Why Most Small Businesses Don't Work and What to Do About It

Why don’t businesses work? If you can answer this question then you have the magic key needed to make sure your business does not become a statistic. Yes, it is true that small businesses are failing at an alarmingly high rate, but yours doesn’t have to be one of them.

The great thing is, the answer to this question is very simple and after you have guided your eyes over these pages you will have the same knowledge that has catapulted companies like McDonalds, Pizza Hut, Starbucks and others to amazing and lasting success.

This summary will take you on a journey to find the truth about how to create a truly great and lasting company.

If you are like most business people you are working too many hours and not moving towards the ultimate goal of every Entrepreneur... Freedom. The freedom to have time to spend with family and friends. The time to simply enjoy your life.

Imagine if the answer to your freedom lay in a predictable and extremely productive system that, when implemented, would build a business that could work without you. By following the straight forward steps in this summary you will understand how.

You will be shown how to grow your business in a systematic, productive way that will enable you to truly control your own destiny.

So, whether your business is small or large or for that matter, nothing more than an idea in your mind, you are about to receive an entrepreneurial roadmap for success.
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THE MYTH OF THE ENTREPRENEUR

Imagine if before you started your business you knew that you only had a 60% chance of surviving the first 12 months. Sound a bit negative? Well, just so you get the whole truth, it’s important to know that if you do get past that first year you will have an 80% chance of failing in the first 5 years. To top that off statistics show that in the next 5 years you have an 80% chance of becoming extinct again.

Before you quit your business or decide never to start one, relax, this summary will show you how not to become one of these statistics. You see, there is a reason why these numbers are so horrendously high and it all began many years ago with a myth, the myth of the entrepreneur.

What is an entrepreneur anyway? Well, in the western world the entrepreneur is seen as a hero figure of sorts. A courageous man or woman who has decided to strike out alone with nothing but their vision to aid them against the many hardships they will encounter. And what is the underlying theme that starts these entrepreneurial crusades? You want to be your own boss of course.

BEWARE THE ENTREPRENEURIAL SEIZURE

So who are these millions of people who start these businesses with little chance of succeeding each year? Well the majority of them are not entrepreneurs, that’s for sure. The answer comes from asking a simple question. What were you doing before you went into business? Or, if you are thinking of going into business, what do you do now?

In nearly every case the answer comes back, “working for someone else.” These people could be highly paid doctors to architects or plumbers and electricians. The common theme in nearly all cases is that they are sick of what they do and the technical work of their profession is what they do best.

And then, one rainy day it all just gets too much. I don’t know if you’ve ever seen someone have a seizure before but more often than not they don’t even know its coming. It just hits them, and the entrepreneurial seizure is no different.

Before they know it, strong thoughts are churning through their mind and often escaping from their mouth. “My boss is an idiot”, “If it weren’t for me this place wouldn’t exist”, “Anybody can run a business and I’ll guarantee you I can do it better than the people upstairs”.

At this point the technician has gone too far to turn back. The E-Myth is firmly entrenched and there is only one way to go. It’s time to start a business.

WHY DOES IT GO WRONG?

If at this moment you are a battle worn entrepreneur having run your business for a while this should bring a smile to your face. Why is that? Well, at the core of all this dramatic business failure and loss of happiness is a very simple, tragic assumption, made by every single technician.

"The assumption that they understand the business because they understand—and maybe are experts at—the technical work of the business. They think because they know the work, they are qualified to run the business."

Nothing could be further from the truth. The harsh reality of the situation is that by starting their own business they move from a job they are very capable, maybe even fantastic at, to the same role plus 20 others which they know almost nothing about. After the convulsions of the seizure have finished and the smoke has cleared what is left? A would-be entrepreneur with the skills of a technician now a part of the business world – and in trouble.

HOW MANY PEOPLE ARE IN YOU?

You might not know it, but in you resides 3 very distinct personalities. The Entrepreneur, The Manager and The Technician. Let me explain. As a human being you and everyone else have distinct aspects to your personality. For the entrepreneur these 3 unfortunately reside in a constant state of conflict. The one thing they can agree on is that they don’t want to work for someone else, so they embark on this journey without realising they don’t want to work for each other either.

Entrepreneur

This person lives for the future. A big picture person with big dreams, the entrepreneur has vision, is a risk taker and most often a control freak. Good examples of this type of person are Bill Gates, Michael Dell, Gerry Harvey etc. The entrepreneur will stop at nothing to have the dream realised and armed with a strong personality they will do whatever it takes to motivate, prod, pull, cajole or push the team to go along with them.
Manager
It would be fair to say that the manager and entrepreneur have a run in every once in a while. This is the guy that runs around all day picking up the pieces after the human whirlwind (entrepreneur) has ripped apart the order the manager is so good at implementing. The part of you that is a manager lives in the past and although a bit conservative, all business would collapse without them.

