

# The EMyth Perspective Guide

*Understanding the essence  
of business development*



*"We cannot solve our problems with the same thinking we used when we created them."*

- Albert Einstein

# The EMyth Perspective

## Definition

The EMyth Perspective is a way of thinking about your business and your life, and the relationship between the two. It's a model for how to productively relate to the development of your business, your own growth as a leader and the results that you want your company to produce. It has been used by hundreds of thousands of people successfully since it was first created in 1977 and has evolved over time as a result of EMyth's process of continuous improvement.

## Key Points

Successfully building a business requires an owner to take a high-level, strategic view, and see the business from an integrated, holistic perspective.

How you relate to your business is the basis for all of your choices, actions, and then results. The longest lever for change, then, begins with you and how you relate to your business. Most business problems begin here and are solved here.

Embodying The EMyth Perspective is a process that happens over time and involves looking at where you hold ideas and values that are not serving your highest priorities, and choosing new perspectives instead.

The Elements of The EMyth Perspective

### The Three Personalities

- ▶ Technician
- ▶ Manager
- ▶ Entrepreneur

## The Nine Principles

- ▶ Your Business is Inside of You
- ▶ Realness is Required
- ▶ Change is Inside-Out
- ▶ Meaning is Not in Your Head
- ▶ Ownership ≠ Equity
- ▶ Got Meta?
- ▶ Discomfort is Part of the Job
- ▶ Create Value, Not Work
- ▶ Systems are a Means

## The Seven Dynamics

- ▶ Leadership
- ▶ Branding
- ▶ Finance
- ▶ Management
- ▶ Delivery
- ▶ Sales
- ▶ Marketing

## The Four Roles

- ▶ Chief Executive Officer
- ▶ Chief Brand Officer
- ▶ Chief Operations Officer
- ▶ Chief Financial Officer

## The EMyth Perspective

*"We cannot solve our problems with the same thinking we used when we created them."*

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The EMyth Perspective is a way of thinking about your business, your life, and the relationship between the two that can forever change your business into one that not only truly works but gives you more life. The EMyth Perspective was originally created in 1977 when Michael Gerber co-founded our company. Since then, Michael Gerber's groundbreaking ideas about building a small business that works have been incorporated into his series of EMyth books, including his bestselling, *The EMyth Revisited: Why Most Small Businesses Don't Work and What to Do About It*, first published in 1986. In recent years, the EMyth principles have evolved in some dramatic ways, through the evolution of our own values as well as our experience coaching scores of businesses just like yours.

## The EMyth Perspective is a Value-Based Choice

You can always create band-aid or one-off solutions to your business problems. Most business owners do. If they don't have enough sales, maybe they build a website to drive more business to their store. If their cash flow isn't adequate, maybe they put off buying a piece of equipment they need. If their employee turnover is too high, maybe they create a bonus system to incentivize employees and encourage retention. All of these may be effective solutions, but only in the short term. What creates real, long-term change is a different way of seeing your business and yourself in relationship to it. The EMyth Perspective is transformative because it operates at a level upstream of, or prior to, your behavior or your actions. Changing how you think about your business is more effective and long-lasting than implementing an isolated solution.

By challenging and changing some of your current thinking, you can short circuit years of potential failure, dysfunction and resistance, and find yourself and your business moving easily towards your vision for it. The EMyth Perspective is a model, then, for bringing your thinking in alignment with your vision.

A critical link between your thinking and your vision is your value system. A value system is a set of beliefs, attitudes and points of view that form the basis for determining your choices and your actions. We're so close to our

value system--it's so much a part of us--we don't always see the ways it may be working against what we really want. For example, before you first learned about EMyth, you probably thought that working in your business was what you needed to be doing. Maybe you thought of it as "sweat equity," or a demonstration to your employees that you cared, or something you so loved that it must be the right thing to do. You're probably now in the process of changing your view of this, if you haven't already. You're seeing how unproductive it is for you to be doing technical work because it takes you away from working on your business and your responsibilities as a leader.

In this way, The EMyth Perspective is actually a value system about business. It's much more than a set of tools. The tools are necessary but insufficient to make your business great. You need a value-based way of thinking about them so you use them with the right motivation for the right purpose, to build the business you truly want. All of the business tools in the world in the hands of the aspect of you that wants to or thinks you should devote your time to working in the business will not transform it. Like it or not, you need to change your thinking to implement EMyth's tools most effectively.

Below is a list of common business frustrations that The EMyth Perspective addresses. We trust you'll find yourself somewhere on this list.

