



The E-myth Workbook

Northfield Enterprise Center

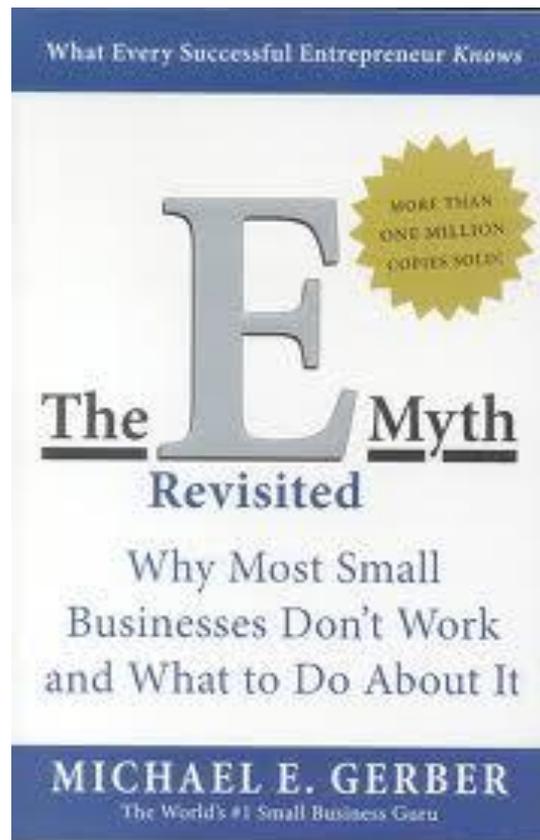
Formatted in conjunction with “The E-Myth Revisited” by Michael Gerber.

Introduction

Why is it that with all the information available today on how to be successful in small business, so few people really are? “The E-myth Revisited” by Michael E. Gerber is a phenomenal tool to help answer that question, as well as allow you to determine if you are suited to take on the challenge of starting your own business. This workbook is constructed to help you navigate through the book, fully understand the key points from each chapter, and decide what course of action you should apply to your own business. This workbook is a supplemental resource for “The E-myth Revisited” and we encourage the use of this workbook for those who have already read the book. This workbook will highlight key ideas from each chapter of the book, some reflection questions for you to consider, as well as courses of action that you can take to create a successful franchise.

“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



Part I: The E-Myth and American Small Business - Chapter 1: The Entrepreneurial Myth

I. Key Ideas:

- The ***E-Myth***, or the entrepreneurial myth, is the idea that most people who start small business are entrepreneurs, risking capital to make a profit. This idea leads to the Entrepreneurial Seizure, a misconception that lures people to start a business to gain freedom and independence from their existing jobs.
- The ***Fatal Assumption***: An individual who understands the technical work of a business can successfully run a business in that industry. The work which used to be love and joy for the technician will turn into forced chores, and eventually the business will be too much for the technician to handle.

II. Questions to Ask Yourself:

Questions	Yes	No
Do I want to start a business because I want to be my own boss?		
Do I want to start a business just because I am good at and enjoy doing the technical work?		
Do I want to start a business to have the job I want with higher pay?		
Do I feel lost in identifying my business's purpose?		

III. Action:

- If you answer "Yes" to any of the questions above, you're a Technician. If you're only a technician, starting your own business may not be desirable.
- If you cannot name a purpose to why you want to open your own business beside that you love to do the work or you're good at doing the technician work, you should find a job in somebody's business (E.g. if you're good at cooking, do not open a restaurant. You should find a job as a chef in a restaurant).
- If you are already operating a business and realized you're only a Technician, decide whether or not you still want to keep the business. If not, backing out is not a bad option. If you still want to continue running your business, be prepared to reevaluate your business, identify your problems and drastically change your business around, starting with chapter 2.

Chapter 2: The Entrepreneur, the Manager, and the Technician

I. Key Ideas:

- Everybody who goes into business has to play the role of 3 people: the **Entrepreneur** thinks ahead and makes plans for the future, the **Manager** establishes order in the workplace, and the **Technician** does the technical work. Conflicts of interest and priority between these three roles leads to an inevitable battle. A successful owner of a business will find a way to balance and please all three.
- Most often, technician-turned-business-owner 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.

