



Season 2, Episode 1

The Entrepreneurial Operating System (EOS): What Physicians Should Know with Crystal Faulkner

David Mandell: Hello. I'm David Mandell, host of the podcast. Thank you for joining us today. We've got a terrific guest who I know you're going to learn some excellent new knowledge from. Let me tell you about Crystal Faulkner and then we'll bring her on.

Crystal is a tax partner at MCM CPA. Her primary areas of expertise include business and tax advisory, strategic planning, income and estate tax minimization, fraud and forensic analysis, succession planning, wealth enhancement and transfer, and consulting related to business acquisition and disposition.

She's got a number of different educational background and certifications, including being a CPA, a professional EOS implementer. You're going to find out what EOS means on this episode and all about that. A certified exit planner, master analysis in financial forensics, and she's got a BA from Marshall University.

A ton of associations she's involved with you can see in her full bio, which will be in the show notes, and a lot of rewards and recognitions. I'll just point out two that were interesting to me. Enterprising Women of the Year Award she won, and also was named one of Ohio's most influential CPAs by the Ohio Society of CPAs, so I thought that was remarkable.

So, Crystal, with that welcome to the program.

Crystal Faulkner: Thank you David. I really appreciate those comments, so thank you.

David Mandell: Absolutely. We're happy to have you. Today we're going to talk about the EOS. We've had a lot of guests on here kind of talking about entrepreneurs and entrepreneurship in medicine, a 'doctorpreneur,' which is not a term I coined, but I like it. So let's start with the basics. What is the entrepreneurial operating system, EOS, and does it differ from other strategic planning paradigms?



Crystal Faulkner: David, EOS stands for entrepreneurial operating system, just as you said, and what it is, it's really a way for a medical practice, a doctor, even someone individually, to run their practice. It's how you incorporate the tools and the concepts into your practice so that you can actually have a framework, a structure, to achieve the results you're looking for and effectively grow the value of your organization.

David Mandell: So it's kind of a way to think and behave that is according to a certain set of principles, something like this?

Crystal Faulkner: Yes. And, David, just like you I'm sure, and many of our listeners, I'm sure that you've heard of all kinds of different types of strategic processes. There are so many books out there that talk about all different types. The reason I'm really passionate about EOS is not only did I use it in my own business and implemented EOS, actually increasing the value of our company, but it actually provides the tools.

So instead of just leaders or company owners, business owners, doctors, just envisioning where they want to be in 10 years, three years, one year, they actually can use the EOS tools to actually implement these types of processes that just help them execute and get where they want to go.

I always like to say you can envision all day long, but vision without traction is just a hallucination. It won't come true. That's why so many strategic planning processes never achieve the results that a business owner or a medical practitioner want, because of lack of traction.

David Mandell: That makes complete sense. You can have your meeting and a whiteboard and great ideas and come back six months later and nothing has really happened, so I can relate to that, or I understand it. I've tried to overcome that at OJM for sure.

You mentioned elements, and I know you and I have talked about components. I think there's five or six components. Why don't you tell us a little bit about this?

Crystal Faulkner: Yeah. You're talking about the EOS model. Basically what we do, and I am a professional EOS implementer, what that means is I've used all my background so far through my life, all my financial skills, my many, many dealings with clients throughout my career in my own business, and now where I am in my life I just get great joy of helping business owners, medical practitioners, anyone who is a leader in a business, grow the value of the business. What I do when I



work with my clients is I help them strengthen what we call the six key components of their business, their practice.

The first component is the vision component. All that means is getting a leadership team or even a solo practitioner aligned around a common vision, because most of the time, especially in multi-leadership practices, you've got multiple people with the vision, it's just not all exactly the same one. So we make sure everyone is aligned around a common vision. It just let's you get where you want to go faster, and frankly make more money and it generates more profit.

The people component is the second component that we work to strengthen. The people component is really about two tools, and we have these tools to make sure that you have the right people in the right seat. I know that sound cliché, but these tools are so powerful and it let's you get to the heart of exactly what makes a right person in your organization, and making sure that they can do the job excellently well day in and day out. You will never achieve your vision to the maximum without the right people who get you there.

Data is the third key component that we work to strengthen. Again, a financial person, and you're a financial professional as well, we know that so many doctors, so many entrepreneurs, business owners, they run their company oftentimes based on emotion, gut feelings, right? We don't ever want to eliminate that entrepreneurial spirit. What we want to do is use data, numbers, objective information, to make sure that the decisions that are being made are the right decisions.

