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Exploring Business Operating Systems in Search Fund–Acquired Companies

Business operating systems jump-start ETA CEOs in building out soft infrastructure

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When search fund and entrepreneurship through acquisition (ETA) players finally ascend to the CEO throne, they confront a host of opportunities and challenges. These include getting to know the team, assessing the technology stack, pursuing new customers, and fixing an inadequate accounting function. It can be overwhelming for a rookie leader. Additionally, ETA CEOs need to establish a rhythm for managing their newly acquired enterprise. This involves simple tasks like how to host meetings, how often to hold them, how to identify top priorities, and how to let go of less important ones. This might seem like an innocuous task; it is not. Without a clear playbook, it can be filled with false starts and stops, and perpetually feel like someone is making it up as they go along (which they are). We think of this function as the firm's business operating system, and it forms the foundation for how the organization performs its daily activities. To clarify, it is not operations or a software product, nor is it strategy; it is the way a company conducts its behavior.

A business operating system (BOS) is the framework that harmonizes and directs human energy toward a common purpose. Every business has one—whether it is documented or not. In many founder-led companies (or ETA organizations without a BOS), it is unwritten, relying on the instincts, relationships, and sheer willpower of the founder. That can work for a while, but it often breeds dysfunction, slows decision-making, and makes scaling painfully hard. A more formal BOS replaces that fragile, personality-driven model with structure and discipline. It channels the talents, ideas, and efforts of individuals into coordinated action, ensuring everyone is working toward the same goal.

We believe a well-designed and intentionally implemented BOS is the execution chassis for the strategy. Since strategy is only as good as its execution, this is crucial. Without a formal BOS, even the best strategy can become diluted—priorities shift, execution lacks cohesion, and measuring progress becomes challenging. A formal system remedies this by transforming strategy into a shared, actionable blueprint. It breaks the overall vision into specific objectives, assigns clear ownership, and defines the metrics to measure success. The work is organized, priorities are sequenced, and the entire organization develops a common language for turning intent into impact.

Any seasoned ETA CEO will agree that a BOS fosters alignment and accountability, not just good intentions. Effective execution depends on accountability. A strong BOS clearly defines who owns what and how success will be measured. Priorities are specific and time-bound, creating urgency and focus. Performance is consistently monitored so leaders can identify when commitments are missed and address issues early before they escalate. Problems are resolved at their root, not recycled in endless meetings. Here, accountability is not about blame—it is about fulfilling commitments and upholding the promises that strategy demands.

A BOS is a channel for cultivating people and culture. A healthy BOS views talent as a source of leverage and competitive advantage. It helps team members understand how their roles fit into the bigger picture, giving their work context and meaning. Disagreements are resolved constructively, using procedures to turn friction into better decisions. Values are reinforced through daily actions, safeguarding the culture and maintaining its strength amid growth and change. When people are aligned with purpose, supported by clarity, and trusted to act, their collective energy becomes the organization's most dependable performance driver.

Search fund chieftains are familiar with the notion of hard infrastructure in an operating entity. Things like the ERP, the CRM, and the communication channels that support email, phone, and internet connections all form the foundation of infrastructure, along with the cash application and disbursement protocols. A BOS is a type of infrastructure too, but we think of it as soft infrastructure. It is not the hard systems that help onboard or off-ramp an employee; it is the conventions that bind the team together and set the company's operating tempo. Readers should not think of soft infrastructure as less important than hard infrastructure; it matters and serves as the firm's modus operandi.

To better understand this murky concept, let us offer a few analogies related to personal operating systems. Readers of a certain age might remember the Franklin Covey planner system. This was a highly functional analog precursor to Microsoft Outlook. The Covey system focused on goals, roles, priorities, and time management based on urgency and importance, along with tasks. It was a powerful template that helped shape a generation of leaders; we all carried our planners like we now cling to our smartphones. Essentially, it was a personal operating system that prescribed an approach for getting things done and managing time. It was terrific. Similarly, a religion can serve as a personal operating system. Religions tell us what to do and what not to do, establish guiding behavioral norms, and create an annual rhythm filled with holidays and traditions. They also guide us through life cycle events such as birth, death, or marriage, providing a framework for personal routines.

At this point, we hope our readers are hooked or at least curious. A natural question is how to develop or purchase a commercial BOS. Of course, ETA CEOs can certainly craft their own bespoke programs. However, that will take time, include missteps, and potentially result in the CEO being a victim of not knowing what a company demands today or in the future as it scales. Alternatively, search fund captains can purchase an off-the-shelf BOS, of which many exist. There is an entire cottage industry of BOS solutions aimed at serving small and medium businesses, which are precisely the types ETA impresarios acquire. We see this choice as similar to developing a proprietary accounting system versus choosing to buy solutions like QuickBooks, Xero, or NetSuite. We find it hard to understand why a CEO would not use a proven, commercially available accounting program. Similarly, we strongly recommend that ETA leaders pick a reliable BOS solution instead of starting from scratch. As educators, we do not endorse any specific commercial products. There are many viable options, and we will share some names (without endorsing them) in **Exhibit 1**.