Technician
You will find this personality doing one and only one thing...working. Suspicious of planning, suspicious of dreamt up ideas and also the people he or she works with, the technician is the consummate doer living in the present and suspect of the future and the past.

This character leads a difficult life. What with entrepreneurs always setting unworkable ideas before them and managers trying to push systems on them. The technician sees all this as nothing more than an interruption getting in the way of a decent day’s work.

HOW TO WORK TOGETHER
Ideally, you would have each of these personality types in equal amounts running around inside you. Unfortunately this is rarely the case and at the other end of the spectrum there are many people stuck with 10% Entrepreneur, 20% Manager and 70% Technician.

What is the inevitable result of this unfortunate mix? A technician happy in the thought they have left their boss behind to concentrate on what he or she knows best, technical work. Unfortunately this is the wrong person to be starting a business.

AND NOW IT BEGINS
I have seen this happen over and over again. The technician gripped by the entrepreneurial seizure is all passion and energy. They eat, sleep and breathe their business. Working for themselves with the idiot of a boss off their backs they have no trouble investing 10, 12, 16 hours a day. And they need this amount of time just to get all the work done.

And before they know it, things are booming. Customers love all the effort and personal attention they are receiving. But, there is a slight problem. The work is piling up. There are only so many hours in the day and to add to the growing pile of work the technician is so good at, now there are the 2 dozen other jobs that he or she has never done before.

In an effort to keep up with all these new duties the core work gets neglected. There are so many new things to do, bookkeeping, stock take, data entry, marketing etc, etc. Quality starts to slip and those former ‘raving fan customers’ notice.

Working more hours seems the only option but along with your hours growing exponentially, so does the workload. It usually takes getting to the point of exhaustion for them to realise that they are not running the business, the business is running them.

There is no choice. The terrified apprentice entrepreneur must either accept their bleak fate or change. The majority choose the first option and become a statistic but a few soldier on to a new stage.

DEALING WITH GROWTH
If you have been in this situation before then you know that you must change your ways. And the first step for this change is to get help. The technical side of the business is the first part to remove yourself from so you hire someone to take over some of the technical duties and for the first time in a while the pressure eases off.

You now are able to put your mind to other parts of the business and be more of a Manager. Unfortunately you are a manager with few skills and the first mistake made? You drop the responsibility into your employees’ lap rather than delegating it.

Before you know it you are used to this way of management and your new, unsuspecting team member is performing all kinds of tasks – data entry, phone orders, selling to customers.

This same cycle is repeated as the business gets bigger and more people are taken on. All the while you go back to immersing yourself in the work you love and are good at and the details of the business are happily left up to the others.

THINGS GO WRONG
The inevitable soon happens. Mistakes begin occurring and the most common way for an adolescent business owner to react is with anger. You realise that you care more for the business than anyone else ever could so you run around madly fixing up all the fires that have started and tearing shreds off the incompetent people that created them.

You are probably becoming like the pestering boss you started the business to get away from. Make no mistake, this is not managing but you are on a roll and like many business owners you will most probably continue on to
the next stage of firing staff and starting the whole process again. Many people quit at this point but some carry on and unfortunately repeat the same mistakes over and over.

THERE IS ANOTHER WAY

If you are part of the minority then you will have moved on from adolescence to the stage where true success starts to come, maturity. The IBM’s, Dell’s and Gloria Jean’s of the world did not reach this lofty stage through dumb luck. They built maturity in from the start and so must you.

"We didn’t do business at IBM, we built one."

This is the frame of mind you must have to reach the most important of business goals.

WHAT WILL MAKE THE DIFFERENCE?

The key to creating a great business starts with knowing that it is your business that is the true product and not whatever widget you produce or service you deliver. That’s not to say you should not be concerned with your product but rather, you should see it in terms of being a part of what makes your business different and stand out from all the rest.

Remember, the technician in you probably saw customers as a nuisance. The entrepreneur that is now moving forward knows they are an inexhaustible gold mine of opportunity.

And what is the best way to take advantage of this gold mine? Just copy what a man named Ray Kroc did in 1954.

RAY KROC AND McDoNALD’S

I’m sure you have heard of the business phenomenon which is McDonald’s. What many don’t know is that this business revolution was started in an obscure moment back in 1954 when a milkshake salesman named Ray Kroc stepped into a hamburger store called McDonald’s. What he saw was the way of the future. You see, Ray saw something that everyone, including the McDonald brothers who owned the store, had missed.

What he saw was a system. Here was a business that created its product with lightning speed and efficiency. The hamburgers were cheap and all looked and tasted identical. To top it all off, the business could be operated by anyone. From old people to school kids, here was a business that ran like clockwork while the owners supervised.