That's the third component, and I like to say when the vision, people and data components are strong all of the issues in your organization, every issue, the company just becomes very transparent, very translucent. You can see all the issues, so then we work really hard to strengthen the fourth key component, which is the issues component.

All that means is a simple set of tools that I teach the leaders of organizations to become great problem solvers. Now here's what is very enlightening to so many of my clients. Every company, every one, even a great one, has issues, but the really great ones, the ones who are able to achieve their vision, they've just become great problem solvers. They know exactly how to work together as a team or get right to the root of an issue and solve the problem so it goes away forever.



The fifth component is the process component. All that means is identifying and documenting in a very simplified fashion the four or five or just a handful of core processes that your unique organization uses day in and day out so you don't have to be there to micro-manage all the little things. It allows you to go do what you were put on Earth to do, so that you don't have to worry about making sure things that are just routine are done correctly.

What that does is strengthen the process component, allows you to scale your organization, allows you to grow your organization. I've got one dental practice, for example that's looking to really grow over the next three to five years, and having everyone in each office doing the best and the right way every time allows them to do that.

Then finally the traction component, like I said, is where we execute, and that's what's the magic sauce of EOS, is we build the tools right into the process. So by strengthening the traction component it simply about me teaching and facilitating and leading business owners or leadership teams or doctors who can understand what the tools are and then work together or individually, because for example I'm a franchisee. I actually own my own EOS business, and I use all the tools myself, so I'm able to as a sole practitioner use the tools as it relates to EOS.

David Mandell:

That's fascinating. I have a number of follow up questions or things I want to tease out. Let's talk about the people for a second. Let's say someone is listening and they're an entrepreneur, meaning a physician who owns their own practice, or one of a couple partners, and they've got four docs and 25 employees, pretty typical kind of setup.

They know they have some stars in their team, but they know there's also some folks who kind of do an average job, and maybe people who aren't doing a great job. If they work with you and they identify, how do you solve that, meaning if you realize that somebody is... Maybe you're doing personality tests, and they shouldn't be in that position, is there a way to try to move them to the right position, or is it something where it's atypical to say we've got to let this person go, and this is the kind of skills we need in that position? Tell me how that generally plays out.

Crystal Faulkner:

In EOS we lead what we call with structure first, people second. What that means... It sounds kind of harsh, but what that means is that we look organizationally. We try to take the emotion out of the conversation, right? So



we look at what structure, what's the framework need to look like over the next six to 12 to 18 months for us to achieve our vision?

We've already identified what our vision is, and the way I do that is I work with our clients to what we call answer eight questions. One of those questions is what are the core values that this organization has? Here's the thing, you just don't pull words out of air or go to a thesaurus and say these sound like good core values. We're going to adopt those.

Core values are discovered, and once you discover and define your unique organization's core values, then we work very hard to make sure that we hire, reward, incentivize, and sometimes unfortunately have to terminate people who don't share your core values.

So we identify the core values and we work together to see whether or not the people that you currently have on your team share those core values, and if they don't then we have to either coach them up or coach them out. We have a great tool called the people analyzer that gets right to the heart of where and how people are either showing up day in and day out, exemplifying and living and breathing your core values. That helps you determine right people.

When I say right seat, that's different. Right seat is identifying who in your organization can perform the roles that we've identified that that particular seat has to accomplish day in and day out to allow the corporation to achieve its vision.

The way it works is we work together as a team. We take a big step back. We say what structure do we need to have as an organization for us to achieve our vision? What's it need to look like? It's not about what we look like today. It's what it needs to look like six to 12 to 18 months to be on track to achieve our vision?

Once we get the structure placed, each seat then has specific roles. We try to limit it to five to seven most important things that whoever owns that seat needs to do day in and day out.

Then we have a tool that we work together as a team to literally look through each person who we think makes the most sense to own that seat, to see whether they get it, they have the capacity, the God given skillset to do the job and do it well, they want it, they're passionate about doing it excellently day in



and day out, and then they have the capacity, not just time, but the ability to learn.

So you have to have both. You have to have right people and right seat, and we have tools that again allow leaders in an organization to get right to the heart of what constitutes the right person in the right seat. Then frankly, David, you got to tell people.

