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## The E-Myth Revisited

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#### Four Ideas

1. The E-Myth is that small businesses are started by entrepreneurs risking capital to make a profit. This is not so
2. The Turn-Key Revolution is changing the way businesses start
3. The Business Development Process can transform a small business in to an incredibly effective organization
4. The Business Development Process can be applied to any small business

#### Part I – The E-Myth and American Small Business

##### Chapter 1 – The Entrepreneurial Myth

Most businesses are started by technicians who have a fleeting moment (Entrepreneurial Seizure) where they want to be an entrepreneur. They have no idea what it takes to run a business.

##### Chapter 2 – The Entrepreneur, the Manager, and the Technician

Three different roles exist which are equally important. Entrepreneur is the visionary, manager is the organizaer, the technician is the expert.

##### Chapter 3 – Infancy: The Technician Phase

The Technician starts the business and works extremely hard. Before long the business owns the technician as opposed to the other way around.

##### Chapter 4 – Adolescence: Getting Some Help

As the business grows you bring in help. However, the key processes do not exist and the folks you brought in don't understand what needs to be done. You are able to grow, however, only to a point. After that the organization risks collapsing on itself.

##### Chapter 5 – Beyond the Comfort Zone

The business struggles. Eventually it settles in to a comfort zone. Until fundamental changes take place it will struggle to grow bigger.

##### Chapter 6 – Maturity and the Entrepreneurial Perspective

- The Entrepreneur asks “How must the business work?” versus the Technician asking “What work has to be done?”
- The Entrepreneur sees the business as a system for producing outside results. The Technician sees the business as a place for inside results.
- The Entrepreneur starts with a vision of the future and comes back to the present. The Technician focuses on the present and trust the future will happen.
- The Entrepreneur envisions the business in its entirety. The Technician envisions the business in parts.

- The Entrepreneur envisions the businesses place in the larger world. The Technician envisions the business in isolation.
- The Entrepreneur models the present day after the vision. The Technician models the future after the present day.

## **Part II – The Turn-Key Revolution: A New View of Business**

### **Chapter 7 –The Turn-Key Revolution**

The franchise model has revolutionized the way business is done. It's now about selling the business versus selling the product.

### **Chapter 8 – The Franchise Prototype**

A prototype is established. Processes and discipline are established. “It is a proprietary way of doing business that successfully and preferentially differentiates every extraordinary business from every one of its competitors.”

### **Chapter 9 – Working *On* Your Business, Not *In* It**

Your business is not your life. There are six rules to follow if you want to “win” the franchise game:

1. The model will provide consistent value to your customers, employees, suppliers, and lenders, beyond what they expect.
2. The model will be operated by people with the lowest possible level of skill.
3. The model will stand out as a place of impeccable order.
4. All the work in the model will be documented in Operations Manuals.
5. The model will provide a uniformly predictable service to the customer.
6. The model will utilize a uniform color, dress and facilities code.

There are five key questions to ask:

1. How can I get my business to work, but without me?
2. How can I get my people to work, but without my constant interference?
3. How can I systematize my business in such a way that it could be replicated 5,000 times, so the 5,000<sup>th</sup> unit would run as smoothly as the first?
4. How can I own my business, and still be free of it?
5. How can I spend my time doing the work I love to do rather than the work I have to do?

## **Part III – Building a Small Business That Works**

### **Chapter 10 – The Business Development Process**

Three key aspects:

1. Innovation – Professor Levitt “Creativity thinks up new things. Innovation does new things.”
2. Quantification – The numbers related to the impact an innovation makes.
3. Orchestration – The elimination of discretion, or choice, at the operating level of your business

### **Chapter 11 – Your Business Development Program**

Seven distinct steps:

1. Your Primary Aim
2. Your Strategic Objective
3. Your Organizational Strategy
4. Your Management Strategy
5. Your People Strategy
6. Your Marketing Strategy
7. Your Systems Strategy

## Chapter 12 – Your Primary Aim

Consists of the answer to four questions:

1. What do I value most?
2. What kind of life do I want?
3. What do I want my life to look like, to feel like?
4. Who do I wish to be?

