

# The E-Myth Revisited: Why Most Small Businesses Don't Work and What to Do About It

by Michael E. Gerber

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## Summary:

The E-Myth Revisited: Why Most Small Businesses Don't Work and What to Do About It by Michael E. Gerber is a book about the common mistakes small business owners make, and how to avoid them. The author argues that most small businesses fail because their owners don't understand the difference between working in their business and on it. He explains that entrepreneurs need to focus on creating systems for their businesses so they can work "on" rather than "in" them.

Gerber begins by discussing why most small businesses fail, which he attributes largely to the fact that many entrepreneurs are not prepared for the challenges of running a successful business. He then outlines his concept of an entrepreneurial myth—the idea that starting a business is easy if you just have enough passion and enthusiasm—and explains why this myth leads many people into failure when they start their own companies.

He goes on to explain what he calls the turnkey revolution, which involves creating systems within your company so it can run without you having to be involved in every aspect of its operations. This includes developing processes for customer service, marketing, accounting, hiring employees, etc., as well as setting up goals and objectives for each area of your business.

Gerber also discusses how important it is for entrepreneurs to develop themselves personally in order to become better leaders who can effectively manage their teams and create successful organizations. He emphasizes the importance of learning from mentors or coaches who have already achieved success in similar fields.

Finally, Gerber provides practical advice on how entrepreneurs should go about building effective teams within their organization through proper recruitment techniques such as interviewing potential candidates thoroughly before making any decisions.

Overall, The E-Myth Revisited offers valuable insight into why most small businesses fail and provides useful strategies for avoiding these pitfalls while achieving success with one's own venture.

## Main ideas:

**#1. *The E-Myth: The entrepreneurial myth is that most small businesses are started by entrepreneurs who possess the necessary skills and knowledge to make their businesses successful. The reality is that most small businesses are started by people who lack the necessary skills and knowledge to make their businesses successful.***

The E-Myth, or entrepreneurial myth, is the idea that most small businesses are started by entrepreneurs who possess the necessary skills and knowledge to make their businesses successful. However, this is not always the case. In reality, many small business owners lack the expertise needed to ensure success in their venture. This was explored in depth in Michael E. Gerber's book *The E-Myth Revisited: Why Most Small Businesses Don't Work and What to Do About It*.

Gerber argues that while some entrepreneurs may have a natural aptitude for running a business, most do not possess all of the skills required for success. He suggests that instead of relying solely on an individual's innate abilities, it is important for aspiring entrepreneurs to develop a comprehensive understanding of how businesses operate before

launching into entrepreneurship.

Gerber also emphasizes the importance of having systems and processes in place from day one so that tasks can be completed efficiently and effectively without relying too heavily on any single person's skill set or knowledge base. By taking these steps prior to starting a business, entrepreneurs can increase their chances of achieving long-term success.

**#2. *The Technician Trap: Many small business owners fall into the trap of becoming technicians, focusing on the day-to-day operations of their business instead of focusing on the big picture. This leads to burnout and a lack of growth.***

The Technician Trap is a common problem for small business owners. It occurs when they become so focused on the day-to-day operations of their business that they forget to focus on the big picture. This can lead to burnout and stagnation, as the owner becomes overwhelmed with all of the tasks that need to be done and fails to take steps towards growth.

In his book *The E-Myth Revisited: Why Most Small Businesses Don't Work and What To Do About It*, Michael E. Gerber explains how this trap can be avoided by taking a step back from daily operations and focusing instead on creating systems that will help streamline processes and make them more efficient. He also suggests delegating tasks whenever possible in order to free up time for strategic planning.

By avoiding the Technician Trap, small business owners can ensure that their businesses are growing in a healthy way rather than stagnating due to lack of attention or resources.

**#3. *The Turn-Key Revolution: To be successful, small business owners must learn to become entrepreneurs and create a business that can run without them. This requires creating systems and processes that can be replicated and scaled.***

The Turn-Key Revolution is a concept that encourages small business owners to become entrepreneurs and create businesses that can run without them. This means creating systems and processes that are replicable, scalable, and efficient. It requires the owner to think beyond their own individual skillset and consider how they can build an organization with multiple layers of expertise.

