give you a sense of the power of data.

Caution number two goes in the other direction. Use the detailed chapters that follow to build the proper tools and find the exact metrics for your business. Don't use our brief example as a shortcut. This book is a journey and a process to get a true and deep

set of measurables that work for the unique needs of *your* business. When it comes to defining your measurables, there's no such thing as "one size fits all."

### **NOW IMAGINE . . .**

Let's start with the Visionary seat.

## **VISIONARY AND INTEGRATOR**

The concept of the Visionary and Integrator seats within an organization is one of the great breakthroughs that EOS clients experience.

The Visionary is usually the founder or CEO of the company and an entrepreneurial "spark plug." Other good descriptors for a Visionary are inspirational, solver of big problems, idea generator, closer of big deals, and company vision creator and champion. On the potential downside, Visionaries can struggle to develop people, let go of control, and trust others to do what needs done. They can also struggle to stick with the details and not jump from idea to idea.

The Integrator, sometimes called the president or chief operating officer, has the ability to harmoniously integrate the major functions of the business while managing the day-to-day issues that arise. The Integrator is the glue that holds the people, processes, systems, priorities, and strategy of the company together.

To learn more, the best EOS book on this topic is *Rocket Fuel: The One Essential Combination That Will Get You More of What You Want from Your Business* by Gino Wickman and Mark Winters.

For the Visionary of your business,

## DATA = FREEDOM AND CONFIDENCE

When metrics give a true picture of the health of the business, the Visionary can let go of micromanagement. That is the freedom part of it. Visionaries can also finally stop having that stressful feeling of, “I have to keep track of everything myself or things will go sideways fast.” This confidence comes when you know your team is accountable and trustworthy.

These twin ideas of confidence and freedom will only grow the more your company becomes comfortable with the Data Component. This is a reinforcing loop: the greater your confidence that you are measuring the right things, the more and more freedom you’ll have.

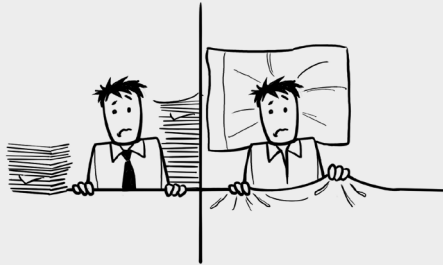
The Visionary will have more freedom in two senses. First, you’ll feel free to finally be a *true* Visionary, taking time to think of new directions and exploring innovative ways to keep growing. You’ll also be free in the very concrete sense of having a flexible schedule—you’ll even be able to take a long and relaxing vacation when you want to enjoy the fruits of your success.

The Integrator also enjoys more confidence and freedom because good data proactively reduces risk. Integrators wake up in the middle of the night wondering about how the execution of the latest

initiative is *really* going. Or if the right accountability standards are in place to ensure the core processes of the business are getting done. Will they discover these kinds of things only after it's too late?

With the right measurables, Integrators can stop firefighting all the time and use data to diagnose and prevent brush fires before they break out. Data allows Integrators to be the steady hand instead of trying to track everything on the fly and getting overwhelmed.

### **EIGHT HOURS OF WORK AND EIGHT HOURS OF WORRY**



Many business leaders feel that their days have become “eight hours of work and eight hours of worry.” They instantly identify with this phrase as an all-too-accurate description of their life. Worries and “2 AM thoughts” take up much of what should be family or leisure time, even when they’re not actively working.

Think of data as a way to greatly reduce the “eight hours of worry.” The right measurables will give business leaders the confidence to let go of significant amounts of anxiety, knowing that they have the true pulse of the business.

Now let's go further and think about data and the major functions of the business. Again, we are not going to be comprehensive in this first chapter, but instead give you just enough of a sketch to see how exciting the power of data can be.

Think about marketing. Pinning down specific metrics in this area can be tough, but let's view it in terms of what marketing is ultimately for. In most cases, the core of it is generating warm leads that you can turn into sales.

