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Buy on Amazon: Print | Audiobook Most small business owners work in their business rather than on their business. People who are exceptionally good in business are so because of their insatiable need to know more. Understanding the technical work of a business does not mean you understand a business that does that technical work. "If you are unwilling to change, your business will never be capable of giving you what you want." That Fatal Assumption: if you understand the technical work of a business, you understand a business that does that technical work. The Entrepreneurial Seizure occurs the moment you decide it would be a great idea to start your own business. "Everybody who goes into business is actually three-people-in-one: The Entrepreneur, The Manager, and The Technician." We all have an Entrepreneur, Manager, and Technician inside us. Enter your email below, and I'll send you a free PDF summary of The E-Myth Revisited. (Includes exercises not found in the post.) Michael believes that the people who are exceptionally good in business aren't so because of what they know but because of their insatiable need to know more. "If you are unwilling to change, your business will never be capable of giving you what you want." That Fatal Assumption: if you understand the technical work of a business, you understand a business that does that technical work. The Entrepreneurial Seizure: the moment you decide it would be a great idea to start your own business. The technician suffering from an Entrepreneurial Seizure takes the work he loves to do and turns it into a job. "Everybody who goes into business is actually three-people-in-one: The Entrepreneur, The Manager, and The Technician." "The Entrepreneur lives in the future, never in the past, rarely in the present. He's happiest when left free to construct images of 'what-if' and 'if-when.'" "The Entrepreneur is the innovator, the grand strategist, the creator of new methods for penetrating or creating new markets." "The Entrepreneur is our creative personality—always at its best dealing with the unknown, prodding the future, creating probabilities out of possibilities, engineering chaos into harmony." The Entrepreneur has an extraordinary need for control. He needs control of people and events in the present so that he can concentrate on his dreams. The Entrepreneur creates a great deal of havoc around him, which is predictably unsettling for those he enlists in his projects." The Entrepreneur's worldview is a world made up of both an overabundance of opportunities and dragging feet. "To The Entrepreneur, most people are problems that get in the way of the dream." The Manager is pragmatic. Without him, there would be no planning, no order, no predictability. "If The Entrepreneur lives in the future, The Manager lives in the past. "Where The Entrepreneur craves control, The Manager craves order." "Where The Entrepreneur thrives on change, The Manager compulsively clings to the status quo." "Where The Entrepreneur invariably sees the opportunity in events, The Manager invariably sees the problems." "The Manager is the one who runs after The Entrepreneur to clean up the mess." "Without The Manager, there could be no business, no society." "It is the tension between The Entrepreneur's vision and The Manager's pragmatism that creates the synthesis from which all great works are born." "The Technician is the doer." "The Technician loves to tinker." "If The Entrepreneur lives in the future and The Manager lives in the past, The Technician lives in the present. To be fair, there are some things and the fact that things can get done." "As long as The Technician is working, he is happy, but only on one thing at a time. He knows that two things can't get done simultaneously; only a fool would try. So he works steadily and is happiest when he is in control of the workflow." "The Technician mistrusts those he works for because they are always trying to get more work done than is either possible or necessary." "To The Technician, thinking is unproductive unless it's thinking about the work that needs to be done." "Thinking isn't work; it gets in the way of work." "The Technician isn't interested in ideas; he's interested in 'how to do it.'" "To The Technician, all ideas need to be reduced to methodology if they are to be of any value." "The Technician knows that if it weren't for him, the world would be in more trouble than it already is." "While The Entrepreneur dreams, The Manager frets, and The Technician ruminates." "Everyone gets in The Technician's way." "To The Technician, 'the system' is dehumanizing, cold, antiseptic, and impersonal. It violates his individuality." "The fact of the matter is that we all have an Entrepreneur, Manager, and Technician inside us." "The typical small business owner is only 10 percent Entrepreneur, 20 percent Manager, and 70 percent Technician." "Most businesses are operated according to what the owner wants as opposed to what the business needs." "The three phases of a business's growth: Infancy, Adolescence, and Maturity." "If your business depends on you, you don't own a business—you have a job. And it's the worst job in the world because you're working for a lunatic!" "The purpose of going into business is to get free of a job so you can create jobs for other people." "There's a critical moment in every business when the owner hires his very first employee to do the work he doesn't know how to do himself or doesn't want to do." "Your job is to prepare yourself and your business for growth. "A Mature company is founded on a broader perspective, an entrepreneurial perspective, a more intelligent point of view. About building a business that works not because of you but without you." "A Mature business knows how it got to be where it is, and what it must do to get where it wants to go." "The Entrepreneurial Model has less to do with what's done in a business and more to do with how it's done. The commodity isn't what's important—the way it's delivered is." "Your business is not your life." "Once you recognize that the purpose of your life is not to serve your business, but that the primary purpose of your business is to serve your life, you can then go to work on your business, rather than in it, with a full understanding of why it is absolutely necessary for you to do so." "Pretend that the business you own—or want to own—is the prototype, or will be the prototype, for 5,000 more just like it." "Documentation says, 'This is how we do it here.'" "Without documentation, all routinized work turns into exceptions." "Documentation provides your people with the structure they need and with a written account of how to 'get the job done' in the most efficient and effective way." "What you do in your model is not nearly as important as doing what you do the same way, each and every time." "Go to work on your business rather than in it, and ask yourself the following questions: How can I get my business to work, but without me? How can I get my people to work, but without my constant interference How can I systematize my business in such a way that it could be replicated 5,000 times, so the 5,000th unit would run as smoothly as the first? How can I own my business, and still be free of it? How can I spend my time doing the work I have to do rather than the work I have to do? Innovation is the mechanism through which your business identifies itself in the mind of your customer and establishes its individuality. Quantification: the numbers related to the impact an Innovation makes. "Orchestration is the elimination of discretion, or choice, at the operating level of your business." "Once you've innovated, quantified, and orchestrated something in your business, you must continue to innovate, quantify, and orchestrate it." "Think of your business as though it were the prototype for 5,000 more just like it." "Your Business Development Program is the vehicle through which you can create your own business—in—the—making." The Program is composed of seven distinct steps: Your Primary Aim Your Strategic Objective Your Organizational Strategy Your Management Strategy Your People Strategy Your Marketing Strategy Your Systems Strategy But before you can determine what that role will be, you must ask yourself these questions: What do I value most? What kind of life do I want? What do I want my life to look like, to feel like? Who do I wish to be? Michael believes great people are those who know how they got where they are, and what they need to do to get where they're going. "Great people have a vision of their lives that they practice emulating each and every day." Michael believes that the difference between great people and everyone else is that great people create their lives actively, while everyone else is created by their lives, passively waiting to see where life takes them next. "The difference between a warrior and an ordinary man is that a warrior sees everything as a challenge, while an ordinary man sees everything as either a blessing or a curse." Before you start your business, or before you return to it tomorrow, ask yourself the following questions: What do I wish my life to look like? How do I wish my life to be on a day-to-day basis? What would I like to be able to say I truly know in my life, about my life? How would I like to be with other people in my life—my family, my friends, my business associates, my customers, my employees, my community? How would I like people to think about me? What would I like to be doing two years from now? Ten years from now? Twenty years from now? When my life comes to a close? What specifically would I like to learn during my life—spiritually, physically, financially, technically, intellectually? About relationships? How much money will I need to do the things I wish to do? By when will I need it? "Your Strategic Objective is a very clear statement of what your business has to ultimately do for you to achieve your Primary Aim." "How big is your vision? How big will your company be when it's finally done? Will it be a $300,000 company? A million-dollar company? A $500-million company?" "At the beginning of your business, any standards are better than no standards." "Creating money standards is not just strategically necessary for your business; it is strategically necessary for your life, for the realization of your Primary Aim." The first question you must always ask when creating standards for your Strategic Objective is: What will serve my Primary Aim?" "How much money do I need to live the way I wish? Not in income but in assets. In other words, how much money do you need in order to be independent of work, to be free?" The ultimate reason to create a business of your own is to sell it. "An Opportunity Worth Pursuing is a business that can fulfill the financial standards you've created for your Primary Aim and your Strategic Objective." "How do you know whether you have an Opportunity Worth Pursuing? Look around. Ask yourself: Does the business I have in mind alleviate a frustration experienced by a large enough group of consumers to make it worth my while?" When asked what kind of business they're in, most business owners respond with the name of the commodity they sell. Always the commodity, never the product. The difference is the commodity is the thing your customer actually walks out with in his hand. The product is what your customer feels as he walks out of your business. What he feels about your business, not what he feels about the commodity. Understanding the difference between the commodity and the product is what creating a great business is all about. "What's your product? What feeling will your customer walk away with? What is he really buying when he buys from you?" "People buy feelings." "Most companies organize around people rather than around accountabilities or responsibilities." "The result is almost always chaos." Without an Organizational Chart, everything hinges on luck and good feelings, on the personalities of the people and the goodwill they share. An example of an Organizational Chart: A Position Contract is a summary of the results to be achieved by each position in the company. You need a management system to successfully implement a management strategy. "A system is a set of things, actions, ideas, and information that interact with each other, and in so doing, alter other systems." Your people want to for a boss who's created a clearly defined structure for acting in the world. They want a structure through which they can test themselves and be tested. This structure is called a game. The degree to which people buy into your game depends on how well you communicate the game to them at the outset of your relationship. Your People Strategy is the way you communicate this idea. A few rules to keep in mind: Never figure out what you want your people to do and then try to communicate a game out of it Never create a game for your people you're unwilling to play yourself Make sure there are specific ways of winning the game without ending it Change the game from time to time—the tactic, not the strategy Never expect the game to be self-sustaining. People need to be reminded of it constantly The game has to make sense The game needs to be fun from time to time If you can't think of a good game, steal one "Forget everything but your customer." "Demographics and psychographics are the two essential pillars supporting a successful marketing program." "If you know who your customer is—demographics—you can then determine why he buys—psychographics." "If your customer doesn't perceive he needs something, he doesn't, even if he actually does." There are three kinds of systems in your business: Hard Systems Soft Systems Information Systems. "Hard Systems are inanimate, unliving things." "Soft Systems are either animate—living—or ideas." "Information Systems are those that provide us with information about the interaction between the other two." If you like The E-Myth Revisited, you may also enjoy the following books: Print | Audiobook Psychology Book Summaries Or, browse more book summaries. Jump to ratings and reviews 8122 people are currently reading160943 people want to readMichael E. Gerber is an American author and founder of Michael E. Gerber Companies, a business skills training company based in Carlsbad, California.Displaying 1 - 30 of 3,076 reviewsMay 8, 2025Insightful guidance to build a business that runs without you. It shows how to work on your business, not in it. It explains how to get your people to work without your involvement. It tells how to systematize so your business could be replicated thousands of times. It shows how to do the work you love rather than the work you have to do. Gerber is at times long-winded and repetitive.I had heard about The E-Myth and Michael Gerber in several places, and finally decided to read the book when a successful business owner recommended it. I've since read it multiple times.NotesThe Entrepreneurial MythThe E-Myth (Entrepreneurial Myth) is that most businesses are started by entrepreneurs seeking profit. In actuality, most businesses are started by technicians (skilled workers) who decide to work for themselves. The problem is they understand the technical work, not the business that does that technical work, which is the cause of most small business failures. The technician essentially creates a job, not a business, and it requires the technician's constant efforts to function, rather than granting the desired freedom.The Entrepreneur, the Manager, and the TechnicianGerber explains that we're all composed of 3 personalities. For your business to succeed, you must balance each role:• Entrepreneur: a future-focused, creative, strategic visionary who sees and pursues opportunities, craves control, embraces change• Manager: a past-focused worrier who craves order, resists change, plans, organizes• Technician: a present-focused worker who craves getting things done, wants to control workflow, doesn't value dreams & abstract ideas, is an individualistTypical small business owner is 10% Entrepreneur, 20% Manager, 70% Technician.Infancy: The Technician's PhaseEntrepreneur bases business on what business needs (growth and change), Technician bases business on what they want (using their skills without constraints of boss).If your business depends on you, you don't own a business, you own a job. Purpose of having business is to be free of job.Adolescence: Getting Some HelpWhen owner thinks for something to be done right, they need to do it themselves, that inhibits business growth. Technician must allow Entrepreneur and Manager to play roles.Beyond the Comfort ZoneWhen Technician is beyond their comfort zone, they often shrink and simplify business back to their comfort zone, where they can manage it themselves, and it doesn't demand things they can't provide. This eventually leads to burnout, business atrophy, and business failure.You must plan, envision, and clearly articulate future of business to employees. Vision of future shapes the present.Maturity and the Entrepreneurial PerspectiveEntrepreneur builds business as solution to frustration customers have. Technician builds business on their skills. To Technician, customers are problems, because customers rarely want what Technician wants to offer at price Technician wants. To Entrepreneur, customers are opportunities, because they have endless wants.Working On Your Business, Not In ItWork on your business as if it were the prototype for 5,000 businesses. This is the "franchise model."Franchise model rules• Provide consistent value to customers, employees, suppliers, lenders, beyond what they expect• Operated by people with lowest level of skill necessary, to make staffing easier and less expensive• A place of impeccable order• All work documented in operations manuals• Provide uniformly predictable service to customer• Use uniform color, dress, facilitiescodeCreate business that's system-dependent, not people-dependent. Make system the expert rather than hiring experts.The Business Development ProcessBusiness must predictably give customer what they want every time, or they'll get it somewhere else.Your Strategic ObjectiveYour product is the feeling the customer has when they do business with you, not the commodity you sell. How your business interacts with the customer is more important than what it sells.Your Organizational StrategyPosition contract (use instead of job description)• Results to achieve• Work person is accountable for• Standards by which results are evaluated• Signature lineYour People StrategyIf you hire experienced managers, they'll manage by standards they learned in other businesses, not yours. Instead, set management standards yourself, then hire people who want to learn how to manage, and teach them your standards.Your Marketing StrategyDon't "find a need and fill it." Find a perceived need and fill it. This requires knowing your ideal customers' demographics and psychographics.Marketing is delivering the promise no one else in your industry dares to make.Your Systems StrategyPower Point Selling1. Appointment Presentation: get prospect (feelings it gives prospect) not commodity (good or service). Set appointment for Needs Analysis Presentation.2. Needs Analysis Presentation: Re-establish prospect's emotional commitment. Explain your expertise and say you want to solve their problem. Describe how your product will benefit prospect (relieve frustration). Collect needed info from prospect. Set appointment for Solutions Presentation.3. Solutions Presentation: Help customer feel their frustration more deeply, and recognize you have solution. Provide relational armament to back up prospect's emotional commitment by reviewing what prospect said in Needs Analysis Presentation. Ask, "Of the options we've suggested, which do you feel would best serve you right now?"Say nothing until prospect answers.Business non-fiction salesDecember 2, 2007About half a dozen important ideas buried in a mass of cloying, poorly written prose. The 268 pages dedicated to this text could have been cut to 60 and the book would have been better for it. As it is, prepare to skim.The author's habit of overstating characters that compliment him on his own ideas is a recurring and increasingly annoying technique. He also compliments his invented characters for their eloquence and drops repeated advertisements for his own company in the text. Classy.July 10, 2011If it weren't for the condescending, overly-simplistic, overly-drawn out, incessantly repetitive tone of this book, it would be good–it does have meaningful concepts, it just should have been twenty pages long. I've spent years working in consulting where process works when people don't. This book took sixty pages to suggest that the poor overworked technician hits help. Another fifty pages to explain