In order for this revolution to be successful, its important for small business owners to understand the importance of delegation. They must learn how to delegate tasks effectively so that each team member has clear responsibilities and expectations. Additionally, they should focus on developing strong communication channels between departments in order to ensure everyone is working together towards a common goal.

Finally, its essential for small business owners to stay up-to-date on industry trends in order to remain competitive. By staying informed about new technologies or strategies being used by other companies in their field, they will be able to make better decisions when it comes time for them implement changes within their own organization.

**#4. *The Entrepreneurial Perspective: To be successful, small business owners must learn to think like entrepreneurs and develop a vision for their business. This requires understanding the customer, the market, and the competition.***

The entrepreneurial perspective is essential for small business owners to be successful. It involves understanding the customer, the market, and the competition in order to develop a vision for their business. This requires an ability to think strategically and creatively about how best to serve customers and differentiate from competitors. Entrepreneurs must also have a clear understanding of their own strengths and weaknesses so they can make informed decisions about which opportunities are worth pursuing.

Entrepreneurial thinking also involves taking risks, being willing to experiment with new ideas, and having the courage to fail fast if something isn't working out as planned. Additionally, entrepreneurs need strong problem-solving skills in order to identify potential issues before they become major problems that could derail progress or damage relationships with customers.

Finally, entrepreneurs must be able to manage resources effectively in order to maximize profits while minimizing costs. This includes developing efficient processes for production or service delivery as well as finding ways of leveraging technology or outsourcing certain tasks when appropriate.

**#5. *The Three Primary Responsibilities: To be successful, small business owners must learn to manage three primary responsibilities: managing the business, managing the people, and managing the work.***

Managing the business involves understanding the financials, setting goals and objectives, developing a strategic plan to reach those goals, and making sure that all of the necessary resources are in place. It also requires staying up-to-date on industry trends and changes in technology.

Managing people is about creating an environment where employees can thrive. This includes hiring qualified individuals who fit into your company culture, providing them with training and development opportunities, motivating them to do their best work, and recognizing their accomplishments.

Finally, managing the work means ensuring that tasks are completed efficiently and effectively. This involves delegating responsibilities appropriately among team members; monitoring progress; providing feedback; resolving conflicts; addressing any issues or problems that arise; and celebrating successes.

**#6. *The Three Primary Tasks: To be successful, small business owners must learn to focus on three primary tasks: planning, organizing, and controlling.***

Planning is the first primary task for small business owners. It involves setting goals and objectives, developing strategies to reach those goals, and creating a timeline for implementation. Planning also includes researching potential markets, competitors, and customers; analyzing financial data; and forecasting future trends.

Organizing is the second primary task that small business owners must focus on. This involves structuring the organization in order to achieve its goals efficiently. Organizing includes establishing roles and responsibilities within the company, allocating resources appropriately, designing systems of communication between departments or teams, and ensuring compliance with applicable laws.

Controlling is the third primary task that small business owners must master in order to be successful. Controlling involves monitoring progress towards achieving organizational objectives as well as evaluating performance against established standards. It also requires taking corrective action when necessary in order to ensure that objectives are met.

**#7. *The Three Primary Systems: To be successful, small business owners must learn to create three primary systems: a marketing system, a production system, and a management system.***

A marketing system is essential for any small business to succeed. It involves creating a plan that outlines how the business will reach its target audience and promote its products or services. This includes developing an effective advertising strategy, setting up a website, and utilizing social media platforms to spread awareness of the company's offerings.

A production system is also necessary for success. This involves designing processes that ensure efficient production of goods or services in order to meet customer demand. It requires careful planning and organization so that resources are used efficiently and quality standards are met.

Finally, a management system must be established in order for the business to run smoothly. This includes hiring qualified staff members, delegating tasks appropriately, monitoring progress on projects, tracking finances accurately, and ensuring compliance with applicable laws.

