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EPISODE
220

Mike Paton

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Episode #220
John Bowen and Mike Paton

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Best of success,



John Bowen
Co-founder, AES Nation

John J. Bowen: As entrepreneurs, we are all about making a difference to really create that tremendous value and deliver to our clients consistently. And to attract those new clients, we've got to have systems. Now, I know this is something that not all of us are excited about until we get the end result. And today I have a phenomenal guest who is the chief visionary for one of the most successful entrepreneur groups putting together those systems and he's going to share with us how it all comes together.

This individual, Mike Paton, is one of the really top lifelong learners. He is a speaker and author, and he's going to walk us through some of the key processes that each and every one of us need to do so we can accelerate our success even more, and that's what it's all about. I'm John Bowen, I am the Co-founder and CEO of AES Nation and we're here to accelerate your success. Stay tuned,

Good to have you here. I've spent so much time sitting at game changer, Dan Sullivan's Strategic Coach is a big program game changer. Sitting next to Gino Wickman and Mark Winters and we're always talking about tools and implementation and the success stories they go, "You got to talk to Paton." So, Paton, first of all, thank you for joining us.

Mike Paton: Thank you John. It's a great honor to be here. My pleasure.

John J. Bowen: Well, and I do want to just point out as we're getting started that on the bottom third, everybody could see it's Mike Paton, but we go with Paton. So, I don't want anybody to think that I'm being a little too tough on you here using the surname.

Mike Paton: All good.

John J. Bowen: But you know, one of the things, I mean being a visionary at one of the really largest entrepreneurial organizations where you're helping 60,000 entrepreneurs are using your tools, including us, using your tools to help them be more successful. I got to get the backstory first. How did you get here and make, did you make a mistake along the way? How did it all come together, Paton?

Mike Paton: Yeah. So, I grew up in a household full of educators and entrepreneurs and immediately out of college, my first job was in a bigger organization. I was a banker and I quickly found that I was right at home with my entrepreneurial clients, and really didn't enjoy spending much time with other bankers. And so ultimately, I left banking to run or help run four different entrepreneurial companies before discovering EOS. And two of those were great successes. Two of them were train wrecks. And of course, anybody who's ever spent a minute running an entrepreneurial organization knows you learn a lot more from the train wrecks than you do the successes.

Mike Paton: But at the fourth organization, which didn't work out so well for me, I was trying to figure out how to reach the founding owner of this organization, help take that organization to the next level. And a neighbor of mine introduced me to Gino Wickman and his recently published book Traction. And I read Traction and I just fell in love with its simplicity and its applicability to not just dysfunctional or challenged organizations. But when I could see immediately was it was a set of simple practical tools, a holistic system for running an entrepreneurial company that would help even good organizations become great. And that just really attracted me. And I flew off to southeast Michigan to meet with Gino and was immediately hooked.

John J. Bowen: Yeah, it's interesting. I read the book before I met Gino and I had read the book and I thought the system that it lays out in anyone, as you're scaling up your business and you're growing, you're having success, it's one of the quickest ways to have, what Paton is talking about that train wreck. If you don't have the systems in place, it's amazing. And while at the time it doesn't feel like you're learning, but it's an extremely expensive lesson.

So, what I wanted to invite Paton on is to help us from really having that train wreck and to really take advantage of the opportunity so we can serve our clients and our future clients really well. I read the book and I was blown away and it was shortly thereafter, I just happened in one of Dan's earlier programs, Dan Sullivan of Strategic Coach happened to sit next to Gino.

I didn't even remember looking at his picture on the page and we got talking. And I said, "Geez you know, a lot of us." So, we were doing some of the breakout together. I go, "What's your business?" And he shared the Traction, and to me it's one of the most powerful books. And then I mentioned I sit next to Mark Winters and I want to point out to Gino and Mark wrote a book called Rocket Fuel on really the visionary. And I forgot what they called the COO, integrator. It's a powerful book. But what I'd like to do Paton dive right in.