that you need good processes so that you can hire low-skilled people. That you define a role and work yourself out of it. Jeebus. These are bullet points, not multiple chapters. The worst offense is how he has a fictional conversation with a fictional business owner–and they lay massive complements on each other. I can just see the author writing these dialogues with a smitten sense of self satisfaction about how clever he was. Major turn-off and distraction from the content.Good book for people who think they have a skill that they can monetize but have little to no corporate experience. I would not recommend it to anyone who has already been through the corporate America big business grinder. August 4, 2016Maybe I'm being unfair. Maybe, because I'm a writing teacher, this book bothered me more than it should have. To be fair, there are some good (though not groundbreaking) business ideas here, mostly common sense concepts that are good to refresh and reemphasize. But I found a few of Gerber's writing habits irksome. His needless repetition belittles his audience. His habit of belaboring a point by adding to it a litany of fragments that simply restate the concept was tiresome. His long, rambling, and oddly, overly detailed autobiographical anecdotes were unnecessary. But the main concepts also confounded me at times. The E-Myth is that, inside each business owner are three warring factions: the Entrepreneur, the Manager, and the Technician. Until we get those three personalities to cohabitate peacefully, we won't be successful in business. Gerber has a habit of capitalizing things, as if to coin a phrase for an already well-known concept and brand it as his own. Be prepared for a lot of that. Make no mistake: if your business is failing, he says, you are the problem. So this is primarily a concept piece, a philosophical work on the paradigm he feels successful business owners should take, not a how-to manual.For him, business is a proving ground– a dojo of sorts-- in which a man can test his inner mettle, and create a world that is ordered, and gives him what we all crave: relationship, order, and "more life." It's an exercise of his life purpose, his inner humanity. Okay. I'll give him that. But, having now read the entire book, I can say it reads like a cautionary tale against going into business. One of his big ideas is the Franchise Prototype, guided by an infinitely detailed Operations Manual with a scientifically proven set of systems for each and every thing your business does (from cleaning toilets to selling widgets to greeting customers and answering phones). Just the thought of literally researching and systematizing (and organizing and assigning tasks to specific people) for every.single.thing we do from making coffee to filing invoices sounds like a monolithic task. But he claims that, with the right system for Absolutely Everything, you can easily train and hire total nincompoops (he is very clear that you don't need experience or talent in your employees-- in fact, experienced and talented employees are way more trouble and expense than they're worth, and are still as unpredictable as any other human), and your customer will get the best possible experience, every time. He takes his concept from the franchise models of places like McDonald's, which, though certainly not a model of quality, definitely stands as a model of consistency. Give the customer a consistent experience, Gerber urges, and he will feel in control. This is where the difference between pre-9/11 American business and out post-9/11 culture is most apparent. He gives a sample sales script (according to the Systems mentality, every interaction between customer and employee should follow an unvarying script) that is painful. It sounds like a TV announcer from the 1950's. But Gerber cautions that if, after careful research into the demographics and psychographics of your chosen customer, you create a marketing system, use it "as long as it works," and then when it stops working, change it. Your business is dynamic, and all of your employees should be looking for ways to innovate and improve systems. Naturally, because hiring untalented nincompoops who like to follow a script naturally spawns a team of proactive, forward-thinking innovators. I found that a little confounding, too. In fact, Gerber is from a different world: one filled with honest, hard-working employees just waiting for a Boss to Believe In. And once they buy into his Big Idea (the "Game" as Gerber calls it), they will play that game with gusto because they love and look up to him. I have rarely met a person in my generation who venerates his boss like that. But maybe that's why Gerber and I don't click. I'm a Gen-Xer in post-9/11 America, and he's a hippie poet who smoked weed in his VW bus until he had to go corporate to make a living; he's made a great life for himself at E-Myth Worldwide, and I'm happy for him. I'm grateful for the bits of this book I will use as reminders. I probably won't read another of his books.June 2, 2014I found this book poorly written and condescending. The formula Gerber prescribes for struggling small business owners could have been easily explained in a few bullet points without the endless anecdotes about "Sarah's Pie Shop" and annoying made-up terms. (Stop trying to make Turn-Key Revolution happen! It's not going to happen.)November 4, 2018I skimmed this book five years ago after hearing about it from some North Point staff members. I thought I understood the basic ideas, so for the last five years the book sat on my shelf. Until this week, I had a chance to listen to the book this week, and will likely add it as required reading for all our new staff members.Great lessons:1) Most people get into business (ministry?) because they like doing something and wish they could do it for themselves. Naively, they think they'll have more flexibility or earn more of the profit. Seldom do they consider the start-up costs, the risk and the need for discipline or systems. These people, says the author, are technicians. They have a technical skill, e.g., baking pies (preaching) but lack either the management tools or the margin to initiate improvements and grow the business.2) As a result, most–up to 80%–of new business start-ups fail, and fail miserably. 3) Enter systems. Systems allow one to scale and automate and refine in a way that a single individual often cannot. Systems are much of the operations as possible to be fool-proof. Break down the components into small pieces that can be managed by someone with very little innate ability and/or training. 4) Be cautious of talent. Too often, hiring "talented" managers can screw up the system because they begin to turn dials and make changes. It may seem counter-intuitive, but these self-starters can really cause big problems quickly. They have a role, but it's in the R&D department, not on the execution side. 5) Turn training into a game. Make it fun for new staff to learn what is expected. 6) Measure everything . . . so you can diagnose more efficiently. 7) Script everything . . . so you can more easily achieve consistentlypredictable results, and maintain the agreed-to standard.8) Check-lists are common-sense necessary for anything you plan to do at least twice. Get over the feeling these are for idiots; they ensure that they right things are done in the right order. 9) There are sales technicians (scripts) that work. Period.10) This is a book I'll probably add to my "Every January" list for the next few years alongside Acts, The Effective Executive, Getting Things Done, The Art of War, etc.January 29, 2008This is a fine book showing some of the flaws of small businesses and why so many fail. The author uses a fictional small business owner who started a pie shop and running herself ragged. She has a great gift in making pies but is burning herself out. She was thinking about how she let her job was making and selling pies when her business could and should be so much more.Successful companies don't actually sell the products that they make. They fulfill an emotional need of their clients. For instance, Southwest Airlines is not selling airline tickets but a fun way to travel. Disney is not selling you a Mickey Mouse hat but to experience having the innocence of child again. Harley-Davidson is not selling you a motorcycle - but a membership to a rebellious, unbridled culture.My mind went racing while I thought of the four or five companies on my mind.This book finally made some sense about why someone would write a book telling the world their secrets. The author possibly has hit a ceiling on the amount of time he can invest - the amount of money he can make. The only way he could make more money is to leverage himself in making CD's, doing lectures, and yes, writing books.The third major point this book made was about systems. I really dislike systems in the workplace because they dehumanize the person. However, the author made some of the best arguments against this notion. I'm forced to rethink my ideas on this subject.But if you are a small business owner or are looking to become one, you really have to read this.February 16, 2016The E-Myth Revisited deals with two major misconceptions about running a business: that every small business owner is an entrepreneur and the assumption that working on your business is the same as working in your business. This book is an absolute must-read for business owners and while on occasion the writing is a little cheesy there are plenty of really important topics discussed in a clear, informative manner, which will help you grow your business in a productive and successful way.December 15, 2013This book is appears in all must-read-business-books lists.Well, not on mine.While I agree that standardization of processes can go long way, the McDonald's of the world already exist. Trying to create another one, is as likely as to aiming to be the next Facebook.The way I work in the corporate world, and the way I see myself working in an enterprise of my own, isn't factory work, follow the manual and nothing but the manual, don't think just execute bogus.We're human working for humans, everyone is different, each need is unique, each problem as its solution. While the approach should at least to have standard set of principals, I don't see myself hiring other people to serve as automatons...Maybe I missed the purpose of the book.Or maybe I'm just naive.March 6, 2017The principles in this book are very good, and I think Gerber nails the reasons why so many small businesses fail. The distinction between the roles of Entrepreneur, Technician and Manager are well thought out and reflect reality.The systems Gerber recommends putting into place are stringent, and I feel it would be difficult to transfer them to certain types of business - service businesses, and highly skilled technical businesses for example. It's very much geared to businesses that provide goods and could theoretically operate a franchise model. Nevertheless, some good points and ideas about business development, attitudes and systems are made.The downside to the book is that it's extremely wordy. Ideas are repeated in more than one way, in a roundabout style. The ideas are then reinforced in the semi-fictionalised example of a lady in a pie shop, and I didn't feel this added a lot, especially as it tended to regurgitate the chapter with no new ideas. If the wordy bits, the underlying ideas are worth reading the book for.February 4, 2009I read this a few years ago. It was the text for one of my husband's business classes. He said it was a good book... and I said, "WHAT DID YOU JUST SAY?" (qualifies as one of the most rare phrases to escape his gorgeous lips) So I had to read it, see.It's actually pretty amazing. I'm betting I'll never start my own business, because the things I do tend to be less-marketable services and commodities. Reading, doing laundry, watching Buffy the Vampire Slayer... Don't think you get paid for any of those things. However, if I wanted to start my own business, hypothetically... I now feel entirely qualified to do so.Happy entrepreneuring! January 23, 2015This book is an absolute MUST READ for anyone looking to start or manage a business. There's irreverent wisdom that will give you a nice foundation how to plan your business and the proper way to manage it. Even if you don't wanna start your own company this book will definitely help you understand more about business in general and how the structure of a stable company works. This is a really valuable book full of wisdom, don't miss out!October 22, 2020This is probably the fourth or fifth time I have sat down to try to read "The E-Myth". My past attempts have always ended in abandonment, but this book is so highly regarded as a business classic that I decided to grit my teeth and to power all the way through to the end this time, no matter what.Having done so, I am confirmed in my belief that this book does not deserve all the praise it has been showered with. I remember now why it was so hard to finish - the book has a single point which it keeps hitting the reader over the head with, for far too long, and with far too little imagination.The beginning of the book is the best part. It points out something which is non-obvious, but rings true as soon as you read it: that most small businesses are not started by "entrepreneurs". Rather, they are started by "technicians" - as in, people who have some kind of technical skill.The typical foray into small business ownership begins when a freelancer, you can consistently and repeatedly produce a certain result. And that machine should work without you, as the individual involved. The book makes it seem like: just because you don't plan on actually franchising anything, to be successful, you still need to build your business in exactly this way. "What Ray Kroc understood at McDonald's was that the hamburger wasn't his product. McDonald's was." (4) The key insight of this book is more or less the same insight as in the book Built to Sell: you should build your business as if you were going to sell it to someone, even if you have no plans to sell it whatsoever. And a business that's optimized for selling is just like a business that's optimized for franchising: it's a machine, a repeatable process, one that can be executed by anyone, and not just you (since you won't be involved after selling!). "Forced to create a business that worked in order to sell it, he also created a business that would work once it's sold, no matter who bought it. Armed with that realization, he set about the task of creating a foolproof, predictable business. A systems-dependent business, not a people-dependent business. A business that could work without him. Unlike most small business owners before him—and since—Ray Kroc went to work on his business, not in it. He began to think about his business like an engineer working on a pre-production prototype of a mass-produceable product."(5) One of the keys to building a "franchise" (even if you don't plan on franchising) is to find a way to build a business that is systems-dependent rather than people-dependent. That is, you should be able to deliver results to the customer, not based on hiring employees who are world's greatest experts and can therefore do extraordinary things to get the business. Instead, if it turns out, the "technical work of a business and a business that does technical work are two totally different things!" To succeed as a business owner, you'll need not only the skills of a Technician, but also the skills of an Entrepreneur and a Manager.(2) One of the key differences between the Technician and the Entrepreneur is what they build as a product. To the Technician, the product is whatever the company delivers and sells to a customer (i.e., the widgets). But to the Entrepreneur, the business itself is the product. Whereas the Technician works in the business, the Entrepreneur works on the business. And if you don't have the latter, you can't succeed, no matter how good you are at the former.(3) "The true product of a business is the business itself." I think this is the most important insight in this entire book: to think of the business itself as a product, as a machine that can consistently and repeatedly produce a certain result. And that machine should work without you, as the individual involved. The book makes it seem like: just because you don't plan on actually franchising anything, to be successful, you still need to build your business in exactly this way. "What Ray Kroc understood at McDonald's was that the hamburger wasn't his product. McDonald's was." (4) The key insight of this book is more or less the same insight as in the book Built to Sell: you should build your business as if you were going to sell it to someone, even if you have no plans to sell it whatsoever. And a business that's optimized for selling is just like a business that's optimized for franchising: it's a machine, a repeatable process, one that can be executed by anyone, and not just you (since you won't be involved after selling!). "Forced to create a business that worked in order to sell it, he also created a business that would work once it's sold, no matter who bought it. Armed with that realization, he set about the task of creating a foolproof, predictable business. A systems-dependent business, not a people-dependent business. A business that could work without him. Unlike most small business owners before him—and since—Ray Kroc went to work on his business, not in it. He began to think about his business like an engineer working on a pre-production prototype of a mass-produceable product."(5) One of the keys to building a "franchise" (even if you don't plan on franchising) is to find a way to build a business that is systems-dependent rather than people-dependent. That is, you should be able to deliver results to the customer, not based on hiring employees who are world's greatest experts and can therefore do extraordinary things to get the business. 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My past attempts have always ended in abandonment, but this book is so highly regarded as a business classic that I decided to grit my teeth and to power all the way through to the end this time, no matter what.Having done so, I am confirmed in my belief that this book does not deserve all the praise it has been showered with. I remember now why it was so hard to finish - the book has a single point which it keeps hitting the reader over the head with, for far too long, and with far too little imagination.The beginning of the book is the best part. It points out something which is non-obvious, but rings true as soon as you read it: that most small businesses are not started by "entrepreneurs". Rather, they are started by "technicians" - as in, people who have some kind of technical skill.The typical foray into small business ownership begins when a freelancer, you can consistently and repeatedly produce a certain result.(6) The book defines a Business Development Program, which is a step by step guide for how to systematize every aspect of your business. It consists of 7 steps:1. Your Primary Aim2. Your Strategic Objective3. Your Organizational Strategy4. Your Management Strategy5. Your People Strategy6. Your Marketing Strategy7. Your Systems StrategyAs the book gets further along, the content gets thinner and thinner, so I'll only touch on a few of these below.(7) Primary Aim: imagine you're dead. Now, imagine people are attending your funeral, and someone is saying a eulogy for you. What would you want them to say about your life? What's the story they would tell? What's the purpose of your life? This is what you must figure out first. Then, you define a business, and you Aim. I found this a very powerful way to think of what I want to do with my life (and not just business!)(8) Strategic Objective: What product you create and what you sell might are not the same thing! That is, what your customer walks out of the store with, and what the customer feels they've bought are typically very different:"Charles Revson, the founder of Revlon and an extraordinarily successful entrepreneur, once said about his company: 'In the factory Revlon manufactures cosmetics, but in the store Revlon sells hope.'"The reality is that most companies aren't selling products, but emotions and other intangibles: they are selling hope, power, love, etc. Knowing what you're really selling is critical to building a successful business.