

The E Myth Revisited

Michael E. Gerber
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This book is aimed at the small businessperson in America but it is relevant to anyone who has a job. It's about what you *do* and what you *think you do*.

Gerber doesn't seem to have any particular training in this business, or even any particular experience in this field but the counsel he gives in person, through his organization, and in this book, works, according to him.

The basic situation is this: Someone with talent and skill at something gets tired of working for someone else and goes off to form their own business doing that thing at which they are exemplary, and which they love. Things go great for a while, then they crash and burn. This happens something like 90% of the time in small business in America. What is the problem? Running a business is *running a business*, not solely *doing your thing*. As long as the number of customers, the amount of throughput is something that you, the proprietor, can keep up with, it's fine, but when you start needing to hire people just so you can have a few minutes to yourself during the week, they don't do the same things you would, and things go south pretty quickly.

I thought of Ed Moers, my former business partner at MTS, Cypress, Tx, many times.

When you read the book, when you look at it from the outside with guidance from one simple principle of human nature, it's pretty obvious that this would happen, but when you're on the inside, or it's your first time through something like this, it's easy to get stung. The way I think of the principle is this: "When there are things you need to do that you *don't know* how to do and other things you could do that you *do know* how to do, a person will tend to do what they *know how to do*."

Why do you suppose I'm sitting here writing a book review right now? Well, not exactly that. But, that's a digression.

The book is based in large part on an example story and Gerber's commentary on it. The story is about Sarah and her business "All About Pies." Sarah had grown up baking with her aunt. It was her favorite activity in every way, she knew everything about it, and it's all she wanted to ever do. So, one day, she quit her job and opened a shop that made pies. And they were the best ever and she had enthusiastic clientele, and the business grew because it couldn't help it, and one day she found herself exhausted, unable to keep up, and working all the time just to stay on top of the emergencies. She hired a person who was utterly helpful and things looked great for a

while until one day, with nearly no notice, that person quit and went off to her own life, leaving a looming catastrophe in her wake.

It happens in other ways. A person has a business but doesn't want to do the bookkeeping, so they hire someone to do the bookkeeping and it looks like the problem is solved for a while until they figure out that they do what *the hired hand does* is not what they would have done, and that person's skin is not on the line so they go home at the end of the day whether the books balance or not.

Or you hire someone to answer the telephone so you can get away from it and do some actual work once in a while and this seems to relieve your time for a while but then you find out what is going on on that telephone and work has to be pulled back or redone or orders get cancelled, and chaos is imminent.

The reason I say that it's not just the entrepreneur who needs this is because everyone in their role has these issues to deal with. Everyone has customers, everyone has rules to follow, not all of which are in their expertise. They have to understand what it is that they bring to their world that makes them valuable, to their work, to their family, and to any other group to which they might belong.

The example is given of a business formed by two brothers repairing things. They both were good at what they did and took responsibility, but there was no plan for how the business was structured. When there is no plan, a day comes when the existing system and assumptions that built it are inadequate to the challenge of the moment. Then people get fired, siblings get cross, and the business can collapse.

What happened with Sarah then? She figured out what she wasn't doing and made a plan to correct the problems with long term goals that went all the way to her retirement. She knew that she would build the business, put in a limited number of franchises, and sell it eventually for a certain amount of money on which she would retire. And she ended up doing a lot of baking, which is what she wanted to be doing, but not exclusively.

Gerber discusses three personality types involved in getting things done: the Technician, the Manager, and the Entrepreneur.

The Technician is the expert who typically "fires his boss" and goes off on his own. He knows the craft better than anyone else and wants to do it all without interference from anyone. It's All About Pies, for example. What happens when demand exceeds the technician's capacity?

The Manager is the one who brings structure and stability to everything. They understand the bigger picture. They want to get the system established and not change it. What happens when it needs to change?

The Entrepreneur is the one who sees the global picture, who wants to invent new things, move the business away from where it doesn't need to be to where it does, to do new and exciting things. He creates chaos, which is good.

These people obviously get on each other's nerves and interfere with each other's productivity all the time. What becomes obvious as you read the book is that the person running their own business has to do all three things in some appropriate balance. Sometimes they need to be the entrepreneur for a few hours, sometimes they certainly need to be the manager to keep the lid on, and obviously they need to be the technician to do any of the work.

Again, this isn't just true when you own your own business, it's true when you work at any job or maintain any role. You need these roles, you need to know who you are and where you fit into them, and you need to know who the other people are and how they play.

When you hire someone to keep the books, you still have to know and be responsible for what's in them. When you set up a business, you need to draw the organization chart with all the boxes that any organization has and put people's actual names in all the boxes. Maybe you're putting two names in nine boxes (five and four) at first, but you do this consciously and by so doing, you know where the authority goes and how the responsibility needs to happen. This defines everyone's day at work. When things get to the point where you need to hire someone to help, you hire them into a box and everybody knows what's going on. You don't just have three guys, two brothers and a new hire, all answering the phone as equals.

I just did this on a proposal at work. The job would be small, there would only be three of us. In the standard seven or eight box organization chart, my name was in three of them. That's fine. If the work grows, we'll get someone else for some of those boxes.

A big version of the small business is the franchise. Ray Kroc invented McDonalds. He figured out exactly how the hamburger store should work and developed the self-contained franchise for it. Whatever you think of McDonald's, it's a consistent business, and it's a business success. Some call that kind of consistency "Quality."

So that gives you an idea of what Gerber's book is all about. As with all other books, if you need more help, you need to read the book for yourself, or go consult with Gerber's organization.

I'm going to pass The E-Myth on to Katherine now. She is the artisan-technician who wants to work for herself. (It's "All About Art.") She needs to know about business development, accounting, and all sorts of other things that have nothing to do with art. Or find someone who does with whom to partner....