## Common Small Business Problems

1. I'm working too hard and the rewards are too few.
2. My business doesn't have a way of doing business, leaving it in chaos.
3. My business doesn't serve my life; it consumes it.
4. I don't have a personal life plan that purposefully guides my daily actions.
5. I've never considered that I could and should build my business so that it could work without me.
6. I perform too many functions (wear too many hats) with no plan for freeing myself from the technical work of my business.
7. I don't have a system for recruiting, hiring, and training dedicated and effective people.
8. My business is organized around my existing people rather than my business processes so there's inconsistent performance and havoc when someone leaves.
9. I feel trapped in my business because I can't depend on my employees.
10. Accountabilities in my business overlap and are unclear creating confusion about who reports to whom.
11. My business doesn't produce consistent, predictable results.
12. I don't know who my most probable customer is.
13. I don't know how to identify and appeal to the emotional needs of my customers and prospective customers.
14. I've never examined the impact my whole business process has on my customers' experience.
15. I market and sell "by the seat of my pants"; I've never used proven marketing and selling strategies.
16. I've never realized that, in the best businesses, systems run the business and people run the systems.
17. I don't really know what it means to take self-responsibility for my choices.

## The Entrepreneurial Myth

EMyth, of course, stands for the Entrepreneurial Myth, the myth that most small businesses are started by entrepreneurs risking capital for reward. The reality is that most businesses are started by technicians who've developed a technical craft working for someone else. There's often a moment, what we call "an entrepreneurial seizure," when it hits them: "I can have more freedom, more independence working for myself. Why am I working for this guy?" And, the decision is made. Unlike entrepreneurs who start a business with the idea of selling it for a return on investment, technicians start a business to create a job for themselves.

Unfortunately, the vast majority of technicians who understand the technical work of a business have no idea how to build a business that does that technical work. They're completely different things, and the false as-

### The Three Personalities

There are three pretty universal personalities at work in the life of a business owner: the Entrepreneur, the Manager and the Technician. The tragic failure rate of business can be explained, mostly basically, by the predominance of the Technician at the expense of the other two. Understanding these three personalities is the beginning of the solution path to real transformation in yourself and your business.

**1. The Technician** performs work that is direct and hands-on, mostly making, selling and delivering. The Technician is focused on effort and how much can be accomplished or produced by when. The Technician associates money with income and asks himself or herself, "How can I produce more so I can earn more?" In other words, the Technician orients around trading time for money. To the Technician, work is about what he or she can do personally. Technicians are the ones who are compelled to go into business for themselves. They believe they can do it better than the guy they were working for, and in any way they please, free from the constraints of a boss.

**2. The Manager's** work is a mix of technical and strategic, but is focused on getting results through others.

sumption that they're the same is the reason why 65% of all business fail within the first five years, half of them in the first year.

So, the auto mechanic opens a repair shop, the chiropractor opens a chiropractic office, the hair stylist opens a hair salon and go to work in the business, unprepared to do the kinds of work necessary to build a business that does car repairs, chiropractic and hair styling. This requires working on the business to build the true product, the business itself: its vision, its values, its culture, its brand, its systems and its customer experience. And, unless technicians can make the transition from making, selling and delivering products and services to building the business as the product, they are likely to become an unfortunate statistic. They eventually burn out, one way or another.

The Manager is concerned with developing systems that consistently produce great results, and trains his or her employees to operate and innovate those systems by asking, "How can we be more productive?" The orientation is on the results of the team, unlike the Technician's who focuses on his or her own production. Overseeing efficient production and delivery of service are Managers' key areas of interest. For Managers, time and money are resources to be carefully allocated.

**3. The work of the Entrepreneur** is visionary and strategic. It gives the business its shape. The Entrepreneur is a dreamer who focuses on the future, and is eager to achieve his or her vision. Money to the Entrepreneur is about building equity and getting a good return on investment. The Entrepreneur is oriented around the performance of the business as a product itself. Ultimately, Entrepreneurs develop the vision for the future of the business and communicate that vision, with conviction and passion, to everyone the business touches: employees, customers, prospects, suppliers, lenders, investors, and the community.

Each of the three personalities within you thinks differ-

ently about your business. Can you see that how you think about business is how you end up doing business? You may be an expert at the work you do, but if you think, then act, like a Technician, your company's potential will be severely limited relative to what it could be. Most small business owners find themselves spending very little time doing the work of the Manager or the Entrepreneur, work that leverages results and richness in the process of producing them. A Technician's days are spent doing endless tasks, like answering the phone, making sales calls, ordering supplies, filling orders. The business you have right

now is a result of the strategic work--the work of the Manager and Entrepreneur--you did or didn't do last year.