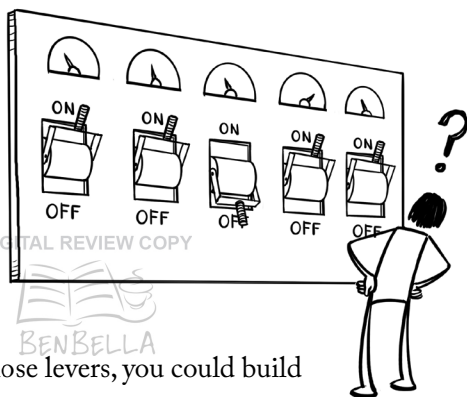
What if your Marketing team could drill down and figure out precisely where your warm leads came from, and what levers to pull to either increase or decrease them?

When you figure out those levers, you could build some very important measures around warm leads, metrics that could give you great predictive powers about the number of warm leads you can expect in a given period and how to control them.

Warm leads are a particularly interesting metric because when you think about it, the ability to control their flow likely will impact every other major function in your business. Everything in the business tends to end up downstream of leads.

You can drive leads up when you have the capacity to handle growth. Or you can ease off and decrease them when the amount threatens to overwhelm your Sales or Operations team members.

Speaking of sales, you probably already know you can build numerous key metrics around that function. In fact, many businesses



are a little top heavy on sales measurables and a little light on data about other functions.

Continuing our example about metrics that can be downstream from warm leads, you can set sales-revenue goal metrics relatively easily. Let's say a good salesperson in your organization can achieve a close rate of 25 percent on warm leads. Once you know how many warm leads you can achieve, you can then target a specific amount of sales.

The calculation would look something like this:

$$\text{REVENUE} = \text{WARM LEADS} \times \text{CLOSE RATE} \times \text{AVG SALE VALUE}$$

Not only does this make your business more predictable, it also can quickly point to where there is a problem or a bottleneck. For example, if sales are down, you can quickly see whether the problem is, say, a lack of warm leads or a low closing rate. You know exactly where to start drilling down to uncover problems.

You might think in the world of sales that a closing rate metric would be a no-brainer and that most businesses monitor it closely. After all, the numbers are the numbers, and you either close or you don't. At a certain point, if you can't meet the standard, it's time to admit that changes need to be made.

But we have witnessed many situations where a sales leader or salesperson keeps telling the owner about the huge pipeline and about the gigantic deals that are just around the corner. Yet even though things keep falling short, nothing changes, sometimes for years. *In these cases, positive talk is winning out over the reality of the data.* At EOS, we have a nickname for this kind of thinking—"smoking hopium"—and it's dangerous to the health of your business.

There is nothing wrong with positivity, but if you allow it to overrule factual measurables again and again, you'll never make progress. The numbers don't lie. Part of your commitment to mastering your Data Component means learning and accepting this fact.

Let's share a couple more examples, continuing through the major functions of a business. Marketing and Sales bring in the business, and then the next steps are usually up to Operations.

What are the standard processes that the Operations function uses to fulfill customer orders or services? Are there key metrics that you can use to measure efficiency? Many of the most impactful numbers will improve gross margins. What are the big numbers that, when executed efficiently, lead to the least amount of waste and the highest amount of profit? Measure those.

You can keep going. Finance? For most businesses, the key metrics here should revolve around ensuring the business has all the cash it needs to operate, and that cash issues never constrain growth. Often this constraint is an issue of past-due accounts receivable or some other controllable metric.

All functions in your business should have measurables that directly tie to achieving its vision.

How do you bring this all together? You'll learn the full answer as you go through the book, but the short answer is creating a Scorecard. This is *the* key tool for staying on top of your business's Data Component. The next two chapters will go into greater detail about "the why and the how" of this bedrock tool.

## DATA FOR EVERYONE

As important as the Scorecard is, it's not enough. To transform your business and fuel exponential growth, you need to make accountability to numbers something every single member of your organization understands.

At EOS, we refer to this as, "Everyone Has a Number." (Chapter 4 will give you the roadmap for implementing this concept in your business.)