Some clarifying questions:

1. And how can you expect to do that, if you don't know what it is?
2. Do you see why your Primary Aim is so important to the success of your business?
3. With no clear picture of how you wish your life to be, how on earth can you begin to live it?
4. How would you know what first step to take?
5. How would you measure progress?
6. How would you know where you were?
7. How would you know how far you had gone?
8. How would you know how much farther you had yet to go?

Questions to ask before you start your business tomorrow:

1. What do I wish my life to look like?
2. How do I wish my life to be on a day-to-day basis?
3. What would I like to be able to say I truly know in my life, about my life?
4. 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?
5. How would I like people to think about me?
6. 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?
7. What specifically would I like to learn during my life – spiritually, financially, technically, intellectually? About relationships?
8. How much money will I need to do the things I wish to do? By when will I need it?

## Chapter 13 – Your Strategic Objective

- The First Standard: Money – How big will your business be?
- The Second Standard: An Opportunity Worth Pursuing – (i) The business must be capable of meeting the financial standard. (ii) You need to identify “What Kind of Business Am I In?” and it must be focused on what the customer feels about your PRODUCT and not the commodity. Your product is what the customer feels as he walks out of your business. (iii)

You must have a defined niche. Put another way, you must be able to define “Who is my customer?”

- Standards Three Through? There are multiple possible additional standards:
  - When is your Prototype going to be completed? In two years? Three? Ten?
  - Where are you going to be in business? Locally? Regionally? Nationally? Internationally?
  - How are you going to be in business? Retail? Wholesale? A combination of the two?
  - What standards are you going to insist upon regarding reporting, cleanliness, clothing, management, hiring, firing, and so forth?

## Chapter 14 – Your Organizational Strategy

- At all costs avoid organizing around personalities. It is neither sustainable or scalable.
- You need to define all of the roles on a formal organization chart. Here you are looking at the ultimate company / just because there is a box does not mean there will be a dedicated person named for that role.
- After determining the roles, you need to assign the individuals based on their skill sets. Just because you are the owner, it does not mean you are necessarily the CEO. Match the skills to the roles.
- For each job, you need to begin the task of replacing yourself with a system. The organization / company must be scalable, and process is key.

## Chapter 15 – Your Management Strategy

- The “System” will become your management strategy.
- A management system is “A System designed into your Prototype to produce a marketing result.”
- It is a set of processes that focus on the key aspects of customer service.

## Chapter 16 – Your People Strategy

- People want to work for people who have created a clearly defined structure for acting in the world. A structure through which they can test themselves and be tested. Such a structure is called a game.
- A well conceived game is what the very best businesses represent 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.
- The game is one the people enjoy playing. Put another way, people enjoy working in the business and feel it is a worthy endeavor.
- It is a game, but a very serious one.

- The key is how you act. It has to be real. You have to mean it. How you act establishes how you will be regarded by the other players.

## The Rules of the “People Game”

1. Never figure out what you want your people to do and then try to create a game out of it.
2. Never create a game for your people you’re unwilling to play yourself.
3. Make sure there are specific ways of winning the game without ending it.
4. Change the game from time to time – the tactics, not the strategy.
5. Never expect the game to be self-sustaining. People need to be reminded of it constantly.
6. The game has to make sense.
7. The game needs to be fun from time to time.
8. If you can’t think of a good game, steal one.

