

THE E-MYTH

The original version published 1986

As outlined and interpreted by Anthem Equity Group with the words of Michael preserved.

July 1987 (AlphaGraphics) with updates November 1991 (Anthem Equity Group), June 1998 (PetsHotel), March 2004 (SynCardia), December 2010 (SynCardia and MicroMed) and June 2012 (the Future).

Download the E-Myth Revisited to your iPod and listen to Michael's book in his voice.

THE WALL STREET JOURNAL.

November 14, 2011 - The Best Advice Around, From Those Who Took It

We asked entrepreneurs which self-help books helped them get their businesses off the ground or run them more smoothly

There are countless self-help books aimed at budding entrepreneurs. But which of them have actually helped people start or improve an enterprise?

We asked business owners and educators for the books that have given them the best advice.

The top pick!



"The E-Myth"

By Michael E. Gerber

"Gerber's book caused me to rethink what I wanted to accomplish in my business and how I was going to do that," explains J. Richard Braun, owner of Braun Agency Inc., an insurance firm based in Virginia Beach, Va.

"The E-Myth," he explains, argues that most businesses are started by people who know how to do technical work—such as a plumber who launches a plumbing company—but who doesn't know how to run a business. The answer? Build "replicable systems that can and will operate in an owner's absence," Mr. Braun says.



By putting those systems in place, owners can hire other technicians to do the company's core job and then get managers to oversee the business's various operations. Then the owner can concentrate on the true work of an entrepreneur—providing a vision and overall goals for the company, as well as looking for new opportunities.

For instance, Mr. Braun says, creating systems at his own company "has allowed me to pursue additional ventures, including real-estate investments and other business start-ups."

Get the spirit of Michael's philosophy as you listen to the how-to and the spirit of the how-to.

We have applied the wisdom of Michael as expressed in the E-Myth to the businesses that we have operated and/or invented. We invented many tools and systems and injected our approach into published software applications. The objective has always been to Leverage Human Capital by applying a systems approach to the opportunity.

Anthem has originated, evolved and documented many tools that it applies again and again. Among the tools are:

1. **Standard Operating Procedure** - writing and documenting. This how-to kit has evolved from the days of AlphaGraphics up to SynCardia and beyond.....
2. **Goal and Budget setting** - The process begins with the top down narrative and evolves to agreed budgets for Sales, Variable Expense, Fixed Cost and Capital Budget.
3. **Acceleration Tool Kit** – For product or process development designed to encourage rapid failure to assure speed to market or speed of implementation....to accelerate outcomes.
4. **Recruiting, Evaluating and Selecting** - the ideal candidates to fill important roles in the company. Integrity, “Team Fit,” “Brain Speed,” and Background are key indicators and they are all measurable.
5. **Financial Modeling.** If you can describe the operations of a company you must be able to convert the narrative to a combination of Fixed and Variable Cost and Revenue. Assumptions regarding unit cost and revenue under many conditions must be designed into the model to predict business success as a stand-alone unit or as one of many. These models are most always “one off” and derivatives of all earlier models designed by Anthem.

INTRODUCTION

1. What Team Members want:
 - a. An idea and vision worth working for.
 - b. An understanding of what needs to be done and those that will benefit when intended outcomes are achieved.
2. When the Vision becomes firmly integrated into the way a Team Member thinks and operates, the how-to do it becomes apparent, meaningful and predictable.
3. There are several simple concepts and guidelines that serve to produce a solid foundation to a company guided by the principles of the E-Myth.
 - a. E-Myth Companies are constructed as if there will be 1,000 more like the first. The business is the product.
 - b. Those that work at the business work “on” the business as opposed to working “in” the business.
 - c. Systems guide the business with the intention of capturing chaos and creating order.....systems form the platform for ordinary people to become extraordinarily successful.
 - d. Systems should be constructed so that they are “Hardscaped” first, and if not, then “Softscaped.”

CHAPTER ONE - ENTREPRENEURIAL MYTH

1. The Entrepreneurial Seizure.
 - a. It's not about making money, it's the excitement of being your own boss and doing your own thing.....or being a entrepreneur within a larger company.
2. The Fatal Assumption.
 - a. The fatal assumption is if you understand the “technical work” of a business, you understand the “business” that does technical work.
 - b. Understanding the technical work is the single greatest liability, for if the technician didn't know how to do the technical work of the business, he would have to learn the skills to get work done through others.

CHAPTER TWO - THE ENTREPRENEUR, MANAGER AND TECHNICIAN

Michael Gerber explains that everybody has three personalities.

1. The Entrepreneur.

The Entrepreneur – the visionary who likes to look at the future, the creative personality, desire for change and the desire to maintain control so he can concentrate on fulfilling his vision.

Given his need for change, the Entrepreneur creates a great deal of chaos around him, which is upsetting for those he enlists in his projects.

He bullies, harasses, flatters, controls, screams, and when all else fails, he promises.

2. The Manager.

The Manager – is the creator of order, planning and predictability.

The Manager sees problems as being caused by change and views things as an extension of the past.