**#8. *The Three Primary Questions: To be successful, small business owners must learn to ask three primary questions: What do I want to do? How will I do it? Who will do it?***

The Three Primary Questions are essential for small business owners to ask themselves in order to be successful. The first question is What do I want to do? This question helps the owner determine what their goals and objectives are, as well as what type of business they should pursue. The second question is How will I do it? This allows the owner to develop a plan of action that outlines how they will achieve their desired results. Finally, the third question is Who will do it? This helps the owner identify who can help them reach their goals and objectives by providing resources or expertise.

In his book *The E-Myth Revisited: Why Most Small Businesses Don't Work and What To Do About It*, Michael E. Gerber explains why these three questions are so important for small business owners. He argues that without asking these questions, entrepreneurs may find themselves overwhelmed with tasks that they don't have time or skillset for, leading to burnout and failure. By taking the time to answer each of these primary questions before starting a business venture, an entrepreneur can ensure that they have all of the necessary information needed in order to succeed.

**#9. *The Three Primary Objectives: To be successful, small business owners must learn to focus on three primary objectives: increasing sales, increasing profits, and increasing customer satisfaction.***

To be successful, small business owners must learn to focus on three primary objectives: increasing sales, increasing profits, and increasing customer satisfaction. Increasing sales is the most obvious goal for any business; it's what drives revenue and keeps the company afloat. However, simply selling more products or services isn't enough - businesses must also strive to increase their profits by reducing costs and improving efficiency. Finally, customer satisfaction should always remain a priority; happy customers are loyal customers who will continue to purchase from your business in the future.

In order to achieve these goals, small business owners need to develop an effective strategy that takes into account all aspects of their operations. This includes marketing efforts such as advertising campaigns and promotions; pricing strategies that maximize profit margins while still remaining competitive; product development initiatives that create new offerings or improve existing ones; operational processes that streamline production and delivery times; customer service protocols designed to ensure a positive experience with each interaction; financial management practices aimed at controlling expenses while maximizing returns on investments.

By focusing on these three primary objectives - increasing sales, increasing profits, and increasing customer satisfaction - small businesses can set themselves up for long-term success. With careful planning and execution of an effective strategy tailored specifically for their needs, they can build a strong foundation upon which they can grow their enterprise.

**#10. *The Three Primary Principles: To be successful, small business owners must learn to adhere to three primary principles: focus, discipline, and consistency.***

Focus is essential for small business owners. Without a clear focus, it can be difficult to make decisions and prioritize tasks. A focused business owner will have a well-defined mission statement that guides their decision making and helps them stay on track. They will also have an understanding of the market they are operating in, as well as the competition.

Discipline is another important principle for small business owners to adhere to. This means having the self-control necessary to stick with your goals even when things get tough or you feel like giving up. It also involves setting

boundaries and sticking to them, such as not working too many hours or taking on too much work at once.

Finally, consistency is key for any successful small business owner. Consistency means doing what works over time rather than trying something new every few weeks or months just because it seems like a good idea at the time. It also involves staying true to your values and principles no matter how tempting it may be to take shortcuts.

**#11. *The Three Primary Goals: To be successful, small business owners must learn to set three primary goals: short-term, intermediate, and long-term.***

The three primary goals that small business owners should strive for are short-term, intermediate, and long-term. Short-term goals are those that can be achieved in the near future, such as increasing sales or improving customer service. Intermediate goals involve making changes to the business model or operations that will have a more lasting impact on the company's success. Long-term goals focus on creating a sustainable competitive advantage and positioning the company for growth over time.

These three types of goals provide structure and direction to help small businesses stay focused on their objectives. By setting achievable short-term targets, entrepreneurs can measure progress quickly and make adjustments if needed. Intermediate objectives allow them to plan ahead while still being able to adjust course when necessary. Finally, long-term plans ensure that they remain focused on their ultimate vision for success.

By taking the time to set these three primary goals, small business owners can create an effective roadmap for achieving success in their ventures.