(9) Organizational Strategy: "Most companies organize around personalities rather than around functions. The result is almost always chaos." One of the really powerful ideas in this book is that, right when you start your company, before there are any employees, you create an org chart for what the company will look like in the future. Within this org chart, you define every role, every title, and every responsibility. In the early days, the co-founders fulfill all these roles. Your job is to try these roles out, figure out how to make each one work, record and systematize the process, and then hire other people to fulfill these roles, following your system, while you move up to managing them. Rinse and repeat until the whole org chart is filled out by others, and then you're managing the system you've created for them.(10) People Strategy: Once you have a system in place, the idea is to present it to new hires, on day one, a bit like introducing them to the rules of a game. "There is nothing more exciting than a well-conceived game. That is what the very best businesses present to the people who create them: a game to be played in which the rules symbolize the idea you, the owner, have about the world. If your idea is a positive one, your business will reflect that optimism. If your idea is a negative one, your business will reflect that as well. In this context, the degree to which your people 'do what you want' is the degree to which they buy into your game."February 28, 2021This book has held up better than you'd expect. I read this at someone's recommendation. It starts a startup and scale through software rather than through franchising. All of these can be good options for different people at different points. It Gerber's cookie-cutter approach, so no mention of any of them.So "The E-Myth" is a several-hundred-page book with one decent piece of advice: if you want to be an entrepreneur, you should *build systems*. - This will ensure a consistent, repeatable customer experience. - It also means each individual staff member becomes more dispensable (because they are a cog in the wheel, rather than a lynchpin), which gives the business owner more power.If you understand that, then you don't really need to read the rest. March 20, 2021There is some really good content buried in this book... But to find it, you'll have to wade through some sappy, cheesy, self-congratulatory dialogs with an imaginary owner of a business, plus a number of pseudo-philosophical nonsense rants on the beauty of life and business. Also, as you get deeper into the book, each chapter contains less and less valuable content, but more and more sloppy pitches for the author's consulting company; by the time you get to the marketing chapter, it's basically a few pages of filler, followed by "At Michael E Gerber Companies, we can help you with marketing..." Bleh.That said, there really is some good stuff here, so as long as you're good at skimming past the BS, it's a worthwhile read for any entrepreneur. Here are some of my favorite insights:(1) "Everybody who goes into business is actually three-people-in-one: The Entrepreneur, The Manager, and the Technician." Many people who start businesses are Technicians: they are experts at doing the technical work of a business and they figure they can create a company around those skills. But, as it turns out, the "technical work of a business and a business that does technical work are two totally different things!" To succeed as a business owner, you'll need not only the skills of a Technician, but also the skills of an Entrepreneur and a Manager.(2) One of the key differences between the Technician and the Entrepreneur is what they build as a product. To the Technician, the product is whatever the company delivers and sells to a customer (i.e., the widgets). But to the Entrepreneur, the business itself is the product. Whereas the Technician works in the business, the Entrepreneur works on the business. And if you don't have the latter, you can't succeed, no matter how good you are at the former.(3) "The true product of a business is the business itself." I think this is the most important insight in this entire book: to think of the business itself as a product, as a machine that can consistently and repeatedly produce a certain result. And that machine should work without you, as the individual involved. 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A systems-dependent business, not a people-dependent business. A business that could work without him. Unlike most small business owners before him—and since—Ray Kroc went to work on his business, not in it. He began to think about his business like an engineer working on a pre-production prototype of a mass-produceable product."ABSOLUTELY DO NOT DO THIS. And in the section on color and the psychology of color in marketing he spends so long talking about how IBM knew what they were doing when they chose their shade of blue and all the research on blue, which I don't think is wrong, but then went on to talk about how disastrous it would have been if they'd gone with orange. Well in 2021 we are all aware of Amazon and their smile brand on their bit. AWS, honey. Look it up.October 24, 2021Wow I've wanted to read this for 5 years lol It was only until _ brought it to my priority to reads list that I made it. I feel like I can apply these things to anything. Not just the beginning where he talks about HR and dealing with your team because it isn't really necessary being a youtube vlogger :P But good knowledge all round.I like the beginning where he talks about how every new business owner wears three hats - the technician, the manager, and the entrepreneur. And that all three of these bosses are constantly fighting inside of you and you have to give them equally as much as attention as the other to maintain a healthy balance in your business. It's just as important to do the work as it is to manage and dream about it's future. Then he goes onto a lot of what I've learned in business school which is have a main purpose, hire the right people, etc etc. January 30, 2018This book definitely had a handful of REALLY good ideas. Unfortunately, they were buried by a couple hundred pages of horribly written gibberish. The E-Myth easily could have been condensed into maybe 50 pages, and it wouldn't have been so painful to get through. Gerber's stories of his conversations with "Sarah" are so over-the-top dramatic that I couldn't believe a word of it. Find a summary online, study the main points, and skip the book.September 22, 2012"A life lacking in comprehension is an aimless wreck. The absence of structure breaks breakdown" - Quote from The Third Wave, Alvin Toffler. So Mr. Gerber makes the point that in a broken world our businesses need to be the shelter from the chaos with what Mr. Gerber calls an "Impeccable order"."The difference between good people and everyone else is that good people create their lives actively, while everyone else is created by their lives, passively waiting to see where life takes them next." - Michael E. Gerber. June 6, 2019You could fit this entire book on an index card. The author kicks things off with two dimensional fictional characters having laughably ridiculous conversations. Just when you realize there that this book is tired and outdated, the author starts heaping praise upon McDonalds and IBM. Beyond disappointing. This was written in the mid 80s, and the god awful title should have been my first clue. January 20, 2009The general stuff was good. A lot of the specifics are born out of an older era of thinking. Just think of those few innovative companies that did away with the organizational charts. Think of those companies that it's because it doesn't reflect reality. But is that because the idea of the chart is wrong or people just don't know how to make them properly. Perhaps the chart should be cut into a big jumble of different tasks all of which can be passed around like little bracelets. Your job is just whatever little "jobs" you have taken on. This could even be freedom.Your business should be something you work on and not something you work in.Don't let it become just a miserable job.Have an end game, even if it is only a Tim Ferriss esque stasis.Quantify everything.Break your job down into every different "job"Hire unskilled people who want to learn because you can't hire good experts and if you did you wouldn't know what to do with them.Sex and cash: don't sell what you love;don't expect your business to do to satisfy your need to paint/hack/write... (I think that this would be the summary)I think that the reason I see Seth Godin everywhere is because he says what every marketer knows. Except that he does it perfectly.He expressed what is an important idea. You cannot hire experts unless you are one. So don't try. Hire inexperienced people who are willing to work hard and learn. You'll get them on the cheap anyways.Quotes:"People who are exceptionally good in business aren't so because of what they know but because of their insatiable need to know more.""The work that was born out of love becomes a chore, among a welter of other less familiar and less pleasant chores.""No one is willing to work as hard as you work. No one has your judgment, or your ability, or your desire, or your interest. That it's going to get done right, you're the one who's going to have to do it.""each day, we asked ourselves how well we did, discovered the disparity between where we were and where we had committed ourselves to be, and, at the start of the following day, set out to make up the difference.""Go to work on your business as if it were the preproduction prototype of a mass-produceable product. Think of your business as something apart from yourself, a world of its own, as a product of your efforts, as a machine designed to fulfill a very specific need, as a mechanism for giving you more life, as a system of interconnecting parts...as a solution to somebody else's problem.""The entire process by which the business does business is a system to be tuned to be effective. In fact, some of the most powerful Innovations have required little more than the change of a few words, a gesture, the color of clothing.""Their lives are spent living out the decision they have of their future, in the present. They compare what they've done with what they intended to do. And where there's a disparity between the two, they don't wait very long to make up the difference.""The game should simply be to do the right thing in the right way. Your People Strategy is the way you communicate this idea to your people. Take the curtain up at all cost. Because it is the curtain that kept him shrouded in darkness. And it's the darkness that holds out the light. It is the light, the openness, the clearing of all the obstacles to knowing that had become his true purpose: to be open; to be awake, to be available to what's really going on, to give up false beliefs...What truths is your curtain hiding from you? What misunderstanding keeps you where you are, in the past, in the dark, shrouded in you limited beliefs, shrinking from the world, from the light on the other side of your life?Until you lift the curtain, until you dare to pull mask off the world's face, until you move beyond your Comfort Zone, you will never know what it is you were missing out there." Does the business I have in mind alleviate a frustration experienced by a large enough group of consumers to make it worth my while?""The truth is, nobody's interested in the commodity. People buy feelings.""It wasn't the match, the mint, the cup of coffee, or the newspaper that did it. It was that somebody had heard me. And they heard me every single time.""The work we do is a reflection of who we are.""Find a perceived need and fill it."Your Comfort Zone has been the curtain you have placed in front of your face and through which you view the world. Your Comfort Zone has been the tight little cozy planet on which you have lived, knowing all the places to hide because it's so small. Your Comfort Zone has seized you before and it can seize you again, when you're least prepared for it, because it knows what it means to you. Because it knows how much you want to be comfortable. Because it knows what price you are willing to pay for the comfort of being in control. Your Comfort Zone is your life. Comfort overtakes us all when we're least prepared for it. Comfort makes cowards of us all."May 15, 2010This book is one of the most highly acclaimed books for small business owners. I started listening to it on CD a few years ago and then got distracted and just finished it recently. The gist of the message a few years back and it truly shaped my business and focus from that point forward.The E-Myth (Entrepreneurial Myth) is that businesses are started by entrepreneurs seeking profit. In actuality, businesses are started by technicians (employees) who convince themselves that they could be their own boss and work for themselves. They make the assumption that by understanding the technical work of a business, they also understand the business that does that technical work.Like many photographers, I started my own business because I like photography. And like most photographers who own their own business, I did everything myself to start out with. I did the book-keeping, the shooting, the editing, the product production, sales, marketing, graphic design, and networking. I wore every hat and very quickly realized I would burn myself right out if I continued on this path. The author states that there are 3 different roles that need to be covered in order for a small business to succeed: the technician, the manager and the entrepreneur. Most everyone who starts a small business does so because they like the technician work -- in my case taking and processing photos. But if they continue to cling to that role the business will ultimately, and fairly quickly, fail. They must be a manager and even more importantly, an entrepreneur -- having a vision and thinking about the big picture of where they want their business to go. But they won't be freed up to be a manager or entrepreneur if they are overwhelmed with the technical work of the business in order to grow. I talk to so many photographers who are just starting out and I hear the same thing over and over again. They are spending all their time behind the computer editing and know they need to focus on other areas of their businesses but they just don't have the time. In order to get over this hump and have a chance to succeed, they need to let go of part of the technician in themselves and embrace the manager and entrepreneur.Once a business grows and has more employees handling various roles in the business it is of utmost importance to systematize. Everything you do should be a system that can be duplicated. You will be far more efficient and profitable if you systematize, systematize, systematize. Design your business as if you were going to try to make 2000 others just like it. Then you will be able to easily train others to do much of the work IN the business so that you can focus on working ON the business. I have dedicated myself to the process of systematizing everything we do at Melissa Jill Photography for the past few years. A ton of work has gone into developing our workflow

achieve scalability, uniformity, and longevity, allowing them to thrive even in an evolving market. Having a main aim and vision is the key to longevity: Gerber underscores the significance of aligning the "Primary Aim" which refers to the entrepreneur's own personal goals, values, and aspirations, with the business's mission to form a cohesive, purpose-driven venture. Furthermore, Gerber advocates defining a clear "Strategic Objective" for the business, which serves as a guiding beacon for decision-making and strategic planning. Balancing Leadership and Operations: Gerber emphasizes on the delicate equilibrium between leadership and operational involvement, and advocates for effective management that includes delegation, team empowerment, and fostering an environment of growth. By striking a harmonious balance between working on the business as a manager and in it, entrepreneurs can effectively steer their ventures toward sustained growth and impactful success. In a nutshell, The E-Myth Revisited is like that friendly guide that gives you a roadmap for building your dream business. It's about bringing balance to your talents, embracing growth stages, and keeping your business shining even when you're not in the spotlight and we hope you benefitted from The E-Myth Revisited summary and review. Continue checking Read & Blog for more book articles, book reviews, book recommendations, quotes, and much more. Posted by Elizabeth Whitworth | Jul 13, 2021 What can small business owners learn from The E-Myth book? How can a business be better chance to succeed? The E-Myth Revisited, Michael E. Gerber explains how focusing solely on the product—and just trying to work harder— undermines new businesses. The right approach is to view your business like a franchise—to systematize operations so that it no longer relies on you. Read more to learn the primary principles from the E-Myth book. Many people dream of quitting a job or leaving a boss they dislike and becoming their own boss by starting a business. Each year, a million new businesses are started. However, 40 percent fail within the first year and 80 percent fail within five years. Of those that last five years, more than 80 percent fail in the next five years. Underlying the high failure rate are persistent romantic notions about how businesses are born and what it takes to succeed. In the myth book, Gerber argues that new business owners typically fail because they focus on technical expertise rather than on developing business knowledge. They mistakenly think that knowing how to do a specific thing, such as baking pies, is all it takes to make a business work. But there's much more to it. The important thing isn't the commodity — what is produced — but how it's produced. The business itself is the product. The "E-Myth" of the book's title refers to what Gerber calls the Entrepreneurial Myth that small businesses are founded by entrepreneurs with a great idea, capital to invest, and the business acumen to pull it off. The truth is that most small businesses are started by ill-equipped technicians. According to the E-myth book, a small business owner needs to cultivate and balance three roles or mindsets, all of which are necessary for running a business. The first is the technician mindset, which is where most small business owners begin and end. But this mindset by itself is insufficient. The other necessary roles are entrepreneur and manager. Here's how they work: The entrepreneur role provides the vision, creativity, and energy that drive the business. The manager is a pragmatist who translates the vision into reality through planning and systems. The technician is an individualist and a doer who produces the product or service. The E-myth book discusses three phases — infancy, adolescence, and maturity — in which a typical small business develops. (However, many fail before reaching maturity.) In the infancy phase, the owner wears the technician hat. The business is driven not by business needs but by what the owner wants, which is to produce something he enjoys making. The volume of work soon exceeds his capacity to get it all done. At this point, many businesses fail — the exhausted owner/technician gives up. If the owner doesn't give up in the infancy stage due to overwork, she moves into the adolescent phase in which she hires another technician and quickly off-loads responsibilities to that person while providing little oversight. Problems soon develop, so the owner jumps in again to do things herself. Soon the business reaches a crisis point where the owner feels she's losing control. Businesses can grow from infancy and adolescence to maturity as their owner learns and grows. But the most successful companies start out differently, as mature businesses already knowing where they're going and how they'll get there. The founders have business knowledge and an entrepreneur's mindset. Developing business knowledge is the crucial missing piece for most small business owners. If they don't move out of their technician's comfort zone to learn new skills and roles at the adolescence crisis point, business owners typically go one of three directions: they shrink the business (return to the infancy stage), go all out until they crash, or go into survival mode and barely hang on. However, there's a more effective way. The movement, which started in the 1950s, has provided a "turn-key" model for successful business development that independent business owners can emulate. The movement began when a milkshake machine salesman, Ray Kroc, visited a hamburger restaurant owned by two brothers named MacDonald in San Bernardino, California. At the restaurant, he found high school students producing identical burgers systematically and efficiently under the supervision of the owners. Kroc saw that this process could be replicated to continually make money and he persuaded the brothers to let