

Many small businesses stall before reaching success. Did you know that? Have you ever been curious about how businesses that manage to remain in operation after the five-year mark and continue to operate steadily after?

Here, you will see a guide simple to comply with so that you can ensure the success of your business rather than another failed business.

## Chapter 1 - That a brave entrepreneur who has an exceptional idea and technical expertise becomes an accomplished businessperson very rapidly is a myth.

Every year, one million businesses are set up, however, 40 percent of them go out of business by the end of the first year and 80 percent within the first five years? This adds up to 800,000 collapsed businesses, most of which happens because of the E-Myth.

The E-Myth, also known as entrepreneurial myth, is the name given to a major misapprehension in business in the US. According to this concept, consummate technical work and a great idea make up an adequate foundation for a successful business.

A person usually sets up his own business just because he is consummately adept at doing something in a particular domain like a machinist, barber, or computer programmer.

Suddenly, the entrepreneurial seizure gets into their heads. They come to the realization that they no longer want to work for other people as they instead want to start a business that belongs to them, which they can shape according to their own thoughts regarding their businesses.

Suppose you are a barista. You've fully grasped everything about coffee roasting, brewing, and latte art. You have many thoughts about operating a cafe. Abruptly, it occurs to you: why not run a cafe owned by you.

This is why one million new businesses emerge every year.

However, establishing a business on the basis of technical expertise and novel ideas isn't the right basis as you'll most likely become unsuccessful.

You confused expertise in technical work with operating a business, which is a horrific error

Actually, technical work and the work needed to operate a business differ entirely.

Let me give you an example. A barista establishes a cafe and then understands coffee skills are not sufficient for her business to thrive. Operating a cafe demands her to have knowledge about recruiting more employees, planning tasks, and expanding her business.

That's the reason behind so many collapsed small businesses!

## Chapter 2 - Normally, an entrepreneur won't see his business grow beyond adolescence.

The phases a business goes through are quite similar to those of ours. Surprisingly, businesses also have infant, adolescent, and mature phases, very similar to us. However, we differ from businesses in that most businesses cannot usually grow beyond adolescence.

During their infant phase, the entrepreneurs and their businesses are a whole and the same.

The infant phase is full of love since the entrepreneur can at last do all the work on her own! The barista owns her cafe and can roast and brew her coffees – perfect!

However success draws more consumers and thus requires more production. Ultimately, the intensity of work increases so much that it is now to manage.

At the cafe, consumers realize with time that the cafe isn't as much neat and tidy due to the barista's lack of time to tidy up the place.

Then, the owner realizes technical tasks preoccupy her entire time after setting up her own cafe. She turns into the owner which she never wanted to be!

With the recruitment of an employee to assist her, the business becomes adolescent.

Adolescence goes awesome in the beginning since there is no need to toil for the owner.

However, many owners with businesses in adolescence relish their freedom inordinately and don't fulfill their duties and don't run them with delegation. They assign their tasks to someone else and think they'll be completed, rather than make sure everything is fulfilled correctly.

Returning to the cafe, we see consumers bemoan the tasteless lattes your workers prepare.

When it comes to this point in the adolescent stage, the owner must be drawn out of her comfort zone in which she had control over everything in the business. The business won't survive if it is limited within the owner's capacity to do and manage everything on her own.

What should the now-business-owner barista do?

She can turn her business into a small business by making redundant her workers and go back to her comfort zone, in which she has to toil due to intense work.

Or, instead, she can risk everything and let her business thrive faster until she can no longer restrain it, increasing employees and knowing quality will diminish inescapably.

Another option for her, which will be told in the subsequent chapters, is to acknowledge that she has to let her business develop and make plans for this moment beginning with day one.

## Chapter 3 - For your business to survive past adolescence, you have to make plans for its future from day one.

Let's say you're ready to exit your comfort zone and exercise less control over your business so that it grows, how will you begin? Your starting point is in the very origin of your business, which goes back to before you set up your business.

Businesses surviving adolescence and becoming mature are established on a wider perspective than many other businesses and have made plans about their structures on the basis of their perspective.