Like you mentioned earlier, if an organization is growing maybe they were really great for that seat two or three or four years ago, but they're not necessarily skilled to where they need to be in the future. Hopefully you have another seat for them. If you don't then it's in their best interest and the organization's best interest to make a change, no matter how hard that is.

David Mandell:

That makes sense. When you talk about data, I think physicians live in a world where there's a lot of data collected on the clinical side and their compensation is becoming more and more based on outcomes. But applying that discipline to the business piece of it, if they're in a large organization it's probably being dictated down to them by MBA types, which they may like or may not like.

But running your own practice... Those who are listening who run your own practice, you can think about that kind of discipline... Let's just use an example, you know, how many patients are canceling and not coming back for their second appointment, something like that, that might tie to clinical, it might not, et cetera.

For those cosmetic practices, they're tracking, and should be, and I've been to enough conferences to know that it's important for them to be tracking what kind of other procedures people do or what kind of referrals they make, that kind of thing.

So it's getting better I think across, but depending on what the organization is and the specialty, I think there's improvement in a lot of medical practices on the data side of the business part of it, not the clinical part.

Crystal Faulkner:

So, David, do you like sports?

David Mandell:

Yeah. I'm a big sports fan.

Crystal Faulkner:

All right. So I like sports too. I want you to think about this. What we talk in EOS, when we talk about data... And, again, being a CPA and being actually a founder



and an owner of a small business, and then now being part of a very large organization as a partner in a CPA firm, the data that I'm talking about is not financial statements, income statements, balance sheets, to your point.

These are what we call activity based metrics, so what are the five to 15 most important things that you need to be looking at week in and week out to make sure that your vision and your predictions are going to come true?

The reason I asked you if you liked sports is because I want you to think about a baseball game. If the pitcher in the fourth inning is just walking people, walking people, getting the other... Allowing the other team to hit home runs, often they will make a change in the fourth inning, right, or the fifth inning?

They don't wait until the end of the game. This is very similar to what the tool that we use for EOS is. We call it a scorecard. Basically it's five to 15 activity based weekly metrics. The idea is that we want to identify what those metrics are that a doctor needs to see week in and week out to help them be better predictors.

You just don't hope and pray that things are going to work out great. You got to take action, and if in week one or week two you're starting to see a trend and you know that's going to end up in a bad result in week four or five, then you can take action before it ends up on your financial statement at the end of the month, right?

David Mandell: Right.

Crystal Faulkner: Just similar to my baseball analogy, you don't wait until the end of the game to make a change. So what we do is we work with leadership teams to identify, and medical practitioners, with what exactly... I like to say if you were sitting on an island with no internet connection or no phone what would you need to see on a cocktail napkin that your cabana boy or girl brought you to know whether things were going well back at your office? What metrics do you need to see, the five to 15? Not 35, but five to 15, because in this whole process less is more. So that's the point. We work together as a team to identify those metrics David.

David Mandell: I think that's right, and I like the baseball analogy. I'm a Red Sox fan. I think many of the folks listening to this probably are shaking their heads, that makes sense, but maybe we just haven't done it yet. So it's the kind of thing where it's pretty intuitive, but getting a hold on that and being disciplined about it makes sense.



So I think this is true of physicians especially, but one thing we chatted about before is executives disliking meetings. But you've told me that as clients come to see a new value and quality of the meeting and there's actually real value to it... And I think physicians especially so, because meetings weren't really part of medical training. It was going out and helping patients, so anytime you're in a meeting you're not helping patients, so what's the point?

But the whole point of this podcast and for folks to be thinking is working on the business, not just in it, or working on the practice, not just in it. So tell us about your approach to meetings and what you've learned and what you help clients get out of that concept.

Crystal Faulkner: It's really pretty humorous, because hands down pretty much every client that I start working with don't like meetings. When I ask them on a scale of one to 10 to rate their meetings it's often a two, or maybe a three at best.

The reason people don't like meetings is because they feel like they're a waste of time. They don't feel like they're accomplishing anything, right? So what we do is we teach tools that help meetings, those two or three rated meetings, go to what we call a level 10.

The way we do it is we have a very structured approach to meetings and we problem solve. I'm a huge believer that the reason leaders come together... No matter what kind of organization that you have, you come together to solve problems. That is what you spend your time doing, because when you can solve problems, to you're point, you're working on the business solving those problems so that you're... Basically it takes time to have the meeting, but you're solving all kinds of train wrecks that could come down the road, right?

David Mandell: Right.