II. Questions to Ask Yourself:

Questions	Yes	No
Do I have a vision of where I want my business to be in the next 5 years? 10 years?		
Do I have an orderly system of doing business? Is it documented?		
Am I thinking about <i>how</i> the work should be done and how it can be improved?		
Do I see my business as something apart from myself and my life, or am I the business?		

III. Action:

- If you answer “No” to any of the questions above, your Entrepreneur and/or Manager side is missing.
- Nurture your Entrepreneurial spirit by setting goals for your business. Think big. Where do you want your business to end up in the next 5 years? 10 years?
- Start to create a systematic way of operating your business, a system that does not require you to be there all the time. Document your methods and try to answer all questions/problems that may arise on a day-to-day operation.

Chapter 3: Infancy: The Technician's Phase

I. Key Ideas:

- **Infancy state** of small businesses is the period 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. Thus, quality of products/services drops. The owner realizes that she cannot continue operating the business like she has been doing – performing everything by herself! This is when most business failure occurs. Either the **technician-turn-business-owner** has to compromise and change his/her business to move onto the Adolescence state, or the owner can simply close the business and walk away.

II. Questions to Ask Yourself:

Questions	Yes	No
Do I feel like no matter how hard I work, there is always more work waiting for me?		
Do I only see the work that has to get done rather than learning how to grow my business?		
Do I feel that my business depends on me to keep it running?		
Do I ignore financial, marketing, sales and administrative accountabilities since I do not want to do anything besides the technical work in my business?		
Am I my business, as opposed to the facilitator behind my business?		

III. Action:

- If you answer “Yes” to any of the questions above, your business is trapped in its Infancy state. The purpose of going into business is to get free of a job so you can create jobs for other people. You have to learn to not let your business depend on you. You have to learn to coach and let other employees perform the technical work. This will allow you to focus on the growth of the business itself, rather than controlling every single aspect of operation.
- Aim to create a system of operation that will work without you. Begin to let go of some of your control, responsibilities and work that you used to do all by yourself. The documented manual of operation that you create will be essential.

Chapter 4: Adolescence: Getting Some Help

I. Key Ideas:

- The **Adolescence state** 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. Most often, the owner will find somebody to handle the work that she does not want to do, like bookkeeping.
- However, this state contains a trap: **Management by Abdication** where the owner completely lets go of some of her responsibilities without supervising the quality of work getting done by employees. This results in poor quality products or service and the owner decides that she will be better off doing everything by herself. Thus, the owner might decide to fire people and shrink the business into a smaller level which forces her to do all the work – to stay in her **Comfort Zone** while forgetting the reason why she hired people in the first place.

II. Questions to Ask Yourself:

Questions	Yes	No
Do I hire people to do what I do not want to do?		
Do I assign my employees work that I do not know how to do well?		
Do I overlook my employees' work to make sure it meets my established standard?		
Do I feel that nobody is willing to work as hard as I am? Do I feel like I'll be better off doing all the work by myself?		

III. Action:

- If you answer "Yes" to any of the questions above, you are in the Management by Abdication trap.
- When you hire people, do not assign them work that you would not do yourself. Make sure to supervise them regularly on the quality of work that they do. Stick to the standard you established in your Operation Manual.
- Explore your own Comfort Zone and know how much control you are comfortable giving up. Remember: you are the owner – the manager of your own business. Do not detach yourself from your employees – you will give up control of your own business that way.

Chapter 5: Beyond the Comfort Zone

I. Key Ideas:

- Adolescent businesses will reach a point that is past their owners' **Comfort Zone** (the Technician – how much he can do himself, the Manager – how many subordinates he can supervise, and the Entrepreneur – how many managers he can keep motivated to follow his vision). When the business grows bigger than the owner's **Comfort Zone**, it can either revert back to its Infancy state, go for broke, or continue growing bigger.
- Knowing your own **Comfort Zone** can help you set out a better vision for your business. Make realistic goals for your business and work toward those goals. You will become more comfortable with the business's expansion, eventually reaching the point where your business is in a **Mature state** – a business with a clear vision.