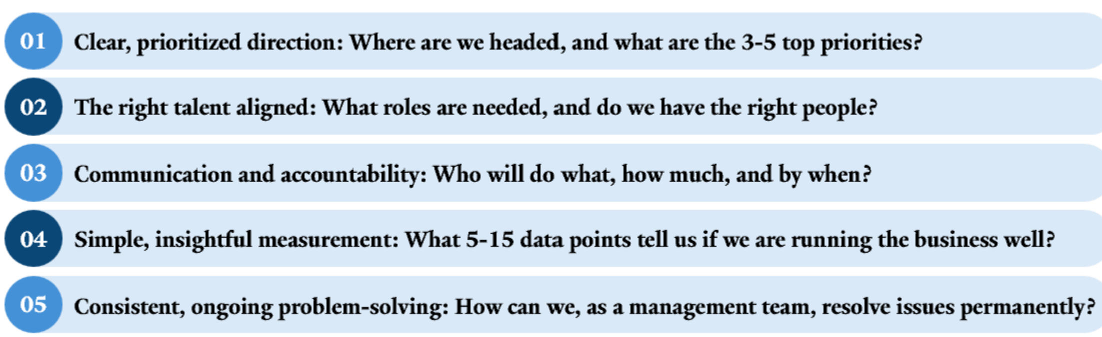
In this note, we will cover four principal topics (**Figure 1**). We hope that reading it will help students and entrepreneurs feel more confident, better prepared, and armed with practical tools to adopt and implement a BOS. Let's dig in!

Figure 1: The roadmap for this note

What exactly is a BOS

A BOS is a simple yet powerful concept; it is a framework that provides discipline, structure, and alignment to an entrepreneurial organization. It helps teams understand where they are going, who is responsible for what, and how performance is tracked and discussed. Whether an ETA jock builds a BOS from scratch or purchases an off-the-shelf package, most robust BOSs share several core capabilities. A BOS offers a reliable framework to align a team and deliver results. Although each off-the-shelf commercial or homegrown system has its own tools and terminology, they all rely on five fundamental pillars that turn organizational chaos into clarity. We will now answer a quintet of questions to clearly define what a BOS is (**Figure 2**). To be succinct, a BOS is a cohesive, integrated set of practices, protocols, and processes that help CEOs answer the critical questions below.

Figure 2: Five essential questions a BOS helps ETA CEOs answer



01 *Clear, prioritized direction: Where are we headed, and what are the 3–5 top priorities?*

ETA leaders often assume that everyone understands and has internalized the company goals. This assumption is reinforced when they ask a few employees to explain what the company does. In response, the team members give broad answers like, "We mow lawns, fix furnaces, or treat patients." A follow-up probe about the employees' specific roles in the company produces responses such as, "I order parts, schedule patients, or cut grass."

These high-level answers conceal the chasm between the CEO's vision and what the team understands and believes. The CEO's stated plan may be to serve 400 clients this year and add 100 net-new clients each of the next three years by hiring two salespeople and boosting operational efficiency. That is a far cry from "mowing lawns." Despite these high ambitions, without the structured planning cycle of a BOS, these goals often flounder, taking longer than expected or not being achieved at all because the rest of the team lacks understanding of the company's objectives or their role in reaching them.

A well-implemented BOS minimizes this disconnect through a structured planning process. Although the specifics vary among different types of BOS, each system begins with a broad and challenging long-term vision (3–10 years ahead). The leadership team determines what must be achieved in the coming year to make progress toward that long-term vision. The annual plan is then broken down into quarterly goals for the team. These annual and quarterly goals then cascade down to the functional teams within the company and to individuals within those teams. The process directly connects each person's efforts to the overall progress of the team. This promotes a well-aligned organization, which is often severely lacking when an ETA CEO enters the business.

Throughout the goal-setting process, BOS programs emphasize the importance of limiting an organization's major improvement objectives to 1–5 (often 1–3) goals. In ETA firms, the team typically works on these improvement efforts alongside their daily responsibilities. Without a focused set of objectives, the team can miss deadlines and progress might flag.

Having twenty goals is like having none, because the team cannot possibly achieve everything. Within the BOS context, the CEO is responsible for saying no to most employee-proposed initiatives and focusing on the few that will have the greatest impact on the company. Therefore, a BOS usually advocates for a "Not Until" or "Not Doing" list to stay focused.

An ETA CEO has won in this area if over 80% of employees can answer "What matters this quarter?" and "How does my work contribute?" Additionally, if the top 3–5 priorities have owners, dates, and success metrics that everyone on the leadership team clearly works toward, the enterprise is on the right track.

02 *The right talent aligned: What roles are needed, and do we have the right people?*

Having goals is terrific, but without the right team and a clear structure to work toward them, progress often stalls. Many early-stage ETA CEOs make the newbie mistake of setting lofty goals without first evaluating the team's current roles and responsibilities to see if they support the company's vision and whether the team's skills and interests match these goals.