him franchise it. He created McDonald's, which became the world's largest prepared food delivery system. Franchising wasn't a new idea — Kroc's innovation was his "business-format franchise," a new-business template that's been widely adopted by other companies. Under business format franchising, the franchisor teaches the business format (marketing, selling, inventory, finance, personnel procedures) to the franchisee. Kroc's model format can be applied to small business development in any field. The E-myth book asserts that, in applying business format franchise principles, an owner must first think of his business in a new way — as though it were the prototype for thousands of others like it. He should imagine he's going to franchise it, then create a model in which the parts — purpose, organization, management strategy, production systems and processes — can be replicated. In other words, he should create a model for an effective, productive business that yields a predictable result every time. Here are the components that you as an owner must work through: Personal objective: Determine your primary aim in life. Your business's purpose should dovetail with your personal goal. Businessobjective: State what you want your business to look like and to accomplish. How much money does it need to make? How is it serving the need of your customers? Organizational plan: Create an organization chart reflecting what your organization will look like when the business is fully evolved. What specific functions does your business need? Create an operations manual for each position before hiring for it. Management plan: Create an operating philosophy that reflects why and how you do what you do. All your actions and your employees' actions communicate this philosophy to your customers. People plan: Create an environment in which there's something that needs to be done is important and gratifying to the people tasked to do it. Make each person's expectations clear, and recognize them when they're accomplished. Marketing plan: Determine who your prime customers are, what they buy, and how to reach them. Research your customers through market data or customer surveys. Systems plan: Every part of your business is a system. Approaches to say strengthen each other. Your hard systems (like office design and computers) should support your soft systems (people, documentation) and information systems (reports, forecasts), and vice versa. Once a business is organized and on track, development is an ongoing process that involves three activities: innovation, measurement of results, and execution. Here's how the E-myth book describes them: Innovation: Most business owners think innovation means coming up with new products to increase sales. However, the franchise movement increases sales by applying innovation to the process — how a business does (or sells) things — rather than to what it produces. For example, changing the way your employee greets new customers from "Do you need help?" to "Have you been here before?" can open up conversations and increase sales. Measurement: Measuring the results or quantifying everything you do is the only way to know what's working and what's not. Execution: Once you innovate (find better ways to do things) and measure how you're doing, you need to execute changes systematically, so that people know what to do and how to do it rather than acting on their own discretion. Implementing a systematic business development process transforms both owner and business. Her personal and business goals function in harmony, and she achieves the American small business dream that eludes so many others. This article serves as an introduction to the E-myth book, a classic must-read for small business owners. The E-Myth: Book Overview and Key Takeaways In the United States, 80% of the survivors fail in the next 5 years. In this book, Michael Gerber explains why small businesses fail, and how to overcome common mistakes in business, so you can build a successful business that not only works, but is also deeply rewarding for you and your stakeholders. This new version of The E-Myth Revisited summary gives synopsis of these key business ideas in the book. This book was released 15 years after the original E-Myth book was published. It captured the new insights and experiences that Michael Gerber had accumulated while working with businesses for small businesses, and also addressed common questions about these ideas. The key idea of the book is this - your business is really an extension of who you are, and transforming your business starts with transforming yourself. This summary gives an overview of the 3 key segments of the book – the E-Myth, the Turn-Key Revolution, and how to build a successful small business. It's a myth that small businesses are started by true-blue entrepreneurs. The truth is, most business are started by people who were initially working for others (e.g. carpenters, designers). They are good at what they do, decide to go into business, and make the fatal assumption that their strong technical skills are enough for them to run a technical business. The Entrepreneur, The Manager & The Technician We all have multi-faceted personalities, with often-conflicting traits. A business owner is not just an entrepreneur, a manager or a technician. He is all 3 personalities rolled into one at the same time. Hence, he has to deal with their differing tendencies, needs and wants. In order for businesses to grow and evolve, the business owner must be willing to change to meet the business needs. Gerber explains the 3 growth stages of businesses – Infancy, Adolescence, and Maturity – and why businesses fail due to the owners' inability to perform the roles required of him Companies that reach maturity (e.g. Federal Express, IBM, Disney) have a clear vision of how the company will be like when it is "done", and they start behaving like that great company from the onset. The key is to start your business with the expectation and plan for it to grow and work without you. You also need a business model that will allow you to balance all 3 personalities - so the Entrepreneur can drive the business, the Manager can ensure it's sustainable, and the Technician can stay in touch with the nuts and bolts of the work being done. Here is a key message from Gerber – Your business is not your life, and it is imperative that you work on the business so you can duplicate it; Regardless of whether you actually sell or franchise it in the end. So way to ensure your business is successful and is not dependent on you. To do that, we use the concept of the Business Format Franchise, where the franchisee is not only given the right to market a known product, but also an entire system for doing business. Unlike the high failure rates of conventional business, Business Format Franchises have a 95% success rate. The Franchise Prototype is where ideas are incubated, tested and perfected until they work predictably, before they are deployed in business. Using the example of McDonalds, Gerber explains how every detail (from how long French fries are left in the warmer, to how big the pickles are placed) is tested and standardized, with the goal of leaving nothing to chance and operational discretion. Your goal is to create such a prototype for your business, so it can be successfully cloned into thousands more like it, it must fulfill 6 criteria or rules: Provide consistent value to your stakeholders, beyond expectations. Be operable by people with the lowest possible level of skill. Demonstrate precision and order. Capture all the work to be done in operations manuals. Provide a consistent and predictable service to the customer. Use consistent codes (e.g. colour, dress, facilities). These criteria are covered in more detail in our complete version of The E-Myth Revisited summary. Your Prototype will constantly evolve as part of your business development process. Gerber explains what it means to constantly refine your business with the Innovation-Quantification-Orchestration loop which is covered in more detail in our complete summary. This is more than just habit or process. When you fully embrace and immerse yourself in continuous improvement and mastery, you lead a deeper level of fulfillment. Your Business Development Program Your business should support your life goals, not be your life goals. In this segment, Gerber walks you through a 7-step process – starting with you as the owner – to structure your business as if it was the prototype for 5,000 more like it. That way, you can work on your business and not in it. In a nutshell, the 7 parts of the process are: Determine your Primary Aim (your life goals); State your Strategic Objective, i.e. how your business will look like when it's "done", and how it will help you to achieve your Primary Aim; Develop your Organizational Strategy, so you can start testing, documenting and building roles today, toward your ideal future organization; Establish your Management Strategy, so a predictable experience can be duplicated by anyone you hire; Identify your People Strategy, i.e. get your team to do what you want them to do; Develop your Marketing Strategy, by understanding your customers' perceived needs and then constructing and testing a Prototype that meets those needs. Put in place your Systems Strategy, including your hard systems, soft systems and information systems to deliver your customer promise. Gerber brings his ideas to life in different ways throughout the book: He shares the learning points through the eyes of Sarah, a lady who loved baking pies, but found herself drained and burned out after starting a pie business. We follow Sarah's thought process and internal struggles, eventually sharing her "aha" moments and seeing how she applies the various concepts to create her personal and business breakthroughs; He provides detailed examples and case studies of how companies like McDonalds and Venetia (a boutique hotel) successfully developed their Prototype. As he outlines the 7-step business development program, he also provides additional tools e.g. questions to think about your primary aim, sample "people game" rules, and examples of hard, soft and information systems at work at E-Myth Worldwide. The E-Myth Mastery Program covers these 7 steps in detail. This is a must-read book for anyone who owns a small business, or aspiring to start one. You can learn how to build a saleable, scaleable business with the right foundation based on the examples and tips covered in the book from the getting our full book summary bundle. This includes an infographic, a 14-page text summary, and a 23-minute audio summary. You can purchase the book here or visit www.emyth.com or michaelegerbercompanies.com for more details. Want to read more from Michael Gerber? Go check out Beyond the E-Myth summary to gain additional perspectives on building a business for sale. Or, learn a powerful framework to build business momentum with Gino Wickman's Traction: Get a Grip on Your Business. The E-Myth Revisited: Why Most Small Businesses Don't Work and What to Do About It is written by Michael Gerber-an American author and founder of Michael E. Gerber Companies, a business skills training company based in California. He was named "the World's #1 Small Business Guru" by Inc. Magazine, for impacting hundreds of thousands of companies worldwide for over 40 years. Besides "The E-Myth Revisited", Gerber has authored 13 other business coaching books. Today, he is on a new mission to bring economic development strengths and capabilities to millions of people worldwide, by awakening the new entrepreneur within them. This is done through his entrepreneurial incubator called The Dreaming Room®. "Your business is nothing more than a distinct reflection of who you are...So if your business isn't working, or isn't growing...you must change first. "People who are exceptionally good in business aren't so because of what they know but because of their insatiable need to know more." "That Fatal Assumption is: if you understand the technical work of a business, you understand a business that does that technical work." "The moment you choose to start a small business... you unwittingly chose to play a significantly larger game than any game you had ever played before." "If you want to work in a business, get a job in someone else's business! But don't go to work in your own." "Your business is not your life... Recognize that the purpose of your life is not to serve your business, but that the primary purpose of your business is to serve your life." "Value is what people perceive it to be, and nothing more." "Great businesses are not built by extraordinary people but by ordinary people doing extraordinary things." "When you intentionally build your business around the skills of ordinary people, you will be forced to ask the difficult questions about how to produce a result without the extraordinary ones" "Creativity thinks up new things. Innovation does new things." Click here to download The E-Myth Revisited book summary and infographic The E-Myth Revisited Summary Bundle Includes: A 1-page infographic in pdf A 14-page text summary in pdf A min audio summary in mp3 Available for download or via web app Buy on Amazon: Print | Audiobook Most small business owners work in their business rather than on their business. People who are exceptionally good in business are so because of their insatiable need to know more. Understanding the technical work of a business does not mean you understand a business that does that technical work. "If you are unwilling to change, your business will never be capable of giving you what you want." That Fatal Assumption: if you understand the technical work of a business, you understand a business that does that technical work. The Entrepreneurial Seizure occurs the moment you decide it would be a great idea to start your own business. "Everybody who goes into business is actually three-people-in-one: The Entrepreneur, The Manager, and The Technician." We all have an Entrepreneur, Manager, and Technician inside us. Enter your email below, and I'll send you a free PDF summary of The E-Myth Revisited. (Includes exercises not found in the post.) Michael believes that the people who are exceptionally good in business are so because of what they know but because of their insatiable need to know more. "If you are unwilling to change, your business will never be capable of giving you what you want." That Fatal Assumption: if you understand the technical work of a business, you understand a business that does that technical work. The Entrepreneurial Seizure: the moment you decide it would be a great idea to start your own business. The technician suffering from an Entrepreneurial Seizure takes the work he loves to do and turns it into a job. "Everybody who goes into business is actually three-people-in-one: The Entrepreneur, The Manager, and The Technician." The Entrepreneur lives in the future, never in the past, rarely in the present. He's happiest when left free to construct images of 'what-if' and 'if-when.'" The Entrepreneur is the innovator, the grand strategist, the creator of new methods for penetrating or creating new markets." "The Entrepreneur is our creative personality—always at its best dealing with the unknown, prodding the future, creating probabilities out of possibilities, engineering chaos into harmony." The Entrepreneur has an extraordinary need for control. He needs control of people and events in the present so that he can concentrate on his dreams." The Entrepreneur creates a great deal of havoc around him, which is predictably unsettling for those he enlists in his projects." The Entrepreneur's worldview is a world made up of both an overabundance of opportunities and dragging feet. "To the Entrepreneur, most people are problems that get in the way of the dream. "The Manager is pragmatic. Without him, there would be no planning, no order, no predictability." If The Entrepreneur lives in the future, The Manager lives in the past. "Where The Entrepreneur craves control, The Manager craves order." "Where The Entrepreneur thrives on change, The Manager compulsively clings to the status quo." "Where The Entrepreneur invariably sees the opportunity in events, The Manager invariably sees the problems." "The Manager is the one who runs after The Entrepreneur to clean up the mess." "Without The Manager, there could be no business, no society." "It is the tension between The Entrepreneur's vision and The Manager's pragmatism that creates the synthesis from which all great works are born." "The Technician is the doer." "The Technician loves to tinker." "If The Entrepreneur lives in the future and The Manager lives in the past, The Technician lives in the present. He loves the feel of things and the fact that things can get done." "As long as The Technician is working, he is happy, but only on one thing at a time. He knows that two things can't get done simultaneously; only a fool would try. So he works steadily and is happiest when he is in control of the workflow." The Technician mistrusts those he works for because they are always trying to get more work done than is either possible or necessary." "To The Technician, thinking is unproductive unless it's thinking about the work that needs to be done." "Thinking isn't work; it gets in the way of work." "The Technician isn't interested in ideas; he's interested in 'how to do it.'" "To The Technician, all ideas need to be reduced to methodology if they are to be of any value." "The Technician knows that if it weren't for him, the world would be in more trouble than it already is." "While The Entrepreneur dreams, The Manager frets, and The Technician ruminates." "Everyone gets in The Technician's way." "To The Technician, 'the system' is dehumanizing, cold, antiseptic, and impersonal. It violates his individuality." "The fact of the matter is that we all have an Entrepreneur, Manager, and Technician inside us." "The typical small business owner is only 10 percent Entrepreneur, 20 percent Manager, and 70 percent Technician." "Most businesses are operated according to what the owner wants as opposed to what the business needs." "The three phases of a business's growth: Infancy, Adolescence, and Maturity." "If your business depends on you, you don't own a business—you have a job. And it's the worst job in the world because you're working for a lunatic!" "The purpose of going into business is to get free of a job so you can create jobs for other people." "There's a critical moment in every business when the owner hires his very first employee to do the work he doesn't know how to do himself or doesn't want to do." "Your job is to prepare yourself and your business for growth. "A Mature company is founded on a broader perspective, an entrepreneurial perspective, a more intelligent point of view. About building a business that works not because of you but without you." "A Mature business knows how it got to be where it is, and what it must do to get where it wants to go." The Entrepreneurial Model has to do with the work that's done in a business and more to do with how it's done. The commodity isn't what's important—the way it's delivered is." "Your business is not your life." "Once you recognize that the purpose of your life is not to serve your business, but that the primary purpose of your business is to serve your life, you can then go to work on your business, rather than in it, with a full understanding of why it is absolutely necessary for you to do so." "Pretend that the business you own—or want to own—is the prototype, or will be the prototype, for 5,000 more just like it." "Documentation says, 'This is how we do it here.'" "Without documentation, all routinized work turns into exceptions." "Documentation provides your people with the structure they need and with a written account of how to 'get the job done' in the most efficient and effective way." "What you do in your model is not nearly as important as doing what you do the same way, each and every time." Go to work on your business rather than in it, and ask yourself the following questions: How can I get my business to work, but without me? How can I get my people to work, but without my constant interference How can I systematize my business in such a way that it could be replicated 5,000 times, so the 5,000th unit would run as smoothly as the first? How can I own my business, and still be free of it? How can I spend my time doing the work I love to do rather than the work I have to do? Innovation is the mechanism through which your business identifies itself in the mind of your customer and establishes its individuality. Quantification: the numbers related to the impact an innovation makes. "Orchestration is the elimination of discretion, or choice, at the operating level of your business." "Once