Thriving businesses take the future into account. Their aim is to be run smoothly without any need for the owner to constantly supervise. When the time comes for them to survive past adolescence, they'll have the capacity to manage the growth.

An entrepreneurial perspective is necessary if you want to start a business that can reach maturity. So, you make plans from the very start regarding the way your business will appear, feel, and work on achieving its objectives.

Don't ask "What work is necessary for the business?" ask instead "How will the business operate as one?"

Let's use the barista example. The barista is well-informed about the technical work essential for her cafe. She'll roast Guatemalan beans and serve lattes. However, what will distinguish her business from rivals? How can she draw customers to her business? What kind of customer does her business address? To find answers to these questions, one needs an entrepreneurial perspective.

Next, an entrepreneurial model will be required to put an entrepreneurial perspective into practice.

The entrepreneurial model means you make a plan for your business to be satisfactory potential consumers' demands in a novel way.

What does your entrepreneurial model cover? It covers market opportunities for your business, gives you a clear idea regarding your ideal customer, and includes how you should present your products.

In order to rescue her business, the barista may need to keep the cafe close for a few days to contemplate her entrepreneurial perspective and entrepreneurial model. She could come to the conclusion by choosing her target customers among eco-conscious students and

she'll fulfill their demands by becoming the first business owner to offer locally sourced milk and reading cubicles.

## Chapter 4 - Every person possesses many various business characteristics.

If you consider your personality as predictable and as one-type, your business will likely flounder. The reality is that there are many personalities inside us and all are competing with each other. To be more precise, each of us is an entrepreneur, a manager, and a technician to some extent.

Designing a novel product, we become entrepreneurs, and subsequently we become technicians, angry at the novel idea that just occurred to us!

Among our contending personalities, the entrepreneur is the one always searching for the new, spotting many opportunities, looking at the world.

An entrepreneur is a high-energy dreamer and can plan the future. She discerns all the aspects, all the opportunities for success, and is attentively focused on the future.

That energy and continuous opportunity-seeking occasionally generate devastation and turmoil. She strives to lead people and becomes infuriated if things dawdle or fall behind.

No entrepreneur, no innovation.

As for the manager inside you, she is practical and wants order. Instead of opportunities, there are issues to solve for her.

As the entrepreneur innovates and creates new things, the manager arranges things into rows, organized, and orderly.

When there is no manager, the business stalls.

Finally, there's the technician, who is responsible for doing things.

The technician inside you enjoys managing the workflow and having things undertaken.

The entrepreneur's craziness annoys her and has to continually alter ideas, and is annoyed when the manager interferes in her workflow. However, if the entrepreneur and the manager generate more work for her, then she feels content.

In the absence of the technician, there would be no one to get things in the business done.

Though they look completely in conflict, the three personalities have different strengths, each of which is crucial for us if we want our business to flourish. This explains the reason behind

the average small business owner being about 10 percent entrepreneur, 20 percent manager, and 70 percent technician.

You've now learned about the intimidating likelihoods you might face if you determine to launch a firm. However, what is the way of not becoming a part of the 800,000 collapsed businesses? Well, a revolution is happening in a small business, and in this revolution can you find what you need to attain success.

## Chapter 5 - A revolution in a small business happening right now paves the way toward success.

Were you aware of an important revolution that will transform business forever?

The name of this revolution is the turn-key revolution. It is named so as people are establishing businesses in such a way that they could technically provide someone with the key of their business and that someone could manage the business with success.

Businesses part of the turn-key revolution form a model that functions perfectly and that makes it possible for consumers to know what product they are buying every time and that can be copied with no need for the owner's presence.

Described in simpler terms, they're called franchises.

If you want your business to become a turn-key business, you have to own a business format franchise, which is the model that you provide to your franchisee, the person going to operate your franchise. This business format franchise includes your business processes, organizations, and systems.

Franchises have an astonishing percentage of success. In comparison to four-fifth of small businesses collapsing within the first five years, three-fourth of business format franchises thrive.

The success of the turn-key revolution lies in its focus on setting up businesses that any person would purchase.