Ray Kroc convinced the McDonald brothers to let him franchise the business and the rest is history. McDonald’s is now an example of business excellence all over the world with the average store doing over $1 million a year in revenue with an incredibly high profit margin.

So, do you need to get into the hamburger business to make this work? Of course not, it is the business model that is important and which you must put in place whether you ever plan to franchise or not.

CREATING THE MODEL

To create this business model or franchise you must have internalised the idea that you are building the one model that will run so effectively and be so systematic that it can be replicated 5000 times. This takes thorough planning, organisation and testing to create such a foolproof business and the 2 most important understandings to remember are:

"Work on your business not in it."

"The system is the Solution."

So, let’s get to the nitty-gritty and begin creating a revolution in your business.

SO HOW DO YOU MAKE IT WORK?

It takes 3 main activities to build this prototype and they are possible to achieve by anyone with the will to do so.

Step 1. Innovation

This is not to be confused with creativity:

"Creativity thinks up new things. Innovation does new things."

Innovate the way you do business instead of your product or service and you will be on the right track. You must keep firmly in mind that every part of your business is a marketing tool, not just the widget you produce.

Remember, the innovations you make must be made with the customer in mind. This will clear away all the clutter and give you a clear look at what is essential for you to change.

Now, these don’t have to be huge innovations. Something as simple as changing the predictable words you use when greeting a customer from “Can I help you?” which is bound to get the retort, “No thanks, just looking”, to
“Have you been in here before?” Along with this, ask yourself, “How does my business and team look? How do we approach customers?”

The key question to ask is, “What is in the way of my clients getting what they want?”. Asking these questions and making these innovations should make things simpler, not more difficult. If things become harder you are not innovating, you are only complicating.

**Step 2. Quantification**

In other words, test and measure. Whatever innovation you make needs to be measured to understand if the innovation has worked or not. How would you know if changing a few words on the script your sales people use has worked unless you had been calculating the numbers? You would be surprised how many businesses overlook this vital activity.

What should you quantify? Everything!

- The amount of customers seen each day,
- How many walk in to your business,
- How many you go out to see,
- How many calls you get in a day, in a week,
- How many ask for a price,
- How many widgets you sell a day,
- What is your busiest day?

You get the idea. The more questions you ask the better understanding you will have of what is and isn’t working and what to do about it. And the results will amaze you.

**Step 3. Orchestration**

Now that you’ve made a number of innovations and quantified them to see if they work you are ready for the next step. Orchestration is applied by taking any form of discretion out of the picture. Now that you know that your new script works better than anything you have done before, make sure that every sales person uses it every time. The discipline to do this will define the unique and successful way in which you do business.

You see, replication is the key. In a franchise system the key to success is making your unique way of doing business into a system that can be reproduced over and over again.

**7 STEPS TO SUCCESS**

No matter where your business is at the moment, whether you are just about to start or are already running your own business, the plan must be to create a replicable system.

Here are the steps:

**Success Step 1. Clarify Your Primary Aim**

The most important aspect of your business is you. You are not your business and your business is not you. To understand the bigger picture that will fuel your business growth you must answer a number of questions about you personally:

- What do you want your life to look like?
- What type of person do you want to become?
- What is most important to you in your life?
- At the end of your life, what would you like people to remember you for?
- What skills would you like to acquire before your life is over?
- How would you like to look and feel physically?
- How much money will you need to earn to live the life you want?
- When will you need this money?

The primary aim is the vision for your life that your business can help you fulfill. It is a purpose that keeps you focused and gives you the energy to do what you have to do, especially through the tough times you are bound to experience.

**Success Step 2. Create a Strategic Objective**

This is a statement telling you the vision for your business. All someone has to do is read your strategic objective and they will know the direction your business is heading, the goal of you business and how it will reach that goal. It must include how big your revenue will be when it is finished.

Will it be a million dollar company? This can be difficult to come up with but it is vital to know as this business is the chief vehicle for you to achieve your Primary Aim. If you don’t think your business can achieve your financial objective then you should drop it and find one that does.

It is also important to pinpoint who your customers will be in terms of age, sex, income etc. Here are more questions that will help you create your strategic objective.

- At what time will the prototype of your business be finished?
- Will your business be local? Regional? All over the country? International?
• Think and decide what the standards will be in your business. What reporting is necessary? What clothes are acceptable? How do you hire and fire? What are your training standards?

**Success Step 3. Create an Organisational Chart**

It is vital you know who is doing what in your business. Without a clearly defined hierarchical chart you will have everybody doing everything and no-one responsible for any of it. Now, in the beginning it might only be you or you and one other in the business, this does not matter. Fill in every box with you and any other members of the business even if a single individual has many or all of the roles.

**WIDGET INC. ORGANISATIONAL CHART**

After you have filled in the chart take a look at the bottom rung. If your business is going to grow exponentially you will need to find people to fill these bottom rungs first. This is called the tactical work. From this bottom rung position you need to start testing and documenting everything. What clothes give the highest response from your customers? What words give you the best selling advantage etc?