Understanding, developing and balancing all three personalities in yourself and your organization is the foundation for creating a new business and a new, enlivened relationship to it. You'll find your business taking leaps in forward movement when you cultivate the systems view of your inner Manager and set your inner Entrepreneur free to dream.

## The Franchise Prototype: Thinking Like an Entrepreneur

If you're a Technician who wants to create a business that truly works, you need to think a lot less about the technical work and a lot more about the company you're creating. A lot less about your ability to produce results and a lot more about creating a business that doesn't depend on you. Are you willing to orient yourself to your business in a different way? As much as you might love doing technical work, "doin' it, doin' it, doin' it," the anthem of the Technician, simply won't get you the results you really want.

To create a bridge from where you are now, we'd like you to consider the conceptual framework of the Franchise Prototype. Imagine that you were going to franchise your business, that your business were a model for 10,000 more just like it. How would you have to think about your

business to be able to replicate it 10,000 times? Very differently, we suggest, than a Technician who's created a business that depends on him or her. Whether you intend to franchise your business now or in the future is not the point. The point is that, to create this prototype, you'd have to figure out how to create a business system that is self-sufficient, that would run profitably and deliver a consistent, quality experience to your customer: without you. This is a taste of how we're inviting you to think differently about your business if you want to eliminate many of your current frustrations, even if you love working in your business. This is the big-picture view and the distance you need from the technical work to build your proprietary way of doing business and the world-class company of your dreams.

## An Overview of The EMyth Perspective

If you were to make a glossary of all the EMyth ideas and principles, you'd probably have a list of fifty or so, each of them touching on some important aspect of business development. In some respect, everything we talk about, every piece of program material we give you, is an expression of our perspective. That may seem like a lot to remember, but if it truly resonates in you, as we suspect it will, you won't have to memorize anything. It'll become second nature--the way that you think--as you live it

over the course of your EMyth Program. Let The EMyth Perspective come to you naturally. By doing, by applying the principles, by seeing their impact on your business, by feeling their impact on you. Any pressure you place on yourself to take it all in will just be a recipe for overwhelm. Here are some of the ideas at the heart of The EMyth Perspective.

## Life

It's common for people to feel a split in their lives, between work and life. When you consider that most people spend half of their waking hours working, something seems fundamentally wrong with this split. You can only experience work as separate from your life if you relate to work, on some level, as something you have to do to get what you need for your life. What if your business were actually a means to express more of who you really are and, in that way, were a vehicle for more life?

For your business to give you more life, you either have to create one that frees you to do the things that give you the life you want, or you have to create one in which you can achieve the satisfaction and sense of fulfillment you desire. That choice depends on your purpose in life, your

connection to your innermost driving force, commitment and vision. The Values, Passion and Purpose process will guide you into the discovery of your purpose, and show you how to create your Purpose Statement, if you haven't already done that work.

More than anything, The EMyth Perspective is about life. Your Life! Can you see how important it is to orient towards work as serving Your Life rather than something you have to do in order to have a life? This puts you in charge of your life. You get to choose how you want to work and what results you want to achieve for your efforts. When your purpose in life is fueling the work aspect of your life, you'll find the passion it takes to use your work to create the life you want.

## Leadership

By virtue of your ownership of your business, you are its leader. Whether you provide your business with the Leadership it needs is another matter. Real leaders recognize that their organization is an expression of them, and that it'll never be any better than they are. They understand and accept that to improve their business, they have to improve themselves first. They appreciate that not every true leader is born with all the necessary leadership skills, but that they can be developed.

Leadership requires vision, action and spirit. It involves defining your big picture vision, and coupling it with your ability to execute on that vision through proven management processes and self-management disciplines. It's characterized by five essential skills: innovation, commu-

nication, organization, discrimination and concentration.

The way you develop your Leadership has everything to do with your value system and your willingness to examine it, to use discrimination to recognize its productive and unproductive aspects. If the business is a reflection of you, then it will be a reflection of your values that influence your decisions every day. An organization tends to magnify distortions in the value system of its leader. If you're looking for these distortions, they're not difficult to see. At the same time, it takes self-honesty and courage to look. True leaders look for dysfunctions in their business, trace them back to unconscious distortions in their value system, and change so their business can. A coach can help you learn how to do that.

## Ownership

One place that The EMyth Perspective takes you is to the recognition that, for better or worse, you made your business the way it is. Ownership is taking full self-responsibility for the business you've created. We all make choices based in our values and get results that are a reflection of what we believe and hold dear. The choices a leader makes have far-reaching consequences. You're affecting

the lives of your employees, customers, suppliers, stakeholders, their families and the community at large.

