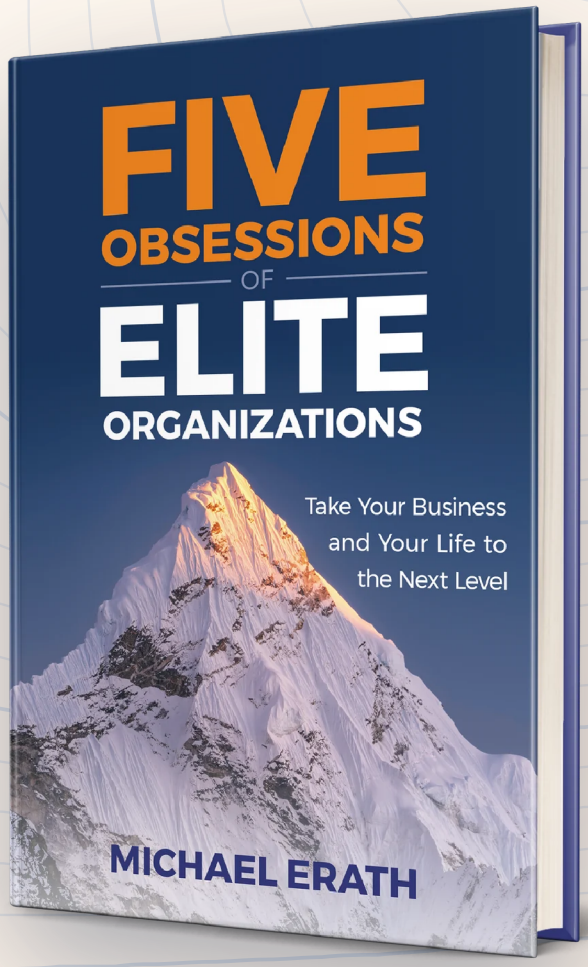
FIVE OBSESSIONS OF ELITE ORGANIZATIONS

LEADERSHIP BOOK CLUB GUIDE

Five Obsessions of Elite Organizations, by Michael Erath

> One obsession per meeting: five meetings plus a kickoff.



FIVEOBSESSIONS.COM

How to use this guide

This guide is for leadership teams reading *Five Obsessions of Elite Organizations* together. Each meeting covers one chapter and one obsession, and each one ends with one action your company will take.

We suggest one meeting every two weeks, about 90 minutes each, so your team finishes the book in about three months. One meeting a month works too, as long as you don't skip one.

The meeting plan

K	**Kickoff:** read Chapters 1 and 2, and everyone takes the Elite Organizations Assessment.	
1	**Meeting 1: Great People.**	Read Chapter 3. **Exercise: the core values exercise.**
2	**Meeting 2: An Inspiring Purpose.**	Read Chapter 4. **Exercise: the Daily Purpose questions.**
3	**Meeting 3: Optimized Playbooks.**	Read Chapter 5. **Exercise: the six questions that start every Process Playbook.**
4	**Meeting 4: A Culture of Performance.**	Read Chapter 6. **Exercise: the Rock Setting Worksheet.**
5	**Meeting 5: Growing Profits and Cash Flow.**	Read Chapter 7. **Exercise: the Million Dollar Whiteboard.**

Four rules for every meeting

1 Rotate the leader. The leader whose seat is closest to the obsession leads that meeting.

2 Keep it to about 90 minutes, and protect it like your weekly leadership team meeting.

3 Keep the talk on your own company. When it drifts, ask: what does this mean for us?

4 End with one action, one owner and a due date. Start the next meeting by checking whether it got done.

Kickoff

Before the meeting

Everyone reads Chapters 1 and 2 and takes the Elite Organizations Assessment at **www.NextLevelGrowth.com/Assessment**. It only takes about 10 minutes, and each leader receives a free personalized findings report. To get one combined team report, ask for it on the For teams page at **FiveObsessions.com/teams**.