you've innovated, quantified, and orchestrated something in your business, you must continue to innovate, quantify, and orchestrate it." Think of your business as though it were the prototype for 5,000 more just like it." Your Business Development Program is the vehicle through which you can create your Franchise Prototype. "The Program is composed of seven distinct steps: Your Primary Aim Your Strategic Objective Your Organizational Strategy Your Management Strategy Your People Strategy Your Marketing Strategy Your Systems Strategy But before you can determine what role will be, you must ask yourself these questions: What do I value most? What kind of life do I want? What do I want my life to look like, to feel like? Who do I wish to be? Michael believes that the difference between great people and everyone else is that great people create their lives actively, while everyone else is created by their lives, passively waiting to see where life takes them next. "Great people have a vision of their lives that they practice emulating each and every day." Michael believes that the difference between great people and everyone else is that great people create their lives actively, while everyone else is created by their lives, passively waiting to see where life takes them next. "Before you start your business, or before you return to it tomorrow, ask yourself the following questions: What do I wish my life to look like? How do I wish my life to be on a day-to-day basis? What would I like to be able to say I truly know in my life, about my life? How would I like to be with the other people in my life—my family, my friends, my business associates, my customers, my employees, my community? How would I like people to think about me? What would I like to be doing two years from now? Ten years from now? Twenty years from now? When my life comes to a close? Where specifically would I like to learn during my life—spiritually, physically, financially, technically, intellectually? About relationships? How much money will I need to do the things I wish to do? By when will I need it? Your Strategic Objective is a very clear statement of what your business has to ultimately do for you to achieve your Primary Aim." "How big is your vision? How big will your company be when it's finally done? Will it be a $300,000 company? A million-dollar company? A $500-million company?" "At the beginning of your business, any standards are better than no standards." "Creating money standards is not just strategically necessary for your business; it is strategically necessary for your life, for the realization of your Primary Aim." "The first question you must always ask when creating standards for your Strategic Objective is: What will serve my Primary Aim?" "How much money do I need to live the way I wish?" And your Strategic Objective. "How do you know whether you have an Opportunity Worth Pursuing? Look around. Ask yourself: Does the business I have in mind alleviate a frustration experienced by a large enough group of consumers to make it worth my while?" When asked what kind of business they're in, most business owners respond with the name of the commodity they sell. Always the commodity, never the product. The difference is the commodity is the thing your customer actually walks out with in his hand. The product is what your customer walks away with? What he is really buying when he buys from you?" "People buy feelings." "Most companies organize around people rather than accountabilities or responsibilities." The result is almost always chaos." Without an Organizational Chart, everything hinges on luck and good feelings, on the personalities of the people and the goodwill they share. An example of an Organizational Chart: A Position Contract is a summary of the results to be achieved by each position in the company. You need a management system to successfully implement a management strategy. "A system is a set of things, actions, ideas, and information that interact with each other, and in so doing, alter other systems." Your people want to for a boss who's created a clearly defined structure for acting in the world. They want a structure through which they can test themselves and be tested. This structure is called a game. The degree to which people buy into your game depends on how well you communicate the game to them at the outset of your relationship. Your People Strategy is the way you communicate a game out of it Never figure out what you want your people to do and then try to communicate a game out of it Never create a game for your people you're unwilling to play yourself Make sure there are specific ways of winning the game without ending it Change the game from time to time—the tactic, not the strategy Never expect the game to be self-sustaining. People need to be reminded of it constantly The game has to make sense The game needs to be fun From time to time if you can't think of a good game, steal one "Forget everything but your customer." "Demographics and psychographics are the two essential pillars supporting a successful marketing strategy. "If you know who your customer is—demographics—you can then determine why he buys—psychographics." "If your customer doesn't perceive he needs something, he doesn't, even if he actually does." There are three kinds of systems in your business: Hard Systems Soft Systems Information Systems. "Hard Systems are inanimate, unliving things." "Soft Systems are either animate—living—or ideas." "Information Systems are those that provide us with information about the interaction between the other two." In the E-Myth Revisited, you may also order two books: Print | Audiobook Psychology Book Summaries Or, browse more book summaries. This is a summary review of E-Myth Revisited containing key details about the book. What is E-Myth Revisited About? The E-Myth Revisited | Michael E. Gerber is an American author and founder of Michael E. Gerber Companies, a business skills training company based in Carlsbad, California. Over the years, Michael E. Gerber's companies have helped hundreds of thousands of small business owner-clients to successfully transfer their businesses into world-class operations. What are key takeaways from The E-Myth Revisited? Takeaway #1 Don't Fall For The E-Myth and Become a Statistic 80% of businesses started in the U.S fail in the first 5 years with 40% of them failing in the 1st year. The entrepreneurial myth aka the E-myth means that people believe that having a technical skill that they excel in at their day job, and there's too much work to do work for themselves and not someone else is enough to create a successful business of their own. As you might have guessed, it's not. Having a specific skill doesn't automatically give you the knowledge to run a business; unless you also know how to hire staff, manage payroll, and promote your business. Takeaway #2 Raising a Business from Infancy Through To Adulthood The same way that parents raise kids from infancy through adolescence into adulthood, with the tantrums of toddlers and teenagers all to be expected, entrepreneurs must also raise a business by going through the same growth patterns. However, whilst parents usually know that they're raising their kid to be independent, business owners rarely think this which is why failure happens. At the start of entrepreneurship, the owner and the business are one, it's a romantic time when the owner gets to do all the things she or he enjoys doing, using their skill all day every day. But as the business grows more successful, the owner suddenly finds that they are overwhelmed and must hire people to help, no longer able to control every small detail. This means that right from the start you need to know where your business is heading and what it will need down the line – You need an organizational strategy. You need to know who your ideal customer is, how large and successful you want the business to be (how many hours you want to work, how many days off you want, how much money you want to make). You also need to have a growth strategy, knowing how many staff will be required and what each person will do in the company. Whilst you're sitting at your kitchen table doing all of the work yourself this might seem like overkill but if you want your business to flourish, it's essential. Takeaway #3 The Turn-Key Revolution A turn-key business means that once running successfully, anyone could take over and run the business forward. An easier way of thinking of it is to imagine a business where you could ship it off and become one of the failure statistics from above, you need to work on your business, not in it. You should follow a business format franchise to ensure the processes and systems in your business are well-oiled and could be replicated by anyone who joins the team but also by anyone who follows in your footsteps and become a franchise. Before a business can be replicated, first the prototype has to be perfect, this is where you get to work both on and in your business, growing it from infancy upwards, creating value for customers whether that's in your products, your customer service, or your core values. Next you take a step back, working on your business. Net profit is the goal. X, you have manuals for every aspect of the business so that both service and results are predictable ensuring customers are satisfied whether you're dealing with them personally, they're being dealt with by one of your team, or one of your franchisee's. Book details First insights: 269 PagesAudiobook: 8 hrs and 5 minsGenre: Business, Nonfiction, Entrepreneurship, Self HelpWhat are the chapters in The E-Myth Revisited? Chapter One - The Entrepreneurial Myth Chapter Two - The Entrepreneur the Manager, and the Technician Chapter Three - Infancy: The Technician's Phase Chapter Four - Adolescence: Getting Some Help Chapter Five - Beyond the Comfort Zone Chapter Six - Maturity and the Entrepreneurial Perspective Chapter Seven - The Turn-Key Revolution Chapter Eight - The Turn-Key Revolution Chapter Nine - The Franchise Prototype Chapter Ten - Working On Your Business, Not In It Chapter Eleven - The Business Development Process Chapter Twelve - Your Business Development Program Chapter Thirteen - Your Primary Aim Chapter Fourteen - Your Strategic Objective Chapter Fifteen - Your Organizational Strategy Chapter Sixteen - Your Management Strategy Chapter Seventeen - Your People Strategy Chapter Eighteen - Your Marketing Strategy Chapter Nineteen - Your Systems Strategy Chapter Twenty - A Letter to SarahWhat are some of the main summary points from the book? There are some key summary points from the book: The Entrepreneurial Myth: The book challenges the common belief that entrepreneurs are primarily motivated by their technical skills or expertise. Instead, Gerber argues that successful entrepreneurs need to possess three distinct personalities—the Entrepreneur, the Manager, and the Technician—and strike a balance between them. The Fatal Assumption: Gerber introduces the "fatal assumption" that if you understand the technical work of a business, you understand how to run a business that does that technical work. Many small business owners fall into this trap and end up struggling because they neglect the managerial and entrepreneurial aspects of their business. Working On vs. In the Business: Gerber emphasizes the importance of working on your business rather than just working in it. The distinction lies in taking the time to develop systems, processes, and strategies that enable the business to run smoothly and efficiently, rather than being solely focused on day-to-day tasks. The Franchise Prototype: The author suggests that entrepreneurs should think of their business as a prototype for a franchise, even if they don't plan to franchise it. By developing a clear and replicable business model with well-documented processes, the business becomes scalable and less reliant on the owner's constant involvement. Building Systems: Gerber emphasizes the need to develop systems that can be followed by anyone in the business. Clear processes and procedures help maintain consistency and efficiency, reduce dependency on individual employees, and enable the business to deliver high-quality results consistently. The Turnkey Revolution: The book highlights the concept of the turnkey revolution, where the focus shifts from the product or service being offered to the entire customer experience. Businesses that excel in delivering a consistently outstanding experience build customer loyalty and differentiate themselves from competitors. Innovation and Entrepreneurship: Gerber encourages entrepreneurs to continually innovate and improve their businesses. By constantly questioning and refining their systems, processes, and customer experience, entrepreneurs can stay ahead of the competition and adapt to changing market conditions. The Importance of Leadership: Successful entrepreneurs are not just technicians or managers but also effective leaders. Gerber stresses the significance of developing leadership skills to inspire and motivate the team, communicate a clear vision, and create a positive company culture. What are good quotes from The E-Myth Revisited? [Favorite Quote]. "If your business depends on you, you don't own a business—you have a job. And it's the worst job in the world because you're working for a lunatic!" (Meaning) "The difference between great people and everyone else is that great people create their lives actively, while everyone else is created by their lives, passively waiting to see where life takes them next. The difference between the two is living fully and just existing." – Michael E. Gerber The E-Myth Revisited Quotes*** The summary points above have been concluded from the book and other public sources. The editor of this summary review made every effort to maintain information accuracy, including any published quotes, chapters, or takeaways Subscribe to get more insights: Reading is Good. Applying is Better Applychief EditorTal Gur is an author, founder, and impact-driven entrepreneur at heart. After trading his daily grind for a life of his own daring design, he spent a decade deliberately mastering and living around 100 major life goals around the globe. His journey and most recent book, The Art of Fully Living, has led him to found Elevate Society. Writing the first year of starting a business, at least 40 percent of these businesses fail. Then, within the first five years, more than 80 percent of these businesses will die. In the book, The E-Myth Revisited, Michael Gerber discusses four powerful ideas of the entrepreneurial myth to help entrepreneurs avoid failure and success. The E-Myth is false, which states, "small businesses are started by entrepreneurs risking capital to make a profit." The Turn-Key Revolution has changed how business is done, who goes into it, how they do it, and how likely they will survive. Within the Turn-Key Revolution, "the Business Development Process has the power to transform any small business into an incredibly effective organization." This business model and development process can be applied to be "a predictable way to produce results and vitality in any small business." Choosing the right business books, like The E-Myth Revisited, can unlock new levels of success. The perpetuation of the E-myth is why many small businesses fail today. You should understand the E-Myth and apply it to start and grow a successful business. The Myth of the Entrepreneur is known as the E-Myth - the myth "that small businesses are started by entrepreneurs risking capital to make a profit" In your day job working for someone else, you become struck with the entrepreneurial seizure: The Entrepreneurial Seizure - the thought that you can quit your job, be your own boss, and run your own business And so, you fell prey to a fatal assumption made by all technicians that try to go into business: The Fatal Assumption - "if you understand the technical work of a business - the application of technical knowledge and technical skills to perform specific tasks Business that does Technical Work – an organization that produces and sells goods and services for profit The result is that "an entrepreneurial seizure, by taking the work they usually love, turning it into a job." The E-Myth Revisited argues that going into business depends on taking on these three personalities at once: The Entrepreneur – the leader who "defines the business and focuses on closing the gap between where the business is today and where they want it to be" The Manager – the supervisor who "focuses on achieving results through people and systems, focusing on the present and strategizing for the future" The Technician – the specialist who "lives in the present and is focused on doing the work of making it, selling it, and delivering it" Ideally, the personalities would be balanced; however, the "typical small business owner is only 10 percent Entrepreneur, 20 percent Manager, and 70 percent Technician." The E-Myth Revisited states that small businesses are supposed to grow and change. However, most businesses operate "according to what the owner wants than what the business needs." There are three phases in a business's growth, with the first phase being Infancy: Infancy – "the start-up phase of your business when you act as a technician doing all the work of the business yourself" Businesses in infancy are characterized by the owner and business being synonymous. You dedicate many personal resources to it, but it takes its toll. This stage ends when the owner understands that they can't run the business this way forever and need help to learn and grow. Buy The E-Myth Revisited on Amazon The owner must be willing to change to survive and reach the second stage in business growth: Adolescence – the growth stage of your business when "you hire employees to take over some of the tasks that you're overwhelmed by" You're technically help who has experience in your type of business, and it goes well all too soon. However, you later find that your employees are not as dedicated as you are and work is not getting done as you would like. As a result, you believe that you will produce the best work, so you return to the limits of their comfort zone: Comfort Zone – "the boundary within which he feels secure in his ability to control his environment, and outside of which he begins to lose control" for each personality: Technician's Boundary – "determined by how much he can do himself" Manager's Boundary – "defined by how many technicians he can supervise effectively or how many subordinate managers he can organize into a productive effort" Entrepreneur's Boundary – "determined by how many managers he can engage in pursuit of his vision" As a business grows, the business owner eventually becomes unable to control it and tries to promote managers. When the business grows beyond the owner's Comfort Zone, it tends to go into a tailspin and leaves the owner with three possible choices Return to Infancy: The business reverts to a smaller, simpler entity when you did everything yourself, eventually becoming a job that owns you. Go for Broke: The business multiplies as customer demand outpaces its ability to produce until it catastrophically destructs under its own momentum. Survive in Adolescence: The business survives with you being consumed by working in it and the key idea of possibly losing it. However, there is a better way of educating and preparing yourself for growth by establishing a business structure with processes, objectives, and strategies to handle this additional weight. The E-Myth Revisited states that the best companies survive past adolescence and embody the third phase of business growth: Maturity - the stage in which the "business knows how it got to be where it is, and what it must do to get where it wants to go" In Maturity, a successful business is founded on the entrepreneurial perspective: Entrepreneurial Perspective – the business approach when one has "a clearly defined vision, with accountability standards and direction that drives the business to success" Unlike the technician focused on the product or work, the business owner has a broader perspective of seeing the mature business as a product itself. The entrepreneur wants to satisfy the needs of a niche of customers innovatively, especially when compared to others in the marketplace. In the E-Myth Revisited, Michael Gerber states that the Turn-Key Revolution has changed how business is done, who goes into it, how they do it, and how likely they will survive. In 1952, Ray Kroc financed the McDonald's hamburger stand that ran "quickly, efficiently, inexpensively, and identically." In under 40 years, McDonald's grew to 28,707 restaurants worldwide and generated $40B per year. This Turn-Key Revolution provided the Business Format Franchise, which can be used