II. Questions to Ask Yourself:

Questions	Yes	No
Are my employees (myself included) unaware of where the business is going and where their responsibilities fit in the business's overall strategy?		
When I feel overwhelmed when the business expands, do I choose to downsize and do everything by myself again so I can feel comfortable with the regained control?		
Do I feel like luck, speed and brilliant technology are everything my business has to compete?		
Do I work harder when demand increases, to the point that there is nothing else in my life but the work I have to do for my business?		

III. Action:

- If you answer "Yes" to any of the questions above, your business is in chaos. Unfortunately, you do not have any control over it and your business is fated to fail if you do not change the way you manage it.
- You have to create a system of doing business so that your business can run efficiently without you and still produce the same result as when you are there.
- The Operation Manual is essential. However, to create an effective one, you have to know your own goals. Create different Benchmarks - visions of different states you want your business to be in and work toward achieving those goals, one by one.
- Think about questions such as: Where do I wish to be and when do I wish to be there? How much capital will it take me to get there? How many people will I need, doing what work, and how? How large of a facility will I need at different Benchmarks? What sort of technology will be required?

Chapter 6: Maturity and the Entrepreneurial Perspective

I. Key Ideas:

- A **Mature business** is one with a clear vision and purpose. It is not a naturally expected state that will follow Infancy and Adolescence. The business owner has to have a clear **Entrepreneurial Perspective** – a clear image of how she wants the business to turn out when it's done.
- What's important in a business is not the merchandise it sells, but the business it sells. Important aspects include what benefits you plan to provide to your customers and how you continuously increase value in your customers' lives. A successful business requires an **Entrepreneurial Model**, starting with a clear vision of who the business will serve, and subsequently determining out how to build a business that will best serve those customers.
- Page 70 – “Every day should be devoted to business development, not doing business. Don't do business at your business, build one.”

II. Questions to Ask Yourself:

Questions	Yes	No
Do I have a clear vision of how my business in the coming years? When it is completed?		
Do I know how my business looks to the customer? How does my business stand out from my competitors?		
Do I know what my customers want now? Do I anticipate their needs in the future?		

III. Action:

- If you answer “No” to any of the questions above, your business does not have a clearly constructed vision. Without goals, your business will wander aimlessly, and will end up in the danger zone.
- Envision how your business will look when it's completed. Think big! If you see your business no different than it is now in ten years, your business will never grow.
- Create a business model, step by step, so your business can gradually change from the way it is now to the way you want it to look like in the future. Set realistic goals with a specific time limit. Work toward attaining these goals!

Page 73 – “The Entrepreneurial Model has less to do with what's done in a business and more to do with how it's done. The commodity isn't what's important – the way it's delivered is...To the Entrepreneur, the business is the product. To the Technician, the product is what he delivers to the customer.”

Part II - Chapter 7: The Turn-Key Revolution

I. Key Ideas:

- The **Turn-Key Revolution** 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.
- The true product of a business is the business itself.

II. Questions to Ask Yourself:

Questions	Yes	No
Can the system I wish to create operate without my constant presence?		
Do I want to tailor my way of doing business so that it can be duplicated and still produce the same result?		
Do I want my business to work so well that other people would want to buy it?		
Do I want to see my business expand yet still manage to deliver the same value to customers?		

III. Action:

- If you answer “Yes” to any of the questions above, the Franchise system is the right way for you to go.
- Start thinking about your business as a model to create numerous duplicates; think about ways to make your business run without you.
- Do not think of a business system as cold or rigid. Think of it as an orderly, step-by-step process to run your business so that quality, value and satisfaction will be preserved while the human-dependant aspect will be eliminated.

"The organization cannot trust the individual; the individual must trust the organization."

-Ray Kroc, founder of McDonalds

Chapter 8: The Franchise Prototype

I. Key Ideas:

- Franchising no longer means **Trade Name Franchise**, in which the franchisor licenses the right to small companies to use the known brand name. Rather, franchising refers to the **Business Format Franchise**, in which the franchisees are provided with an entire system of doing business that works, known as the **Franchise Prototype**.
- The **Business Format Franchise** provides the franchisees the way to run a system that provides products or services rather than the way to make the products or services. As a result, franchising businesses have a much higher success rate compared to traditional small businesses.