Leader prep (about 30 minutes)

Reread Chapter 1. Bring the calendar for the next three months and a copy of this guide for everyone.

Before Meeting 1
Everyone reads Chapter 3, Great People.

Agenda

1. Why are we reading this book together, and what do we want to be different in our company when we finish?
2. Where do our scores agree, and where do our leaders see the company differently?
3. Set the dates for all five meetings and pick who leads each one.

MEETING DATES AND LEADERS

MEETING 1

Great People

1

Read before the meeting: **Chapter 3, Great People.**

Leader prep (about 30 minutes)

Reread the section on core values. Bring a whiteboard or flip chart and markers in three or four colors.

Before you leave

Agree on one action, one owner and a due date.

ACTION

OWNER

DUE DATE

Before Meeting 2, everyone reads Chapter 4, An Inspiring Purpose.

Discussion questions

1. Which seat on our leadership team is the company most likely to outgrow in the next two years, and what are we doing about it now?
2. Where is our frustration with someone on the team the result of unclear expectations for their seat?
3. Is there someone we've kept in a seat out of loyalty after the company outgrew it, and what is that costing the rest of the team?

EXERCISE

The core values exercise

1. Each leader lists the three people, ideally inside the company but not on the leadership team, they would take with them if they had to start the company over.
2. Put every name on one list on the whiteboard.
3. Each leader lists the traits those people share that put them on the list. Put every trait on the board.
4. Color-code the traits by common theme, then rewrite them in groups and draw a box around each group.
5. For each box, agree on the word or phrase that captures it. Write each one with a verb, so it describes a behavior.
6. Test them: if we used these values in hiring, firing, coaching and rewarding, would it make our company better? If yes, talk openly about how each leader's own behavior lines up with them.

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MEETING 2

An Inspiring Purpose

2

Read before the meeting: **Chapter 4, An Inspiring Purpose.**

Leader prep (about 30 minutes)

Reread the sections on Daily Purpose and Strategic Niche, including the Coxreels example. Bring a whiteboard and markers.

Before you leave

Agree on one action, one owner and a due date.

ACTION

OWNER

DUE DATE

Before Meeting 3, everyone reads Chapter 5, Optimized Playbooks.

Discussion questions

1. What would our frontline people say if we asked them why our company exists, beyond making money?
2. What do we deliver consistently that our market sees and values, and that our competitors don't?
3. When was the last time we turned down an opportunity because it didn't fit our purpose?

EXERCISE

The Daily Purpose questions

1. Ask the founder why they started the company, beyond making money.
2. Ask the team why, beyond money, they choose to stay. Keep asking why until the words are clear.
3. Describe the value your company brings to the marketplace without mentioning the product you make or the service you sell. Write the words and phrases on the whiteboard until a Daily Purpose comes together.
4. Write your niche, the product or service you sell. Then add the words that show what you deliver consistently, that sets you apart, and that your market sees and values. That is your Strategic Niche.

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MEETING 3

Optimized Playbooks

3

Read before the meeting: **Chapter 5, Optimized Playbooks.**

Leader prep (about 30 minutes)

Reread the section on building your first playbook. Ask the team before the meeting which process causes the most frustration, and bring sticky notes in two colors and a clear wall.

Before you leave

Agree on one action, one owner and a due date.

ACTION

OWNER

DUE DATE

Before Meeting 4, everyone reads Chapter 6, A Culture of Performance.

Discussion questions

1. Which critical process lives only in the heads of one or two people, and what happens to it if one of them leaves?
2. Which frustration have we blamed on a person that might be a broken or missing process?
3. How long does it take a new hire to get up to speed in their seat, and how much of that time do they spend guessing?

