

The E-Myth Revisited – Why Most Small Businesses Don't Work and What to Do About It

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In my previous article 'To Read or Not to Read, that is the Question', I said I would share with you books that changed my thinking.

The number one book I recommend for business owners is the *E-Myth Revisited* by Michael Gerber . . . WHY?

Because it walks you through every stage of how to build a successful business and highlights the important difference between working IN your business and working ON your business.

Here are the three main lessons I learned from reading the book.

1. The fatal assumption is: if you understand the technical work of a business, you understand a business that does that technical work

It's an assumption that's just not true.

In fact, it's the root cause of most small business failures!

The technical work of a business and a business that does that technical work are two totally different things. Often the technician who starts a business fails to see this.

As a jeweller, you may have the technical skills to produce an amazing piece of jewellery. But do you know how to build the marketing, finance, management, lead generation, lead conversion, or leadership processes that every successful jewellery business needs?

2. Most entrepreneurs fail because they are working IN their business rather than ON their business

Working ON it, not just in it can change everything.

When I run Business Success Workshops, to anchor this important idea, I wear a cap with ON written on the front and I ask the group what they think is written on the back?

The response I normally get is OFF.

When I turn the hat around and reveal the word IN, I explain that the usual reason a business is OFF course and not achieving its goals is because many owners spend most of their time and energy IN the business. They are involved in the day-to-day 'doing it'

when the most powerful thing they can do as leaders is work ON it – examples include crafting a vision, preparing a business plan, cashflow forecasts, quarterly reviews, empowering their team etc.

You need to 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 systematise 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 must do?

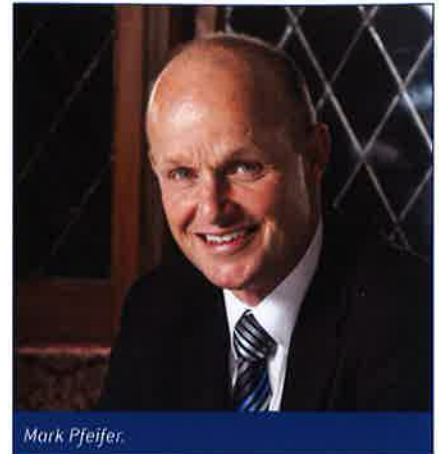
3. Organise around business functions, not people. Build systems within each business function. Let systems run the business and people run the systems. People come and go but the systems remain constant

"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."

One of the suggestions in the book is that you create an organisation chart, with all the various roles and responsibilities required to run the business. With the main functions being Finance, Marketing and Operations. Organisational charts are crucial for your business's growth and establishing accountability.

Whether you're a one-person business owner, wearing all the hats. Or an established business you need to plan your organisational strategy so you will be able to grow and scale your business to achieve the results you want.

This is key. You can get some great people, and some not so great, but the success of your business should not depend



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on the staff. Of course, you want the best people, but more importantly, you want the best systems in order to get a clear outline of what needs to be done. This ensures consistency, fewer variables, less room for error and therefore greater productivity and profitability.

The way that **value** is delivered, has to be designed in a way that is systems-dependent, not expert-dependent. This means that you design your systems to be so simple and efficient, that your business will no longer rely on you or on technical experts. You document everything in an operations manual.

Why? If you don't document how your business works, how will someone be able to run it without you? Therefore, write down every single process as part of your company's how-to-guide.

Michael Gerber showcases the story of Ray Kroc, the salesman who turned two brothers' innovative fast food eatery, McDonald's, into the biggest restaurant business in the world; with a combination of ambition, persistence but most importantly the development of systems.

I highly recommend *E-Myth Revisited* and if you have already read it, it is time to read it again.

Until next time, tick tock, tick tock . . .

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