

# Introduction to Module 4: Foundations of E-Myth Management

*Delivering accountability through your people*

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*“Systems run the business and people run the systems.”*

– Michael E. Gerber

## Management Means Getting Things Done

Management isn't about *doing* things, it's about getting things done. It's knowing what has to be done and finding a way to get it done without doing it yourself.

Management is not the same as leadership. As you learned in Module 1: Foundations of E-Myth Leadership, leadership focuses on you. Your vision, the way you think, the way you behave, the way you communicate, and the image you project to your people. Leadership is about you.

But management is about your business. How to get your business to do the things it *has* to do while leaving you free to do the things you *want* to do. When you reach the point where your business gets things done the way you want them done, consistently and predictably, without your having to do them, then you can be free of it.

## Management in a Nutshell: Think Systems!

The secret of successful business management is systemization. To do it, you have to be able to think systemically as well as systematically.

*Systematic* thinking is methodical, thorough, and pulls diverse information together into an integrated whole. It's a system of thinking. People who think systematically can inspire confidence and trust. People who don't think systematically are often seen as “scattered” or confused.

*Systemic* thinking is thinking about your entire business as a whole. It means you're always aware that your business is a system, and that it's composed of systems within systems within systems, all integrated and dependent on each other to achieve the result you want: your Strategic Objective. It also means you approach your business operations by creating systems to accomplish them and you approach business problems by creating systems to eliminate them.

Systemization is a significant departure from conventional business practice. The norm is either the “bandaid” mentality in which the manager comes up with a quick-fix solution to the problem, or “people dependency” in which the manager finds the “right person” to “throw at the problem.” In both cases the solution is only temporary. It works until the problem shows up again, at which time the manager once again either “fixes it” or “throws more people at it.” And because the original problem was never really solved in the first place, you can be sure it will show up again.

You can see where this leads, and maybe you’ve lived it yourself. Problem...quick fix. Problem...quick fix. Problem...quick fix. And a life of perpetual frustration. Many business owners tell us the experience is like being on a treadmill – trapped with no way out.

But there is a way out: managing your business by implementing the principle of systemization. In other words, living by the adage “the system is the solution.”

## What Is a System?

Simply put, a system is a collection of elements that work together to produce a result. For instance, you are a system. You are comprised of many elements that all work together to make a living, breathing human being. But within you are many smaller systems, each designed to produce its own specific result. Your respiratory system takes the air you breath and separates out the oxygen that your body needs. Your digestive system converts the food you eat so that your body can absorb it. Your nervous system takes in sensations, interprets them, and sends messages throughout your body so you can respond. And these systems of your body are comprised of still more systems – the brain, stomach, lungs and so on – until you reach individual atoms. And even atoms are made up of systems that only nuclear physicists can describe.

So what does all of this have to do with your business? Well, can you picture your business functioning as seamlessly as a human being, with each component system doing its part, independently and interdependently, achieving its specific result to achieve the overall purpose of the business? Wouldn’t that give you more freedom and more life? Wouldn’t that sense of an integrated whole, or order, give your people, your managers, and everyone who comes into contact with your business more life? Of course it would!

Systems in your business take input of various sorts and engage in a change process, producing a desired output or result. So, for example, your product development system takes customer needs and creates ways to meet those needs that are preferentially unique. Your office supplies control system takes a near-empty supply cabinet and transforms it into a fully stocked one so that your employees have what they need, when they need it. And so on, until every system is in place and your business is operating like a finely-tuned machine.

If your business is not producing the results you want, if your customers don't perceive the value of your commodity or your business as a whole, you *must* look to the system for your answer.

Begin right now thinking of your business as a grand system composed of many other systems. By designing and orchestrating the *right* systems, you will create a business that can operate independently of you to achieve your Strategic Objective and free you to pursue your Primary Aim and personal objectives.

## Systemization and the Franchise Prototype

If you've read Michael Gerber's book, *The E-Myth: Why Most Small Businesses Don't Work and What to Do About It* (or *The E-Myth Revisited*), you are familiar with the idea of the "franchise prototype" and that, "the franchise prototype is the working model of the entrepreneur's dream." The central concept of the franchise prototype is, "Systems run the business and people run the systems." Systemization is the key, and even engaging people in running systems, is a system!