Normally, I kind of get stretching to get ideas from fellow entrepreneurs, but you're used to really sharing ideas all the time and you've got a couple of posters behind. When we got on together, I said, I've got two things I wanted to show but you already have them behind, but I have them on computer screen they're a little easier to read. So, let me go right away. One of the challenges, everybody gets stuck with processes and this key process type thing is really a challenge. You have what we call the six key drivers' component. I was looking for the trademark here, components of any business and let me blow it up, so it's really easy for those of you who are on viewing and if you're driving, don't go to the video podcast right now. You can pull this up and we'll go over in the resource section where it is on esoworldwide.com.

But what I'd love to have you do is kind of share with us, I see this big wheel, and this is driving that success. These are the key components. If somebody's going to build a great

business or they already have the business, one of the things I always look at, as I was getting prepared for the meeting and I was just reminding myself, I've got three businesses, how am I doing in each of these areas type thing. But why don't you take it from there.

Mike Paton: Yeah. And I want to give you a little background and your listeners a little background. Because all of this stems from a discovery Gino made while working in the trenches with entrepreneurial leadership teams. Companies that are privately held between 10 and 250 people, their owners and leaders are growth oriented, open minded, want to make something good happen in the world. They want help. They know they can find a better future; they just want a little bit of help. And so what he discovered is when he would get these leadership teams in a room with them and ask them to itemize their problems, challenges, obstacles, roadblocks, everything he heard fell into one of six compartments or what we now call the six key components of any entrepreneurial company, any organization really.

And what those six key components are, are the vision component. And so, when we talk about the vision component, that's just getting everybody in the organization 100% on the same page with where you're going and how you plan to get there. The people component is about attracting great people to your organization and retaining those people so you can achieve a great vision. And the challenge there is that every company has a slightly different definition of what a great person is for their unique organization. And we have a set of simple tools and concepts to help you better define and articulate that.

The third key component is the data component, which is just running the business on facts and figures, objective information that gives you an absolute pulse on the business rather than feelings, emotions, egos, subjective opinions, et cetera. The issues components are pretty simple when your vision, people in data components are strong, you know you've got issues and we've got to get you really good at setting them up, knocking them down and making them go away forever. In too many entrepreneurial organizations, issues are put on the back burner and they linger for weeks, months, even years.

And then the process component, as you said, is about creating consistency and scalability. So, you find that the most important things in your business are being done the right and best way every single day, even when you're not there to coach, manage, mentor, redirect or nudge people out of the way and do it yourself. Which all of us with entrepreneurial backgrounds are very good at doing.

And then the last component is the traction component. Really the ability to bring the vision down to the ground and feel like you're executing on it every day at every level of your organization with discipline and real accountability, top to bottom, side to side. And those are the six key components. And an EOS implementation journey is designed to strengthen the six key components of an entrepreneurial company.

John J. Bowen: Yeah. Paton, it's kind of interesting as I look at it and I think about it for every business and every entrepreneur I've ever worked with. And I've started a lot of businesses, bought a lot of businesses and so on. I love the illustration of the wheel because if any of these things are out of balance, the wheel doesn't work. This is a real challenge that we all have. And I'd like to just touch on each of the areas, maybe kind of a high level if we could. Starting if we think of vision, I look at vision and it's really interesting. I'm in a number of mastermind groups just hanging out with Gino, but I spent every year well over \$100,000 usually in four or five mastermind groups.

I've found that hanging out with my fellow entrepreneurs are really good. One of the areas it's great on is helping get that big vision, what's possible. How do you work with entrepreneurs? As we're talking with our peer, the entrepreneur here vision is always hard to have, particularly when things are ... We've got political, economic, social things and the external forces and then the market. Whatever specific market, and then we have just life intruding internally as well. How do you help on vision? How can we make that powerful here?

Mike Paton: Well you had a couple of great nuggets in the setup to that question that I'll start by repeating. The first thing is, it's important to work on strengthening all six of the key components because if you're strong in five and weak in one, you're really never going to be able to achieve your potential. With regard to the vision components specifically, the problem in most entrepreneurial organizations isn't a lack of vision. Most entrepreneurs have plenty of vision. You add in a leadership team and they all have a slightly different view of where we ought to go, how we ought to plan to get there, what's most important today, this month, this quarter, this year. And so, there's too much vision.