EXERCISE

The six questions that start every Process Playbook

1. Pick the process behind your biggest frustration or your customers' most common complaint.
2. Answer the six questions, one per note, down the left side of the wall: What is the overall purpose of this playbook? What triggers the process to start? What is the desired outcome? What should we measure? Who receives the handoff? Who owns this playbook?
3. Starting from the trigger, ask what the very first thing is that you should be doing, not just what you do today. Put it on a note of the other color.
4. Keep going one main step at a time until you reach the handoff. Add sub-steps under each main step.
5. Agree on who will turn the wall into a written playbook, and by when.

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MEETING 4

A Culture of Performance

4

Read before the meeting: **Chapter 6, A Culture of Performance.**

Leader prep (about 30 minutes)

Reread the sections on Scorecards and Scoreboards and Growth Rocks. Print a Rock Setting Worksheet for each leader from the tools library at FiveObsessions.com.

Before you leave

Agree on one action, one owner and a due date.

ACTION

OWNER

DUE DATE

Before Meeting 5, everyone reads Chapter 7, Growing Profits and Cash Flow.

Discussion questions

1. Where are we giving someone credit for staying busy when the results aren't there?
2. Could every person on this leadership team tell us the numbers they own on our Scorecard?
3. Which conversation about performance have we been putting off, and what has the wait cost us so far?

EXERCISE

The Rock Setting Worksheet

1. Each leader names the one big project in their area that won't get done next quarter in the normal course of business.
2. On the Rock Setting Worksheet, write what you want to accomplish in one clear sentence, and how you will know it is successfully done.
3. Break it into milestones, each with who owns it, when it starts and when it is due, so nobody crams it in at the end of the quarter.
4. Read each worksheet out loud and ask whether anyone outside this room would know exactly what done looks like.

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MEETING 5

Growing Profits and Cash Flow

5

Read before the meeting: **Chapter 7, Growing Profits and Cash Flow.**

Leader prep (about 30 minutes)

Reread the sections on Profit per X and the Million Dollar Whiteboard. Bring your last twelve months of financial statements and a whiteboard.

Before you leave

Agree on one action, one owner and a due date.

ACTION

OWNER

DUE DATE

To see what changed, each leader retakes the assessment next quarter, and your team compares the scores with the ones from the kickoff.

Discussion questions

1. Which one number drives our profit, and does every leader on this team manage to it?
2. How long does it take a dollar we spend to come back to us as a dollar received, and where could we take days out?
3. Who outside this room sees our financial statements, and what decisions would change if more of our leaders understood them?

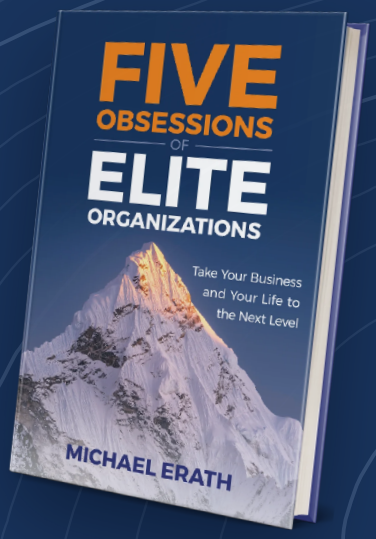
EXERCISE

The Million Dollar Whiteboard

1. Agree on your Profit per X, the one ratio that drives your company's profit. If you don't have one yet, start with your most critical constraint and the profit you earn per unit of it.
2. On the whiteboard, list every cost your team can control or influence that affects that number.
3. Take the costs one at a time, and for each one, ask what you could change and what it would be worth per unit.
4. Add up the estimates, multiply by your annual volume, and pick the one change you will make first.

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What's next



If your team wants help putting what you've read to work, each leader can take the Elite Organizations Assessment at **www.NextLevelGrowth.com/Assessment**. It only takes about 10 minutes, and one of our team members emails a free personalized findings report within 1 business day. The report ends with two next steps, including a complimentary 45-minute working session with a Business Guide, which you book by replying to the email your report comes with.

> **Is it a bad idea to see your highest and lowest scores before your next leadership team meeting?**

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