II. Questions to Ask Yourself:

Questions	Yes	No
Can my business transform into a system that works predictably, effortlessly and profitably?		
Does the vision of my business allow me to get free from controlling it?		
Can I create an orderly system for my business to run by itself so I can have time to live outside of work?		
Am I comfortable with learning a way to control my business and with transforming my business from people-intensive to system-intensive?		

III. Action:

- If you answer “Yes” to any of the questions above, start brainstorming about your own Franchising Prototype. Understand that just because you are thinking of your business as a franchising model, it does not necessarily have to be sold.
- Document everything you do to run your business: the way you acquire customers, deliver your services, the products’ quality, timing, procedures, etc.
- Make sure your business model will work predictably, delivering consistent values over time.

Page 96 – “A Business Format Franchise is a proprietary way of doing business that successfully and preferentially differentiates every extraordinary business from every one of its competitors. In this light, every great business in the world is a franchise.”

Chapter 9: Working *On* Your Business, not *In* It

I. Key Ideas:

- Many business owners make the mistake of not separating their business from their lives. As a result, they spend their lives serving their businesses, when the businesses' original purposes were to serve them!
- The process to create a Franchise Prototype is to create a model that will provide excellent yet predictable value to customers, employees, suppliers, lenders; a model that can be run with people having the lowest possible level of skills; a model that has a perfect order of business, with all the work being documented in Operations Manuals; a model that provides customers with an expected image and experience every single time.

II. Questions to Ask Yourself:

Questions	Yes	No
Do my products and services vary based on different employees?		
Is my business dependent upon highly skilled people?		
Does my business have an unorganized structure without any relatively fixed points of reference?		
Does my business lack clear, uniformly predictable values to my customers (products/services) and employees (Operations Manual/Code)?		

III. Action:

- If you answer "Yes" to any of the questions above, you can start to think about how you can change your business to get rid of the fluctuations, inconsistency, or its people-dependence. Do not let your business' growth depend on the whims and moods of its people.
- Create an order to things you do. It will save you a lot of time and effort, and it will make your business look more professional and attractive to your customers. Do not neglect documenting your ways of running the business step by step. Get as many details and numbers as you can. Be clear on what you want for quality of work done.
- Start by asking yourself questions to improve your business. It's okay to have a lot of questions you don't know the answer to. Just look at your business with a different perspective. Look at it as a model of a nationally or internationally franchise chain ten, twenty, or thirty years down the road. Think big! Think professionally!

- Some questions to consider are:
 - How can I get my business to work without me?
 - How can I get my employees to work without my constant interference?
 - How can I systematize my business so that it could be replicated 5,000 times, with the 5,000th unit running as smoothly as the first unit?
 - How can I own my business yet still be from of it?
 - How can I spend my time doing the work I *love* to do as opposed to the *work* I have to do?

Page 101 – “It has been said, and I believe it to be true, that great businesses are not built by extraordinary people but by ordinary people doing extraordinary things.”

Part III: Building a Small Business That Works! - Chapter 10: The Business Development Process

I. Key Ideas:

- To build a successful Prototype of your business you will need 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**, the final piece of business development, 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.

II. Questions to Ask Yourself:

Questions	Yes	No
Do I constantly think about new methods to improve the way my business work?		
Do I know all the important numbers relating to my business? Do I know how my business is doing relative to my competitors?		
Do I know how to implement my specific way of doing business? Can my employees do the same thing that I can, getting the exact result?		
Do I understand the impact of innovation, quantification and orchestration on my business as a whole?		

III. Action:

- If you answer “No” to any of the questions above, what’s holding you back from starting the Business Development Process? Start to view your business with a different perspective. Think big. If you think of your business as only one small shop, then it will forever be that way. If you want to own a successful business, you have to see your business as the start of a big chain.