to build successful businesses: Business Format Franchise – "provides franchisees with an entire system of doing business" Understand that "the true product of the business is the business itself," and the customer is the franchisee. Create "a systems-dependent business, not a people-dependent business" that works without the owner being there. The success of Business Format Franchises is a result of The Franchise Prototype, which provides the system to make a great business operate and licensed the right to use the system, learn how to run it, and then turns the key" with the business doing the rest of the work Buy The E-Myth Revisited on Amazon Your book is your life. The purpose of your life is not to serve your business. The primary purpose of your business is to serve your life. Once you understand this principle, you can implement the Franchise Prototype with these rules: Provide consistent value to your customers, employees, suppliers, and lenders beyond their expectations. "Value is what people perceive it to be, and nothing more." Design for those with the "lowest possible level of skill" to operate their specific function. People that follow your systems will allow you to replicate and scale. Design to model to have impeccable order as "structure provides the relatively fixed points of reference that we need." Without structure, your business will fall into chaos. Document all work with a company Operations Manual. For each task, documentation should provide the purpose, steps, and standards for the process and result. Provide "a uniformly predictable service to the customer." Provide the same experience to your customers every time. Use a "uniform color, dress, and facilities code." Marketing studies show that consumers pay attention to firms' appearance (colors and shapes) in the market. Thus, you need to work on, not in, your business to create a systematized process. Within the rest of the book, the author presents his proven methodology, the E-Myth Mastery Program. In the E-Myth Revisited, Michael Gerber shows your how to build the habitual continuous process: Business Development Process - the process by which a business naturally evolves through these three significant activities: Innovation - "the mechanism through which your business identifies itself in the mind of your customer and establishes its individuality" by constantly determining better and best Quantification - the process of establishing "numbers related to the impact [and value] an innovation makes;" the metrics or KPIs provide a pulse and indicate future performance Orchestration - "the elimination of discretion, or choice, at the operating level of your business," which results in a consistent process and product Your business should never become a franchise Prototype to be easy to sell. In the E-Myth Revisited, Michael Gerber shows you how to create this entrepreneurial model using the following program: Business Development Program - the seven distinct steps in a process that transforms your new or existing business into a Franchise Prototype that can be replicated and scaled: Your Primary Aim Your Strategic Objective Your Organizational Strategy Your Management Strategy Your People Strategy Your Marketing Strategy Your Systems Strategy In the E-Myth Revisited, Michael Gerber argues that your business should not be your life, but just a significant role. To figure out that role, you should establish Your Primary Aim: Primary Aim – "the vision necessary to bring your business to life and your life to your business," which provides you with a purpose, energy, and a source of profit; develop it by asking yourself the following questions for your life: Values: What do I value most? Who do I wish to be? Lifestyle: What kind of life do I want? What do I want my life to look like, to feel like? How do I want my life to be on a day-to-day basis? People: What role will I play with other people in my life, including my family, friends, community, business partners, employees, and clients? Reputation: How would I like people to think about me? Timeline: Where do I want to be in a year, five years, ten years, 20 years, and so on? Growth: What do I want to learn during my life in terms of spirituality, health, finances, skills, knowledge, and relationships? Finances: How much money is required for my lifestyle? When do I need it by? The answers are the standards by which you should live your life by and measure progress. Without standards, you will be wandering without any purpose or meaning. After figuring out your life vision in terms of Your Primary Aim, you can focus on developing your business in terms of Your Strategic Objective: Your Strategic Objective – "a very clear statement of what your business has to ultimately do for you to achieve your Primary Aim." This business strategy and plan provides these standards: Money: How much do I need and want? Lifestyle: How much money do I need to live my ideal life? Sell Your Business: How much do I want my business to be worth? An Opportunity Worth Pursuing: Does my business fulfill my financial standards set within my Primary Aim and my Strategic Objective? Type of Business: What feeling (product) is your customer buying from you? Customer Avatar: Who is your customer regarding demographics (who your customer is) and psychographics (why your customer buys)? Other Standards: Here are some other stands that you can include: When will your prototype be finished? How many years? Where will you be in business? Local, regional, national, or global? How will you be in business? Retail, wholesale, or both? What additional standards will you have? These standards may include metrics, safety, cleanliness, management, human resources, and so on. In the E-Myth Revisited, Michael Gerber states to set appropriate standards to help your people be more productive and deliver consistently. Further, every morning, you should eat that frog or work toward your Strategic Objective, so you can grow your business. First, think of your business, regardless of the number of partners, as a corporation with: Shareholders: These are owners having roles outside the business. Employees: These are people working inside the business. Avoid organizing around personalities. Instead, you should organize your business and people around accountabilities and responsibilities by creating an Organizational Chart: Organizational Chart – a diagram that shows your company's internal structure by detailing the roles, responsibilities, and relationships between the employees Build the business starting from the tactical work of the technicians. For each company role, establish a position contract to provide accountability and include the following: "The results to be achieved by each position in the company. The work the owner of that position is accountable for. A list of standards by which the results are to be evaluated, and a line for the signature of the person who agrees to fulfill those accountabilities." Buy The E-Myth Revisited on Amazon Instead of hiring management degrees, you can implement a great management strategy yourself: Management System – "a system designed in your prototype to produce a marketing result... that finds and keeps customers-profitably-better than any other" To be an effective Franchise Prototype, the system should be automatic through this process: Management Development – "the process through which you create your Management System and teach your up-and-coming managers to use it" You should manage by creating and executing work in an Operations Manual. Within it, each role should have checklists to itemize the steps that your employees need to do their work, hold them accountable, and standards for performance. For more regarding checklists, check out The Checklist Manifesto (book summary). Take your people seriously and communicate that "the work we do is a reflection of who we are. Work is an opportunity to succeed, which will bring life to the work we do. Have your people understand that the "idea behind the work that was most important than the work itself." The customer is not always right, but whether he is or not, it is our job to make him feel that way." Everyone who works here is expected to work toward being the best he can possibly be at the tasks he's accountable for. When he can't," he should try to improve or leave. "The business is a place where everything we know how to do is tested by what we don't know how to do, and that the conflict between the two" creates growth and meaning. The business serves the customer and employees: Your employees perform at their best, and they will look to you for how to act. Therefore, the best firms establish "a game to be played in which the rules symbolize the idea you, the owner, have about the world with rules that must be honored to perform: Never determine what you want your people to do until then try to create a game out of it. Never establish a game for your employees you are unwilling to play yourself. Ensure there are particular ways to win the game without ending it. Modify the game every so often, precisely the tactics, not the strategy. Never expect the game to be sustainable, as people should be reminded of it constantly. The game should make sense. The game should be enjoyable from time to time. If you are unable to create a good game, steal one. A "Game Worth Playing" provides the purpose, values, and standards to live life well and perform at work. You should communicate ideas to your employees through documented systems and in an orderly, human manner. Specifically, the hiring process will allow you to establish a proper relationship to develop and retain people needed to work at your company. The hiring process is: Have your prospective employee fill in the blanks, so to speak," to understand their wants. "What your customer wants is probably significantly different from what you think he wants." There are two parts to a customer study: Demographics - "the science of marketplace reality" showing "who your customer is" Psychographics - "the science of perceived marketplace reality" indicating "why your customer buys" Determine your customer's demographics by getting them to complete a survey, questionnaire, or another marketing tool. After determining these, you can "construct a Prototype to satisfy his unconscious [or psychographic] needs, but scientifically rather than arbitrarily." Finally, within the E-Myth Revisited, Michael Gerber defines what a system is: System – "a set of things, actions, ideas, and information that interact with each other, and in so doing, alter other systems" Everything can be observed as a system, and their major systems need to be fully integrated for your business: Hard Systems – "inanimate, unliving things, such as colors, computers, and whiteboards. Soft Systems – either animate, living things or ideas, such as sales scripts for selling" Michael Gerber emphasizes using a Sales System to increase sales: Sales System – the six-step rehearsed interaction between you and your prospect: Identify the specific benchmarks or prospect decision points within the sales process. Literally, script the words that will successfully get you the sales. Create the various materials to be used with each sales script. Memorize the script for each benchmark. Have your salespeople deliver the script in an identical manner. Have them communicate effectively by listening and regulating every prospect fully. At E-Myth Worldwide, their PowerPoint Selling System focuses on structure (what you do) and substance (how you do it). The system requires setting an appointment, conducting a needs analysis, and providing a solution to the customer. Check out the Entrepreneurial Operating System, for more on building your business. Throughout the E-Myth Revisited, Michael Gerber uses the story of Sarah, an entrepreneur in the pie-making business, as an example and case study. He leaves her with one main piece of advice: "keep the curtain up." The curtain is an analogy to protect your entrepreneurial spirit from your comfort zone, making you feel safe and unable to take risks. Gerber also discusses how you can reinvent yourself to heal this chaotic and disorderly. "If the world is going to be changed, we must first change our lives." And so, the process of creating and growing a business will bring about change in the people who engage in it. So, get started! In the book, The E-Myth Revisited, Michael Gerber summary has inspired you to get your copy of the book. For more on how to implement an operating system in your business, check out Traction (book summary). For a book on incorporating entrepreneurship into your life, check out The EOS Life (book summary). Buy The E-Myth Revisited on Amazon Buy on Amazon: Print | Audiobook Most small business owners work in their business rather than on their business. People who are exceptionally good in business are so because of their insatiable need to know more. Understanding the technical work of a business does not mean you understand a business that does that technical work. "If you are unwilling to change, your business will never be capable of giving you what you want." That Fatal Assumption: if you understand the technical work of a business, you understand a business that does that technical work. The Entrepreneurial Seizure occurs the moment you decide it would be a great idea to start your own business. "Everybody who goes into business is actually three-people-in-one: The Entrepreneur, The Manager, and The Technician." We all have an Entrepreneur, Manager, and Technician inside us. Enter your email below, and I'll send you a free PDF summary of The E-Myth Revisited. (Includes exercises not found in the post.) Michael believes that the people who are exceptionally good in business are so because of what they know but because of their insatiable need to know more. "If you are unwilling to change, your business will never be capable of giving you what you want." That Fatal Assumption: if you understand the technical work of a business, you understand a business that does that technical work. The Entrepreneurial Seizure: the moment you decide it would be a great idea to start your own business. The technician suffering from an Entrepreneurial Seizure takes the work he loves to do and turns it into a job. "Everybody who goes into business is actually three-people-in-one: The Entrepreneur, The Manager, and The Technician." The Entrepreneur lives in the future, never in the past, rarely in the present. He's happiest when left free to construct images of 'what-if' and 'if-when.'" "The Entrepreneur is the innovator, the grand strategist, the creator of new methods for penetrating or creating new markets." "The Entrepreneur is our creative personality—always at its best dealing with the unknown, prodding the future, creating probabilities out of possibilities, engineering chaos into harmony." The Entrepreneur has an extraordinary need for control. He needs control of people and events in the present so that he can concentrate on his dreams." The Entrepreneur creates a great deal of havoc around him, which is predictably unsettling for those he enlists in his projects." The Entrepreneur's worldview is a world made up of both an overabundance of opportunities and dragging feet. "To the Entrepreneur, most people are problems that get in the way of the dream. "The Manager is pragmatic. Without him, there would be no planning, no order, no predictability." If The Entrepreneur lives in the future, The Manager lives in the past. "Where The Entrepreneur craves control, The Manager craves order." "Where The Entrepreneur thrives on change, The Manager compulsively clings to the status quo." "Where The Entrepreneur invariably sees the opportunity in events, The Manager invariably sees the problems." "The Manager is the one who runs after The Entrepreneur to clean up the mess." "Without The Manager, there could be no business, no society." "It is the tension between The Entrepreneur's vision and The Manager's pragmatism that creates the synthesis from which all great works are born." "The Technician is the doer." "The Technician loves to tinker." "If The Entrepreneur lives in the future and The Manager lives in the past, The Technician lives in the present. He loves the feel of things and the fact that things can get done." "As long as The Technician is working, he is happy, but only on one thing at a time. He knows that two things can't get done simultaneously; only a fool would try. So he works steadily and is happiest when he is in control of the workflow." The Technician mistrusts those he works for because they are always trying to get more work done than is either possible or necessary." "To The Technician, thinking is unproductive unless it's thinking about the work that needs to be done." "Thinking isn't work; it gets in the way of work." "The Technician isn't interested in ideas; he's interested in 'how to do it.'" "To The Technician, all ideas need to be reduced to methodology if they are to be of any value." "The Technician knows that if it weren't for him, the world would be in more trouble than it already is." "While The Entrepreneur dreams, The Manager frets, and The Technician ruminates." "Everyone gets in The Technician's way." "To The Technician, 'the system' is dehumanizing, cold, antiseptic, and impersonal. It violates his individuality." "The fact of the matter is that we all have an Entrepreneur, Manager, and Technician inside us." "The typical small business owner is only 10 percent Entrepreneur, 20 percent Manager, and 70 percent Technician." "Most businesses are operated according to what the owner wants as opposed to what the business needs." "The three phases of a business's growth: Infancy, Adolescence, and Maturity." "If your business depends on you, you don't own a business—you have a job. And it's the worst job in the world because you're working for a lunatic!" "The purpose of going into business is to get free of a job so you can create jobs for other people." "There's a critical moment in every business when the owner hires his very first employee to do the work he doesn't know how to do himself or doesn't want to do." "Your job is to prepare yourself and your business for growth. "A Mature company is founded on a broader perspective, an entrepreneurial perspective, a more intelligent point of view. About building a business that works not because of you but without you." "A Mature business knows how it got to be where it is, and what it must do to get where it wants to go." The Entrepreneurial Model has to do with the work that's done in a business and more to do with how it's done. The commodity isn't what's important—the way it's delivered is." "Your business is not your life." "Once you recognize that the purpose of your life is not to serve your business, but that the primary purpose of your business is to serve your life, you can then go to work on your business, rather than in it, with a full understanding of why it is absolutely necessary for you to do so." "Pretend that the business you own—or want to own—is the prototype, or will be the prototype, for 5,000 more just like it." "Documentation says, 'This is how we do it here.'" "Without documentation, all routinized work turns into exceptions." "Documentation provides your people with the structure they need and with a written account of how to 'get the job done' in the most efficient and effective way." "What you do in your model is not nearly as important as doing what you do the same way, each and every time." Go to work on your business rather than in it, and ask yourself the following questions: How can I get my business to work, but without me? How can I get my people to work, but without my constant interference How can I systematize my business in such a way that it could be replicated 5,000 times, so the 5,000th unit would run as smoothly as the first? How can I own my business, and still be free of it? How can I spend my time doing the work I love to do rather than the work I have to do? Innovation is the mechanism through which your business identifies itself in the mind of your customer and establishes its individuality. Quantification: the numbers related to the impact an innovation makes. "Orchestration is the elimination of discretion, or choice, at the operating level of your business." "Once you've innovated, quantified, and orchestrated something in your business, you must continue to innovate, quantify, and orchestrate it." Think of your business as though it were the prototype for 5,000 more just like it." "Your Business Development Program is the vehicle through which you can create your Franchise Prototype. "The Program is composed of seven distinct steps: Your Primary Aim Your Strategic Objective Your Organizational Strategy Your Management Strategy Your People Strategy Your Marketing Strategy Your Systems Strategy But before you can determine what role will be, you must ask yourself these questions: What do I value most? What kind of life do I want? What do I want my life to look like, to feel like? Who do I wish to be? Michael believes that the difference between great people and everyone else is that great people create their lives actively, while everyone else is created by their lives, passively waiting to see where life takes them next. "Great people have a vision of their lives that they practice emulating each and every day." Michael believes that the difference between great people and everyone else is that great people create their lives actively, while everyone else is created by their lives, passively waiting to see where life takes them next. "Before you start your business, or before you return to it tomorrow, ask yourself the following questions: What do I wish my life to look like? How do I wish my life to be on a day-to-day basis? What would I like to be able to say I truly know in my life, about my life? How would I like to be with the other people in my life—my family, my friends, my business associates, my customers, my employees, my community? How would I like people to think about me? What would I like to be doing two years from now? Ten years from now? Twenty years from now? When my life comes to a close? Where specifically would I like to learn during my life—spiritually, physically, financially, technically, intellectually? About relationships? How much money will I need to do the things I wish to do? By when will I need it? Your Strategic Objective is a very clear statement of what your business has to ultimately do for you to achieve your Primary Aim." "How big is your vision? How big will your company be when it's finally done? Will it be a $300,000 company? A million-dollar company? A $500-million company?" "At the beginning of your business, any standards are better than no standards." "Creating money standards is not just strategically necessary for your business; it is strategically necessary for your life, for the realization of your Primary Aim." "The first question you must always ask when creating standards for your Strategic Objective is: What will serve my Primary Aim?" "How much money do I need to live the way I wish?"

