

The E-myth Revisited Chpts 1-14 by Michael E Gerber

Intro: Many people start up in business, but they work in it, not on it. A very large proportion of these businesses folds, not least because the business reflects whom the owner *is* (and thus, what they do). This book talks you through an effective 'business development process'.

Chapt 1: Most businesses aren't started by entrepreneurs, but by people who want/need to work independently, but who also work under the misapprehension that they understand the business because they can do the job (technical work) within it. The jobs, in fact, become the businesses' greatest liability, and the typical business owners (TBOs) find themselves doing many other jobs they know nothing about. A TBO may work all hours, hating what he once loved; debts build up. TBOs suffer from **Entrepreneurial Seizure**: exhilaration; terror; loss; exhaustion; despair.

Chapt 2: Each TBO is usually **The Entrepreneur (E)**, **The Manager (M)**, and **The Technician (T)**: each role typically sabotages the others, rather than finding balance.

	Personality traits	Boundary determined by	Lives in the
E	Creative dreamer, innovator, need for control, sees opportunities. Says, "I wonder...?" TBO is 10% this.	How many managers he can engage in pursuit of the vision	Future
M	Pragmatic, need for order, sees problems. TBO is 20% this.	How many technicians he can organise/supervise	Past
T	Hands-on, one thing at a time, methodical, individualist who doesn't trust others to do the job. TBO is 70% this.	How much he can do himself	Present

Chapt 3: TBOs do what they want rather than what the business needs. In the business's **infancy**, a TBO is a juggler and the technician does most of the work: the TBO and the business are the same thing. Workload / the T can take over, and many businesses fold.

Chapt 4: Some businesses survive into **adolescence** when a TBO gets help from someone who has the same technical skills and delegates work to them. The M wakes up. But the TBO gives the key employee more and more to do, and they in turn hire others to help. Standards slip, and the TBO steps in and works even more. The T in the TBO takes over once more and his workload increases.

Chapt 5: Then the BO gives more responsibility to the main employee, but the latter needs a manager, especially as the TBO hasn't set out his expectations and boundaries. Eventually the business must either **get small again, or go for broke, or barely hang on**. If it gets small again, the initial relief is replaced by realisation the TBO has a job again, and without the positive dreams, and eventually the business implodes. If the TBO goes for broke, demand outstrips his capabilities and the business often goes under. If the TBO *does* survive, the job becomes all-consuming, and health and sanity suffer. The TBO needs to start again, understand how big a business can *naturally* become, undertake to learn the correct business skills, and learn to **anticipate, plan and adapt**.

Chapt 6: For a business to reach **maturity**, the TBOs must operate with a different perspective: they must have a model of a business that works, not a model of work; work towards profit, not income; a view to the future, not to staying in the present; look at the business as a whole, not at its parts; have an integrated vision of the world, not a fragmented one; model the present-day world after their vision, not model the future after the present-day world.

The **Entrepreneurial Model (EM)** works on a business, not in it; decisions are based on satisfying the customer, not the T, and on anticipating their future needs. The business *is* the product. The TBO needs to learn to be more of an entrepreneur, and have models for the E, M and T so they can all work in a complementary way. The most effective way of doing this is to follow the lessons and findings of the **Turn-Key Revolution** (see Part II).

Chapt 7

Franchises are hugely more successful in terms of not folding than independently-owned businesses. Even more successful are franchises which stipulate and follow a well-thought out format – the **Business Format Franchise** (BFF). The BFF understands that it's not the product or the brand that sells, but *how* the product/brand is sold.

BFFs are systems-dependent, can work without the owner being there, and, if sold on, would carry on working successfully. BFFs are built on **Franchise Prototypes**, models that anyone can emulate.

Chapt 8

In building an FP, one always asks the question: *Does it work?* If it doesn't, bin it. All avenues are explored and the franchisees are left with no room to experiment – they learn to run a **system**. When the FP is complete, the owner says to a franchisee: *Let me show you how this works*. The franchisee must stick to the formula, or the business could fail. **Even if you don't want to franchise your business, you should build it up as if you intend to.**

Chapt 9

Your business is not your life – it is there to serve it. **You need to work on your business, not in it**, and it must be able to operate without you. Your business is a product. Build a franchiseable **model** which will:

- Provide consistent value (as perceived by the customers/users)
- Not need over-skilled people to run it (make it systems- rather than people/expert/mood-dependent); teach the employees how to use the tools you've provided, and how to make them want to use them
- Be ordered/orderly – gives reassurance to buyers
- Be documented to the nth degree – must be comprehensive and clear
- Provide a predictable and uniform service – customers like to know what to expect
- Have a dress, behaviour, facilities, etc, code look carefully at the psychology (and test results) of colour, shape, etc

Chapt 10

Your business must go through a **Business Development Process** (BDP) which is built from innovation, quantification and orchestration. Bring passion into your business.

Innovation: don't just think of it, *do* it. Sell the business and not the commodity. Small changes (eg, introductory words, clothes, touching) will have positive knock-on effects.

Quantification: *all* parts of your business *must* be quantified. Test, and analyse results.

Orchestration: make sure you produce consistent, reliable results that are unique to your business. Make changes when appropriate as products and needs, etc, change with time. Make and keep routines and improve on them, but not for the sake of it.

Chapt 11

Visualise your BDP as a Franchise Prototype (FP). Imagine! Look at your:

1. Primary aim
2. Strategic objective
3. Organisational strategy
4. People strategy
5. Marketing strategy
6. Systems strategy

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Chapt 12

Ask what you want from life and when you want it, and then *create* it – only then will your business work. Be active, not passive. Your **Primary Aim** will give you purpose, energy and staying power. Shed limiting beliefs and move beyond your comfort zone.

Chapt 13

Use a **Strategic Objective** to shape your life and your business. You and anyone interested in your business need to know where it's going, and what benchmarks there will be. Use it to implement, not rationalise. Look closely at: money, if it's an opportunity worth pursuing, and many other factors.

Money: how much do you need to be free of work? How big will your company become? What will gross, pre-tax and after-tax profits be?

An opportunity worth pursuing: will enough people want/buy your product or service? Sell on benefits (your business), not features (the commodity you sell). People buy feelings. You must have a Central Demographic Model (outline of your typical customer), and a Central Psychographic Model (knowing what motivates your customer to from you).

Other standards: when will your prototype be completed? Will you operate regionally, nationally, or internationally? Will you do retail or wholesale or both? What standards will you have re clothing, management, procedures, etc? Make a big list. The standards you create will shape your business. Un-fence your spirit. Think *very* big.

Chapt 14

An **Organisational Strategy** is essential. Make an Organisational Chart. Organise around functions, not personalities. Draw up a **Position Contract**: make sure you know what positions are needed, who will fill them, who will report to whom, and the standards they must follow. Do this even if there is only you or two of you, and *commit* to doing your parts properly. This generates a blueprint for your FP.

Take each position from the bottom (easiest to fill by someone else) up, and work *on* it, not in it. Test, quantify and analyse. Write down the resultant procedures in a **Sales Operation Manual**. Give the manual to new employees – they need no experience, just a will to follow the manual. Move on to the next position and work on it.