The E-Myth Point of View

Understanding the essence of business development

"This is not a call to do battle. It's a call to learning. How to feel, think, and act differently and more productively, more humanly than our existing skills and understanding allow."

—Michael Gerber

Core Principles of The E-Myth Point of View

The five core principles of The E-Myth Point of View are:

The Principle of Life
Your business is a way to get more out of your life. It's more than just a job.

The Law of Objectivization
View your business as separate from you—as a product of you—and you will be able to reinvent it. It's about taking a step outside of your business, and looking at it objectively.

The Principle of Working On It, Not In It
The business as a whole is the product, not the things or the services the business produces. You need to be focused on building your business, not merely cranking out products or services.

The Principle of Systemization
View your business as an integrated system. The system does the work, and people run the system.

The Principle of Business Development
The task of the owner is continuous development of the business through the ongoing process of Innovation, Quantification, and Orchestration.

I thought it would be easy to run my own business.

Small businesses don't work because their owners don't understand the business of business. They understand how to make a product or deliver a service, but they don't understand how to build a business.

Successfully building a business requires the owner to take a strategic view, an integrated view of the whole business as it exists today and as it will exist in the future.

The way to adopt The E-Myth Point of View is not to "learn" it. It does no good to memorize it; you have to live it. Put The Point of View to work and it will become the way you think. It will become your point of view.

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Putting the Pieces Together

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What Is The E-Myth Point of View?

The E-Myth Point of View is a perspective, a way of thinking about your business, your life, and the interrelationship between the two. This perspective has several principles, all of which, when taken to heart and practiced, will guide you toward making the necessary changes to create a business that truly works and gives you “more life.”

Michael Gerber’s best-selling series of E-Myth books, including *The E-Myth Revisited: Why Most Small Businesses Don’t Work and What to Do About It*, contain the small business management wisdom, and the philosophy that underlie these books, developed by Michael Gerber since 1977. It is important for you to read these books. Study them. The principles he discovered and proved in more than 25,000 small businesses around the world are sound. They work. And they will work for you too.

Why Do You Need The E-Myth Point of View?

If you’re reading this document, you’ve already committed to making your business, and your life, better. More to the point, if you’re anything like the thousands of small business owners who have adopted The E-Myth Point of View before you—if your situation has anything in common with theirs—you need The E-Myth Point of View in order to make your business work the way you want it to.

*Does* your situation have anything in common with theirs? Almost certainly. Look through the following list of “typical small business problems” taken from the files of E-Myth Worldwide. It’s a good bet that some of them are true about your business.

Typical Small Business Problems

1. Small businesses fail at a discouraging rate: 57% fail in their first year; 80% are gone after five years.
2. Most small business owners work too hard and receive too little reward.
3. Most small businesses are in chaos. They lack a way of doing business that works.

4. For most business owners, their businesses don’t serve their lives; their businesses consume their lives.

5. Most small business owners don’t have a personal life plan that purposefully guides their daily actions.

6. Most small business owners don’t understand that they can and should create a business that works without them.

7. Most small business owners perform too many functions (wear too many hats) and have no plan for freeing themselves from the technical work of their businesses.

8. Most small businesses don’t have a system for recruiting, hiring, and training effective people.

9. Nearly all small businesses are organized around the existing people, rather than business processes. This leads to inconsistent performance and creates havoc when someone leaves.

10. Most small business owners blame poor results on their people.

11. Feeling they can not depend on their employees, most small business owners feel trapped in the business.

12. There is usually confusion within organizations about who reports to whom. Accountabilities in small businesses often overlap and are unclear, which adds to the confusion.

13. Most small businesses don’t produce consistent, predictable results.

14. Most small business owners don’t know who their most probable consumer is.

15. They don’t know how to identify and appeal to the emotional needs of their consumers.

16. They don’t examine the impact that their entire business process has on their customers.

17. They market and sell “by the seat of their pants” rather than by applying proven marketing and selling strategies.

18. Most small business owners believe extraordinary people are the key to a successful business.

19. Most small business owners don’t realize that in the best businesses, systems run the business, and ordinary people run the systems.
20. Most people don’t view business in a holistic way, as an integrated set of systems that impact each other.

21. Most small business owners don’t use quantification to measure effectiveness, and documentation to ensure predictability.

The bad news is that it’s a long list of problems, and, unfortunately, it’s far from a complete list. The good news is that The E-Myth Point of View has solutions for every one of those problems and more.

How Do You Make The E-Myth Point of View Your Point of View?

It’s not simply a matter of reading about it or listening to an E-Myth lecture. There’s more to it than that. But it doesn’t require you to memorize a lot of abstract principles, either. You absorb it as you use it.

You’ve already taken the first steps. You’ve read the book, and you’ve probably also listened to a Michael Gerber audio tape, seen one of his videos, attended one of his events, received mail from E-Myth Worldwide, or talked about one of his books with a friend. You’ve been exposed to The E-Myth Point of View. You know how powerful it is. Now you’re ready to make it yours and you’ll do that by putting it to work in the real world, through day-to-day implementation in your business.

That’s what The E-Myth Mastery Program is all about. You’re not just learning, you’re putting what you learn into practice as you go, in your business. You’re weaving The E-Myth Point of View into the way you think and act, into the fabric of your business.

The Core Principles of The E-Myth Point of View

If you were to make a glossary of E-Myth principles, you’d have a list of 50 or so, all of them important, and all focused on one or another aspect of Business Development.