but in assets. In other words, how much money do you need to be independent of work, to be free?" The ultimate reason to create a business of your own is to sell it. "An Opportunity Worth Pursuing is a business that can fulfill the financial standards you've created for your Primary Aim and your Strategic Objective." "How do you know whether you have an Opportunity Worth Pursuing? Look around. Ask yourself: Does the business I have in mind alleviate a frustration experienced by a large enough group of consumers to make it worth my while?" When asked what kind of business they're in, most business owners respond with the name of the commodity they sell. Always the commodity, never the product. The difference is the commodity is the thing your customer actually walks out with in his hand. The product is what your customer feels as he walks out of your business. What he feels about your business, not what he feels about the commodity. Understanding the difference between the commodity and the product is what creating a great business is all about. "What's your product? What feeling will your customer walk away with? What is he really buying when he buys from you?" "People buy feelings." "Most companies organize around people rather than around accountabilities or responsibilities." "The result is almost always chaos." Without an Organizational Chart, everything hinges on luck and good feelings, on the personalities of the people and the goodwill they share. An example of an Organizational Chart: A Position Contract is a summary of the results to be achieved by each position in the company. You need a management system to successfully implement a management strategy. "A system is a set of things, actions, ideas, and information that interact with each other, and in so doing, alter other systems." Your people want to for a boss who's created a clearly defined structure for acting in the world. They want a structure through which they can test themselves and be tested. This structure is called a game. The degree to which people buy into your game depends on how well you communicate the game to them at the outset of your relationship. Your People Strategy is the way you communicate this idea. A few rules to keep in mind: Never figure out what you want your people to do and then try to communicate a game out of it Never create a game for your people you're unwilling to play yourself Make sure there are specific ways of winning the game without ending it Change the game from time to time—the tactic, not the strategy Never expect the game to be self-sustaining. People need to be reminded of it constantly The game has to make sense The game needs to be fun from time to time If you can't think of a good game, steal one "Forget everything but your customer." "Demographics and psychographics are the two essential pillars supporting a successful marketing program." "If you know who your customer is—demographics—you can then determine why he buys—psychographics." "If your customer doesn't perceive he needs something, he doesn't, even if he actually does." There are three kinds of systems in your business: Hard Systems Soft Systems Information Systems. "Hard Systems are inanimate, unliving things." "Soft Systems are either animate—living—or ideas." "Information Systems are those that provide us with information about the interaction between the other two." If you like The E-Myth Revisited, you may also enjoy the following books: Print | Audiobook Psychology Book Summaries Or, browse more book summaries. What is the E-Myth? The E-Myth is the myth of the "typical" entrepreneur that all people imagine. Most picture a brave, noble, all-knowing leader that stands alone and turns to no one. However, this is usually not the case. Michael Gerber goes into depth in the book, E-Myth Revisited. Why Most Small Businesses Don't Work and What to Do About It, about the main characteristics of the everyday entrepreneur and how to overcome the struggles of starting and creating a lasting small business. The average entrepreneur starts their business with the strong desire to be their own boss, because after all, if you know how to do the technical work of a company, why can't you start your own business doing the work you have always done by the work you always have your own boss. However, being able to do the technical work of a business doesn't mean you have the innovation, managing skills, and communication skills needed to start your own business. This means, every business needs the owner to be three different people: The Entrepreneur, The Manager, and The Technician. The Entrepreneur, The Manager, and The Technician Every business needs the entrepreneur to encompass three different roles in a business. Unless all three roles are sought after by the new entrepreneur, the business will most likely not survive after the first few years. The Entrepreneur The Entrepreneur is known to be the daydreaming visionary. This is the imaginative, forward looking, and strategic creative backbone of the business. The Entrepreneur loves to change and alter ideas until his ideal business is created. The Manager The Manager, on the other hand, is the predictable and very orderly leader that is constantly trying to systematically produce what The Entrepreneur has thrown together. He uses the past as the basis for decision making to produce a business that will avoid havoc and problems. The Technician The Technician is what most new entrepreneurs are. They are the ones that know how to do the technical work of a business but are not sure are how to go about managing or innovating new ideas for a new business. The Technician is the hands on worker that likes to get things done and lives in the present. Instead of dreaming up or talking about an idea, he likes to see it that it gets done and likes to be the one doing the work. Since most new entrepreneurs come from an existing job of doing technical work for a company, this presents a predominant problem in small business. Most entrepreneurs only have one of the three necessary components needed to produce a lasting business. Most have the characteristics of The Technician; however, The Technician is the one who does the work, not the one successfully owning the business. An entrepreneur must have characteristics of all three of the different roles in order to successfully produce and grasp all the business' necessary components. Small Business Lifecycles Gerber touches on the different lifecycles that every small business experiences and how to make a small business survive through them all, without giving up and closing down. Gerber believes that understanding each stage, what the entrepreneur experiences and feels during each of the stages, can help a new entrepreneur's business withstand the hardships faced during each. The stages include: Infancy, Adolescence, and Maturity. Infancy The first stage in any small business' lifecycle is Infancy. During Infancy, the new entrepreneur is taking on every task of the new business. He is doing what he already knew how to do, the technical work, but it also taking on new work that he is not really sure on how to do, like sales and the books. During this stage, the entrepreneur has to juggle all of the jobs in the small business and still having to try to innovate and grow the business. Usually in Infancy, it starts out strong. The company is growing and reaching the public and the entrepreneur is feeling overwhelmed, yet accomplished. During Infancy, the entrepreneur does not separate the business from himself. He is the business and he takes on all parts of the business. This becomes a problem when there is more work than the owner can get done. And when you are the business then you never step away from the work, causing you to become overwhelmed and to not being able to have enough time in each day to let the work get all completed, or at least in the same quality that your customers once expected and received. The main issue in Infancy is The Technician in all of us needing to complete every task and not letting The Manager or The Entrepreneur grow and expand the business. The Technician needs to have his hands on every part of the business and refused to pass on the technical part to someone else. Adolescence Adolescence does not occur in the business until the owner decides he needs help to get everything done. The entrepreneur finally admits that he cannot get everything done alone and must trust and turn to someone else. Depending on the strengths of the owner, each owner decides to get help in the area he does not excel in. The owner may not be good at accounting so he or she may get bookkeeping help. He or she may lack sales skills and make hire a sales person. It all depends on what job the owner does not want to take on any longer and he or she will hand it over to someone else. However, the problem most new entrepreneurs face is having the ability to push more and more work on the hired help. Instead of the accountant doing only the bookkeeping, you start having him helping out with sales. Then, sooner or later, he will be opening or closing the store. He gradually goes from being the help in one division, to being the co-owner of the business. The entrepreneur ends up putting too much trust in the new hire, and he starts making decisions for the business, and not only the best decisions at that. Sooner or later, you lack the control and vision of your business, which can lead to closing down. Gerber says that once this Comfort Zone, the point where the owner no longer feels in control of his company and its environment, the owner must decide if he will fire his employees and become small again, go broke from continuous and damaging growth, or just hope for survival. Maturity Maturity is not a definite ending to every small business that goes through Infancy and Adolescence. It is the result of smart decision making, the ability to learn and grow the business, and being able to start your business as a mature company and just expand it. The Entrepreneurial Perspective The Entrepreneurial Perspective says that it is the business model that determines the viability of any company. The way the company acts, looks, and makes decisions is the ultimate driver of the success of a business. Having the right product is important, but to make a flourishing business an entrepreneur must set their main focus on the most effective business model that can reach The Entrepreneur, The Manager, and The Technician so that all of the business aspects are met. The Entrepreneurial Model The ability to look at a business as the product itself is the idea behind Gerber's Entrepreneurial Model. The Entrepreneurial Model focuses on how the business goes about doing the work, not what work is being produced by the business. It looks at the customer needs and determines the business strategies based on those needs. To determine this effective model, Gerber discusses what he calls, The Turn-Key Revolution. The Turn-Key Revolution The Turn-Key Revolution is the process of creating a business like a franchise, even if that is not the ultimate goal of the entrepreneur. When doing this, it becomes easy to systematically turn certain parts of the business over to someone else and gradually become merely an owner. Business Format Franchise For years, franchises have been a predominant way of doing business. However, going further, some enterprises not only handed over the name of the business, but also an entire systematic way of doing business. This adds to the belief that the success of a business is not the product that it sells, but the way the company sells the product. The customer service and the system of how the company does business is what set it apart from the competitors, keeping the business alive. A success rate of 95% was reported for Business Format Franchises. After the first five years 75% of these franchises succeed compared to the 80% failure rate of all business (91). The true product of the business is the business itself (83). Franchise Prototype The Franchise Prototype is used as a test to see if the business can work. It takes the assumptions and puts them into action in the real world. Then the system can be implemented with any franchisor and it will work because the system works on its own. It is the solution to the problems small businesses face. It causes the business to become a self-run machine that can survive no matter how runs it. It fulfills the needs of The Entrepreneur, The Manager, and The Technician because it is visionary, predictable, and full of technical work that can be done (95). Once you have understood the importance of the Turn-Key Revolution and that you are ready to build your Franchise Prototype, you need to go through the Business Development Process. The Business Development Process (BDP) The BDP is made of three activities: Innovation, Quantification, and Orchestration. Understanding and applying all of these tasks will help you build a better business, attract and keep more customers, keep track of the growth of your business, avoid chaos, organize the whole, and make sure that all things that work successfully are repeated consistently. Innovation Like previously stated, the entrepreneur must understand one thing: The product he sells is his business not his commodity. Therefore, when you think of innovation in the BDP, you should always try to improve the way you interact with your customers. It does not have to be hard or costly to implement. When trying to think of a way to increase your sales through your sales force, you may consider thinking about innovating the way you approach customers or even about the way your sales force dresses. This innovation requires more knowledge of your most probable customers (or Central Demographic Model) through a customers' analysis (for example short questionnaires). You will be amazed to see how much more attractive blue navy suits are in comparison with brown or orange ones in producing more sales. Or how touching your customers or your employees arm softly while speaking to them can produce positive reactions. It is important to consider, while focusing on innovation, the customer's point of view. Looking for constant innovation makes your business get closer to the "best" way to do things. It brings motivation, satisfaction, and energy to all your stakeholders and more importantly, it helps your business identify itself in the mind of your customer. Innovation is a major key for growth. Quantification Innovation is one thing. But how could you know it is working without any kind of numbers showing progress, increase, or growth? That is what quantification is all about. Quantification means keeping track and "quantifying" everything about your business. It is the only way to have insight on how your business is doing. It shows you the parts of your business you should improve, the ones that stagnate, and the ones that are doing incredibly well. It helps you decide whether you should keep going with an idea or to return back to innovation. Some examples may be: How many customers entered my shop today? How many bought that item? How much time do they spend in your store? What are the most frequently asked questions? What are the busiest days? Without quantification it would be difficult to assess what your business needs to do and how much growth you've experienced. Having number comparisons also brings possibilities and clears the path to progress. Orchestration Once you have innovated and quantified parts of your business, you should make sure that the elements of your system that are working successfully (a new recipe, the way your sales force talk with your customers, etc.) are constantly repeated. Orchestration is "the elimination of discretion, or choice at the operating level of your business." Your employees should always recite a similar script, should always wear the same suit, because as earlier addressed in the text, what creates value to your customer is the predictability of the business they're having while doing business with you. If there is any discretion, there will be uncertainty on the quality of your service or product, uncertainty of future problems with your business, and so on. What differentiates your business from competitors is your unique way of doing business. You should satisfy your customers' needs every single time and therefore, to be predictable, your employees should also be consistent. Now this does not mean you have to take it to the extreme, but everyone should recognize that there are ways of doing things that work and that these ways are what makes your business different and successful. The point is that without order, with discretion and lack of structure, no one will be able to see what your business stands for; nobody will be able to identify what your business bring to them. And that creates failure. The Business Development Program, or BDP as it is called, is a process. It should not be understood as something static. You should repeat these steps continuously in order to better anticipate any changes in the external environment that you are dealing with and stay flexible with them. Your Business Development Program Now that the three main points of a successful BDP program have been explained, let's take a look at the steps that are needed to transform your small business into a perfect business model. These are going to help you think of your business as the perfect Franchise Prototype for 5,000 more like it. The rest of this text takes a closer look at each of these points: Your Primary Aim Your Strategic Objective Your Organizational Strategy Your Management Strategy Your People Strategy Your Marketing Strategy Your Systems Strategy Your Primary Aim There is one thing that you should do before starting anything, one important thing that you should figure out. This is your life. What do you want from your life? What do you want it to look like on a day-to-day basis? What do you want your friends, family, and employers to remember about you? What accomplishments do you want to reach? Answering these questions is very important when deciding if your business will be a major part of your life. You need to have a very clear picture of what your business' vision is. Have an idea to hold onto, an idea that represents you. Having a Primary Aim allows you to know where you are in your life and what is left to be done. It allows you to see if you have progressed in your effort to accomplish your goals. And most importantly, it helps you get started, it gives you that critical energy