According to The E-Myth Point of View:

*"In the franchise prototype...the system integrates all the elements required to make a business work. It transforms a business into a machine, or more accurately, because it is so alive, into an organism, driven by the integrity of its parts, all working in concert toward a realized objective (your Strategic Objective).*

*"Think of your business as something apart from yourself, as a world of its own, as a product of your efforts, as a machine designed to fulfill a very specific need, as a mechanism for giving you more life, as a mechanism of interconnecting parts...*

*"Go to work on your business rather than in it, and ask yourself the following questions:*



- *How can I get my business to work, but without me?*
- *How can I get my people to work, but without my constant interference?*
- *How can I systemize my business in such a way that it could be replicated 5,000 times, so the 5,000th unit would run as smoothly as the first?*
- *How can I own my own business, and yet be free of it?*
- *How can I spend my time doing the work I love to do rather than the work I have to do?"*

That's what E-Myth Management is all about, and that's what this module is all about. It's not about franchising (unless you want it to be). It's about creating something that works independently of you. So you must face the question, "Am I willing to let this business be successful without me? Am I willing to create a business and then let go, so that others can feel their own success within this business, this machine, this organism that I've created?" If you can honestly answer "yes" to these questions, then this module will give you the tools and systems to begin laying the foundation for your very own "turn-key operation."

## **But What about People?**

"If systemization is the answer, doesn't that mean people are merely cogs in your machine? Where's the human dignity?"

Systemizing your business is not a dehumanizing experience unless you make it so. It's just the opposite! Systems free your people to pay attention to the things that matter while all the routine things take care of themselves. Systems raise the level of performance of people. With the right systems in place, your people can work flawlessly, at levels of productivity and excellence they've never experienced before. They can start a new job and be instant experts with none of the uncertainty or clumsiness that's the norm in most businesses. Think of the satisfaction, the pride, the sense of accomplishment, the self-respect. And think of the results for your business.

The bottom line is that, just as systemizing your business will free you to pursue and achieve your Primary Aim, systems can do the very same thing for every person in your business.

## Delivering Accountability through Your People

There is another concept that is critical to effective management: accountability. Or, more specifically, *personal* accountability.

If management is about getting results through other people, then each and every person in your business must take personal accountability, personal responsibility for doing the work and getting the results for which you've hired them.

When your employees take personal accountability, they're willing to "stand up and be counted." They're eager to make agreements about their work and their results, and they're committed to keeping their agreements. You can count on them. You can trust them to do exactly what they've said they'll do. And if for some reason they can't, they'll let you know about it. Together you'll find a way to get it done.

Does this sound like your business?

The processes in this module are the systems that will bring personal accountability to your business. How? By making explicit what your employees need to agree to in order to produce extraordinary results. And by providing the framework for manager-employee relationships that are cooperative and synergistic rather than adversarial or even destructive. And, let's face it, the latter is the sad fact in many businesses.

Module 4: Foundations of E-Myth Management provides the foundation for building a business that really works. Without the processes you'll be learning here, your employees will have little idea what they should be accountable for, and managers will have no consistent way to hold people accountable for producing the results your business needs. *With* these processes, you'll create and implement systems that will free your people to do their best, free your managers to be *true* managers rather than "glorified technicians," and that will ultimately free you to build your business to achieve your Strategic Objective and live your Primary Aim.

But it will only happen if you really believe in it – believe in the *aliveness* of it. Because if you don't, if you approach it as something mechanical, as just "another thing to get done," it won't work. It's your *approach* to this, to systems and to management, that either kills it or brings the vitality, the joy, and the aliveness to it that makes it work for everyone.

## Business Development Processes

### Your Business Systems Strategy...

...shows you how to determine the “big picture” systems your business needs and the component “sub-systems” that comprise them, giving you a complete view of the activities that make up your entire business.

### Position Contracts...

...establishes the basic agreement between managers and employees that leads to the accomplishment of each person’s individual accountabilities and the overall results of the business.

### Your Organizational Strategy...

...gives you a process for organizing the business systems you’ve identified into work groupings that clarify the broad accountabilities of every position and their interrelationships. This results in an organization chart that provides the framework for the achievement of your Strategic Objective.

### Working Relationships That Work...

...lays out the “rules of the game” for how people relate to one another, communicate, and work together in your business and guides you in implementing them. This will build trust and accountability throughout your organization.

### Business Development Meeting for Employees...

...describes an approach for introducing the business development process and your vision of the business to your employees, and for gaining their commitment to move forward with you.

### Your Controlling Calendar System...

...provides you and your employees with a set of invaluable, yet practical, tools for planning and tracking accountabilities and monitoring the progress toward their achievement, while also making it easier for people to communicate with one another and work together productively.

### Developing Your People: Becoming an E-Myth Mentor...

...provides the foundation of your company’s management system – a structure for developing and fostering effective relationships between managers and employees that promote ongoing personal and professional growth.

### Operations Manuals...

...describes the primary tool for compiling and distributing the systems in your business so that employees have their own authoritative resource of “how they should be doing it.”

### Systems Design and Documentation...

...establishes a detailed, systematic way to create and document the systems you need in your business, including results, activities to be performed, standards of performance, accountabilities, timing, and more.