The EOS book *Traction* by Gino Wickman sums up the idea of "Everyone Has a Number" very well: "Complete mastery of your Data Component is achieved when you boil the organization's numbers down to the point where everyone has a single meaningful, manageable number to guide them in their work."

*Traction* goes on to spell out the eight distinct advantages to everyone having a number:

1. Numbers cut through murky subjective communication between manager and direct reports.
2. Numbers create accountability.
3. Accountable people appreciate numbers.
4. Numbers create clarity and commitment.
5. Numbers create competition.
6. Numbers produce results.
7. Numbers create teamwork.
8. You solve problems faster.

If you look closely at this list, you may see a common theme. What these eight statements all say in their own way is this: numbers will create, motivate, and harness human energy.

When you give everyone a number, you are actually giving them a gift. Some will want to hide from the accountability of it. In that case, the gift you are giving them is the knowledge that their life would be better spent finding another job more suited to their unique talents and ability.

But to most team members—the ones you want on the team, anyway—numbers are energizing. The gift you are giving them is total calm and control over their role. You are also giving them a guide to what is important for developing their careers and improving their skills.



Having clear expectations and knowing what needs to be done to meet them are a relief. The bonus gift is that team members know they are part of a team that is pulling in the same direction, with everyone aligned and working toward the organization's vision. They know what success looks like and how to win.

Without a clear roadmap, even the most talented employees will struggle to reach their potential and drive your business forward. As Hans Rosling eloquently stated in his book *Factfulness*, “Clarity is the most important thing. I can compare it to using a map. If you're going to go somewhere, you need a very clear map because you'll get lost very easily without it.”

By providing explicit role clarity, you equip your team with the navigational tools to avoid getting sidetracked and keep them focused on the highest priorities. When everyone understands exactly how their efforts link to the broader vision, they can channel their energy into productive collaboration rather than aimless wandering.

Ultimately, achieving this level of transparency creates an unstoppable force where employees all work in the same direction to blaze new trails and unlock growth opportunities they otherwise would have missed.

## MYTHS AND MISTAKES

Let's pause for a minute, because you might be getting excited about the possibilities of data . . . but you also might be holding back on a commitment because of some common myths and mistaken beliefs about metrics.

### JUST GO WITH YOUR GUT?

Many entrepreneurs flinch when they consider going deeper into the topic of measurement, math, and data. "Trusting their gut" has gotten them this far—should they really mess with relying more on data?

True, a lot of good can come when an entrepreneur trusts their gut. It takes great faith to launch a business in the first place, and if they didn't trust their gut at least sometimes, things probably never would have gotten off the ground. And it's also true that if a business owner feels like something has activated their "BS detector," they are probably right.

But good instincts and going with your gut are still no substitute for getting better at understanding and using data to get a crystal-clear picture of the health of your business.

By going with your gut, you are asking for surprises all the time. And running a business with constant surprises popping up is a recipe for problems. Sure, sometimes the surprises are good, but even

those tend to lead to overconfidence and complacency—which lead to bad surprises. And bad surprises mean pain, scrambling to make up for losses, and sometimes serious financial hardship or even a threat to the business as a whole. Trusting your gut has its uses, but when it's not backed up by a commitment to listen to the data, you are playing with fire.

Also worth noting: Study after study reveals that our gut instincts are most often wrong. Organizational psychologist Adam Grant has extensively researched the role of intuition in decision-making. In his book *Think Again*, Grant argues that our gut reactions are frequently biased and unreliable: “Intuition can be a useful starting point, but it’s not a reliable ending point. Our gut feelings are shaped by mental shortcuts and stereotypes that can lead us astray.”

Professional poker player and decision strategist Annie Duke also emphasizes the importance of overcoming our natural tendency to trust our intuition. In her book *Thinking in Bets*, she writes, “Our gut instincts are often wrong, and we need to be willing to challenge them with data and analysis. Relying too heavily on intuition can be a recipe for disaster in business.”

While gut instincts have their place, entrepreneurs who are willing to dive deeper into data and analytics are often better equipped to navigate the challenges of running a business. By gathering and analyzing relevant data, business owners can make better-informed, evidence-based decisions that reduce the risk of costly surprises and setbacks. As Grant notes, “The more we can ground our decisions in data and logic, the better our chances of making choices that serve us well in the long run.”