The Manager is oriented to seeing the problems. He is the one who runs after the entrepreneur to clean up the mess. Without the manager there could be no business and no society.

3. The Technician.

The Technician - lives in the “present.” They are “doers” who mistrust Team Members who they work for and they distrust the lofty visions of the future. They want to go about their business without interruption or interference.

CHAPTER THREE - INFANCY: THE ENTREPRENEURIAL PHASE

1. As the business moves through “formulation,” “concentration,” and “momentum,” Systems need to be created that give Customers the same predictable Team Member attention that the owner devoted to the Customer. Systems in all areas of the business impact the customer.

CHAPTER FOUR - ADOLESCENCE: GETTING SOME HELP

1. The confusion of abdication with delegation. The art of delegation is in the follow-up and many business owners abdicate rather than delegate, thus losing complete control.
2. The inability to get others to cooperate in a plan for action results in the owner doing the work that others are supposed to be doing for the business. So the result is neither abdication or delegation when the business is very small – the owner does it all!

CHAPTER FIVE - BEYOND THE COMFORT ZONE

1. Usually as a business grows it exceeds the owner's ability to control it - to touch, to feel, and to see the work.
 - a. Out of desperation the owner does what he knows how to do (technical work) thereby abdicating his role as Manager and abdicating accountability to someone else.
 - b. Instead the Manager must:
 - i. Create a Vision of what the mature business will be in the future. At Anthem we describe this as “pretending like we are already there.”
 - ii. Continually present the Vision to the Team, Vendors, Investors, Lenders, and Customers
 - iii. The Manager must act as if the Business is mature now.
 - iv. The Manager must establish Standards.
 - v. The Manager must establish “Conditions of Satisfaction” for each Standard.
 - vi. The Manager must observe the flow of the Work.
 - vii. The Manager must provide feedback from observations to show results and confront “Breakdowns.”

CHAPTER SIX - MATURITY IN THE ENTREPRENEURIAL PERSPECTIVE

1. Successful mature companies, such as McDonald's, didn't "end up" as mature companies, they started out that way.
 - a. The founders had a present, clear "Vision" of their company in the future... how it would look and operate when it was finally done.
 - i. The picture not only indicated how it would look, but how it would act.
 - ii. They then began to act that way from the very beginning.
2. The job of the leader is to continue to present the Vision and confront the areas of breakdown that occur as the Team continues to do the Work in the furtherance of the Vision.

CHAPTER SEVEN - TURN-KEY REVOLUTION

1. Success of a business depends upon the entire System of doing business as an integrated way of fulfilling the vision.
2. The true product of the business is not the product that it sells. The true product is the business itself and how it delivers the Vision to the Customer.
3. The Manager needs to go to work "on" building the Systems for his business, not "in" his business.

CHAPTER EIGHT - THE FRANCHISE PROTOTYPE

1. The prototype is a place where Systems can be developed to create solutions to problems.
2. The prototype focus must be: Discipline, Standardization and Order.

CHAPTER NINE - WORKING "ON" YOUR BUSINESS, NOT "IN" IT

Systems are the Tools of Productivity

1. Great businesses are not built by extraordinary Team Members, but by ordinary Team Members doing extraordinary things.
 - a. For ordinary Team Members to do extraordinary things, Systems are needed to compensate for the disparity between the skills of Team Members and the skills needed to produce the extraordinary result.
 - b. If the business model depended on unique, highly skilled Team Members, it would be impossible to replicate.
2. To uncover the Systems that are needed, keep returning to the Vision and asking:

- a. “How can I give my Customers the results I perceive or that they want systematically, rather than personally?”
 - b. How can I create a business whose results are “Systems dependent” rather than “Team Members dependent?”
3. Systems are “tools” for Team Members to use to increase their individual productivity.
 - a. It is the manager's job to develop the tools and teach the Team Members how to use them.
 - b. It is the Team Member’s job to use the tools and to recommend improvements to the Systems based upon their experience. Systems are never finished and forever evolving. This is the essence of “career.”
 4. For a System to be effective it must:
 - a. Produce an increase in the flow of Work and yield satisfaction to the Customer.
 - b. “Yield” more time for Team Members to exercise their judgment to serve the Customer.
 - c. Working on the business provides more time to serve the needs of the Customer.

Customers and Team Members Want To Experience Order

1. The Business Model will stand out as a place of “Impeccable Order.”
2. In a world of chaos, most Team Members crave Order.
3. A business that looks orderly and acts in a predictable and orderly way gives Customers and Team Members an experience that produces an unconscious awareness that the Team Members involved in the business can be trusted because they know what they are doing.
 - a. An orderly business becomes an island of reliability.
 - b. It is a predictable and reliable experience for the Customers and the Team Members in an otherwise disorderly world.

Operations Manuals Document Systems

1. All work in the Business Model will be systematically documented step-by-step in “Operations Manuals.”
 - a. “This is how we do it here.”

