

Paths to the Peak

Dealers discuss proven business operating systems

by: Brent Hoskins, Office Technology Magazine

Could your dealership benefit from a structured management framework that serves to help you execute strategy more consistently by way of better alignment around goals and greater employee accountability? If so, it may be time for you to take a look at a business operating system that provides you with a path to the peak success you have been seeking.

Following are brief profiles of three dealerships providing a look at the operating systems they have adopted. Perhaps the insight they share will lead you to take similar steps to improve the way your dealership operates.

Altek Business Systems

In 2018, Altek Business Systems, headquartered in Telford, Pennsylvania, hired a consultant to help the dealership chart a course for its future. Among the consultant's areas of expertise introduced to the Altek management team: The Entrepreneurial Operating System, more commonly known as EOS. The system was created by Gino Wickman, first introduced in his book, "Traction: Get a Grip on Your Business."

At about the same time the consultant's work was underway, Scott Flaherty was hired by Altek. Now the president of the dealership, he recalls the first order of business as Altek began its EOS journey. "He [the consultant] took us step by step through the V/TO [Vision/Traction Organizer], the blueprint of what your business looks like," he says. "He helped us identify our core values, what our marketing should look like, what kinds of customers we want, etc. In the end, the consultant asked, 'If you brought someone in for an interview and he or she fit all of your core values, would you hire that person?' We said, 'Yes, in a heartbeat.'"

The consultant's next question forever changed the trajectory of Altek. "He asked, 'If you look at your core values and some of your current employees don't fit those values, would you fire them?'" Flaherty explains. "That was our



first 'Oh, wow!' moment with EOS ... So, we started changing the culture, with the thought that if people don't fit with the culture, they will leave. We decided to speed that up and let a few people go. By the middle of 2019, the entire culture of the company had changed."

As the culture has changed under EOS, the expectations have changed, too. "The 'average' employee has changed dramatically," Flaherty says. "The changed culture has allowed us to get more out of our employees than we thought possible and it has allowed us to grow. We have experienced 214% growth over the last four years."

Plenty has changed at Altek as a result of EOS. "I would say that we have rolled EOS out to about 95% of the company," Flaherty says. Today, L10s (standard weekly EOS-guided meetings) are held by each department at Altek, he says. "Plus, our VP of sales, service manager — all our middle management — meet once a week, where they discuss what is going on in every department. The C-level team also meets weekly."

Today, nearly every Altek employee has EOS "rocks," says Lexi Clemmer, COO. "Rocks are projects outside of normal job tasks that are to be completed within 90 days," she says, noting that rocks are regularly discussed in the L10s. "Are you on track or off track with your rocks? How can we help you get there?" Discussion on employee rocks in the meetings keeps everyone accountable ... Without their rocks, employees would just do their day to day and then it's, 'I can go home now.' But this [rocks] gives them ways to exceed expectations, which feels good to everyone."

Flaherty shares what he sees as the primary EOS benefit. "The aspect that has brought the most value to Altek is the principle of finding the right person for the right seat," he says, noting that it often means promotions from within and, occasionally, the creation of new positions. "The right person in the right seat doesn't mean you put that person in the right seat and you're done. One day, there may be a better seat for

that employee. For example, our delivery driver from five years ago is now our parts and facilities manager.”

Reflecting on the past and present, “Altek has established that we are EOS and EOS is Altek,” Flaherty says. “When I first read the [Traction] book, I thought it was like he [Gino Wickman] had written the book about us; ‘oh my gosh, these are all of the problems we’re having’ ...

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Fraser Advanced Information Systems

Twelve years ago, members of the management team at Fraser Advanced Information Systems, headquartered in West Reading, Pennsylvania, attended training on the principles of Scaling Up, the business operating system developed by Vern Harnish, author of the book “Scaling Up: How a Few Companies Make It ... and Why the Rest Don’t.” Today, Scaling Up continues to effectively guide the dealership on a daily basis.

Following the training, the dealership engaged a certified Scaling Up coach to work with the management team, says Melissa Confalone, president of Fraser. “He helped us build our first plan,” she says, noting that the plan provided Fraser a business process to follow. The Scaling Up coach “walked us through every step of the process — team alignment, who is responsible for what, and our goals, missions and quarterly targets.”

The framework of Scaling Up is focused on four key areas — people, strategy, execution and cash, Confalone says. When Fraser first adopted the use of the operating system, it became clear that while the dealership’s leadership team members “rolled up their sleeves and worked hard, we had not been getting everyone on the same page in terms of how to run the business,” she says. “If you want to be very successful and grow revenue, you must be very strategic about it. It’s not just ‘sell, bill and service clients.’ Scaling Up provides a simple way for Fraser to lay out a plan that makes sure everyone on the team understands what really impacts our business, rather than just hoping that the sales department comes through with big orders.”