After setting goals that propel the company in this now clearly defined direction, BOS systems outline the roles and responsibilities needed to execute on it. This usually resembles an organizational chart with a job title and 1–3 key responsibilities for each role. Then, the management team evaluates the current team's abilities, willingness, and capacity to meet the organization's future needs. As a result, they identify who is a good fit and ready to perform, who needs training, and who is not suited for the company moving forward. For more on training, see our note on establishing training programs, Exploring How to Build a Training and Development Program in a Search Fund–Acquired Business. It is important to remember that this team and personnel evaluation process is ongoing, not a one-time event, and is typically revisited during quarterly or annual planning sessions to ensure the team continues to meet the organization's evolving needs.

This personnel review often compels the leadership team to confront the reality that some long-tenured employees may no longer align with the company's future plans. These discussions can be tough, especially when speaking with fellow leaders or employees who may be well liked but are not in sync with the company's long-term vision or do not possess the skills needed to achieve it. However, it is more humane and the CEO's duty to be honest about the misalignment between the company's needs and those of the employees rather than keeping someone in a role that no longer fits. When possible, it is best to have the conversation and offer paid time off for them to find a new position that will help them succeed elsewhere.

This aspect of the BOS will likely succeed when each critical seat has a designated owner, clear results, and key success metrics. Additionally, development plans should be in place for "coaching" cases, an exit strategy established for team members to be off-boarded, and hiring plans with defined outcomes scheduled for open roles.

03 *Communication and accountability: Who will do what, how much, and by when?*

We assume our readers have experienced a meeting where the team made great plans, but afterward, nothing was done. The day's fire drill issues took precedence over the important but not urgent goals discussed in the meeting. Team members either lacked the time to implement the plan or felt unable to hold teammates accountable without impairing relationships. Without consistent, structured follow-up, even the best plans tend to fade away. A robust BOS addresses these challenges.

A BOS aims for a consistent, repeatable process to ensure commitments are regularly fulfilled. This usually takes place during a weekly 60- to 90-minute structured leadership team meeting where everyone is expected to follow through on promises, fostering realistic commitments and personal accountability.

These meetings generally follow a structure that shares key business updates, reviews important performance indicators, and addresses issues. Besides increasing the team's sense of responsibility for consistent results, this weekly meeting reduces the need for many side conversations or extra meetings because everyone knows when they will meet and understands the communication format. This pattern and format are often replicated at lower levels of the organization, maintaining a similar rhythm and approach within each department or team.

In our experience, the question of "Who is going to do how much of what by when?"—as shared by Dan Wallace, an EOS[*] implementor—may seem simple, but it becomes highly effective when paired with a scheduled and completed follow-up meeting. When team members are expected to show up regularly (weekly) with clear expectations to report publicly whether they have met their commitments, they quickly realize they need to come prepared and informed, or they may choose to leave the business. Either outcome is a win from our perspective, as well as for the CEO and the rest of the team who are dedicated to the process.

Well-structured weekly accountability meetings include clear, written commitments, visible progress updates, a single list of prioritized issues, and public follow-through. The team comes prepared because they will be asked, in front of peers, "done or not?"

[*] Entrepreneurial Operating System

04 *Simple, insightful measurement: What 5–15 data points tell us if we are running the business well?*

In a BOS, key metrics are indicators that show whether the daily operations of running the business are on track. The main goal of the measurement system in this context is to quickly inform the entire management team whether or not the most critical aspects of running the company are functioning properly. Each metric has a directly responsible individual who is accountable for understanding what is happening when that metric is in the failure state and what actions they will take to fix it. If the person responsible for a metric needs help, the weekly meeting mentioned above is usually the platform for raising that request.

While the details of developing a management measurement system are beyond this note's scope, BOS metrics should include both leading and lagging indicators. Leading indicators help the team anticipate future issues, while lagging indicators depict what has happened and reinforce a culture of accountability. These metrics often require some trial and error to refine. Once established, metrics should not be changed frequently, as this can cause ripple effects throughout the company that may be difficult to predict. Most BOS processes will review metrics annually to determine if they remain the best measures of company health and alignment with the company vision.

The measurement system works when the entire leadership team can quickly assess the company's health and pinpoint and prioritize problems in under five minutes. They also know who is responsible for fixing the problem and getting it back on track.

05 *Consistent, ongoing problem-solving: How can we, as a management team, resolve issues permanently?*

All ETA companies, leadership team members, and employees face challenges. Without a BOS platform, these issues are often handled through ad hoc meetings, patched up temporarily, or completely ignored, which allows them to escalate into bigger future problems. A BOS provides a designated time and method for resolving issues, ideally permanently. The three main factors that a BOS uses to solve problems are prioritization, rhythm and structure, and root-cause-focused problem-solving.

The same virtues of prioritization used when setting the company's highest priorities also apply to current challenges faced by the leadership team. Additionally, the weekly BOS meeting mentioned above helps the management team focus their efforts on the problems that will have the greatest impact this week. This prioritization and rhythm ensure the leadership team regularly meets with dedicated time to address issues. As a result, everyone comes prepared, and problems tend to be resolved more quickly and thoroughly than if only two people met to solve something without considering how it affects other parts of the organization.

In most weekly BOS meetings, someone is responsible for setting priorities. In practice, the ETA CEO manages this until the team becomes more comfortable with a BOS format. This allows the CEO to identify particularly difficult and complex problems that might require a separate problem-solving session and then move on to the next most urgent issue the team can address in the current weekly meeting.

