THE E-MYTH REVISITED

Why Most Small Businesses Don't Work and What to Do About It

MICHAEL E. GERBER

MICHAEL GERBER is the founder of the business consulting company E-Myth Worldwide which now operates in 145 countries. Since publishing his first book *The E-Myth Revisited: Why Most Small Businesses Don't Work and What To Do About It* in 1981, Mr. Gerber has also written *E-Myth Mastery*, *Awakening the Entrepreneur Within, The E-Myth Contractor, The E-Myth Manager* and *The E-Myth Physician*. Mr. Gerber describes himself as an entrepreneur, public speaker and consultant. He is also the founder of the Dreaming Room LLC, Certified Capital Advisors, the Entrepreneur Capital Cooperation and the Michael E. Gerber Club.

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MAIN IDEA

The E-Myth, or Entrepreneurial Myth, says that most new businesses are not started by entrepreneurs who set out to build a strong business but by technicians who enjoy the hands-on work themselves. Because of that natural bias, most business owners focus on working in their business when really they should be working on their business.

There is, however, a simple and effective way to offset the E-Myth tendency. Instead of looking at the business as a one-off operation, the owner should consider the business to be a prototype for a large number of franchises that will be added at a later stage. By adopting that mindset, the business owner will not only participate in the business as a technician but will also act as a manager (putting systems in place and controls) and as an entrepreneur (having a vision of how the business can create sustainable added-value for all key stakeholders).

A business that is built and managed by someone who combines the approach of the technician, the manager and the entrepreneur will have a far greater chance of future success than one guided by someone thinking like a technician alone.

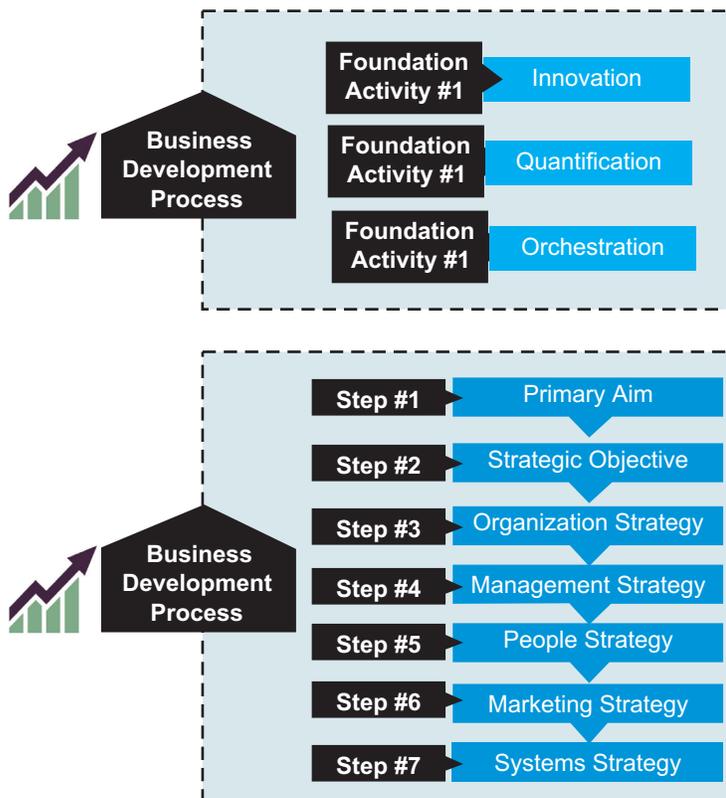The key principles which form the foundation for the E-Myth approach to business are:
1. Most new businesses are started by technicians -- people who are skilled at what they enjoy doing.
2. Technicians assume they understand how a technical business works. In reality, they never do..
3. Building a business takes three skill sets: (1) The entrepreneur (2) The manager (3) The technician.
4. Businesses generally go through three phases of growth:
      1. Infancy -- when the technician is to the fore.
      2. Expansion -- when better management skills are required.
      3. Maturity -- where an entrepreneurial perspective is needed.

The best model for building a successful business is to view your operation as the prototype which a large number of franchise or turn-key operations will later duplicate. The challenge then becomes to maximize the amount of time you spend working on your business rather than in your business.

The business development process by which a successful franchise prototype can be built has seven distinct steps and a foundation of three key activities:

Business Development Process

Foundation Activity #1	Innovation
Foundation Activity #1	Quantification
Foundation Activity #1	Orchestration

Business Development Process

Step #1	Primary Aim
Step #2	Strategic Objective
Step #3	Organization Strategy
Step #4	Management Strategy
Step #5	People Strategy
Step #6	Marketing Strategy
Step #7	Systems Strategy

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