3 Ways To Bring Order To Your Startup: Important Lessons from *The E-Myth*

In the best-selling book, The E-Myth, small business consultant Michael Gerber encourages entrepreneurs to work *on* their business, not just *in* their business. This simple idea has helped thousands of people successfully build thriving small businesses. In this article you'll learn three lessons from The E-Myth that you can apply to your new (or old) business.

Know Thyself

In order for your business to be successful you must know yourself well. Understanding your strengths as well as your weaknesses will help bring clarity in the decisions you make. Failure to be honest about your limitations could prove disastrous. In The E-Myth, Gerber proposes the idea that there are three types of people in business:

- The **technician:** performs work that is direct and hands-on. The work is strictly tactical. The Technician's relationship to time is focused on effort and how much can be accomplished or produced within the time allotted.

- The **manager:** is focused on getting results through others. The Manager is concerned with developing systems that consistently produce outstanding results. He invests in the training of his employees to operate and innovate those systems.

- The **entrepreneur:** is visionary, strategic, and shapes the business. Entrepreneurs are dreamers who focus on the future (time), and are impatient to achieve their vision. The Entrepreneur is most concerned about the performance of it — the business.

Most people who start businesses are technicians who like to think of themselves as entrepreneurs. The technician knows how to do a specific job and assumes knowledge alone will enable him to build a successful business. Of course, nothing could be further from the truth.

In the startup world there are more actual entrepreneurs than technicians but that's not always a good thing either. If you truly are an entrepreneur you may be gifted at casting vision but lacking in your abilities to manage people or do the work that needs to be done.

Action: Take some time to write down the answers to the following questions:

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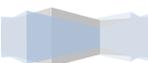
- What work will you focus on?
- What will you outsource?
- Are you primarily a technician, manager or entrepreneur?
- Have you taken any personality tests? What did the results say?
- What types of people do you need on your team to compensate for your weaknesses?

Working *On* Your Business, Not *In* It

In Part 2 of The E-Myth, Gerber gets into the meat of the book. He introduces the concept of working *on* your business, not *in* it. He uses the franchise model as the ideal prototype for a business. Gerber isn't necessarily saying you need to turn your business into a franchise. He's suggesting that a franchise "model" is what you should aim for.

Gerber writes: "*In the Franchise Prototype, the system becomes the solution to the problems that have beset all businesses and all human organizations since time immemorial… Once the franchisee learns the system, he is given the key to his own business. Thus, the name Turn-Key Operation. The franchisee is licensed the right to use the system, learns how to run it, and then "turns the key." The business does the rest… That's what the Franchise Prototype is all about. It's a place to conceive and perfect the system.*"

The core message of The E-Myth is your business is something separate from you. And you should construct it in a way that doesn't require you to be present for it to function. If your business is built entirely around you then you have only created a glorified job for yourself. You are self-employed and not a business owner.

Action: Set aside 30 minutes a day to work on your business, not just in it. Do this for two months straight and see how it impacts your business. A good place to start would be to write an operations manual for your business. Do you have a system in place for the various tasks that you and your employees do?

The Business Development Process

In Part 3 of The E-Myth, Gerber gets into the business development process. He points out that most small businesses fail to develop a formal organizational chart. To their demise, they assume everyone knows what they should be doing. Unfortunately, that generally guarantees nobody becomes accountable. But if the business is to become a franchise prototype, an organizational chart is necessary.

In addition, the organizational chart provides a framework around which written manuals and other materials can begin to be developed. Codes and systems can also be organized around this.
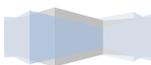
Gerber states: "*Without the organizational chart, confusion, discord and conflict become the order of the day. But with it, the direction, purpose and style of the business are balanced, interacting purposefully and progressing with intention and integrity toward a cohesive and sensible whole.*"

Action: Develop a simple organizational chart for your business. Here are four tips from Michael Gerber's blog:

1. There is no box on the chart labeled "Owner." If you are an owner, you need to occupy one or more boxes on the chart and play by the same rules you would have for any other employee.
2. Every position on the chart reports to one (and only one) manager. Giving two or more managers the power to direct the activities of one employee is an invitation to miscommunication and chaos.
3. Make sure you divide up the work according to what the business needs. Don't try to design a position to fit the particular talents of one individual. If (when) that person leaves, you'll have to start all over with a new chart because you won't be able to find a replacement.
4. Instead of using titles, designate positions in terms of the results they will obtain.

Do you have any questions or tips about working on your business? Feel free to share them in the comments section below.

[Word Count: 966]