**#12. *The Three Primary Strategies: To be successful, small business owners must learn to develop three primary strategies: a marketing strategy, a production strategy, and a management strategy.***

A marketing strategy is essential for any small business to succeed. It involves understanding the target market, developing a unique selling proposition, and creating an effective promotional plan. A successful marketing strategy should include both online and offline tactics such as search engine optimization (SEO), content creation, email campaigns, social media outreach, and traditional advertising.

A production strategy outlines how a business will produce its products or services in order to meet customer needs. This includes determining what resources are needed to create the product or service, setting up efficient processes for producing it at scale, and ensuring quality control measures are in place.

Finally, a management strategy is necessary for any small business owner who wants their venture to be successful over time. This involves hiring the right people with the right skillsets; delegating tasks effectively; managing finances responsibly; staying organized; setting goals that align with company objectives; and measuring progress regularly.

**#13. *The Three Primary Values: To be successful, small business owners must learn to embrace three primary values: integrity, excellence, and service.***

Integrity is the foundation of any successful business. It means being honest and ethical in all aspects of your work, from dealing with customers to managing employees. Integrity also involves taking responsibility for mistakes and making sure that you are always striving to do what's right.

Excellence is about setting high standards for yourself and your business. This means going above and beyond what is expected of you, delivering quality products or services, and continuously improving upon them over time. Excellence requires dedication, hard work, and a commitment to excellence.

Service is about providing value to your customers by meeting their needs in an efficient manner. Service should be tailored to each customer's individual needs so that they feel valued as individuals rather than just another number on a

spreadsheet. Service also involves building relationships with customers so that they become loyal repeat buyers.

**#14. *The Three Primary Challenges: To be successful, small business owners must learn to overcome three primary challenges: time management, delegation, and decision-making.***

Time management is a critical skill for small business owners. Without proper time management, it can be difficult to stay on top of tasks and ensure that everything gets done in a timely manner. To effectively manage their time, small business owners must learn how to prioritize tasks, set realistic goals, and create systems for tracking progress.

Delegation is another important challenge for small business owners. It's often tempting to try and do everything yourself but this can lead to burnout or missed opportunities. Learning how to delegate tasks appropriately will help free up your time so you can focus on the most important aspects of running your business.

Finally, decision-making is an essential part of being a successful small business owner. You need to be able to make decisions quickly and confidently while also considering all potential outcomes before making any final choices. Developing strong problem-solving skills will help you become more adept at making sound decisions.

**#15. *The Three Primary Resources: To be successful, small business owners must learn to leverage three primary resources: people, money, and technology.***

People are the most important resource for any small business. Without talented and motivated employees, a business cannot succeed. It is essential to hire people who have the skills and experience necessary to help your business reach its goals. Additionally, it is important to create an environment that encourages collaboration and innovation among team members.

Money is also a critical resource for small businesses. Having access to capital allows entrepreneurs to invest in their operations, purchase new equipment or technology, expand into new markets, or hire additional staff as needed. Small businesses must be mindful of how they use their financial resources in order to maximize returns on investments.

Finally, technology can provide small businesses with a competitive edge over larger competitors by allowing them to operate more efficiently and effectively. Technology can automate mundane tasks such as accounting or customer service inquiries so that employees can focus on higher-value activities like product development or marketing campaigns.

**#16. *The Three Primary Roles: To be successful, small business owners must learn to play three primary roles: leader, manager, and entrepreneur.***

As a small business owner, it is essential to understand the three primary roles that must be played in order for success: leader, manager, and entrepreneur. As a leader, you are responsible for setting the vision of your company and inspiring others to follow it. You must also have the ability to motivate employees and create an environment where everyone can work together towards achieving common goals. As a manager, you need to ensure that all tasks are completed on time and within budget while maintaining quality standards. Finally, as an entrepreneur you must take risks in order to innovate and grow your business.

