

## Book Review

### The E-Myth Revisited

Author : **Michael E. Gerber**

Publisher : Harper Collins

“Contrary to popular belief, my experience has shown me that the people who are exceptionally good in business aren't so because of what they know but because of their insatiable need to know more.”

**-Michael E. Gerber**

Michael Gerber is a business consultant whose observations about small businesses have had a deep impact on how people in general see their businesses and the role of the business owner.

Through his book “The E-myth Revisited”, Michael E. Gerber answers questions that arise in the minds of aspiring entrepreneurs as well as allows them to determine and decide if they are suited to take on the challenge of starting their own business.

In Chapter 1, the author explains about The E-Myth, or the entrepreneurial myth, which means that most people who start small business are entrepreneurs, risking capital to make a profit. This idea leads to the Entrepreneurial Seizure, as Gerber observed where most people go into business for the wrong reason. They are skilled technicians - they do a good job of what the business provides to the customer. They believe they can earn more by doing it in their own business than for someone else, so they leave and open their own shop. A misconception that attracts people to start their business to get away from their existing jobs.

In Chapter 2 Gerber explains the three roles mandatory for a person to play before going into a business: the Entrepreneur who thinks ahead and makes plans for the future, the Manager who establishes order in the workplace, and the Technician who does the technical work. Where conflicts of interest and priority between these three roles may lead to a battle, a successful owner of a business should be able to find a way to balance and please all three.

He also pointed out that most of the times this technician-turned-business-owners suppresses their inner Entrepreneurs and Managers, only to enslave

themselves with work without any purpose or vision. They bring disorder upon themselves and their business because there is no Manager to create a system of operation, and no Entrepreneur to lead the business on a successful path. He also identified phases of a business with emphasis on the needs.

Chapter 3 explores the infancy state of small businesses when the business operates based on what the owner wants rather than what the business needs. In this state, the owner and the business are one and the same thing. Infancy state ends when the business grows and the owner cannot keep up with the demand.

Chapter 4 explains the adolescence state which occurs to a business when the owner makes the decision to let the business grow. The owner hires new employees to help with the demanding technical work that the owner alone cannot handle. This chapter also explains a concept Management by Abdication where the owner sheds some of her responsibilities without supervising the quality of work done by employees resulting in poor quality products or service which makes the owner decides that she will be better off doing everything by her while forgetting the reason why she hired people in the first place.

Further Chapter 5 deals with the comfort zone of the business owner. When the business grows bigger than the owner's Comfort Zone, it can revert back to its Infancy state, go for broke, or continue growing bigger. Hence it is important to know one's Comfort Zone which can help one to set out a better vision for business. The author further emphasizes on making realistic goals for one's business and work toward those goals. A person becomes more comfortable with the business's expansion, eventually reaching the point where his business is in a Mature state -i.e. a

business with a clear vision.

In chapter 6 the author stresses on the importance of a business owner to have a clear Entrepreneurial Perspective – a clear image of how he/she wants the business to turn out when it's done. He points out that for a business it is not the merchandise it sells, but the business it sells. Important aspects include what benefits are being planned to provide to the customers and how one continuously increases value in one's customers' lives.

An interesting quote by the author here goes as “Every day should be devoted to business development, not doing business. Don't do business at your business, build one.”

Chapter 7, 8 and 9 focuses on the Turn-Key Revolution which refers to the revolution of creating an effective, consistent, and orderly system of doing business. It starts with the Franchise Phenomenon, in which business owners aim to build a successful business model and then sell the business format. The Franchisor starts with constructing a Franchise Prototype – a business that is system-dependent rather than people-dependent; a business that works and has all proven solutions to all possible dilemmas; a business that is built with the purpose of being sold. Finally the true product of a business is the business itself.

In Chapter 10 Gerber explains the mantra to build a successful Prototype of one's business, it is a must to go through 3 activities in a Business Development Process: Innovation, Quantification and Orchestration. Innovation refers to the process of brainstorming new ways to do things, a creative way that is more effective than existing methods. Innovation keeps the business alive and competitive in the market. Quantification will decide whether or not the innovation should be implemented by comparing and measuring the impact of different innovations to the business. Quantification will help the business owner understand how the business is doing, how close it is to achieving goals, and will assist in identifying problems early on. Orchestration is when

the business owner coordinates, assimilates and implements the effective innovation that has been tested and proven to work. Without successful orchestration, the Prototype can never be completed.

In chapter 12 and 13, Gerber asks each individual to understand one's primary aim, for to build a great business one has to understand his/her own goals of creating the business keeping in mind the kind of life that one wants, values, beliefs, and dreams. And also his strategic objective which is a product of one's Life Plan - a vision of his/her finished business.

In Chapter 14, 15, 16, 17 and 18, Gerber focuses on various strategies that a business owner can adopt for succeeding in his business. Starting with organizational strategy where each partner or individual decides on what part of business each of them is responsible for, their roles and their liabilities to be accounted for to avoid disputes. Then the management strategy where one has to make sure that the people involved in running the business have least possible amount of skills along with self reporting, self correcting and quality insurance. People strategy involves making people follow systems standards perfectly and making sure the quality of products or service is consistent. The best way to motivate people to work on such a system without them feeling strained from a rigid system is to let them understand the big idea behind the business - the value of the work rather than the work itself. An effective Marketing Strategy has to clearly define what the target customers' preferences are, understand their unconscious mind behind buying behavior and know how to capture their attention. A system is a set of things, actions, ideas, and information that interact with each other, and in so doing, alter other systems. Any business system should incorporate three kinds of systems: Hard System, Soft System and Information System. Hard System refers to all inanimate, non-living things where Soft System refers to dynamic, changeable and adaptable things, such as yourself and your selling system and Information System provides with data about how the other two systems interact to produce the best results.

The book is thoroughly interesting and provides a great insight to those entrepreneurs without a purpose. It poses questions about an individual's seriousness in starting a business and his integrity in making it a successful one. However with an objection to systems being given more importance than individuals for the simple reason that spontaneous thinking is a domain which we still hold strong.

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