For instance, if anyone has intentions of purchasing your business, they'll likely first ask you, "Does it work?" If the systems of your business are built to operate in the most manageable and most effective way, any person can operate the business, and therefore people are tempted to purchase it.

The turn-key revolution is not just about marketing your products to consumers but it is also about trying to market the entire business to franchisees, together with its processes and systems, to franchisees.

The turn-key revolution began in 1952 by Ray Kroc when he obsessively wanted to set up a hamburger stand where every consumer could eat a fully replicable hamburger. He regenerated how hamburger stands functioned, rendering everything so precise that, for instance, each hamburger was turned over at exactly the same time. He outlined processes that any person could understand since the franchisee, the person acting as the head of the stand, was like a real customer to him.

Then, Kroc put the system of McDonald's businesses in the sale as a franchise, about a thousand times again and again.

## Chapter 6 - Envision your small business as a nationwide chain; now, open your first store.

Now, how can one start a franchise? Initially, you need to prepare a franchise prototype, which will be your business's original model going to be replicated.

The franchise prototype should care about people and be as straightforward as possible, which makes it operable by any person.

How consumers view the value of your prototype depends on how much your prototype values them. Is it a bit complicated? The translation is that you can show the value you give in different ways: in your fair prices, in your great customer service, in a present that you send to your product's consumers, and in many more ways.

The barista's cafe value, for instance, could be her excellent lattes that are served together with free-of-charge cookies.

Later, you should plan how you'll deliver the value in such a way that it can be implemented by the system itself rather than by experts alone.

So, your system should be so easy and effective in its design that your business will hinge on neither you nor technical experts anymore.

If the barista outlines an impeccable training program that assures each barista at the cafe prepares excellent lattes, for instance, neither the barista herself nor other latte experts will need to prepare them themselves.

Furthermore, the franchise prototype should contain every information in an operations guidebook.

What is the reason to do this?

Suppose there is no documentation regarding the operation of your business, then how can anyone make it function in your absence? Thus, you must document each of your steps, which will together comprise your firm's manual.

The manual of the barista's cafe should not only be limited to the processes of making a latte but it now should also include information regarding training new employees to make lattes.

Ultimately, the franchise prototype should always offer the same service.

If the sort of product or service consumers will receive spontaneously changes, then they presumably won't buy from your business regularly. People ordering their lattes at the barista's cafe shouldn't get a tasty latte one day and a sour one in their next order because they won't get their lattes from there again. Naturally, managing a business where results are variable isn't appealing for a franchisee.

## Chapter 7 - Launch a business to fulfill your individual goal in life.

What was your motive when launching a business in the very beginning? I hope one of your reasons is that you didn't want to be limited to a 9-to-5 work in life and were looking for something more. Establishing your franchise prototype, the most important thing for you should be to make sure your business will help you achieve what you wish for!

The most essential step in establishing your business is being cognizant of your primary aim, or of what kind of a life you want to have.

Well, there is no way to know what firm you will launch unless you are cognizant of the benefits it can give you?

To understand what your primary aim is, ask yourself questions like, "What is the most important thing for me?" "What sort of lifestyle do I want?" "What is the amount of money I want to earn?" and "Do I want to travel a lot or not?"

Now that you've figured out your primary aim, next you need to come up with a strategic objective. Here you'll find a list of objectives that are vital for your business to meet if you want to help achieve your primary aim.

A strategic objective helps you measure progress, put plans into practice, and franchise your business. A strategic objective consists of a list of standards that is easily comprehensible for everyone.

It should contain financial predictions and also the amount of money you anticipate to earn in gross revenue and profit.

It should explain what makes your business an opportunity worth pursuing, which means a large enough market opportunity to meet your economic aims and fulfill your primary aim.

And it should explain the business field you're in and describe the consumer you want to appeal to.

Assume the barista's primary aim is to earn \$500,000 each year and travel each year for a month. So, her strategic objective should define how each of her three cafes will profit \$167,000 every year, and also make plans for a one-month holiday when the cafes won't be open and will stall operations every year.

## Chapter 8 - Organizational charts are vital for the growth of your business and creating accountability.

If you're the same as any person, then you detest preparing organizational charts. Tedious, isn't it? But they are necessary for the success of your business as they provide a clear path for everyone to know their duties.