## FEAR OF RABBIT HOLES

Another concern is the fear of wasting time and energy going down rabbit holes, measuring too much and keeping track of things that don't matter.



This is actually a healthy fear, as measuring the wrong things or tracking too many things is a common mistake. But the solution is not to avoid using data; it's to understand how to find the key numbers that will give you the essential information without bogging you down in spreadsheets and useless details.

## “MATH? NO THANKS.”

We touched on this myth earlier in this chapter. It's a widely held false belief that you have to love math—and be good at it—to make data work for your business. Of course, being good at math won't hurt, but mastering the Data Component of your business doesn't require anyone to be a math genius.

As you put together your measurables, you'll be pleasantly surprised to see that you won't need high-level math. At the heart of good data and measurement is not math but commitment. It's about figuring out what you want from your business, and then reverse-engineering the numbers that will help you get exactly that. From there, it's about committing to collecting those numbers consistently, taking action when needed, and continually reiterating and updating what you are measuring as the growth of your business dictates.

In other words, you don't have to like math; you just have to love getting what you want out of your business.

## MEASURE WHAT MATTERS

We think you probably get the idea by now: we believe strongly in the value of data! *But* there is a big catch. Data is only truly valuable *if* what you are measuring is genuinely aligned with what you want to get from your business.

We've seen over and over how tempting it is for businesses to measure whatever numbers are easiest to measure. They also find it tempting to measure things that aren't that hard to attain. These things might not be what is most essential or even relevant, but measuring them makes us feel better, like we are accomplishing something, and it doesn't rock the boat.

This reminds us of the old joke about the police officer who sees a drunk man searching for something under a streetlight. If you haven't heard it, let us paraphrase from the science and business writer David Freedman: the police officer asks what he has lost. The drunk replies that he lost his keys. The officer joins him in the search but after a few minutes asks if he is sure he lost them there. The drunk admits he lost them in the park but is looking under the streetlight because "This is where the light is."



This is often called the *streetlight effect* or *drunkard's search principle* and explains a common observational bias that people tend to search for answers where it is easiest to look rather than where the answers are likely to be found.

These common pitfalls reveal that what you are measuring is not essential. The way out of this is simple but requires a bit of thinking and work to discover. It comes down to making sure your metrics align with your vision.

As you go through the process of this book, never lose sight of the fact that you want your Scorecard and everything that feeds into it to align with your vision and the practical goals of your organization. For businesses running on EOS, that means ensuring your Scorecard aligns with your Vision/Traction Organizer (V/TO).

EOS is designed around first principles thinking. Thinking in first principles is about breaking everything down to the fundamental basic elements, then rebuilding from the ground up. Anything that isn't aligned with your vision as the basic fundamental goal is unnecessary complexity. Applying this to the Data Component means measuring what is vitally important to your vision, while not getting bogged down tracking anything that ultimately doesn't matter.

The V/TO (Vision/Traction Organizer) is a way to boil down your vision into a two-page document that gets your vision out of your head and down on paper. Besides bringing clarity for the leadership team, it will also allow everyone else in your organization to see where you want to go.

The V/TO ensures that your team is focused and aligned on the 8 Questions of Core Values, Core Focus, Core Target, your Marketing Strategy, 3-Year Picture, 1-Year Plan, Rocks, and Issues List. Your intentional culture needs a clear, precise vision, and the V/TO is the master key for it.

It would be hard to overestimate the importance of a great V/TO! To go deeper on this crucial topic, we recommend Gino Wickman's book, *Traction*.