The key consistent problem-solving method is to identify the root cause of an issue and address it, rather than just the surface symptoms. An example from lean manufacturing often used in the Hoshin Kanri BOS is the 5-Whys method, where the team asks why five times before proposing a solution. Instead of fixing the symptom so the problem reappears later, root-cause-focused problem-solving usually leads to more lasting solutions.

Part of the power of implementing a BOS is this problem-solving approach. It immediately frees up capacity for the leadership team because they solve issues permanently instead of repeatedly dealing with nagging problems. Since they are involved in the solutions, there is less political resistance. Instead, they move on to the next challenge.

The leadership team will know they are consistently and permanently solving problems when they see a clear reduction in recurring fires, shorter cycle times to resolve issues, and visible "closed" items. Additionally, the team clearly gains capacity because problems stay resolved.

Why a BOS is essential for ETA operators

Now that we have given readers a sense of what a BOS is, we will share a hexad of reasons why we believe a BOS is essential for ETA operators (**Figure 3**). We have some trepidation that ETA superstars might scoff at the idea of deploying a BOS as beneath their status or simply not that important, especially in the early innings when there is so much to learn and accomplish—and the ever-present internal rate of return (IRR) clock is ticking. We believe this view is shortsighted. Investing in a BOS requires effort, but it pays dividends down the road. Additionally, a BOS lays the groundwork to catapult the CEO out of the muck and into the higher-level activities they desire. We see this mainly as a timing decision; CEOs can do it sooner or later, but at some point, they will need to do it—if they want a company that does not operate in fire-drill mode forever. Running a business is incredibly tough; we encourage tenderfoot CEOs to use every available tool to make their lives easier.

Figure 3: Six things a BOS enables ETA operators to do

- **01 Step into a ready-made system to help organize the chaos**
- **02 Ease the transition from founder-led to professionally managed**
- **03 Instill organizational health and actively create the culture**
- **04 Get all stakeholders aligned**
- **05 Establish discipline and accountability**
- **06 Help prioritize in a resource-constrained environment**

01 *Step into a ready-made system to help organize the chaos*

The early days can feel like controlled chaos for an ETA operator entering a newly acquired business. Most dimensions are unfamiliar—the industry, team, customers, processes, and managing investors, lenders, suppliers, and employees. Questions come rapidly, problems emerge, and there is pressure to act fast while learning everything at once. Having a ready-made framework to organize that chaos is crucial. Instead of spending months designing processes from scratch, the operator can immediately adopt a structured approach to running the business. Unless a newly minted ETA CEO has experience with a company that already uses a similar system, like the Danaher Business System, a BOS offers a shortcut for aligning the team, improving communication, and driving execution. This jump-start boosts clarity and helps the new leader gain credibility with a team eager for direction.

02 *Ease the transition from founder-led to professionally managed*

For ETA CEOs landing in their newly acquired company, the experience can be both exciting and daunting. Everyone struggles with what exactly they are supposed to do since there is no playbook on the desk. Most ETA magnates lament that one of the biggest challenges after a search fund acquisition is morphing the company from a founder-led business to a professionally managed organization. Under a founder, decisions often stem from one person's instincts and experience; with new leadership aiming to grow, this approach becomes unsustainable. Additionally, politics rather than data were usually the currency that drove decision-making and compensation before the acquisition. A structured BOS provides the scaffolding for this transition—establishing documented processes, clear responsibilities, and defined roles. It shifts the operating model from being personality-driven to being system-driven, ensuring the business can expand without depending on any single individual.

03 *Instill organizational health and actively create the culture*

We often tell students and wannabe entrepreneurs that culture is the secret sauce. It is difficult to build, easy to destroy, and absolutely essential for growing a large, powerful enterprise. As companies shift from founder-centricity to professional management, organizational health and culture can become fragile. Acquisitions often trigger uncertainty, and without careful attention, morale can drop. A well-designed BOS framework helps safeguard what is positive while creating space for healthy change. The BOS maintains trust and stability by reinforcing shared values, establishing forums for constructive problem-solving, and clarifying expectations. The culture is not left to chance—it is actively cultivated, giving the inherited team confidence and a stake in the company's future.

04 *Get all stakeholders aligned*

An ETA operator's success depends on aligning diverse stakeholders—investors demanding returns, a leadership team navigating change, and employees adapting to a new owner, along with customers, creditors, vendors, and communities. Being a small company CEO means juggling many constituents simultaneously. A shared framework acts as a common language for all of them. It transforms vague aspirations into clear goals, makes progress measurable, and ensures everyone understands the "who," "why," and "how" of the plan. Creating company-level goals that cascade down to each individual in the business ensures every teammate understands their role in the bigger picture. This transparency builds trust, making it easier to gain buy-in across the organization. Additionally, it is helpful when every team member communicates crisply and consistently with external groups like customers and vendors, who often genuinely care what the company is all about and where it is going.