And so what we try and do is we get the leadership team in the room, we roll up our sleeves and we ask a series of eight questions to find a clearly and simply articulate where we're going and what our plan is to achieve whatever vision we lay out, and we refuse to move forward to question number two until we get every member of the leadership team to agree to the answer to question number one. Because if the leadership team doesn't agree, you're never going to get the 40 or 60 or 150 team members you have in your entrepreneurial organization on the same page, because the parents of the organization aren't on the same page either. And so, it's a very simple tool called the Vision Traction Organizer, VTO, eight questions. And we answer those eight questions as clearly as simply as we can, and we move on.

John J. Bowen: Well, it's funny I hadn't heard it said that there's too much vision and I agree. I usually think of it as an entrepreneurial fog, and you have to get through to get to the vision. But reality is there's vision everywhere. So, all of us, as you're having more success and more focus you can be. If you're going to take focused action. It's just so powerful. I want to go clockwise on the wheel, and I look next and the data, and this is something, Paton, we're big

believers in that we do a huge amount of research. We write three books a year. We do a lot of thought leadership in the financial services industry in studying wealth and particularly among entrepreneurs.

One of the things that I find is that, in today's world technology is really easy to get data. Now getting wisdom out of data it's a whole different thing or intelligence. But I just see so many just simple dashboards or information your fellow entrepreneurs aren't getting ... They aren't getting the data, let alone the KPIs and so on. But how do you help them think through that, and why is that important too?

Mike Paton: Another great set up, John and we were talking before we started about relative age. And when I started in business, the number one problem with the data component in most entrepreneurial companies was people were flying blind, there wasn't any data and they were just kind of trusting their gut and making the best decision they could. Today it's the opposite problem. Data is everywhere, but it's not helping anybody make stronger, better, faster decisions. And that's the reason to strengthen your data component. And so, we just take a high-level simplified approach by helping the leadership team identify a handful of numbers that will give it an absolute pulse on the business.

Five to 15 numbers, preferably leading indicators or predictive indicators of the results you're going to get next month or next quarter, not historical data that tells you how you did last month or last quarter. And we asked the leadership team to look at those indicators on a weekly basis. We called them measurables, and if they hit their goal last week, we're good. And if they didn't hit their goal or they see disturbing patterns and trends over the last 13 weeks of history at a glance, we asked them to drop those issues down to their issues list, prioritize them and work to get those leading indicators back on track, so that the trailing indicators never end up registering in the loss column, for lack of a better term. Very simple approach to proactively using data to make better, stronger, faster decisions.

John J. Bowen: I just want to encourage you, if you aren't doing it now, it's so easy to do compared to what it was, but the discipline to know what are the key information is just critical and it helps, amazingly. Let's go to the next. And here what I'm looking at in this whole process for our Canadian, UK, Australia, New Zealand process and process, whichever one you use. There are very few processes we have in business. If we can make things simple and elegant and repeatable, this is where we create tremendous value. And particularly small, mid-size, you don't need that much capital anymore with technology, particularly if you're in the knowledge business but even the widget business.

But what you do need is you got to have great processes along the way. How do you think of this, Paton? How does that come together?

Mike Paton: Yeah. So again, great setup, John. We take a simplified approach to strengthening the process component because we're working with entrepreneurial companies, not big corporations that favor thousand-page SOP manuals with 100% of the steps, in 100% of the processes exhaustively documented. And so, we just ask our leadership teams to identify the handful of truly core processes, those things that make your organization different and uniquely valuable to your customers and employees. Things like an HR process, a marketing process, sales process, a handful of operating processes for how you'd deliver value to your customers, an accounting process, for example, those kinds of things.