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EOS MODEL®

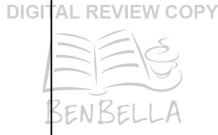


# VISION/TRACTION ORGANIZER®

ORGANIZATION NAME: \_\_\_\_\_

## VISION

<b>CORE VALUES</b>	<ol style="list-style-type: none"> <li>1.</li> <li>2.</li> <li>3.</li> <li>4.</li> <li>5.</li> </ol>	<b>3-YEAR PICTURE</b>
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<b>10-YEAR TARGET</b>	<p><b>Target Market/"The List":</b></p> <p><b>3 Uniques:</b></p> <ol style="list-style-type: none"> <li>1.</li> <li>2.</li> <li>3.</li> </ol> <p><b>Proven Process:</b></p> <p><b>Guarantee:</b></p>	



EOS MODEL®



# VISION/TRACTION ORGANIZER®

ORGANIZATION NAME: \_\_\_\_\_

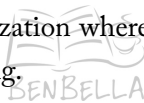
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Good measurables guide your team to live out the V/TO on a weekly basis (and sometimes even daily, depending on what number you are measuring and how granular you get). The V/TO gives you a 3-Year Picture and 1-Year Goals. Your Scorecard, and your individual team number goals, should add up to reaching those longer-term goals and achieving that picture.

If your business doesn't run on EOS and you don't have a V/TO, the key point is to make sure your Scorecard and other metrics add up to your getting what you most want out of your business and attaining your big goals.

The energy and excitement of seeing true, *measurable* progress toward the vision will be contagious. Instead of chasing pointless metrics and following unclear standards, each team member will know exactly what is expected of them and know they are sincerely part of moving the organization where it needs to go: fulfilling the V/TO. It's a beautiful thing.



## GETTING WHAT YOU WANT

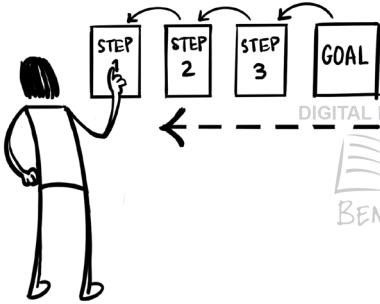
Numbers, tracking, measurables, metrics—everything that falls under the title “data”—don't really mean anything by themselves. Without the right context, numbers are just numbers. In the end, the real question is this: Does the data help you get what you want out of your business?

That is why you'll find that the EOS “Getting What You Want” tool will be an essential part of figuring out what to measure, and why it matters.

We will explain the practical execution of this tool in chapter 3, but the concept behind the tool is important to understand. What this tool teaches in a very hands-on way is that *you start with your desired end result in mind and then work backward to define the activities that immediately precede that result*. It's the ultimate tool to get you thinking in first principles.

If you follow this tool step by step, key actions will come into focus as you reverse-engineer your results. You'll be able to zero in on the pivotal actions that truly drive what you want to achieve.

That is why this tool is so perfectly named. It's all about Getting What You Want from your business. That's also a perfect description of what mastery of the Data Component will do for you and your business: it will show you the undeniable path to getting everything you want out of your business.



## REFLECTIONS AND ACTIONS

If you want to improve your business, simply reading this book will not be enough. Not only must you absorb the information herein; you also need to reflect on how it applies to your business and what actions you can take to leverage the power of data.




At the end of each chapter, we have added a “Reflections and Actions” section designed to help you translate insights into practical steps that can drive your business forward. Consider the following questions and suggested actions, then jot down any thoughts or plans that come to mind.

1. **Assess Your Data Utilization:** On a scale of 1 to 5 (1 = *not at all*, 5 = *extremely effective*), how effectively do you believe your business currently uses data to drive decisions?
2. **Identify Your Key Metrics:** What are the top three key metrics that matter most to your business’s success? You’ll get details on how to identify them later in the book, but we want you to get your initial thoughts down on paper. If you already have a Scorecard, is everything on it essential?
3. **Evaluate Your Team’s Data Literacy:** Consider the level of data literacy within your leadership team. Do all members understand the importance of data and how to interpret it?
4. **Create or Refine Your Scorecard:** If you already have a Scorecard, review it to ensure it aligns with your current business goals and the insights from this chapter.
5. **Commit to One Data-Driven Action:** Choose one insight or idea from this chapter that resonated with you the most. Commit to one specific, data-driven

action you can take in the next week to apply this idea to your business. It could be as simple as gathering data you've been overlooking or as complex as reevaluating a process.