An organizational strategy is required to precisely arrange each employee's task in the firm.

Is your firm one-person? You still need to design your organizational strategy to see the way your business will develop.

First, think about the number of employees it'll be necessary for the business, and the allocation of employees' tasks.

Next, for every position, prepare a position contract describing the person to whom the employee reports, the work to be undertaken, and the criteria by which the employee's performance will be assessed.

The barista is, for instance, cognizant of the number of baristas and bakers needed in her cafes, which are three baristas and one baker in the three cafes. She also knows she'll need a manager to supervise them, a marketing manager, an accountant, and a general manager to supervise each person in the cafes.

Initially, the barista herself will fill each position. She'll prepare coffee, bake cookies, plan advertisements for local gazettes, and be responsible for accounting. With the growth of the business, she'll have to have precise knowledge regarding the number of people she should hire and the positions they should fill so that the business can function smoothly.

Moreover, since she'll be filling every position at first, the barista will know the best approaches regarding the positions she occupied. She should write them down in a special manual for every position so that future employees can also benefit from these approaches.

One other benefit of a clear organizational strategy is creating accountability.

Every worker will have accountability for the work their position demands from them, which will be elucidated in the manual and position contract of the positions.



Every worker must acknowledge accountability in fulfilling the work given to him by signing his position contract.

Finally, the positions are full and workers meet the criteria for the positions, your business will be getting closer to achieving its strategic objective and your primary aim.

## Chapter 9 - To control your workers, choose the dependence on a perfect people-management system rather than on perfect people.

If you believe the road to an accomplished management strategy is hiring as many very skillful employees as possible, you're in the wrong direction!

To make a great management strategy work, you should put into practice a management system in which the management of people functions as a marketing tool.

Why should it function as a marketing tool? The treatment to people working under you and how you drive them to fulfill satisfying work will wind up causing the most significant effect on the product which will be bought by your consumers.

The barista, for instance, could manage the baker differently. She could tell him to remain in the kitchen and bake a fixed quantity of cookies and cakes diurnally. There is another way, too. She could make him be seen by others in the shop, front and center, and allow him to select whatever ingredients he wants. The second decision would likely make the baker engage more eagerly in his tasks and consumers would thus eat more delicious cookies.

But the most essential element of your management system is a people strategy, in which you guarantee your employees have an understanding of their work.

If your workers grasp the idea behind their work, the chances are quite high that they'll be more inclined to work so that business attains its objectives.

A third important element is that workers should constantly be examined by the standards which you introduced for every position.

Suppose one business goal of the barista is to put more emphasis on creativity. Employing a baker, she ensures to combine the goal of creativity to his work. She talks to him about the significance of personal creativity in her cafes; thus, he needs to drive his creativity to the limit by planning a weekly schedule for cakes. He will be judged by the standard for creativity: a cake schedule for one week should not be the same as the cake schedule for the next week.

What is the result? The baker will be urged to attain his baking potential and your customers will have a wider variety of cakes to choose!

## Chapter 10 - What comes next? Take only the customer into account and nothing else.

How can you best tackle your marketing strategy?

Easy. The consumer being the center of your marketing strategy is so essential that the consumer should be the only important thing.

Initially, think about the demographics of your consumers. How old are they? What about their dwelling?

Next, consider the reason behind the consumers' buying in your business, which will be your psychographics. Your demographic group should shop in your business and not in another business, but why?

Though it might financially not be possible for the barista to bring together a comprehensive consumer research report, a short survey to be answered by consumers in return for a gratis cookie at the cafe can do the task. To understand her buyer thoroughly, there can be demographic questions like age and address, and psychographic questions like free-time activities of buyers in the survey.

Using the information gathered from consumers, the barista can adjust the presentation of her products after the consumer profiles, which will make buyers more willing to shop at her cafes.

The moment you recognize your customers as well as possible, then it is time to adjust your marketing to be as attractive as possible for them.