05 *Establish discipline and accountability*

A BOS helps establish discipline and accountability, something emerging companies can lack when they are living on adrenaline. Putting on a Superman cape and solving a problem can give an entrepreneur an intoxicating feeling of overcoming the impossible. However, a more sustainable approach is to establish a steady rhythm where team members show up consistently, knowing what to do, how they are progressing, and that they will be held accountable in front of their peers, as will their peers. This is especially important in many ETA firms with blue-collar team members who might view their role as a job instead of a career or calling.

06 *Help prioritize in a resource-constrained environment*

Small companies, including ETA ones, often lack the deep resources of larger corporations. Budgets are tight, and every dollar is expensive and precious. A disciplined BOS helps solve the eternal challenge of focus and prioritization. In a new acquisition, everything feels urgent—but not everything is equally important. ETA operators rarely lack ideas; instead, they lack the time, money, and people to pursue even a fraction of the opportunities available. The structure encourages deliberate prioritization: deciding what truly matters now, what can wait, and what must be addressed this week. It distinguishes big strategic priorities from tactical issues, so the operator can lead without being overwhelmed by noise. This focus keeps the team moving forward in a straight line rather than spinning in circles.

Best practices when utilizing a BOS

If we have convinced readers to move forward with a BOS, the next step is to consider best practices for using it. Remember that a BOS can be a rigid framework or a more malleable model. Ultimately, each CEO must decide what works for them and leave the rest. Our best practices are general ideas that have helped other CEOs succeed; however, every company and situation is different, and each CEO will need to find their own way (but these concepts should help). Lastly, be forewarned: Implementing a BOS is like switching to a new ERP. It is difficult, will take time, and will require capital investment. It is like changing how the business conducts its affairs. There will be false starts and mistakes. It will certainly be harder before it gets easier—like most worthwhile things in life. Despite the initial costs, we strongly encourage ETA wizards to move forward and adopt this tool on their expedition.

Figure 4: A fivesome of best practices ETA CEOs should embrace while using a BOS

- **01** **Get your board on board**
- **02** **Build a peer network with others using the same system**
- **03** **Consider using a professional to get started**
- **04** **Remember it's a marathon, not a sprint**
- **05** **Have a system for the system**

01 *Get your board on board*

Although board members will not actively engage in a BOS implementation or its use, they are an important constituency, and implementing a BOS is a significant company restructuring. Therefore, it would be wise for the CEO to ensure the board supports the project. The CEO needs at least their tacit approval and backing because it involves an investment and will take up executive time. A key feature of a good BOS is its ability to foster alignment among all essential stakeholders—investors, the leadership team, and the broader employee base. BOSs are inherently designed for this purpose. However, the system's effectiveness can be compromised if the board tries to guide and monitor the business in a way that does not align with it. Educating the board on how the operating system works and ensuring that their engagement with the system is synchronized are crucial for success. We have seen cases where the board sets short-term priorities that override and are not properly integrated into the operating system, turning them into side projects that become more of a distraction than a central organizing force.

02 *Build a peer network with others using the same system*

When we were CEOs, we loved attending industry conferences and learning from our peers. We especially valued the generous friends who shared their wisdom and experience with us if they were further along in their journeys. These conversations made us better CEOs, saved us time, challenged our assumptions, and provided reassurance. We learned a lot, and we also tried to pay it forward to the next cohort. Similarly, when pursuing the BOS pathway, it is beneficial for CEOs to build a peer network of other CEOs and companies using the same BOS. Leveraging a BOS is a significant commitment. Ensuring the entire company and all stakeholders embrace it becomes a primary focus for the CEO. Managing this while handling the many fire drills and challenges of daily business is a tough task. Having peers who are further along in the journey can be helpful in providing encouragement and perspective. Connecting with other CEOs within the same framework also provides a forum for sharing best practices, troubleshooting common issues, and holding each other accountable. These relationships often spark new ideas and strengthen the discipline needed to stay aligned with the system, transforming it from a lonely effort into a shared journey. It is also a great way to forge new friendships.

03 *Consider using a professional to get started*

When CEOs decide to implement a new ERP, CRM, or accounting solution, they often also choose to engage a consultant or implementer to assist with the conversion and launch. The process usually involves running duplicate systems simultaneously and testing the conversion multiple times before going live. Loading a BOS is similar. Unfortunately, installing a BOS is akin to putting a new engine in an in-flight airplane; there is no pause for repairs. Learning all the details and tricks to do this well is hard when the CEO's primary focus is running the business. It can be very helpful to hire a professional implementer who has experience working with leadership teams that have installed a BOS under similar conditions. Ideally, they have the hands-on knowledge to know how to finesse the process in a resource-limited environment full of challenges. Additionally, having someone available to reassure the leadership team that they are doing things correctly can help them stay committed during tough times.

04 *Remember it's a marathon, not a sprint*

When ETA maestros think about a BOS, they need to understand that this is not a quick-fix solution. Establishing all the processes requires time, and gaining team member support is a gradual process. Committing to and operationalizing a BOS is a marathon, not a sprint. Expecting too much too quickly is a surefire recipe for disappointment. While a BOS will ultimately make things more efficient, it typically takes years, not weeks or months, to fully implement one. The CEO needs to be patient and realistic and realize that some elements, like comprehensive documentation of business processes, may not be completed immediately. The team and members might struggle at first to execute the vision effectively, and it may take several quarters to align the overlap between where the board has influence and where the leadership team is in command. In addition, the metrics used to motivate and measure progress may need revision, or the necessary data may be unavailable. Furthermore, unexpected issues can emerge, draining or redirecting leadership time and energy. During the BOS implementation process, it is important to keep in mind that the main goal is to operate within the business model framework as consistently as possible, despite occasional challenges in maintaining focus.