Remember, the journey to mastering the Data Component of your business is ongoing. These reflection questions and actions are just the beginning. As you progress through the book and implement what you learn, you'll find that data becomes an increasingly powerful tool for achieving your business vision.

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***A Real-Life Data Story***  
***Ironlink Logistics: Transformation and***  
***Growth Using the Power of Data***

*Ironlink Logistics is a third-party warehousing company with facilities in New Jersey, California, and South Carolina.*

David Dembitzer, founder and CEO of Ironlink Logistics, learned more about the “5 Frustrations” than he ever wanted to. He could relate to them all.

**Control?** He was frustrated by the lack of it. Despite working 80 hours a week and micromanaging to the point of being copied on every *single* email in his business, he was not making the progress he wanted.

**Profit?** There were profits, but shouldn't they have been higher? As the head of a third-party warehousing company, he knew controlling labor costs was crucial, but he was not sure overtime was being managed in a way that made sense.

**People?** He had good ones, but the team was spinning their wheels because they did not have the Right People in the Right Seats (see chapter 3).

**Hitting the Ceiling?** This was a *big* frustration. Ironlink Logistics had warehouses in New Jersey and California, but David wanted to expand. But how was that going to happen? He couldn't work any harder or longer than he already was.

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**Nothing Is Working?** Yes, this was a big frustration, too. David was a born entrepreneur, so much so that he dropped out of high school and pursued his dream to own a business. He had inner drive to spare, but not a lot of coaching or education in business. In his words, "I had the 'why' but I didn't have the 'how.'"

Enter EOS.

EOS gave him the "how" by showing him how to strengthen all Six Key Components of his business. The Data Component has been particularly huge for David.

To give one example, Ironlink Logistics began tracking weekly metrics for the New Jersey and California warehouses. The company learned that each warehouse was doing the same volume, but labor costs at the California location were running 30 percent to 40 percent higher.

This spurred some friendly competition, something that came about organically once tracking started. But for David, what was even better than competition was the collaboration that started happening. “My California Operations guy got curious—what were they doing wrong and what was New Jersey doing better?”

It started with phone calls to pick the brains of the New Jersey operation, but it eventually led to a coast-to-coast flight to see firsthand how things could be improved. That led to improvements in California; now, every team is held to the same standard and best practices.

Another example is how David used to track response time to his customers. “I’m fanatical about fast response times. When my customers email us, they deserve a response in less than an hour,” David says. “My solution to tracking this was to be copied on literally every single email in our organization of 200 employees. I’d see an email from a customer and 59 minutes later I’d be reaching out to somebody in my company about why it had been an hour and the customer hadn’t yet received a response.”

With the help of the Scorecard, David was able to let go of inserting himself into this kind of minutiae, and performance improved. “We put response time on the Scorecard, and I watched it go down week over week without my having to micromanage it.”

The biggest example of the value of measurables to Ironlink Logistics, however, is all the new warehouses it has opened, including moving into the totally new territory of South Carolina. Ironlink Logistics now operates six locations, up from two from when David first engaged with EOS.

David credits the confidence he gained in his measurables, and the improvements he was able to make, for this expansion. “I can tell you without a doubt—absolutely 100 percent—that I wouldn’t

have been able to open those additional warehouses without what I learned about data,” David says.

Data is now a completely normalized part of Ironlink Logistics culture—even the hiring process. “For leadership positions, we explain to them what we need during the initial interview process,” David says. “During the follow-up interview, they need to tell us what their regular measurables would be to show how they would contribute to our company.”

All this has been not just transformative for his business; it has also been life changing. “I’ve been learning to ‘let go of the vine,’” David says.

David’s wife would always tell this joke when they would go on vacation: “I go on vacation. David works. He just happens to be with me while I am on vacation.”

David admits the joke was the total truth. “The phone was practically attached to my ear nonstop all vacation. I could not let go and I was always checking in.”

It’s different now. “I actually look forward to turning my phone off and just relaxing when I am on vacation. I don’t need to micro-manage because I have numbers I can trust.”