Crystal Faulkner: So we work together as a team to identify what the issue is that we need to discuss, and we literally create an issues list, things like, for example, if our scorecard metrics aren't on track. We're going to talk about rocks I'm sure in a moment. Rocks are just big strategic priorities, if our rocks are on track. If we've got any patient or employee issues we talk about it.

At the top of the meeting we literally... Just for like 15 minutes we do nothing but say on track or off track. If our scorecard metrics are off track, we drop them down to what we call an issues list. The same thing with do we have patient or



employee issues? If we do, we drop it down to the issues list. We create an issues list.

Then from there, each person on the team prioritizes what issues are the most important things we need to solve or talk about today. It could be one big meaty issue, or get through nine or 10. The bottom line is we prioritize. Usually it's the hardest thing first, because it's usually the most important one.

Here's where the magic happens. Whoever is running the meeting, we go around the room if there's multiple people in the meeting, and we let everyone who has a perspective or a point of view share it. We say you've got to be open and honest. You've got to share your perspective. We're asking questions. We're asking clarifying questions, and frankly we aren't solving anything at that point in the meeting.

Once everybody's voice has been heard, then we work together as a team to take the next step or to solve, because here's what happens. If we've got a group of practitioners or leadership team in a room, and let's just pretend there's seven people... If by the time we get to the third person the leaders say, "Now we're going to do this," well leaders four, five, six and seven, they haven't had a chance to have their voice heard, and maybe they had a really great idea.

They're not going to be nearly as committed, so we work together as a team to make sure we're getting it right, and then we say okay, how are we going to solve it? What's the next step? We just become great problem solvers, and that takes our meetings from that two or three that I was mentioning up to a level 10. We have a very specific process, a very specific agenda, and my teams who hated meetings coming into the EOS process, that's the best part of their week.

David Mandell: Interesting. You've turned it around, and if they feel like they're getting something done --that's really the key, right?

Crystal Faulkner: It is. Otherwise your whole company is just held together on duct tape and twine. You're trying to like shove the issue out of the way, so you just move on, and unfortunately that issues never goes away if you don't solve it.

David Mandell: You got to deal with it. So two more questions I want to get through. I just spoke this weekend at a surgical conference in Minneapolis, and it was part of a course that was on financial and wellness. It had a bunch of surgeons talking about burnout and what their organizations are doing to overcome that and help docs deal with that issue, I mean avoid it, and wellness, and a bunch of



tools they're using in hospitals, in medical practices, in large medical organizations.

Part of what you guys deal with in this process is culture, so what does the process... What's involved on the culture side so that people are really happier at work, or at least in part feeling productive and part of a team?

Crystal Faulkner:

That is so critical, right, because we all know people are very important. You can't achieve your vision with people in this day and age. It's tough to get great people. It's very competitive. So culture... And this is what was a huge... It really is a very big ah-ha moment for so many of my clients, and frankly for me when I was implementing EOS in my own company.

You don't make culture happen just by waving a magic wand. Culture is a direct result of people living and breathing your core values. I'm going to say that again. Culture is a direct result of living and breathing your core values.

So until you identify, and what I say, discover your own unique practice's core values and then work together to define it so people understand what that means, to live and breathe your core values, walk the talk, your culture will never be as good as it could be.

You could have two doctors, great professionals, with different core values. If they work in... For example if it's in practice A, practice B, they might be super stars over there. But if they switched practices they wouldn't be nearly as successful if they don't share that practice's core values.

So core values in culture I think are just way overused. People don't truly understand how you create culture, and it is about making sure you hire people who share and reek, I like to say reek, of your core values.

David Mandell:

I think part of that for a medical practice would be to avoid burnout and have people... I mean if they want to, and I think in today's world they have to, right, because you're not going to keep young docs and be productive and grow if people are burned out.

Crystal Faulkner:

And you got to share the vision David. You got to get people excited, right, about where we're going, how we're going to get there. A lot times people assume just because you know what the vision is that your whole team does, but that's not true. Most people don't even understand how their roles, what they do day in and day out, work together with the others to actually help the



overall organization, the practice, achieve their vision. It really is critical, you got to share your vision and then you've got to share it multiple times.

It's really funny, I've got kids and I'm married, so one of the things I've learned in EOS was that as a human being, because we're so bombarded with information, you have to hear something seven times before you start hearing it the first time.

So instead of being irritated when my husband only... You know, I've told him three times and he still doesn't get it, I now changed my mindset and say I just got to tell him four more times and he's probably going to get it.