Leadership requires strong communication skills so that everyone understands what needs to be done and why it needs to be done. It also involves delegating tasks appropriately so that each team member has clear responsibilities. Management requires organization skills such as planning ahead for potential problems or opportunities as well as monitoring progress against set objectives. Entrepreneurship involves taking calculated risks in order to develop new products or services which will help drive growth.

These three roles require different skill sets but they all contribute towards creating a successful small business venture. By understanding these roles and developing the necessary skillset accordingly, any small business owner can increase

their chances of success.

**#17. *The Three Primary Skills: To be successful, small business owners must learn to develop three primary skills: communication, problem-solving, and creativity.***

Communication is essential for small business owners to be successful. They must learn how to effectively communicate with their customers, employees, and other stakeholders in order to build relationships and foster trust. Additionally, they need to be able to clearly articulate their vision and goals so that everyone involved understands what needs to be done.

Problem-solving skills are also important for small business owners. They must have the ability to identify problems quickly and come up with creative solutions that will help them move forward. This requires a combination of analytical thinking, research, and experience in order to make informed decisions.

Finally, creativity is key for any successful small business owner. Being able to think outside the box can lead to innovative ideas that can set your business apart from competitors or create new opportunities for growth. Creative problem solving can also help you find unique solutions when faced with difficult challenges.

**#18. *The Three Primary Habits: To be successful, small business owners must learn to cultivate three primary habits: planning, organizing, and evaluating.***

Planning is essential for small business owners to succeed. It involves setting goals and objectives, creating a timeline for achieving them, and developing strategies to reach those goals. Planning also includes researching the market, understanding customer needs, and determining how best to meet those needs.

Organizing is another important habit that small business owners must cultivate in order to be successful. This involves organizing resources such as personnel, finances, materials, equipment, and technology in an efficient manner so that they can be used effectively. Additionally, it requires establishing systems of communication between departments or teams within the organization.

Evaluating is the third primary habit that small business owners should develop in order to ensure success. This involves regularly assessing progress towards goals and objectives as well as evaluating performance against industry standards or benchmarks. Evaluation also includes analyzing customer feedback and making adjustments accordingly.

**#19. *The Three Primary Mindsets: To be successful, small business owners must learn to adopt three primary mindsets: a growth mindset, a learning mindset, and a customer-centric mindset.***

A growth mindset is essential for small business owners to be successful. This means having the ability to think long-term and plan ahead, while also being open to change and new ideas. It involves setting goals that are achievable but challenging, and then taking actionable steps towards achieving them. A growth mindset also requires a willingness to take risks in order to reach those goals, as well as an understanding of how different strategies can help you get there.

A learning mindset is equally important for success in small business ownership. This means staying up-to-date on industry trends and best practices, as well as actively seeking out new knowledge through reading books or attending seminars related to your field. Additionally, it's important for small business owners to stay curious about their customers' needs so they can better serve them.

Finally, a customer-centric mindset is key for any successful small business owner. This means putting the customer first in all decisions made by the company—from product design and marketing campaigns down to customer service interactions—and always striving for excellence when it comes to meeting their needs. It also involves building relationships with customers over time so that they become loyal advocates of your brand.

**#20. *The Three Primary Principles of Success: To be successful, small business owners must learn to adhere to three primary principles of success: focus, discipline, and consistency.***

Focus is essential for success in any business. Small business owners must be able to identify their goals and objectives, and then focus on achieving them. This means having a clear vision of what they want to accomplish, setting realistic expectations, and staying focused on the task at hand. It also involves understanding the competition and developing strategies that will help them stand out from the crowd.

Discipline is another key principle of success for small businesses. Business owners must have the discipline to stay organized, manage their time effectively, make decisions quickly and efficiently, delegate tasks appropriately, and follow through with commitments made to customers or employees.

Finally, consistency is an important factor in achieving success as a small business owner. Consistency means consistently delivering quality products or services; providing excellent customer service; maintaining high standards of professionalism; keeping up with industry trends; building relationships with customers; networking regularly; marketing effectively; managing finances responsibly; staying current on legal requirements related to running a business—and more.