There is a hierarchy of four systems – The “It” is the stated purpose of your business. It’s what you care about:

1. How We Do It Here
2. How We Recruit, Hire, and Train People to Do It Here
3. How We Manage It Here
4. How We Change It Here

## Chapter 17 – Your Marketing Strategy

- Forget about everything you want. It’s what the customer wants that matters.
- What you think the customer wants is likely significantly different than what he actually wants.
- Your customers are irrational. It’s not their conscious mind that makes the decision, it’s their unconscious.
- The headline makes all the difference in the world
- When the customer says “I’ll think about it”, you’re in a bad place. He’s got one of two things going on. The first is an inability to say no for fear of how you will respond. The second is that you have not fed him the “food” his unconscious mind craves.
- There are two pillars to a successful marketing strategy
  - Demographics – The science of marketplace reality. It tells you who buys you.
    - “Each demographic model has a specific set of perceptions that are identifiable in advance”.
    - Survey your customers to identify who they are and look for trends.
  - Psychographics – The science of perceived marketplace reality. It tells you why certain demographic types buy for one reason while other demographic types buy for another.
    - “Find a **perceived** need and fill it”

## Chapter 18 – Your Systems Strategy

- There are three kinds of systems. Hard systems, soft systems, and information systems
- Hard Systems:

1. These are the inanimate, unloving things. Your office furniture, the colors in your office, etc.
- Soft Systems:
  1. These are either animate (living) or ideas. Your people, your ideas, etc.
- Information Systems:
  1. These are the systems that provide us with information about the interaction between the hard and soft systems. Accounting systems, CRMs, e-mail systems, etc.
- The innovation, quantification, orchestration, and integration of these systems is what your business development program is all about.
- Selling system:
  1. Identification of specific benchmarks – or concrete decision points – in your selling process.
  2. The literal scripting of the words you will get you to each decision point successfully (these need to be explicitly written out!).
  3. The creation of various materials to be used with each script.
  4. The memorization of each Benchmark script.
  5. The delivery of each script by your salespeople in identical fashion.
  6. 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.
- The Power Selling Process
  1. The Appointment Presentation. The purpose of this presentation is one thing and one thing only: to make an appointment. It is a series of words, delivered on the telephone or in person, that engage the prospect's unconscious mind. You are looking for emotional commitment.
  2. The Needs Analysis Presentation. Seven steps.
    - First, repeat what you said at the appointment process to re-establish emotional commitment.
    - Second, tell the prospect how you would like to fulfill the promise to him.
    - Third, establish your credibility by communicating (i) your company's expertise in such matters and (ii) your personal willingness to do whatever is necessary to utilize that expertise on his behalf.
    - Fourth, describe your expertise and why it works so well emphasizing the impact it will have on the client.
    - Fifth, complete the data gathering process / fill out the questionnaire.
    - Sixth, demonstrate with the provided information how the solution is relevant to the client.
    - Seventh, make an appointment with the client to return with the solution.
  3. The Solution Presentation.
    - This step is about “opening” and not “closing”. By going through the needs analysis presentation and mapping to your offerings, you have something of value to provide to the client.

- You paint the picture that (i) the client will be “on the inside” with other people who are successful, (ii) be treated like important people / receive the service he deserves, (iii) be utilizing the service of professionals with commensurate results, and (iv) establish control over this area of his life.
  - You need to review the needs analysis in detail. Make sure you get buy in from the client that this is his/her situation. You’re also going over the solution that is being provided.
  - **KEY POINT.** After doing the above you ask “Of the options we have suggested here, which do you feel would best serve you right now”. **WHOEVER SPEAKS NEXT IS GOING TO MAKE A PURCHASE.** If you speak next, you will have bought a “no sale”. If he speaks next, you have the emotional buy in. Remember the sale is emotional, the rational just confirms it.
- The information system provides coordination. An example of a potential information system related to the sales process:
    1. How many calls were made?
    2. How many prospects were reached?
    3. How many appointments were scheduled?
    4. How many appointments were confirmed?
    5. How many appointments were held?
    6. How many Needs Analysis Presentations were scheduled?
    7. How many Needs Analysis Presentations were confirmed?
    8. How many Needs Analysis Presentations were completed?
    9. How many Solutions Presentations were scheduled?
    10. How many Solutions Presentations were confirmed?
    11. How many Solutions Presentations were completed?
    12. How many solutions were sold?
    13. What was the average dollar value?