Tech company IBM conducted research whose results showed a specific shade of blue meant dependability for its customers. So, IBM made sure each of its products was put into boxes or highlighted by its famous "IBM Blue."

If you want your franchise prototype to be understood by a likely franchisee, your marketing needs to be as scientific as possible for your customers. Its scientific aspect will depend on data and tests run by you.

To illustrate, the moment your research demonstrates people buying from you are now younger people, or that using newspapers for your advertisements as your marketing approach is no longer as useful, it should be transformed. You can think about advertising your business online to draw the attention of young people.

## Chapter 11 - Ultimately, what you'll get is a business consisting of completely working systems.

How will your business seem after fully designing your franchise prototype? It will be a complicated, however, simple to operate, interdependent group of all the systems and processes that comprise the business, ranging from marketing to management and to organizational structure, going back to your primary aim.

This can happen as the systems strategy that you created is designed for everything to work together with each other, and by means of such interactions, everything will improve and transform. Usually, your systems strategy has a few categories:

There are hard systems, which are the inanimate objects forming your business. Those objects can be computers and colors.

Then, there are soft systems, which are the ideas, and the things in your business that have beating hearts, such as yourself!

And there are information systems as well, which is responsible for the data collection on your business and inform you about it, which lets you be aware of what's functioning, what's not and of whether the has come to transform it.

For the barista's cafe, for instance, hard systems are comprised of the espresso machine, whereas soft systems are comprised of employee behaviors, and information systems are comprised of data regarding consumers' purchase.

To be accomplished, all these systems must interact.

Working with just one part isn't adequate, you must take all the other parts into account.

The barista might want to swap her espresso machine with a more novel model, which constitutes a change in the hard system. To decide on that, she'll need to take into account whether this trade has an effect on the other parts and how it affects them. The trade might damage the soft system if workers love your espresso machine and aren't willing to get training to work with a new machine. And the information system will need to observe consumer reaction to make sure the new machine isn't preparing below-average lattes and negatively affect sales.

Do these systems not work together? Then there is no way your business will be successful!

## Chapter 12 - This process of devising new plans and putting them into practice never ends.

Do you want to make sure you've got an accomplished business? you shouldn't be just satisfied with what you've accomplished, and do nothing else then. You need to continually be developing your prototype, adjusting its systems to verify whether it's still functional as great as it can or not. This whole process is known as the business development process.

The business development process begins first with innovation.

Innovation is, put in simple words, about doing novel things. The road to accomplished business innovation, though, is more about innovating your business rather than your product.

"What's the best way to do this?" You should ask yourself this question.

Don't forget, Ray Kroc's innovation wasn't in hamburgers but in their preparation and sale.

Next comes quantification in the business development process.

Quantification is about gauging everything.

If you don't gauge the effectiveness of your innovation, is there a way to understand what is functional and what isn't?

If the barista doesn't know the number of cake sales she makes, how can she understand whether the management system of encouraging creativity works well for the baker?

The final step is orchestration in the business development process.

Orchestration means implementing innovation in real life. By realizing your business idea, you observe what happens as your idea works in practice between workers and buyers.

It's a never-ending process and it relies upon how much effort you make for innovation and quantification.

So, do you sell more products when you carry a blue suit, then always wear a blue suit! However, if you learn through quantification that wearing shirtsleeves rather than blue suits improves performance, then start putting on the former.

The important thing to understand is that innovation, quantification, and orchestration doesn't have to be in that order. They don't occur successively but instead happen collectively all the time.

The business development process has no limit since your business will continually be generating new innovations, putting them into practice, and gauging the results. This process will help your small business become successful.

# The E-Myth Revisited: Why Most Small Businesses Don't Work and What to Do About It by Michael E. Gerber Book Review

Most small businesses collapse, but if your business is designed as a franchise prototype from the onset so that everyone can run it, your possibility to become successful jumps considerably. The essential thing is to work on your business, not to be an employee in your business.

Decide on your primary aim.

Before launching your business, consider these questions, "How do you want your life to be?" What is the amount of money you want to earn, and the amount of effort you want to make working in your business? These questions are very fundamental as you need their answers from the onset since your business should be established so that you can achieve your goals.

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