05 *Have a system for the system*

Some operating systems include complementary software designed to act as the central nervous system for the business. For example, EOS features Ninety.io, a platform that functions as the single source of truth for the organization. Alternatively, some organizations use collaboration software like AirTable and Asana. These solutions consolidate priorities, scorecards, issues lists, and meeting agendas in one commonly accessible location. Leadership teams can collaborate in real time, whether in the office or remotely, with everything connected back to the operating system framework. A BOS's strength is determined by how well information is captured, tracked, and shared. Relying on emails, spreadsheets, or scattered notes weakens alignment. Using a proven platform removes the need for reinvention, ensures consistency, and democratizes access so that the entire team operates from the same playbook. This discipline creates rhythm, transparency, and accountability across the company.

Potential pitfalls when using a BOS

If we have stirred our readers into full enthusiasm for a BOS, we are pleased, but we realize we might be doing our audience a disservice. While we are clearly BOS fans, no discussion would be complete without at least acknowledging the potential pitfalls and inevitable stumbling blocks, of which there are several. A BOS is not a cure-all, and it will require diligent work and commitment to reap the full rewards and benefits. Despite the numerous advantages mentioned above, implementing a new BOS is not a risk-free choice. To provide balance in perspective, we will now discuss a sextet of potential hazards when using a BOS (**Figure 5**); however, we still believe ETA stars should proceed with the BOS path.

Figure 5: A six-pack of potential pitfalls CEOs face when using a BOS

01 **Believing a BOS will prop up a terrible business**

02 **Hoping a BOS will make an impostor CEO a player**

03 **Thinking of employees as units of production**

04 **Failing to accept implementation is slow and hard, and results take time**

05 **Not realizing the complexity of implementing a BOS**

06 **Not understanding that some team members will opt out**

01 *Believing a BOS will prop up a terrible business*

If an ETA entrepreneur makes a lousy choice in selecting an industry or particular business, no BOS will provide succor or, on its own, save the day. A terrible business model will always prevail over the very best BOS. We truly believe that a BOS can lift every organization, but it will not turn a fundamentally flawed business into an overnight success. Unfortunately, if a CEO finds themselves at the helm of a rotten company, we recommend that they not waste time dawdling around with a BOS. There are much bigger issues to address, like how to exit intact. CEOs need to have realistic expectations about what a BOS can and cannot do; it will not turn a jalopy into a Ferrari.

02 *Hoping a BOS will make an impostor CEO a player*

Similar to the previous point, the benefits of a BOS will not outweigh the damage caused by poor leadership. Misguided or absent strategic direction, poor interpersonal skills, or unethical behavior will destroy more value than any BOS can generate. Some ETA aspirants transition into all-star CEOs, while others flounder and do not adapt to leadership roles. We cannot tell you why some people feel comfortable with the weight and pressure of leadership responsibilities while others buckle under it. What we can say is that no BOS can support a fundamentally weak CEO. A strong BOS can help everyone, but it cannot serve as a salve for leadership ineptitude; it cannot turn impostors into power players.

03 *Thinking of employees as units of production*

In our introduction, we described a BOS as an execution chassis; it is entirely about accomplishing tasks. Taking this idea to an extreme can potentially cause an ETA CEO to view employees merely as units of production, no different from machines. This is a horrible sin and a potential flaw for BOS zealots. A structured BOS emphasizes focus on execution throughout the organization. While we strongly support focused execution, this focus should not overlook a vital element for future growth—the investment in developing people. From our experience, leadership teams implementing BOSs can become so fixated on improving execution that they treat employees as fungible units of production, instead of recognizing them as individuals with their own goals and developmental needs.

Without deliberate effort by leaders to invest in personalized development plans for their team alongside implementing a BOS, the business can become a victim of its own success. The unwavering focus on performance may lead to burnout, as employees feel interchangeable within the system or undervalued. Alternatively, the improved company performance can cause the business to grow faster than the skills of the team managing it. This mismatch can lead to increased churn or setbacks in the company's overall progress. To reduce this risk, the leadership team should invest in systems to cultivate their team members as individuals while also implementing a BOS.

04 *Failing to accept implementation is slow and hard, and results take time*

ETA entrepreneurs often find themselves in the CEO role because they are ambitious, are high achievers, and have delivered outcomes in every life chapter. As a result, they tend to focus on results and expect tasks to be completed quickly. While a BOS can help create a company culture with similar values, implementing one requires significant time and resources. Typically, rolling out a business operating system takes 12–36 months before it becomes ingrained in the company's DNA and culture. Along the way, many distractions and setbacks can occur due to various human, cultural, or business obstacles.