And then we ask them to document and simplify each of those processes until the leadership team agrees, if we did the major steps in each of these processes, documenting the 20% of the steps to get us 80% of the way towards consistent, scalable repetition of excellence, would we run a consistently excellent organization? And when the answer is yes, we simply train everybody in, institute a process for ensuring that those core processes are followed consistently, we call that followed by all. And that's how we help our clients create consistency, scalability, and grow to any size they choose.

John J. Bowen: Yeah. And I'll tell you my experience Paton, what happens if you don't have these things break. And what you are saying, we don't have to be perfect in life and none of us are. We're working on it, we're working on mastering it, but we're not there. But that 80%, if you can get 80% you can ship, you can do whatever. And taking the time on this, it's just so powerful to make it work. But let's go on to the next, the traction. I look at traction and this was a title of the book and I had Gino talking with me about all these rocks and then meetings.

As fellow entrepreneurs, these are some of our least favorite things and, but they're important obviously, nothing great happens by ourselves. So, Paton, how does this come together here and how do you guys think of it?

Mike Paton: Yeah. And I'm going to keep it simple and entrepreneurial because I'm incapable of going any deeper than that. Traction is the art of bringing the vision down to the ground. So, there's a reason vision is at the top of the model and traction is at the bottom. And it's just instilling discipline and accountability throughout the organization. So, everybody is executing on your vision weekend and week out and quarter in and quarter out. That's what gets you traction.

And so, the two tools we use to strengthen the traction component are what we call quarterly rocks. And a rock is just a business priority, and an EOS company is a business priority due in the next days. And we always give credit to both Stephen Covey and Verne Harnish for creating and refining this term for its use in entrepreneurial companies. Stephen Covey with his glass cylinder analogy, Verne Harnish popularized the use of the term to describe a business priority.

But all we're doing with rocks is we're creating a 90-day world for everybody in the organization, starting with the leadership team so that sometimes for the first time in a company's history when we said rocks with the leadership team, everybody in the room walks out crystal clear on what the company's three to seven priorities for the next 90 days are, and what their own three to seven priorities are for the next 90 days.

And if we just repeat that pulse every quarter, you're going to have a team of people 100% aligned around the priorities of their organization and themselves every 90 days. It just creates accountability for execution on your priorities.

John J. Bowen: Yeah, I love this Paton. Because when I look at it, what I see is, there's just an opportunity. One of the things that entrepreneurs sometimes, we don't want to look at the rocks. And the one thing I know if you look away from the rocks, you're going to trip over time and time again. I like racing cars. You've got to look ahead. If you're not looking ahead far ahead, you're driving off the road type thing.

Mike Paton: Well, and that's a great segue into the meeting part of the traction component is that, most entrepreneurs hate meetings, not because meetings stink, but because the meetings in their organization stink. You cannot stay on the same page and drive accountability for your priorities and hitting your numbers and keeping your customers happy unless the people running the organization are getting together in a healthy, efficient, productive way regularly. And so, when we strengthen the traction component with our clients, we're helping them schedule and run high value, really intense, really important meetings on a weekly basis to help keep them on track and drive accountability for solving issues and hitting targets. And that's the power of the meeting pulse and strengthening the traction component.

John J. Bowen: Well, it is so powerful tying this all together and let's continue around the wheel issues. And this is one ... I got to tell you, until a couple of years ago, I wasn't very good at, this issue list. Because the problem with it, Paton is, when you start writing it down and it gets pretty big and you're going to pull the off the next morning and go, "No, I don't know." But what's amazing is, and this is where we're really building great teams and what your whole systems are all about is working, we're going to come to the people. But if you're not letting them know what the rocks are and what the issues are and there's no accountability, and all of a sudden, it's kind of like, we can go a little crazy on this. But how do you see the most successful entrepreneurs really making this work?