Because the consequences are greater, leaders get louder feedback about their choices. And, as the leader, you're responsible for all of it. This can be difficult to swallow when things aren't going well. It's much easier to blame

others: your employees, the economy, the market, your industry, etc. But, it's not the path of growth. This means accepting mistakes as an inevitable part of learning and constantly looking at your contribution to everything, especially when it doesn't feel good. This sets a high bar for excellence in an organization, founded in the humility and professional growth orientation of the leader, who is confident but not invincible, competent but not all-

## Excellence

Excellence is probably the most commonly written about quality of leadership. There are lots of definitions out there. Ours comes down to one question that, as a leader and owner, you must be committed to ask: how can we do it better? The "it" that we're talking about is your business system: the one that shapes your culture and your customer experience, and the one that fills your company's operations manual. There is a managerial discipline at the heart of Excellence. We call it the Business Development Cycle. At EMyth, we've developed a system of continuous improvement that yields the kind of quality that delights our customers and creates an inspiring workplace. Excellence doesn't just happen, you have to make it happen.

Creating Excellence is another way of describing the Business Development Cycle: Innovation, Quantification and Orchestration. Innovation is the process of looking for and finding better ways to do something systemically. When ownership and self-responsibility are an embodied part of the value system in a business, Innovation comes

knowing, and responsible but not authoritative.

The idea of Ownership says that you own your choices. Only by taking full responsibility for the past and present will you be able to create the future you're wishing for. You made the business you have now. Only by accepting this fully can you realize that you also have the power to make it different.

from all levels in the organization across all departments, not just from the top. People have an investment in the health and well-being of the company, and aren't driven by fear that their ideas will be shot down. These kind of companies are very innovative and creative places to be. Quantification is tracking results over time according to metrics that best describe the impact made by the business systems. And, Orchestration is the creation and implementation of new systems or the improvement of existing systems to support the next generation of Innovation often, but not necessarily, indicated by Quantification.

Business development never ends. It's an ongoing process of continuous improvement driven by the pursuit of Excellence. Challenging your people to care enough to pursue Excellence in their work is a key attribute of an effective leader. It's the key to realizing your vision. It's the methodology for working On your business rather than In it. It's the way your business helps you get more out of your life.

## The Nine Principles

EMyth's approach to business leadership and management is grounded in self-honesty and the willingness and courage to change your relationship to your business. It's a comprehensive process for transforming your business into a more profitable and scalable enterprise, one that serves your life in ways that are most meaningful to you. It starts with this important premise: You are the solution. As profound as this perspective can be, you are bigger than it

### 1. Your Business is Inside of You

One of the reasons most business owners never consider replicating their business at all, let alone 10,000 times, is because they believe, without even realizing it, that they're inside their business and that their single location business is bigger than they are. If your business feels bigger than you, you're not likely to feel anything but overwhelm. Overwhelm is always a result of relating to something as if you're smaller than it is. And overwhelm, a combination of exhaustion and resignation to the status quo, is about the best recipe for business stagnation or failure we can imagine.

We'd like you to consider that feelings of overwhelm, while real to you, are actually the result of a distorted perception. And, that *you're not inside your business, your business is inside of you*. Think about it. In the most real sense, your business would not exist without your

### 2. Realness is Required

Once you've started your own self-inquiry, take an honest inventory of your business. What works? What doesn't? You can't change what you don't acknowledge and then accept as your current reality. How does your business actually measure up to the competition, not just in terms of your product, service or pricing, but in terms of your company culture, what it's really like to work for you, how much room there is for creativity and employee ownership of processes and results? Over time, the split between you and the business will disappear as you uncover a new standard for your industry that leaves the competi-

tion behind, just by bringing all of who you are to your business.

is. You have the ability to make the value-based choice to integrate these principles and manifest your dreams. The principles aren't life-changing, you are. At EMyth, business is personal.

The following are the core Nine Principles of The EMyth Perspective.

existence coming first. No matter how big your business is or what your role in it is, your business is always inside of you, even if it doesn't feel that way.

And it doesn't feel that way because of the ways that you're not currently leading your company: too much Technician, too much under-responsibility, too much over-responsibility, not enough long term vision, etc., whatever your version happens to be. You won't begin to feel that your business is inside of you until you've identified all the ways that you're not leading and start to change them. This starts with cultivating a deep interest in discovering who you are and what truly matters to you, and then choosing, every day, to express your truest You through your business. That's when your feelings will start to change.