- Do not think that you do not have time to innovate and quantify your business. It may take your time away from the technical work, but it is an essential job of a business owner. Orchestrating your business into a system is a Manager's job.
- Always start by asking questions: Innovation – How can I find a better way to do this? Quantification – How does this innovation impact my business? Why is there an increase or decrease in sale/revenue/profit? Orchestration – How can I implement my unique way of doing business? Think about ways to answer your own questions, and test out different ways to find the most effective way.

Chapter 12: Your Primary Aim

I. Key Ideas:

- To build a great business you have to understand your own goals of creating the business. Keep in mind the kind of life that you want, your values, your beliefs, and your dreams
- Once you know your own purpose and aim in life, you will have a vision for how you wish to shape business. Your business is an instrument for you to realize your Primary Aim in life – your dream. Knowing what you expect from it will shape the way your business develops.

II. Questions to Ask Yourself:

Questions	Yes	No
Do I live my life intentionally? Do I know what I wish my life to look like?		
Do I know how I would like to spend my time? Do I know how much time I would like to spend with friends and family? Do I know how much time I would like to spend outside of business hour for hobbies, vacation and other activities?		
Do I know what I would like to do 5 years from now? 10 years from now?		
Do I know how much money I will need to do the things I wish to do and when I need it?		

III. Action:

- If you answer “No” to any of the questions above, start trying to discover your Primary Aim. Just like your business needs a vision to follow, you need a Primary Aim in life to keep you focused and driven.
- Acknowledging your goals will also help you discover your own Comfort Zone, as well as insecurities that keep you from exploring the world. You will never know what you can do and what you will do once you see what you have been missing.
- Your business is a manifestation of your own life in the world, and how you leave your unique mark in the world. Based on your life goal, you’ll get a clear vision of how your business looks.

Chapter 13: Your Strategic Objective

I. Key Ideas:

- Your Strategic Objective is a product of your Life Plan - a vision of your finished business. Think about your own principles concerning money, the kind of business you would like to be in, your customers, your business's vision, etc.
- Build goals for your business first, and then decide whether or not those goals are realistic and worth your time. From there you can decide how to build the model for your business.

II. Questions to Ask Yourself:

Questions	Yes	No
Do I know how much money I want from my business? Do I know how much I want my business to be worth when it's completed?		
Do I know how much commitment, responsibility and effort I will need to put into my business? Will my business bring me more satisfaction than what I have to give up?		
Do I have a clear vision of my Prototype and when it will be finished? Standards of running the business? The magnitude of my business?		
Do I know how my business will fulfill my life's goals and Primary Aim?		

III. Action:

- If you answer "No" to any of the questions above, start to develop your own desired vision. Then you can begin the construction of your business Prototype.
- Be realistic yet still as close as possible to your Primary Aim when you develop your Strategic Objective. If you overestimate your goal, you will waste time chasing after unfeasible ambitions. This will force your business to grow too quickly to satisfy your own personal desires, resulting in a business failure. However, if you underestimate the goal so that you will have any easy time meeting standards, you may not satisfy your own Primary Aim and you will not have the passion or drive to work as hard on your business.
- If you have been in business for a while, you may have already completed a number of things necessary for your Strategic Objective. You just need to envision a bigger objective, and continue brainstorming addition details.

Chapter 14: Your Organizational Strategy

I. Key Ideas:

- A business cannot succeed without an organized strategy. In a business, there are many different responsibilities that business owners easily miss or ignore.
- Start to think about all positions needed in your business and decide what responsibilities you will be accounted for. Do this for all the partners you have. It is especially important for partners to decide early on what part of the business each of them own, what their roles are, and what liabilities they will be accounted for to avoid dispute later on.

II. Questions to Ask Yourself:

Questions	Yes	No
Do I see myself as an employee of my own business? Do I understand the responsibilities that I should fulfill?		
Do I understand every position's job descriptions, goals, responsibilities and how they fit together in my business?		
Do I understand what positions I take on in my business and how I am accountable for meeting all of the Position Contracts? Do my partners have the same understanding?		
Do I understand how I can later replace myself with a system of doing business so that other employees that I hire later can fulfill all the responsibilities and achieve the same result as me?		