Mike Paton: Well, number one is you've got to acknowledge that every business, even rapidly growing, highly profitable businesses have issues. You can't run a great organization without issues. And so, setting aside that desire to pretend you're running a perfect organization and sweep all the problems, challenges, obstacles, as well as unrealized ideas

and opportunities. A lot of people don't understand issues aren't negative things. If you want to go make an acquisition or expand your business offering or create a strategic partnership, that's every bit as much of an issue as solving a problem in your company. And so, what we've got to do when we strengthen the issues component is, we've got to acknowledge that we're always going to have issues. And we have to create the kind of culture where we as leaders and the people in the organization all the way down to the front lines feel really comfortable raising their hand and saying, we've got an issue. And getting it on a list somewhere where it can be appropriately prioritized and solved.

And then the second discipline is something we call the issue solving track IDS for short, which is just a way of getting to the real root of what's causing the issue and solving it for the long term greater good with an action plan we can all support rather than discussing it endlessly and never really identifying the root cause and never agreeing with our fellow team members what's going to make that issue go away forever. And so, when you get really good at that, John, you're less afraid to tackle an issue because your confidence and your ability to resolve it permanently increases. And it's amazing how quickly the list of perceived issues shrinks in an entrepreneurial company mastering this discipline.

John J. Bowen: Well, I just came from a meeting, Paton, and I have a virtual company. So, we're virtual, we're doing it and we're having a real challenge on one thing. It was ... I won't go into the details, but it was one where we're stopping a project that had a potential net income between 200,000 and 500,000 which is fairly significant for our businesses. So, what happened, it's been an issue, it was a lot of fact finding. And one individual said, "Why don't we just change and do this?"

And because it had been front mine and she shared, she just thought of 10 minutes in preparation of the meeting because he knew we had run into another big rock. And this kind of leads us around the circle because this is so important. You're going to do all of these things. This is a balance, but you got to have the right people, right seat. How do you help entrepreneurs do that?

Mike Paton: Yeah, so the first thing we do with the people component, I mean every entrepreneur in the world has spent most of his or her time trying to figure this mess out. And you could Google help with the people component and probably come up with 15,000 great pieces of content to support that. And what we try and do is just break through all that stuff and boil it down to its bare essential. So right people, right seats comes from Jim Collins work. We defined right people as folks who share our core values, people who are a great culture fit for our organization. And someone who's in the right seat is just really good at his or her job every day without the requirement of a lot of management, coaching or redirection. They're independently excellent.

Mike Paton: And if you have a hundred people in your organization and every one of them fits your culture like glow and is really good at his or her job, the world is your oyster. It's amazing what you can accomplish. And that has happened precisely zero times in the history of entrepreneurial businesses. And so, this is just a framework for constantly assessing, do we have the right structure, do we have the right people? Do we have the right seats? Because you're going to be figuring that out every quarter for the rest of your life, if you own or run an entrepreneurial company and you need a framework for clarifying and simplifying that process.

And I believe that's what Gino did and what we as EOS implementers help our clients do when we implement EOS.

John J. Bowen: Paton, I want to go one more step, we've got to do it in about two minutes is you have a process behind you and I'm going to blow it up on the screen here. And I think this is another one. I think this is another key one or the organization. And it's just so powerful because as we take care of the key components of the business, we have to have a process to make sure we stay on track because stuff happens. We just keep it clean. Stuff happens. So why don't you, if you would take us through just at a high level, this process.

Mike Paton: Yeah. This is what I would describe as the EOS process. It is the process by which a company wanting to implement EOS can get the most amount of impact made in the least amount time. And so as a certified EOS implementer, when I engage with a leadership team of an entrepreneurial company, I start with a 90-minute meeting in my session room where we roll up our sleeves, learn a little bit about one another, and then I present to them a clear picture of what a company running on EOS looks and feels like just to make sure they're clear on the journey ahead and want to move forward.

And about half the time they do, and when they move forward, the rest of these visual images, these little rectangles or simply full day sessions with an EOS implementer in a session room, rolling up our sleeves and get to work on the business rather than in the business. And on average we spend about 10 days, over two years working with a typical client. And after those two years, they're crystal clear on their vision. They've strengthened the six key components of their business to 80% stronger, better. They're running the business on EOS, they've migrated the tools, they've learned down into their organization and they graduate from working with me and continue running the system on their own. And that's the process we follow.