How passionate are you about your organization? Do you still have the fire you started with? Are you exciting to work for? How good a manager are you, really? It's not necessarily going to feel good, looking at yourself in the mirror like this, but the pain you feel owning what's true can give you the drive to change. In short, get real with what you don't like about yourself and your business so you can ignite your passion to change it.

### 3. Change is Inside-Out

The state of your business and your life in general is a product of your previous choices and decisions. You can't change yourself or your business until you accept how it is and how it got there. Whatever your weaknesses, you'll find they're always distorted expressions of your strengths. If you weren't so creative, you wouldn't have trouble focusing. If you didn't have such unusual vision, you wouldn't have difficulty following through. Without your heroic work ethic, you wouldn't struggle to delegate.

Only by accepting the essential goodness that underlies

### 4. Meaning is Not in Your Head

More than anything, we want to help you discover what's actually meaningful to you about your business, grounding you in your self-interest about how your business can serve both meaning and money in your life. We want you to develop a business model that expresses who you are, attracts the right customers for exactly the same reasons, and thus results in success. In this way, the essence of you are not inside your business, your business is inside of you, gains its first voice through a search for the root causes of business transformation based in meaning and not just efficiency.

When owners and employees embody more meaningfulness at work, they are always more efficient and more likely to produce the desired results. From these kinds of self-value choices, good managers can create systems. Not because systems are the savior, but because their motivation to build systems is to free their people to dream bigger, to innovate their products and services with greater imagination, and to touch their customers more deeply.

A meaning-, rather than money-driven business is easy to feel. Your customers can feel whether their experience matters to the business or not. And, they vote with their feet. A business not driven by meaningful values inevitably ends up competing on price, an unsatisfying proposition. Your employees can feel this as well. They want to

any weakness can you truly change it. The alternative is to conclude you are essentially flawed and shore up your weaknesses from the outside-in. This is the essence of the caring self-responsibility you must have as a business leader: holding yourself accountable for every result, every effect of your action or inaction, helpful or harmful, and holding your own strengths as the root cause of all of it. Self-responsible leaders know that the good news and the bad news is that no one is coming to save them, and are strong enough to accept their weaknesses equally with their strengths in order to grow.

work in an environment where what they do really matters, rather than being a cog in some machine. Employees who find work that is meaningful to them will work harder, stay longer, and bring engagement and ownership to their jobs in their own self-interest. The result is *a business where the motive for financial reward is sourced by a quest for personal meaning.*

In the end, owning or working in a meaning-based business makes work an inseparable part of each person's meaningful and bountiful life. Leaders find they have the freedom to work in the business when they choose, or not when they choose. They feel the impact of the business on all employees in the organization and how the product or service impacts the market and the community. Whether they're in the business or not, they're able to hold the business inside of them. When business owners create that kind of transformative space, the business becomes a vehicle for a deep expression of personal passion in the world.

## 5. Ownership ≠ Equity

Ownership goes beyond equity, titles and salaries. It's an internal orientation that you, first, as the leader have between you and you. It's about creating a place where you work on yourself that inspires people to excellence as its own reward. Owners who become leaders by owning their choices establish credibility with their people. And this credibility makes it possible for them to create a Culture of Ownership where everyone understands why the business exists and what part they're personally playing in achieving its goals and reaching its vision.

A Culture of Ownership needs no external carrots or sticks; they're internally generated. The carrot is the

## 6. Got Meta?

Meta is our word for that deeper reality, where the root source, rather than just the symptoms, of a business problem lies. It's the place from which you can see a specific problem not as an isolated event but as part of an underlying pattern. Meta involves stepping back from the content (the problem at hand) to see the context (the bigger picture) of the problem that needs to be addressed.

When you go Meta to a problem, you're looking for "systemic causation." For example, Meta is the thing that allows you to see that the reason your employees aren't being proactive is because you're holding onto projects or standards too tightly. Without Meta, you're forever stuck trying to cure symptoms, and end up covering over

## 7. Discomfort is Part of the Job

We're all drawn to comfort. True leaders are able to make the choice to be "bigger" than this pull in themselves, to seek out the uncomfortable truths and find the real reasons why they or their business is stagnating. Discomfort is what it feels like when you actually leave no stone unturned, when you confront all of your sacred cows. Ultimately, the best leaders find comfort in reality, whether it feels good or not.

enjoyment of growth and meaning. The stick is the self-correction employees do continuously to create more enjoyment of growth and meaning.

It's common for owners to think that no one could ever care about the business as much as they do, but this is really a limit in leadership and management, not a limit in reality. Once you're able to take full responsibility for your past and present choices, you'll find ways to inspire everyone to care deeply about the results of the business and create the future you're wishing for.

the real problem with temporary fixes. With Meta, you're discovering the best system solutions for scaling your business and creating predictable results.