Furthermore, most fledgling CEOs have never previously employed a BOS, so they often hire an outside consultant who specializes in helping companies with implementation. These projects typically take several years as the team introduces, develops, and fully adopts the system. The impact of these efforts may take months or even years to show in the financial results. We advise entrepreneurs to view this as an investment in building a strong culture with scalable operations and to allocate time and finances accordingly.

It is important to note that attempting to implement a revolutionary BOS on the first day of a search fund acquisition can lead to disaster. First, there is little to no trust between the newcomer CEO and the existing team. Additionally, the beginner chief still has much to learn about the industry, company, and team they have acquired. Conversely, ETA entrepreneurs face a ticking clock to create value, and the longer legacy practices persist under the new leadership, the harder they are to change. In our experience, the best time to implement a BOS is 6–24 months after the acquisition. This timing allows the CEO to stabilize themselves and head in the right direction without wasting time.

05 *Not realizing the complexity of implementing a BOS*

Implementing a BOS can be complex and involve a lot of structure that might even border on bureaucracy, especially for a Lilliputian company. Each BOS comes with specific terminology and a framework that users typically adopt. This can shock legacy employees who were with the company before the ETA acquisition, as they may feel overwhelmed by the new jargon and order compared to the operating environment they knew under the legacy owner. The fresh methodical approach to organization charts, meeting rhythms, metrics, and behaviors often disrupts the company's once flexible but surprisingly resilient traditional practices. Introducing this new systemization can be jarring and can initially create confusion around language, responsibilities, or management methods. CEOs implementing a BOS should dedicate time and effort to navigating these challenges and helping the team adapt. Even if the old systems seemed to work, they likely are not suitable foundations for the growth most ETA CEOs envision. The old program was probably held together with tape, paper clips, staples, and chewing gum—hardly the scaffolding for a professional, high-performing organization aiming for IRRs in the 30s.

06 *Not understanding that some team members will opt out*

To successfully implement a BOS, the entire team must fully embrace and practice it daily. Attempting to follow parts of the system inconsistently often leads to confusion, team conflicts, and business setbacks. Once committed to implementing a BOS, CEOs must lead the effort to ensure dedication and compliance across the leadership team. Introducing a new BOS will likely create churn within the organization. Operating under BOS methods is usually a cultural shock, and some people will opt out because this is not what they signed up for. Some teammates may initially support the changes until they experience the system firsthand. This often happens when they favor accountability for others but not themselves. In these cases, these individuals are better off seeking opportunities elsewhere.

The level of churn that can occur during this type of transformation can be very unsettling for a leader. We have seen many situations where individuals who were considered core members of the leadership team either chose to leave or failed to support these changes. This can lead to difficult decisions about who remains with the business. Entrepreneurs taking this route need to be ready to make painful but necessary personnel changes in a compassionate yet swift manner.

Mini profile

Mike Tobey (University of Chicago Booth School of Business 2012) was the CEO of Hose Monster, a Mundelein, Illinois–based manufacturer of niche products used for testing fire pumps and fire hydrants. The company provides solutions that help save lives and property by verifying that fire protection systems perform properly during a fire. Prior to owning Hose Monster, Tobey served in the U.S. Marine Corps, after which he earned his finance degree at Arizona State University and worked in public company investment management at Northern Trust. He then transitioned into investment banking, first at Goldman Sachs in New York and later at RBC in Denver. In 2017, Tobey raised a traditional search fund, and two years later, he acquired Hose Monster. He led the company for five years, exiting to a UK-based private equity–backed strategic buyer in November 2024.

> Even before I closed on my acquisition, I knew I needed a business operating system to support me as a CEO. I chose the Entrepreneurial Operating System (EOS), which is very popular in ETA circles. The implementation took place in month six, which I believe was just right. It provided enough time for me to understand the business and the team, while also giving employees the time and space to get to know me. It wasn't too late to develop good habits, but it wasn't too early either. The key to success was team buy-in, which was mainly achieved by using an implementer and creating an environment where employees felt the changes were their own idea. We'd have pre-meetings, and I'd have a sense of where I wanted things to go based on what I'd observed over the past six months. The implementer was then able to gather input and support from the team and confirm our direction.
>
> Introducing EOS to a team of long-tenured employees, many with 10 to 30 years at the company, required persistence and sensitivity. Prior to the acquisition, Hose Monster had virtually no meeting cadence, no formal processes, and little accountability beyond ad hoc conversations. Shifting from this informal environment to a structured system with scorecards, rocks (short-term objectives in EOS-speak), and weekly meetings was a significant change. Some employees welcomed the clarity, while others struggled with the new expectations.
>
> Most of the team was thirsty for structure, and most people bought in. However, one long-tenured employee chose to opt out once it became clear that greater accountability and transparency would be essential parts of the company's culture. Ultimately, this was a positive step and just part of getting the right people in the right seats.
>
> EOS made the company-building process much easier and more efficient. We had a terrific foundation and model, but EOS made us better and turbocharged the game. I believe it

increased happiness among team members, which definitely contributed to our success and the value we created. We might have achieved the same results without it, but people would have felt less fulfilled, communication might have broken down more often, and I definitely would have experienced more stress. The system also simplified our board reporting—I just copied and pasted our rocks, issues, and scorecard into the board decks, which was also helpful during the exit process.