So you have to repeat yourself often, and you have to share your core values, and you have to walk the talk, to be honest.

David Mandell:

Well, I won't ask you about if you've used performance metrics with your kids in the house and doing their chores, but... Well, maybe that's a subject for another time.

I do want to ask one last question as we get sort of to the time here, which is obviously we're coming out of hopefully and will continue to the pandemic. You worked with businesses going into that. How did this process, and how did you help businesses, organizations, deal with that and the challenges that came out. The ones that were successful coming out on the other side here, what did you think were key success factors?

Crystal Faulkner:

I will tell you most every client that I have, that I've been working with with EOS, came out better than they were before. Instead of panicking back in March of 2020 when people didn't know what was happening, they actually went to work and implemented the tools.

One of the tools that we didn't speak of that's so critically important that I think was very, very instrumental in helping these organizations survive and then thrive is what we call rocks. Rocks are big strategic priorities that we work together as a team to identify.

Then what we do is we name a name, who owns that rock? Who's responsible? What really drives discipline and accountability? It allows teams, or even individuals... Sometimes as a solo practitioner you've got to have that accountability as well.



What are the most important things that I need to do? Not 25 things, but three to five most important things? So that's what happened. We worked together as teams or individually to identify okay, here's where we're at. We just don't, again, hope and pray that it all turns out well. We have to take action to make sure it does.

So these EOS tools were so critical in terms of if we lose 20% of our practice, right, how do we revise our accountability charts to make sure we still have the most critical roles being performed by somebody? What do we need to do, not maybe next week... We didn't have weekly meetings. We changed them to daily meetings. What do we need to do today to make sure that we're still going to be here tomorrow? Do using the tools were powerful.

David Mandell:

Yeah. I know at OJM we're in a great position and a part of that is I think work, and part of it's a little bit of luck, I mean that's part of life. But I think for many medical practices it was really a wake-up call, because it was the first time they ever had to close their doors for any amount of time due to restrictions statewide, and depending on the specialty maybe just emergency procedures.

I found that many of our listeners and the readers of our book and our newsletters use that time to work on their practice, not just in it. So for those of you listening, some of you are shaking your heads and saying, "Yeah, we did that bit. We did some things, got them off our to do list." People got their wills in order. That was on their list forever.

But hopefully now as we're coming out of this, I think it's another renewed time. One of the reasons I wanted you on is people can breathe a little sigh of relief. They're vaccinated, maybe most practices, the clients I talk to, they're back to full capacity. Okay, what are the two or three key strategic things that we haven't done yet that we need to, or maybe this is a good opportunity now we feel back on our feet to implement something like EOS and get some outside help on that, so I think it's very timely.

Crystal Faulkner:

It's a great framework, no matter... I'm a firm believe that every organization, whether you're a solo practitioner or a large group, you need to have some kind of an operating process, some kind of a framework structure so that you can make your vision come true.

David Mandell:

Agree. We'll talk about sports. I'll say the last thing... Is John Wooden, who was a great basketball coach at UCLA, where I went to grad school, says, "If you fail to plan, you plan to fail."



I don't think docs are a fail to plan people, but the business discipline of a strategic process is just not something that they were exposed to in medical training, so this kind of concept is something that I want folks to hear about, because for those of you acting as partners, CEOs of your practice, this is something you want to think about and perhaps implement in your practice.

So, Crystal, thank you so much-

Crystal Faulkner: There's just one last thing I will tell you. I'm happy to do what we call a 90 minute meeting. It's completely no charge, just to let people see whether or not... You know, doctors to see whether this would be of value to them. So you can put my email information. I'm happy just to do it.

That way they can see if it's something they'd like. And even if they don't, there's a lot of tools they could use, the next day if they choose to.

David Mandell: That would be great. Yes. So please, if you're thinking about this as you're listening to this, take advantage of it. We'll have Crystal's info in the show notes, her bio as well as her contact information. We've referred clients to her and they've done a great job.

So if it's something you say this might be something I want to hear about, why not take advantage of speaking with her. There's not a charge for it. Then you can see is this something that makes sense?

So, Crystal, thanks so much for being on. We really appreciate it.

Crystal Faulkner: Oh, you're welcome. I've enjoyed it. Thank you.

David Mandell: Excellent. And to listeners, thanks for listening. Again, in a couple more weeks look for the next episode. Thank you.