Without exception, we all need outside reflection to aid our Meta. It's much easier to see subtleties in others than in ourselves because we're not them. This is an important part of how coaching works, and an important reason why clients ask for help. In the process of sharing with clients what we see from our experience and our outside-of-the-business perspective, we're also helping them go Meta to themselves and to their business, so that they can see, from the biggest perspective, the causes of their frustrations and the most lasting solutions.

We all know that physical fitness happens through choosing discomfort. A workout doesn't feel like a massage: it's work. Yet, how quickly we can forget this when it comes to difficult emotions in the course of professional growth. Anxiety, frustration, stress, anger, sadness etc. are all very real parts of being a business leader, the same way resistance

to going to the gym or soreness is part of getting into shape. What happens in a workout? You feel the pain, but it doesn't stop you from going on. You embrace the discomfort because you know it's actually benefiting you in the long run. This is exactly what's necessary to become a great leader.

## 8. Create Value, Not Work

As a business owner, sometimes you're doing Technician's or "doing it" work, sometimes you're managing others who are "doing it," and sometimes you're working On the business to create opportunities for growth. Making room for all three kinds of work is critical, which means resisting the temptation to get lost in the work that is easiest for you. When you're doing Technician's work, do it so that your employees can learn and grow from watching you. When you're doing the work of the Manager, explain your reasoning so others can become effective managers in their own right.

## 9. Systems are a Means

When people think about EMyth, "systems" are often the first thing that comes to mind. It's true, the Entrepreneurial Myth says that the antidote to the Technician who builds a business around his or her ability to produce results is a franchise prototype where systems run the business and people run the systems. Systems play an important role, but it's sometimes a misunderstood one.

A systems-based business recognizes that repeatable and consistent activities that serve desired outcomes and thoughtful strategies are a key to operational success. It is the way your business maintains quality, consistency, stability and scalability.

The customer experience is the true measure of any business. Your proprietary way of doing business, of producing the same customer experience over and over again, is how your business distinguishes itself from the competition. A systems-based business is unlimited in its expansion potential. It's what makes it possible to open multiple locations successfully. It's also what gives you the choice, as the owner, to work In the business, or not, and to be

And when you're doing the work of the Entrepreneur, include others in your vision so they can be inspired and inspire you in the process. Lead by example, which is always easier said than done, but do it because it matters this much. Be a constant wellspring of value, never just a completer of tasks. The higher up on the organization chart you are, the more it's about who you're being than what you're doing. This is the immense responsibility and opportunity of the leader that everyone is constantly watching. You are always training everyone around you, whether you realize it or intend it, or not.

there at all, or not. Your proprietary way of doing business is also what makes your business ultimately saleable. The value of your company doesn't just lie in the numbers--revenues, profit, earnings, etc.--it lies in your business system that astute buyers will be looking for to convince themselves they'll be able to produce the same results you have long after you're gone.

At the same time, *the system is not the entire solution*. There's a delicate balance between people and systems, and when that balance is achieved, it produces a result that is greater than the sum of the parts. One plus one equals three. People can do and accomplish things that systems are incapable of, and systems can do and accomplish things much faster and more efficiently than people can. People bring aliveness, care, interest and spontaneity to a process where the human spirit is essential. And, systems bring speed and consistency to the same process where replicability is necessary. The combination of the human spirit and replicability produces a result that is greater than either one could produce

on their own. In a business, spirit without systems or structure can produce chaos. And replicability without people or substance can produce something that's just too impersonal. Why are call routing systems so frustrating when it feels like a company is making it impossible for us to speak with a human being? Too much structure, not enough humanity. When you care enough to find that balance between people and systems, you leverage them both on behalf of your business and everyone it touches. When people think about systems, they most often think of system action plans. A system action plan is a set of step-by-step instructions for producing a result. Assembly instructions are system action plans. A chocolate cake recipe is a system action plan. They say, "do this, then this, then this." Business owners often yearn for an operations manual filled with system action plans for every aspect of every task that the business performs: how to sell, how to serve customers, how to deal with complaints, etc. The hope is that each action plan will be the answer to a different frustration.

While these kinds of action plans are surely valuable, it should be remembered that they are a means to an end, not the end itself. Their effectiveness is dependent on other foundational "systems" that must precede them.

Your vision and your values create inspiration, engagement and feeling connected to a larger mission. Your organization chart helps people understand where the results inherent in their position fit into the results the organization as a whole is committed to producing.