III. Action:

- If you answer "No" to any of the questions above, you should start to think more carefully about your business's organization. First, list all the positions needed in your business, understand the organization chart – the Organization Chart for Widget Makers, Inc on page 175 is standard for most businesses. Then you can start to determine the job descriptions for each position – what commitments and responsibilities each job is accounted for and who to report to within the organization.
- Once you know all the jobs needed in your business, you can create a Position Contract for each position, signing your name for each of them. If you have partner(s), make sure you sit down with all of them to decide what position each person will hold, and have them sign all the contracts for their positions.
- The next step is especially important: your Organizational Chart will serve as a way for you to start creating a system of doing business that does not require your

presence. You can replace yourself with the system you create. You will start from the bottom of your business, focusing on the technical aspect. Document everything you do and test out different methods of systematically accomplishing tasks in the most efficient way. Create an Operation Manual for that specific position, specify how the work gets done, what to report and how to report it. Once you're done with the bottom position, move up the Organizational Chart and repeat the same process for higher positions. Only hire people to do the technical work for you once you complete the Operation Manual for that position so you have time to work on other positions higher up. Once you fill the whole Organizational Chart, you have created a system of doing business! Now your job is make sure it is implemented the way you want, assuring that your employees understand what they need to do, and think about ways to run it smoothly. This is you performing the duties of The Manager.

Chapter 15: Your Management Strategy

I. Key Ideas:

- After you create a perfect system for running your business, how can you be sure that it will run smoothly and actually work without problems? To orchestrate your system, you need to think like a Manager and devise ways to make your system run your Franchise Prototype for you.
- The Management system has to be able to be run by people with the least possible amount of skills, and have a system of self-reporting, self-correcting and quality insurance.

II. Questions to Ask Yourself:

Questions	Yes	No
Is the system that I created people-independent, meaning that it does not rely on skilled people?		
Does the system incorporate quality control, so that regardless of who runs the system, my products and services will be delivered perfectly and produce exceptional results?		
Can the system I created produce consistent results over and over again?		
Does the system I created provide my employees with a clear, step-by-step description of tasks they have to do?		

III. Action:

- If you answer “No” to any of the questions above, you can continue to work on perfecting your Management System.
- Make sure that you think of all possible problems that may arise during operations. Make sure that the system you created is not rigid. It can have relatively fixed points of references so that the quality will not drop no matter who does the work, but it should not destroy the sense of individuality and caring that customers feel for people-intensive businesses.
- You, the business owner who created the Management system, have to think of everything in advance. You must determine the most effective ways included in the Operation Manual, have all the problems thought out along with their solutions, and set clear working standards that employees can easily follow.

Chapter 16: Your People Strategy

I. Key Ideas:

- Once a perfect system is in place; the only variant that affects your business is your employees. You have to make sure that they are following your systems standards perfectly and that the quality of your 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 your business - the value of the work rather than the work itself.
- You create your own business to fulfill your life's Primary Aim, and you have a vision of what your business will be like once it is finished. Make sure your employees understand the value behind the work they do as well, so that they will be motivated to make their own contributions. They have to see the work as not merely a "job" but also a device to fulfill their own Primary Aim in life. For this reason, it is important that when you hire employees, you make sure that your employees' goals in life are similar to your own and their visions follow closely to the business's values.

II. Questions to Ask Yourself:

Questions	Yes	No
Do I hire my employees because their personalities, core values and primary aim are "fitted" for the business?		
Do I make sure my employees understand the vision and value behind the business and how the work they do impacts the business as a whole?		
Do I make sure that my employees share the same belief and vision behind my business? Do I make sure that they "live" that vision at work rather than just treat it as a job?		
Do I create a work environment with clear rules and expectations, yet still exciting and challenging for my people?		

III. Action:

- If you answer "No" to any of the questions above, you should start thinking about how to make the work environment in your business more like a game that everybody would want to play. The rules for general exciting "games" at the work place are listed from page 204-206.
- Make sure you create a game that is worth playing, meaning that there must be clear goals for people to achieve, prizes for them to obtain, and clear communication between you, the owner with your employees.
- Make sure your employees understand, believe and "live" the vision you created.