This is called working on your business and before you know it you will have an operations manual for doing that position on the chart. Now a person can enter that position with a roadmap of success already there. They don’t have to recreate the wheel! From here you work on up. This is how you prototype your business. A simple process that will repay you many times over.

**Success Step 4. Create a Management Strategy**

This is not about finding incredible people who can lead your troops into battle. What you need is a system for making ordinary managers extraordinary. In truth this is a management system created to create a marketing outcome.

I don’t know what business you’re in, but for examples’ sake let’s take a hotel. This system will be complete when you have a series of checklists called the operations manual.

This will give any member of the hotel the ability to manage everything that is happening in the business. From setting up a room, to taking luggage away to checking the minibar.

Each activity has a checklist which is waiting for the appointed person every day. Once they have ticked off each activity they sign at the bottom of the page to say they have completed the assigned tasks.

All this is designed to deliver a predictable result for your customers each and every time.

**Success Step 5. Create a People Strategy**

Trying to get people to do what you want is a very ‘trying’ experience. The alternative is to have an environment that naturally makes completing the job more important than not.

The most powerful way to do this is to make the work environment into a game. The game has rules and is based on a number of concepts:

1. The customer may not always be right but regardless it is your job to leave him or her feeling that way.

2. Your people need to work towards achieving their best in their appointed tasks.

Imagine your work like a martial artist would imagine their practice. Many people would believe that martial arts are about one person vs. another. More precisely, it is about the combat within yourself.

With this in mind you need to create an environment and frame of mind that has your people realise that there is an important game being played. And the level of focus and seriousness which they take this game is what is most important.

What am I saying here? Well, I know lots of people that like games but not many that like work. And like any enjoyable game it has rules which form a structure. But this game has to be more than just rules on a piece of paper.

It must be experienced every day. This is no joke; mark my words when I say this game must be real and without cynicism and you are the most important player.
So, your goal is to create an environment where your people can have their need for purpose, order and excellence met. Here are some guidelines to go by:

- The game is more important than what your people do.
- You are the most important player and if you don’t play, your team will find out.
- You must create ways to win the game but never have it end.
- The game must vary and change when your team becomes bored.
- Every day make mention of the way the game is being played. Every week meet with the whole team about the game. This game will only last as long as you drive it and your people remember they are playing it.
- Your game must make logical sense and people must be emotionally enrolled in it.
- Some of the time, but not all, the game should be fun. If you can’t think of a game, copy one.

**Success Step 6. Create a Marketing Strategy**

Forget the previous 5 points in relation to your business and now think only of your customer. The simple fact is, when it comes to marketing, what you want does not matter. It’s what your customer wants that will make the difference and you need to find out what that is. The thing you need to realise is that your customer makes decisions based completely on unconscious signals he or she gets from the environment.

The key to finding what your customer wants is to understand demographics (who your customer is) and psychographics (why he or she buys). With this knowledge you can then put together a replicable plan to satisfy these unconscious desires.

This research will enable you, in essence, to understand and speak your customer’s language.

The key here is to get you asking questions. What colors most appeal to your customers? What words should you use? This is a very individual thing and you need to continue to ask these questions and research the answers for yourself.

**Success Step 7. Create a Systems Strategy**

So what is a system? Well, in truth, everything is a system. However, in your business, there are 3 types of systems that you need to work on.

**Hard Systems:** Involves non-living things like how to use your word processor or the correct way to clean the whiteboard.

**Soft Systems:** A system used for selling and is comprised of 6 components:

1. Find and note down the points where your customer makes decisions in the selling process.
2. Do the actual scripting that will get you to each point.
3. Create the props etc. that will be used with the scripts you have created.
4. Memorize each script.
5. Make sure your sales people use each script in the same way.
6. Now leave your people to do their job. Because of the system you’ve created they will communicate with your customers in a way that will lead to success.

This simple system can be put in the hands of you sales people and will dramatically increase revenues.

**Information Systems:** These systems work with the soft systems and will give you information such as:

- Calls made,
- Prospects contacted,
- Number of appointments scheduled,
- Number of appointments confirmed,
- Number of appointments held,
- Number of sales that resulted from appointments, and
- Average amount of money spent by each customer.

All this information should be recorded on paper or preferably in your database. The information that keeping these numbers will give you is astonishing. Make no mistake about it. Your business’ success relies upon being able to know your numbers.
So how do you do all this and get the time to run your business? Well the good news is you don’t have to do this all at once. This is a time consuming process and I recommend you block out 1 hour a day each working day or alternatively 1 day a week for the systemisation of your business.

The results will astound you and one day, with perseverance and determination you will experience the type of life your business was meant to give you.