Businesses are great when their leaders genuinely care about their product or service and its quality, the employees who do the work, and the customers who receive it. The quality of leadership, and the way it systematically infuses the organization, has everything to do with how well step-by-step instructions for producing technical results work.

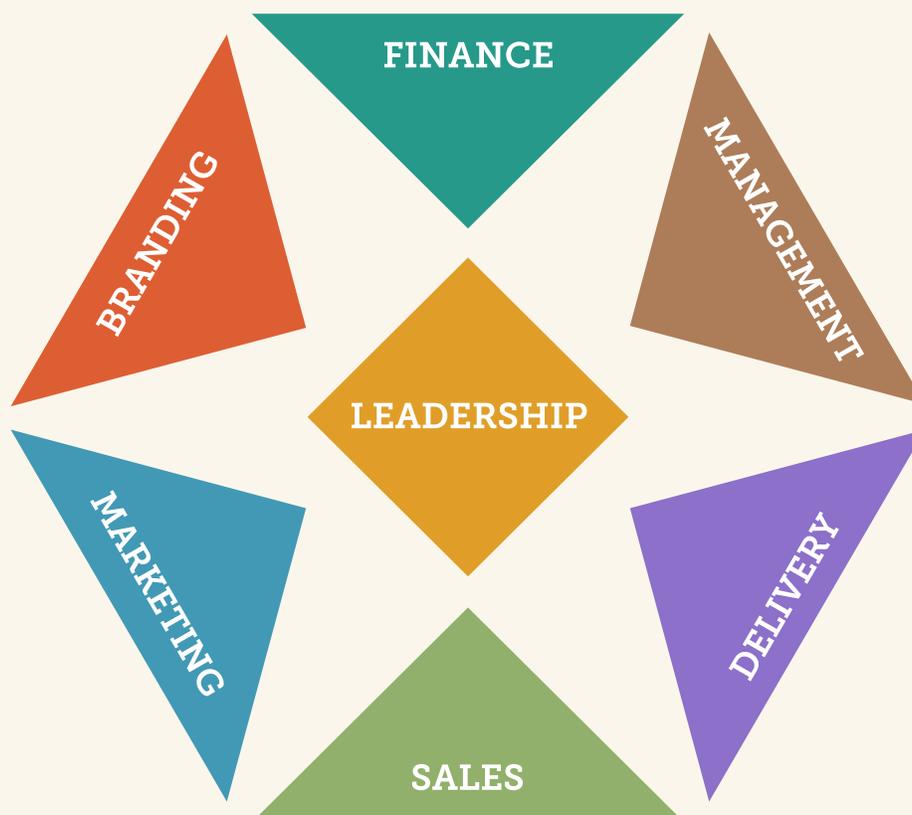
## The Seven Dynamics

The Seven Dynamics are a powerful way of looking at any business ecosystem. As shown in the graphic below, Leadership lies in the center, as the business is always an expression of its owner. The other six include three disciplines and three activities. The three disciplines are internal functions that define ways of being and thinking: Branding, Finance, and Management. They are upstream-- they exist prior to--the three activities that represent what all businesses actively do: Marketing, Sales, and Delivery.

Most business problems show up at the level of activities: not enough leads (marketing), not enough revenue (sales), inadequate quality (delivery). While those are real problems that need to be addressed, The EMyth Perspective focuses on finding solutions at the root of a problem. We have organized the dynamics into disciplines and activities to make sure that issues in the disciplines are always addressed before solving problems at the level of activities. For example, is more revenue really the solution to the problem? Maybe expense management is lacking in the

discipline of Finance and ten cents of every revenue dollar is being wasted. Increasing sales, in this case, would actually increase waste as well. In another example, is it true that the business needs more leads from Marketing? Perhaps salespeople are not being held accountable for working their leads efficiently, a Management issue. Or maybe it seems like more advertising is the answer, but Branding has been so neglected there is no way to effectively construct a marketing message that would be meaningful to prospects, making advertising a waste of money.

Seeing the upstream dynamics in this meta way, as systematically causal to the downstream symptoms, is fundamental to The EMyth Perspective. We want to avoid quick fixes that don't create lasting change as much as possible, unless they are necessary to put out a fire that is threatening the very life of a business. Under most circumstances, though, you'll find that problem-solving using this approach creates the most real, long-term change.



## The Disciplines - *Being It*



**Leadership** is about finding the heart of your business and the essence of your unique product or service at a deeper level. It's about discovering or refining why you do what you do, and then creating your culture, setting the tone for how you do business, not just for your employees, but for your customers.