Conclusion

A BOS can give an ETA CEO a clear structure to cut through the noise and chaos in a newly acquired company. It provides the soft infrastructure and an execution chassis that can serve as a foundation to grow and accelerate a firm. It helps turn a loosey-goosey mom-and-pop shop into a professionally run enterprise that operates more like a tight ship. Implementing a BOS is challenging and will require time, effort, and investment. Additionally, this path has potential pitfalls CEOs should at least consider. However, novitiate captains need all the help and tools they can get to increase their chances of success. While a BOS will not fix a fundamentally broken business model or an imposter CEO, it will give any company and CEO a boost.

As always, we wish you tremendous fun, success, and fulfillment on your journey. Whether you choose to embrace a BOS or not, we are your fans and admire your energy and ambition. We are proud of you and are rooting for you every day! Good luck.

Exhibit 1: Sample BOS solutions

There are many BOS options to choose from, most offering different takes on the concepts discussed in this note. Below, we will highlight a few of the more popular approaches. This is not an endorsement by the authors or Yale University.

01 *Entrepreneur Operating System (EOS)*

EOS centers around six core tools (Vision, Data, Process, Traction, Issues, and People), which are organized in a framework called the Vision/Traction Organizer™ (V/TO). The system uses the Accountability Chart to define roles and a disciplined weekly Level 10 Meeting™ to solve problems. EOS establishes a shared language and routine that promotes alignment, accountability, and consistent organizational execution. It was created by Gino Wickman and detailed in his 2007 book, *Traction: Get a Grip on Your Business*. Entrepreneurial Operating System for Businesses

02 *Scaling up / Rockefeller Habits*

The Scaling Up framework targets growth-stage companies to help them master the Four Decisions essential for market leadership: People, Strategy, Execution, and Cash. Scaling Up uses tools like the One-Page Strategic Plan (OPSP) to align the team around a long-term vision, the Functional Accountability Chart (FACe), Process Accountability Chart (PACe), Who What When (WWW), and Cash Acceleration Strategies (CASh). The approach emphasizes a disciplined meeting schedule, data-driven decision-making, and a sharp focus on cash flow, offering a playbook for navigating the challenges of rapid growth. Verne Harnish developed this system, building on his earlier work on the "Rockefeller Habits" and detailed in his book, *Scaling Up*. Scaling Up Performance Platform

03 *The Great Game of Business (GGOB)*

The Great Game of Business revolves around three core principles: Know & Teach the Rules (educate your employees about the business), Follow the Action & Keep Score (empower employees to contribute to business improvement), and Provide a Stake in the Outcome (engage employees by rewarding exceptional performance). The system emphasizes sharing and teaching financial information to employees, illustrating how their daily actions impact the company's finances, and giving them a reason to benefit from their efforts. As a result, they think, act, and feel like owners of the company. The system is detailed in *The Great Game of Business, Expanded and Updated: The Only Sensible Way to Run a Company* by Jack Stack and Bo Burlingham. The Great Game of Business

04 *4 Disciplines of Execution (4DX)*

4DX aims to help you identify where you stand today, where you want to go, and the deadline to reach that goal. It is based on four core principles: 1) Focus on a Wildly Important Goal® (WIG®), 2) Act on the Lead Measures, 3) Keep a Compelling Scoreboard, and 4) Create a Cadence of Accountability. This system encourages behavioral change and makes sure strategic priorities lead to concrete actions. More details are available in *The 4 Disciplines of Execution: Achieving Your Wildly Important Goals* by Chris McChesney, Sean Covey, and Jim Huling. The 4 Disciplines of Execution®

05 *Objectives and Key Results (OKRs)*

OKRs are goal-setting and leadership tools used to communicate what you want to achieve and the milestones needed to get there. The system pairs an ambitious, qualitative Objective with 3–5 specific, measurable Key Results. Popularized by Google, OKRs are set quarterly and shared openly so everyone understands the main priorities. It is not a complete operating system but a powerful tool for focusing on what matters most. OKRs were created by Andy Grove at Intel and are explained in the book *Measure What Matters* by John Doerr. What Matters: Home: Leadership, goal-setting, and the OKR methodology

06 *Hoshin Kanri (Policy Deployment)*

Originating from Lean manufacturing, the Hoshin Kanri framework helps organizations align their goals, policies, and processes across all levels, ensuring all efforts are aimed at the same True North. It is often combined with A3 problem-solving and continuous improvement practices in Lean environments. Hoshin Kanri was developed in post-war Japan during the 1950s and 1960s, heavily influenced by W. Edwards Deming's teachings, and adopted by companies like Toyota in the Toyota Production System. Hoshin Kanri - Resource Guide | Lean Enterprise Institute

Endnotes

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[2] Matt Littell is co-founder of Legacy 41, a former search fund entrepreneur, and an Adjunct Lecturer in Entrepreneurship at Northwestern University's Kellogg School of Management.

[3] A. J. Wasserstein is the Eugene F. Williams, Jr., Senior Lecturer in the Practice of Management at the Yale School of Management.