Chapter 17: Your Marketing Strategy

I. Key Ideas:

- If a business does not achieve its primary objective – acquiring and retaining customers, then it does not matter how well the business is doing, it will surely fail. 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.
- There are two important devices that all successful Marketing Strategies have: knowing the customers’ demographics and psychographics. Do not undermine the importance of these issues. As a business owner, they will consume quite a bit of your time, but they are worth paying attention to, especially when your business is small. You cannot afford to make mistakes in acquiring customers – otherwise you have no sales and your business will end up as another statistic in the 80% failure rate of small businesses within the first 5 years of operations.

II. Questions to Ask Yourself:

Questions	Yes	No
Do I know who my customers are? Their age? Sex? Income level? Education? Preferences?		
Do I know what my customers want? Do I know what my customers expect to get from my products and services?		
Do I know how to capture the customers’ attention in 5 seconds so that they will purchase products and services from my business? Do I understand the forces behind their buying decision?		
Did I test out different ways to position my business to find the most effective way to prove that my products and services are superior to my competitors? Does my marketing strategy focus on my competitive strength?		

III. Action:

- If you answer “No” to any of the questions above, you may want to rethink your Marketing Strategy. Do not underestimate this important aspect of doing business.
- Determine what the core value of your business is and what kind of customers want that value. Keep in mind that core value is not the products or services you deliver, but what the customers gain when they use your products or services.
- You may want to give out free samples, free products and services, or a discount to targeted customers to gather their demographics and psychographics’ information. It’ll always be worth your time. You may also buy that information from marketing firms, depending on your budget.

Chapter 18: Your System Strategy

I. Key Ideas:

- A system is a set of things, actions, ideas, and information that interact with each other, and in so doing, alter other systems. Your business system incorporates three kinds of systems: Hard System, Soft System and Information System. Hard System refers to all inanimate, non-living things – for example, all of your equipment, property, furniture, and the color of your brand. Soft System refers to dynamic, changeable and adaptable things, such as yourself and your selling system. Information System provides you with data about how the other two systems interact to produce the best results. Examples of an Information System can be inventory control, cash flow forecasting, and sales activity summary report.
- There are three points in the Selling Process, in which all the three systems described above are utilized: the Appointment Presentation, the Needs Analysis Presentation and the Solutions Presentation. All attempt to persuade customers to make the decision to purchase your products and service. The Appointment Presentation has to pinpoint the effect of your products or services to capture the customers' attention. The goal is to secure an appointment so the sale person can win over the customers. The Needs Analysis Presentation is an in-depth explanation of how your products and service can alleviate an existing problem. The Solutions Presentation is the final point to secure the sale by showing the customers the satisfaction they can gain from using your products and service and how they can gain control over aspects of their lives. Keep in mind that you always want to secure a long-time, repeating customer rather than a one-time transaction. *What you want is not to sell the products or services, but rather to gain a relationship with the customer.* Your Selling System has to be consistent, so that everybody will go through it the same way every single time, and make sure that it works the same way every time.

II. Questions to Ask Yourself:

Questions	Yes	No
Do I know what kinds of systems construct my entire Prototype Business? Do I understand how they interact with one another and their effects to my overall Business Plan?		
Does my overall business system provide consistent results every single time?		
Does my system incorporate an effective selling system?		
Do I know how to effectively use my information system to construct, improve, and perfect my Franchise Prototype?		

III. **Action:**

- If you answer “No” to any of the questions above, make sure you correct your own system.
- Use your Information System wisely. Some good questions to ask for the Selling System are listed in page 247-248. Create your own goals and benchmarks based on the information you gather through daily sales and operation activities.
- Being a business owner does not mean being a Technician alone. You have to create visions and goals for your business as an Entrepreneur, and create a system of order to do business as a Manager. Balance between the three roles will help your business grow and avoid destructive mistakes that many small businesses make. Spend your time and effort wisely for strategic and management work, and do not focus too much on technical work. You open a business to be free of a job so you can provide jobs for other people. Only do what you love and make sure you enjoy doing business!