John J. Bowen: No, it's a great, and what I like about it as I bring it up again here. It's really a very thoughtful way of starting, you're getting clarity, big picture then a focus day. So that we're really getting an understanding, getting all the big issues and then we're working on them. And then we can't leave anything ... Success leaves subtle clues. I used to think as an

entrepreneur and a number of my early businesses. And what I've learned is it's not subtle at all. They're blindingly obvious, and we don't choose to use those. So, you want to be successful on purpose, whatever your process is. Now you're going to make available to the group a number of resources. So, let's go there.

Mike Paton: Yeah, so this is very simple. I'm going to urge everybody watching or listening to just go to eosworldwide.com and on our website you're literally going to find everything you need to learn enough about EOS.

John J. Bowen: Let me just jump in just for a second, Paton. For those of you on the audio side, all of the show links will be at aesnation.com so you can go and you can hit on all these, but let's take a quick look at the website here, and I've got it up on the screen for those on video.

A couple of a couples of key resources available on the website. There are five books in what we call the traction library, including the two that you mentioned that are really written for slightly different audiences within entrepreneurial leadership teams. And so, you can learn more about books even buy them in a deal we have with our publisher online through the site. You can find a professional EOS implementer on our implementer directory to help you find the right guide for your journey, if you want to move forward to learn more.

There is a tool on the website called the organizational check-up, which is easy to find right from the home page if you scroll down a little bit and it's an assessment tool of how strong or not strong your organization might be in the six key components. And so, look for the organizational check-up on the website as well. And just all of the tools and videos that we make available to the public on the site are designed to help you get what you want from your business and help you implement the tools that will make your business better and your life better.

Well, let me go to the final segment here, which is the key takeaways and it's not going to surprise anyone, but I have six key takeaways. I don't know what it is. Let me put these up here. This is one of the reasons why I wanted Paton, and really, I appreciate with his busy schedule joining us is, to go ahead and share what 60,000 entrepreneurs are using these tools, hundreds of thousands are reading the book and implementing, parts of this. And one of the things we want to make sure whether you're working with EOS or you're doing it on your own leverage these resources, the amount of research that's gone in and fellow entrepreneurs. But take a look and really think about in each of these wheels, your vision.

Do you have clarity? Does the rest of your team have clarity? Do you have your key drivers on the data side that you're keeping score? And then when something's not right, you're making those adjustments. Are you clear on the process and doing constant improvement on

the key processes in the business? And then the traction being really everybody in the business knows what the key rocks are, the big rocks and running meetings well. And you've got the issue list and it's ... I can tell you it can get pretty big along the way but knocking it down feels so good. And clearly having the right people on the road in the right seats in the bus is just so important.

Well, I want to say thank you again, Paton, this has been phenomenal. A great, great meeting, a lot of insights and everyone will have the show notes on how you can reach out to EOS Worldwide. And in the meantime, I just want to encourage you to go, you're your clients, your future clients, and all your future partners. They're counting you. Make this stuff all real. Go out and accelerate your entrepreneurial success even more. We wish you the best of success.

A Second Opinion on Your Finances

A Complimentary Service from Financial Advisor Select for the Members of AES Nation

Dear Fellow Entrepreneur,

Like many members of AESNation, I'm a serial entrepreneur. In addition to co-founding AESNation, I'm the founder and CEO of Financial Advisor Select, a firm dedicated to helping successful people make informed financial decisions by introducing them to top financial advisors.

If you're like many successful entrepreneurs, you and your family already have a relationship with a financial advisor. You may even work with several financial advisors. If you are completely satisfied with these relationships and confident that your finances are on track toward helping you achieve all that is most important to you, we congratulate you.

However, you may not be entirely satisfied. You may be wondering if there's a financial advisor who is better-suited to address your family's very specific financial challenges. If so, you are not alone. In today's uncertain economic climate, many successful entrepreneurs are wondering if they have the right financial advisor.

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We look forward to assisting you.

Best of success,



John Bowen
Founder and CEO
Financial Advisor Select