**Branding** is about turning the business into a product. It's the "big picture" conversation you have with your customers, the thing you rarely say directly but they can feel. It's the how you do it that's different than anyone else's. Your brand guides all your activities--from slogans to colors--but it's not the activity itself. Branding is the laboratory where you make the connections between your personal values and your end product.



**Finance** is having a real time view into how money is moving through every aspect of your company, from the prices you charge to your long term budgets, and making sure it's all in line with your values and your brand.



**Management** is finding the right balance between people and systems. You're putting your brand into action internally by creating a place where people love to work because they feel empowered to achieve great results and because you're developing the right systems and incentives to keep growing.

## The Activities - *Doing It*



**Delivery** is how you treat people once they've purchased something from you. From the way you produce and deliver the product to how you offer support and assistance, it's about giving your customers the experience that they've received more value than they paid for, fulfilling your brand promise.



**Sales** is the dialogue you have with people who have shown interest in your product or service. It's about having an honest conversation where you proudly show off your product or service and, at the same time, are willing to turn away the wrong customers for the long term health of your business.



**Marketing** is everything your business does actively to attract new customers. This is where you develop a strategy and a set of systems that ensures that your brand message is not just delivered consistently across whatever channels you choose--web, print, phone, mail--but that those channels complement each other to maximize your results.

## The Four Roles of Leadership

For owners to become great leaders, they have to free themselves from the technical work of the business. While a business owner is spending too much time as a Technician, the leadership of the business is neglected. From our

perspective, there are four key leadership positions that must be inhabited in a vitally alive company, even if your business is just you.

### CEO

The Chief Executive Officer leads the enterprise by striving to embody its values in every transaction, and secondarily responding to challenges both internally and in the market. The CEO's main role is to create a vision for the company and a culture of ownership, to inspire the passion and creativity of employees at every level.



### CBO

The Chief Brand Officer is the champion of the business' brand as it expresses both within the organization and to customers in the marketplace. The CBO ensures the integrity and authenticity of how the company is expressed in both management and marketing. He or she continually asks, "Does who we are inside our company match who we claim to be to our customers and prospective customers?"

### COO

The Chief Operating Officer is the lead manager responsible for creating and evolving the right balance between people and systems. The COO ensures that systems are designed to grow the business in a way that allows more room, not less, for individual passion and creativity. He or she ensures the integrity and authenticity of the company's commitment to its employees.



### CFO

The Chief Financial Officer monitors and seeks to improve the financial health of the business, and is always looking to achieve deeper alignment between the company's brand and values and its financial transactions. The CFO provides the company's leaders, board of directors and shareholders with current, accurate and actionable metrics to allow for informed decision-making.

Each role holds a different high-level area of responsibility that is critical to the health of your business. As you progress through different EMyth processes, you'll notice how they call forth a different role. Finance processes will require you to put on your CFO hat, while Management processes are likely to be the domain of your COO. These roles will help you, now or down the road, to allocate responsibilities among your management team so you can ensure each responsibility is getting the attention it needs.

## Conclusion

In these pages, we've covered a great deal of The EMyth Perspective. But what about your perspective? You've likely had a full and rich life thus far. You have your own principles, beliefs, and ideas about "how it is." How do they align with EMyth's values? If you're reading this guide, there's probably a lot that resonates in you.

But, where are the areas of disagreement? Where are the places where your values don't align with The EMyth Perspective? This isn't a problem. It's an opportunity. We all have ideas, beliefs, and assumptions that need further examination. It could be that you've had a way of looking at things that has brilliantly served your life up to this point. And, it could be that a shift in perspective is actually all your business needs. It happens every day. Someone decides that it should be possible to ship a package anywhere overnight. Someone decides that a worker should only build part of a car, and not have to know how to build the whole thing. Someone decides that a computer should be able to fit in your hand. All of these decisions began with a radical shift in thinking.

If you want to change what you have, you have to change what you do. And if you want to change what you do, the first step is to look at how you think. Your thoughts, ways of relating to situations, assumptions, and beliefs turn into actions every day. Those actions created the results

you currently have. So, if there's something not working in your business today, more than likely you can find the source in your perspective. If there's something you've read here that triggers resistance in you, bring it to your coach, if you have one, to help you untangle the knot that may exist between your values and ours, between your values and the company you want to create.

You are your longest lever for change. Because the current state of your business is exactly the result of how you've been relating to it. The sooner you take an honest look at how you've made it this way, in all its good and not so good aspects, the sooner you can change it. And, when you change it from this meta-perspective, where what you value is in direct alignment with your actions, magic starts to happen. We've seen it over and over again.