Scaling Up has guided Fraser to “analyze every little piece of our business and not let the bigger number hide what might be flawed in a small bucket,” Confalone says. If one of your critical priorities, for example, “is to grow MPS by 12%, one

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of the very specific benefits of Scaling Up is that it helps you dig into the layers, making sure you are pulling everything in on managed print to get to the right number,” she says. “You may find that it is not 12%, but that it must be 20%. Scaling Up makes you dig for the data.”

Confalone says another key tenet of Scaling Up is impactful, consistent meetings, such as Fraser’s quarterly

executive team [eight people] meetings to review the dealership’s One-Page Strategic Plan (OPSP). “These meetings are very focused on what you are doing in the current quarter,” she says. “We discuss and tweak our OPSP at each one of these meetings.” In addition, Fraser hosts All-Managers Meetings [around 22 people] on a regular basis, including two off-site overnight meetings each year. Plus, “we are religious about daily team huddles,” she says. “As president of the company, I join one of the team huddles every day at 8:30 a.m.”

Scaling Up has guided Fraser management “to be diligent about not being reactive; that’s the whole point,” Confalone says, noting that the operating system helps ensure necessary pivots occur well before they are simply the reaction to problems. “We don’t wait a month or more to pivot, but immediately respond to such questions as, ‘Is this the right person? Do we need help here? Do we need software to make it happen?’ Having a written plan that everyone is looking at makes pivoting simple. It is simple and brilliant at the same time.”

Confalone shares one more key benefit of Scaling Up. “Previously, when we were running after goals and objectives, we always had a lot of cooks in the kitchen,” she says. “Now, if we want to achieve X revenue in net-new business and there are three things we need to do to achieve it, there is an ‘owner’ of that goal. That owner is not [solely] responsible for the revenue, but is responsible for reporting back to everybody about what is working, what is not working and what must change to achieve the targeting revenue number.”

Liberty Business Systems

When Steven Ness first joined Liberty Business Systems, headquartered in Fargo, North Dakota, he reached out to a mentor of his about becoming the dealership’s new EOS implementor. He quickly learned that his mentor had switched to Pinnacle, a business operating system most closely associated with Gregory Cleary and Michael Erath, authors of the book “The Path to the Pinnacle: Using Customized Business Operating Systems to Drive Growth.”

Today, Liberty has fully embraced the system, and Ness, now the dealership's CEO, is a certified Pinnacle Business Guide [guiding not only Liberty, but other companies as well]. "It has become a passion of mine," he says. "Giving people a framework to guide them in their decisions, asking tough questions, 'serving hard' — a little tough love — and seeing them succeed is the absolute best part of what I do."

The main areas of focus with the operating system are the "Pinnacle principles — people, purpose, playbooks and performance, and that all equals profits," Ness says. He lists some of the critical questions that Pinnacle will help business owners address. "What's our vision? Where are we going? What are the few priorities that matter the most right now? What issues are getting in the way of progressing our business? What does our strategy look like? What does branding look like for us? How do we create a rhythm of accountability? How do we actually get something out of meetings?"

Leveraging the operating system begins with a Pinnacle Guide helping a company's owners develop a Strategic Vision Execution Plan, Ness says. "This is a living, breathing document for them to use day in and day out; it makes sure they are clear on what their purpose is, what their core values are, what their one-year goal is, what their quarterly goal is," he says. "On one side, it's, 'This is who we are, this is what we do, this is why we do it.' On the other side, it's, 'This is how we do it, this is what our branding is,' and how we stay accountable."

As noted, meetings are particularly crucial under Pinnacle. "We embrace meetings," Ness says. "You should be holding weekly meetings within your organization ... We also believe in implementing 'stand-ups' — quick, hard hitters just to get everyone on the same page. In addition, we

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believe in meetings where teams are focused on roadblocks and issues that are more tactical in nature. And, finally, we believe that strategy should be addressed in other dedicated meetings; at Liberty, those meetings are held quarterly."

Beyond frequent, effective meetings, among the other practices within a Pinnacle-guided business is the use of the 3-2-1 Model by which

there are "three obsessions to every seat [employee role]," Ness says. "What seats do I need? What are their obsessions? What is it that each seat owns? I need you to own things, so that you can take away tasks from me and do your job well. In addition, I need two measurables for each seat's three obsessions, so we know how well you are doing."

For dealers interested in implementing an operating system like Pinnacle, Ness advises they do not delay. "A lot of companies want to wait," he says. "Owners think: 'We can do this once things slow down' or 'once this or that happens first.' You are never going to 'have time.' You've got to 'make time.' If you want to improve your business, now is the right time to implement an operating system."

Oftentimes, the delay in implementing an operating system is the result of being reactive and not proactive, Ness adds. "Many dealers have a 'firefighter mentality,'" he says, referencing the practice of routinely just addressing one problem after another. "What I wanted to do was become a smoke detector. I wanted to figure out 'where the smoke is coming from' before it 'becomes a fire.' That's what Pinnacle did for us." ■

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