that gives you the intention of going through the BDP and moving on in creating your vision. Your Strategic Objective "Your Strategic Objective is a very clear statement of what your business has to ultimately do for you to achieve your Primary Aim. It is the vision of the finished product that is and will be your business" (149). Moreover, it helps you set goals and have a clearer idea on what you should invest your time on. In order to complete this objective, you must keep in mind a few clear and simple standards. Each of these standards should help you find an easier way to reach your Primary Aim. Money A standard on how much money your business will be worth needs to be set, both gross revenues and after-tax profits. The problem is that most of the time you have no idea how much your idea is worth. Nevertheless, standards, even not very accurate, are necessary and much more useful than no standards at all. You also must determine how much money you want from your business. How much do you need to have your freedom or your goals realized? What return on investment do you want? You also need to decide in what time frame you want to achieve these in. Once you have those financial standards, you should make sure these amounts are attainable. Is the Opportunity Worth Pursuing? What is the likelihood that your business idea will work? First, you need to know what product you want to sell to your customers and also figure out who your target market is. Your Business: It is important to understand that the word product does not mean commodity. The product is the feeling your business leaves your customers with, the emotion behind the experience. Do you sell dream, passion, fun, lifestyle, etc.? Your customers do not only care about the commodity they are receiving, but also the feeling they get when visiting your business. Your Customers: Who is your central demographic market? To know this you need to understand the demographics and psychographics of your surroundings. Doing this will help you figure out the number of business opportunities present (demographics) and how you can satisfy the needs there (psychographics). Other standards may apply in your Strategic Objective, but mainly you must address: the time frame, the geographic limits of your business, your distribution channel you are going to use, and what standards you plan on applying. Your Organizational Strategy This first thing you have to do when you are planning your Organizational Strategy is to create an Organization Chart. The size of your business does not matter. What you first must do is make a chart of all the positions your business is going to contain, from the Chief Operating Officer to the sales employee. This will provide you with a clear picture of how your business is going to look like once it is working at its full potential. The next step is to write all the tasks each position requires. Then, write the name of the person presently occupying that position and make him or her sign the certification, saying that he or she understands their accountability to this position. That step is called a Position Contract, it explains the employee's role and gives him or her a sense of commitment to the business. The most important part, by doing this, you create a blueprint for your Franchise Prototype. When you start the prototyping process, you begin to occupy the lowest positions on the Organizational Chart. But the difference is that you are not just working as the Technician (the employee), you also work on that position as the Manager or VP. You work on the 3 building blocks of the BDP by creating the best possible system for that position and writing everything they must do in your Operation Manual. This is done so that once you get your employees to recite to each customer (yes, written down like the script for a play). The creation of the various materials to be used with each script. The memorization of each Benchmark's script. The delivery of each script by your salespeople in identical fashion. Leaving your people to communicate more effectively, by articulating, watching, listening, hearing, acknowledging, understanding, and engaging each and every prospect as fully as he needs to be. Doing sales this way is important if you are to avoid the old axiom: 80 percent of your sales are produced by 20 percent of our people. At E-Myth Worldwide, this Power Point Selling System has caused revenues to increase 300 percent in a year for a career development company, 500 percent in two years for an advertising agency, and 40 percent in two months for a health spa. All of these examples deal with employees with little to no experience in their respective fields. The Power Point Selling Process The Power Point Selling Process consists of three scripts that define the interaction between the seller and the potential customer. The three scripts (or Benchmarks) are: 1. The Appointment Presentation The Appointment Presentation is simply a scripted appointment designed to move the potential customer toward the Needs Analysis Presentation. "It is a series of words, delivered on the telephone or in person, that engage the prospect's unconscious by speaking primarily about the product you have to sell rather than the commodity" (Gerber 241). 2. The Needs Analysis Presentation The first step in the Needs Analysis Presentation is to reestablish the emotional commitment made in the Appointment Presentation. The second step is to wait till the prospect how you are going to fulfill your promise to him. The third step is to gain credibility by: A. Letting them know that you are an expert in your field and B. Sell your willingness to meet whatever need they might have. The fourth thing you must do is to describe the impact that your company will have on the potential customer. The fifth step is to complete the Money Management Questionnaire. The sixth thing that must be done is providing him or her with the information he or she was promised and prove to him or her how relevant it is for their benefit. And lastly you must prove your willingness to use your solution to meet their needs. 3. The Solution Presentation "simply provides the rational armament for the emotional commitment" (Gerber 246). Information Systems provide us with information about how hard systems and soft systems interact. Examples of information systems include inventory control, cash flow forecasting, and sales activity summary reports. Gerber's E-Myth Now you know Gerber's key steps and components in creating a lasting and successful small business. Not only does this book in the E-Myth series provide the reader with the key components for a value-creating small business, but it also can give him or her real world examples of success stories seen throughout the country. Beat the odds and create a business that will not only last, but will be added to these success stories for people to look up to and learn from for years to come. Buy on Amazon: Print | Audiobook Most small business owners work in their business rather than on their business. People who are exceptionally good in business are so because of their insatiable need to know more. Understanding the technical work of a business does not mean you understand a business that does that technical work. "If you are unwilling to change, your business will never be capable of giving you what you want." That Fatal Assumption: if you understand the technical work of a business, you understand a business that does that technical work. The Entrepreneurial Seizure occurs the moment you decide it would be a great idea to start your own business. "Everybody who goes into business is actually three-people-in-one: The Entrepreneur, The Manager, and The Technician." We all have an Entrepreneur, Manager, and Technician inside us. Enter your email below, and I'll send you a free PDF summary of The E-Myth Revisited. (Includes exercises not found in the post.) Michael believes that the people who are exceptionally good in business aren't so because of what they know but because of their insatiable need to know more. "If you are unwilling to change, your business will never be capable of giving you what you want." That Fatal Assumption: if you understand the technical work of a business, you understand a business that does that technical work. The Entrepreneurial Seizure: the moment you decide it would be a great idea to start your own business. The technician suffering from an Entrepreneurial Seizure takes the work he loves to do and turns it into a job. "Everybody who goes into business is actually three-people-in-one: The Entrepreneur, The Manager, and The Technician." The Entrepreneur lives in the future, never in the past, rarely in the present. He's happiest when left free to construct images of 'what-if' and 'if-when.'" "The Entrepreneur is the innovator, the grand strategist, the creator of new methods for penetrating or creating new markets." "The Entrepreneur is our creative personality—always at its best dealing with the unknown, prodding the future, creating probabilities out of possibilities, engineering chaos into harmony." He needs control of people and events in the present so that he can concentrate on his dreams. "The Entrepreneur creates a great deal of havoc around him, which is predictably unsettling for those he enlists in his projects." The Entrepreneur's worldview is a world made up of both an overabundance of opportunities and dragging feet. "To The Entrepreneur, most people are problems that get in the way of the dream." The Manager is pragmatic. Without him, there would be no planning, no order, no predictability. "If The Entrepreneur lives in the future, The Manager lives in the past." "Where The Entrepreneur craves control, The Manager craves order." "Where The Entrepreneur thrives on change, The Manager compulsively clings to the status quo." "Where The Entrepreneur invariably sees the opportunity in events, The Manager invariably sees the problems." "The Manager is the one who runs after The Entrepreneur to clean up the mess." "Without The Manager, there could be no business, no society." "It is the tension between The Entrepreneur's vision and The Manager's pragmatism that creates the synthesis from which all great works are born." "The Technician is the doer." "The Technician loves to tinker." "If The Entrepreneur lives in the future, and The Manager lives in the past, The Technician lives in the present. He loves the feel of things and the fact that things can get done." "As long as The Technician is working, he is happy, but only on one thing at a time. He knows that two things can't get done simultaneously; only a fool would try. So he works steadily and is happiest when he is in control of the workflow." "The Technician mistrusts those he works for because they are always trying to get more work done than is either possible or necessary." "To The Technician, thinking is unproductive unless it's thinking about the work that needs to be done." "Thinking isn't work; it gets in the way of work." "The Technician isn't interested in ideas; he's interested in 'how to do it.'" "To The Technician, all ideas need to be reduced to methodology if they are to be of any value." "The Technician knows that if it weren't for him, the world would be in more trouble than it already is." "While The Entrepreneur dreams, The Manager frets, and The Technician ruminates." "Everyone gets in The Technician's way." "To The Technician, 'the system' is dehumanizing, cold, antiseptic, and impersonal. It violates his individuality." "The fact of the matter is that we all have an Entrepreneur, Manager, and Technician inside us." "The typical small business owner is only 10 percent Entrepreneur, 20 percent Manager, and 70 percent Technician." "Most businesses are operated according to what the owner wants as opposed to what the business needs." "The three phases of a business's growth: Infancy, Adolescence, and Maturity." "If your business depends on you, you don't own a business—you have a job. And it's the worst job in the world because you're working for a lunatic!" "The purpose of going into business is to get free of a job so you can create jobs for other people." "There's a critical moment in every business when the owner hires his very first employee to do the work he doesn't know how to do himself or doesn't want to do." "Your job is to prepare yourself and your business for growth. "A Mature company is founded on a broader perspective, an entrepreneurial perspective, a more intelligent point of view. About building a business that works not because of you but without you." "A Mature business knows how it got to be where it is, and what it must do to get where it wants to go." "The Entrepreneurial Model has less to do with what's done in a business and more to do with how it's done. The commodity isn't what's important—the way it's delivered is." "Once you recognize that the purpose of your life is not to serve your business, but that the primary purpose of your business is to serve your life, you can then go to work on your business, rather than in it, with a full understanding of why it is absolutely necessary for you to do so." "Pretend that the business you own—or want to own—is the prototype, or will be the prototype, for 5,000 more just like it." "Documentation says, 'This is how we do it here.'" "Without documentation, all routinized work turns into exceptions." "Documentation provides your people with the structure they need and with a written account of how to 'get the job done' in the most efficient and effective way." "What you do in your model is not nearly as important as doing what you do the same way, each and every time." Go to work on your business rather than in it, and ask yourself the following questions: How can I get my business to work, but without me? How can I get my people to work, but without my constant interference How can I systematize my business in such a way that it could be replicated 5,000 times, so the 5,000th unit would run as smoothly as the first? How can I own my business, and still be free of it? How can I spend my time doing the work I love to do rather than the work I have to do? Innovation is the mechanism through which your business identifies itself in the mind of your customer and establishes its individuality. Quantification: the numbers related to the impact an Innovation makes. "Orchestration is the elimination of discretion, or choice, at the operating level of your business." "Once you've innovated, quantified, and orchestrated something in your business, you must continue to innovate, quantify, and orchestrate it." "Think of your business as though it were the prototype for 5,000 more just like it." "Your Business Development Program is the vehicle through which you can create your Franchise Prototype." The Program is composed of seven distinct steps: Your Primary Aim Your Strategic Objective Your Organizational Strategy Your Management Strategy Your People Strategy Your Marketing Strategy Your Systems Strategy But before you can determine what that vale will be, you must ask yourself these questions: What do I value most? What kind of life do I want? What do I want my life to look like, to feel like? Who do I wish to be? Michael believes great people are those who know how they got where they are, and what they need to do to get where they're going. "Great people have a vision of their lives that they practice emulating each and every day." Michael believes that the difference between great people and everyone else is that great people create their lives actively, while everyone else is created by their lives, passively waiting to see where life takes them next. "The difference between a warrior and an ordinary man is that a warrior sees everything as a challenge, while an ordinary man sees everything as either a blessing or a curse." Before you start your business, or before you return to it tomorrow, ask yourself the following questions: What do I wish my life to look like? How do I wish my life to be on a day-to-day basis? What would I like to be able to say I truly know in my life, about my life? How would I like to be with other people in my life—my family, my friends, my business associates, my customers, my employees, my community? How would I like people to think about me? What would I like to be doing two years from now? Ten years from now? Twenty years from now? When my life comes to a close? What specifically would I like to learn during my life—spiritually, physically, financially, technically, intellectually? About relationships? How much money will I need to do the things I wish to do? By when will I need it? Your Strategic Objective is a very clear statement of what your business has to ultimately do for you to achieve your Primary Aim. "How big is your vision? How big will your company be when it's finally done? Will it be a $300,000 company? A million-dollar company? A $500-million company?" "At the beginning of your business, any standards are better than no standards." "Creating money standards is just strategically necessary for your business; it is strategically necessary for your life, for the realization of your Primary Aim." "The first question you must always ask when creating standards for your Strategic Objective is: What will serve my Primary Aim?" "How much money do I need to live the way I wish? Not in income but in assets. In other words, how much money do I need in order to be independent of work, to be free?" The ultimate reason to create a business of your own is to sell it." "An Opportunity Worth Pursuing is a business that can fulfill the financial standards you've created for your Primary Aim and your Strategic Objective." "How do you know whether you have an Opportunity Worth Pursuing? Look around. Ask yourself: Does the business I have in mind alleviate a frustration experienced by a large enough group of consumers to make it worth my while?" When asked what kind of business they're in, most business owners respond with the name of the commodity they sell. Always the commodity, never the product. The difference is the commodity is the thing your customer actually walks out with in his hand. The product is what your customer feels as he walks out of your business. What he feels about your business, not what he feels about the commodity. Understanding the difference between the commodity and the product is what creating a great business is all about. "What's your product? What feeling will your customer walk away with? What is he really buying when he buys from you?" "People buy feelings." "Most companies organize around people rather than around accountabilities or responsibilities." "The result is almost always chaos." Without an Organizational Chart, everything hinges on luck and good feelings, on the personalities of the people and the goodwill they share. An example of an Organizational Chart: A Position Contract is a summary of the results to be achieved by each position in the company. You need a management system to successfully implement a management strategy. "A system is a set of things, actions, ideas, and information that interact with each other, and in so doing, alter other systems." Your people want to for a boss who's created a clearly defined structure for acting in the world. They want a structure through which they can test themselves and be tested. This structure is called a game. The degree to which people buy into your game depends on how well you communicate the game to them at the outset of your relationship. Your People Strategy is the way you communicate this idea. A few rules to keep in mind: Never create a game for your people you're unwilling to play yourself Make sure there are specific ways of winning the game without ending it Change the game from time to time—the tactic, not the strategy Never expect the game to be self-sustaining. People need to be reminded of it constantly The game has to make sense The game needs to be fun from time to time If you can't think of a good game, steal one "Forget everything but your customer." "Demographics and psychographics are the two essential pillars supporting a successful marketing program." "If you know who your customer is—demographics—you can then determine why he buys—psychographics." "If your customer doesn't perceive he needs something, he doesn't, even if he actually does." There are three kinds of systems in your business: Hard Systems Soft Systems Information Systems. "Hard Systems are inanimate, unliving things." "Soft Systems are either animate—living—or ideas." "Information Systems are those that provide us with information about the interaction between the other two." If you like The E-Myth Revisited, you may also enjoy the following books: Print | Audiobook Psychology Book Summaries Or, browse more book summaries.

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