But who can remember 50 of anything? Believe it or not, you can. And you will. But you won’t have to “memorize” anything. It will all become second nature to you as you live it and absorb it over the course of The E-Myth Mastery Program. As you proceed through the program, all of these principles, and more, will become the way you think, not something you have “learned,” and it will happen naturally.

Remember when you learned to ride a bicycle? It’s a lot like that. At first, you had to learn about it—your parents told you how to...
do it. But you didn’t really “get it” until you got your fingers around the handlebars and your feet on the pedals. You had to do it. Pretty quickly you were able to wobble around, a little later to hold a steady course, and eventually you probably showed off a little. “Look, Ma, no hands!”

So, don’t worry about learning everything all at once. For now, just wrap your mind around the core principles at the heart of The E-Myth Way, the essence of The E-Myth Revisited, so to speak. The rest will come easily as you move through The Mastery Program. The core principles of The E-Myth are:

The principle of Life
The law of Objectivization
The principle of Working On It, Not In It
The principle of Systemization
The principle of Business Development

The Principle of Life

A business is more than just a job—or it should be. Your business should be a way to get more of what you want out of your life. In order to do that you either have to create a business that frees you to do the things that give you the life you want, or you have to create a business within which you can achieve the satisfaction and sense of fulfillment you want.

In order to create a business that will serve your life, you must first discover your Primary Aim. Your Primary Aim is your innermost driving force. It’s the source of your energy, your commitment, your vision.

The first principle is Life because, more than anything else, The E-Myth Point of View is about life.

The Law of Objectivization

Michael Gerber said, “If you can see your business as separate from you—as a product of you—you will be able to reinvent it. And once you can do that, anything is possible! And that is what the Law of Objectivization is all about.”

Objectivization means to envision the object. Objectivization is when you place yourself outside of your creation. Or, more accurately, it is when you place your creation outside of you. When you are truly utilizing the Law of Objectivization, you are able to see clearly that your business isn’t you, your career isn’t
you, and even—this is a tough one—your life isn’t you. Rather, your life—and everything in it—result from what you do not who you are.

You are the director of the play called “Your Life.” You are also the writer; you write the script. You are also the producer; you produce the play. In short, your life, your business, your actions, are separate from you... they are a product of you. You change the script, you change the play. You change your relationship with the world, you change your life. It’s really that simple!

You are the creator. Your creations are external from you. Your creations—whether they be your life, your career, your relationships, your business, whatever—are objective realities that you, as their creator, can produce to become whatever you wish to produce.

And that is what E-Myth is all about. It’s about taking a step outside of your business, and looking at it objectively. Looking at it as being completely separate from you—as being a piece of raw clay that you, as the creator, can shape into anything you want it to be! You, as the creator, need to go to work on your business, instead of just in it.

If you think about your business, your life, your relationships, in this manner, success will just happen for you!

The Principle of Working On It, Not In It

Michael Gerber calls this “The Fatal Assumption.” Most businesses are started by people who understand the technical work of their business, and therefore think they understand the business that does the technical work. They don’t. And that’s the reason 80% of small businesses don’t make it past their fifth year. The technical work of a business and the business that does that technical work are two totally different things.

The business as a whole is the product, not the things or the services the business produces. If you’re doing the technical work of the business, you don’t really have a business, you have a job.

The idea is to work on your business, not in it, and the basic approach is the Franchise Prototype. Take the view that you’re going to franchise your business, and you’re creating the model for 5,000 more just like it. You may or may not want to franchise your business now or in the future, but that isn’t the point. Think like you’re going to franchise it. Create a business that runs all by
itself, without you. Then two things will happen. You will be focused on creating a business, not just cranking out a product or service. And you will have the freedom to work in the business or to be completely free of it. Your choice.

The Principle of Systemization

Your business isn’t simply a group of people doing work. It is, or it should be, a business system that is operated by people. The systems do the work, and people operate the systems. Your business should be systems dependent, not people dependent.

Systemic thinking will set you free.

With no systems in place, your business depends on you and on a few people who run things for you. If you or they disappear, even for a short time, your business is thrown into chaos. But if you have the right systems in place, the systems run your business, and nearly anyone can run the systems.

If you have the right systems in place, you can decide suddenly to take a three-month vacation, and your business won’t skip a beat. If you have the right systems in place, your key employees could suddenly quit, and you could replace them easily with no ill effect on your business. If performance isn’t up to snuff, rather than blame your people and argue with them, you simply adjust the system. If problems or opportunities arise, you respond by creating new systems or adjusting existing systems. With the right systems in place, you can work every day in your business—or not. It’s your choice, because it’s your system that is really running your business.

Systemic thinking is second nature to The E-Myth leader, and it’s the real secret behind building a business that works.

The Principle of Business Development

"Building a business that works" is another way of saying “Business Development.” It’s a continuous cycle of Innovation, Quantification, Orchestration. Innovation is the creation of systems, or the improvement of existing systems. Quantification is putting numbers to the impact made by business systems, and tracking their performance over time. Orchestration is the elimination of discretion or choice in your business systems—doing it the way it’s supposed to be done, predictably, every time—until innovation improves it.
The point is that Business Development never ends. It's the secret to realizing the leader's vision. It's the methodology for working on your business rather than in it. It's the way you use your business to get more out of your life.

You're on the Right Path

So that's The E-Myth Point of View in a nutshell. When taken to heart and practiced everyday, the principles of The E-Myth Point of View will guide you toward achieving a new level of success and happiness in your business and your life! They will aid you on your journey through The E-Myth Mastery Program, as they are the core of all the work we will be doing together in the program.