- b. “Systems” documented in the Operations Manuals provide Team Members with the structure they need and a written account of how to get the job done.
2. It is important to make clear requests for measurable performance from Team Members so that Team Members can have a clear understanding of what they need to do and how they need to do it.
 - a. The purpose of the how-to-do-it guide is to list specific steps that need to be taken while doing the Work to achieve the Standards associated with the process and the results that are expected

Critical Questions to Stimulate the Design of Systems

1. How can I get my business to work without me?
2. How can I get my Team Members to work without my constant interference?
3. How can I systematize my business in such a way that it can be replicated a thousand times so that the one thousandth will run as smoothly as the first?
4. How can I own the business and still be free of it?
5. How can I spend my time doing the work I love to do rather than the work I have to do?

CHAPTER TEN - THE BUSINESS DEVELOPMENT PROCESS

Building a prototype of a business is a continuous process. The Business Development Process has three distinct yet integrated activities: Innovation, Quantification and Orchestration.

The important thing is progress toward the Vision, not perfection ... there is always the opportunity for more growth. To grow daily, failures must occur.

Innovation

1. "Innovation" is about getting things done in the world.
 - a. “Creativity” is thinking up new things. So many people will exclaim that “I thought of that!”
 - b. “Innovation” does new things. Very few will be able to say “I did that.”
2. The entire process by which the business does business is a marketing tool, a mechanism for differentiating the business and for finding and keeping Customers.
3. The “Product” of the business that demands Innovation is not just the product the business sells, but the entire process which creates and manages the experience of the Customer as he interacts with the business.

- a. The business is the sum of how the business interacts with the consumer and what it sells, as opposed to just what it sells.
 - b. Every aspect of the Customer's direct or indirect interaction with the Team Members who perform the services must be systematically programmed and precisely executed to produce a uniformly reliable experience that meets the Customer's Conditions of Satisfaction as perceived by the innovator and eventually by the customer.
4. The Innovation Question is: "What is standing in the way of my Customers getting what they want from my business?"

Quantification

1. Quantification is measuring the results expected in each operating area of the business.....the "vital signs" of the game ... so that these results can be the feedback of what is working and what isn't.
 - a. We can compare the feedback against Required Results to see how we are doing compared to how we planned to do.
 - b. To have feedback we must design a System which measures and records the results of every benchmarked step in a format and medium that allows for easy future analysis.
 - c. Only certain and key results need be captured. If more data than necessary is captured it becomes meaningless and creates paralysis. The YUM franchisee in Australia built a valuable network of Kentucky Fried Chicken stores by measuring just three things:
 1. Sales per store
 2. Food cost per store
 3. Labor as a percentage of sales per store

Orchestration

1. Orchestration is the elimination of discretion or choice from the operating level of the business. This makes the business outcomes predictable and reliable.
2. "Orchestration" means that the Team Members:
 - a. Always show up with consistent appearance.
 - b. Always provide consistent experiences for the Customers.
 - c. Do the work the same way from transaction to transaction.
3. Since Team Members aren't predictable, then Systems must provide the predictability.

Change Systems That Don't Work

1. When the System doesn't work any longer, change it. Innovate, Quantify and Orchestrate again and again. All changes must be made in writing and be an update to the Standard Operating Systems. If it is worth changing it must be changed in writing. If your intention is to bake an Angel Food Cake and you leave out an important ingredient then you may get a Frisbee. Make no changes on Post-it notes or yellow sheets of paper..... make official changes.
2. Training of system changes is essential to driving the changes into habit. Good habits are easy to come by and hard to live with and good habits are hard to come by and easy to live with. Make certain that Team Members are trained on how to use the system.

CHAPTER ELEVEN - YOUR BUSINESS DEVELOPMENT PROGRAM

Seven Steps

1. Your Primary Aim.
2. Your Business Strategic Objective.
3. Your Organizational Strategy.
4. Your Management Strategy.
5. Your Team Members Strategy.
6. Your Marketing Strategy.
7. Your System Strategy.

CHAPTER TWELVE - YOUR PRIMARY AIM

1. Your business is not your life, it should be designed to fulfill your Primary Aim in life.
2. To discover your Primary Aim ... Try asking yourself:
 - What do I value most?
 - What kind of lifestyle do I want?
 - What do I want my life to look like?
 - How do I want my life to feel on a day-to-day basis?
 - What would I like to be able to say I truly know in my life about my life?
 - How would I like to interact with other Team Members in my life - my family, my friends, my business associates, my Customers, my community?
 - How would I like Team Members to think about me?
 - What would I like to be doing two years from now, ten years from now, twenty years from now?
 - What specifically would I like to learn during my life - spiritually, physically, financially, technically, intellectually?

- How much “Money” will I need to do the things I want to do and when will I need it?
3. To achieve my Primary Aim I need only ask: “What is the next most powerful act that I can take now that will further my Vision of the future?”

CHAPTER THIRTEEN - YOUR BUSINESS STRATEGIC OBJECTIVE

“Your arrows do not carry, observed the master, because they do not reach far enough spiritually.”

1. The Business Strategic Objective needs to be a very clear statement of what the business has to ultimately be and do to make the Primary Aim possible.
2. By constantly vocalizing the vision of the Business Strategic Objective, the Business Team will be drawn toward the “next step” that must be taken in furtherance of the Vision.
 - a. The Business Strategic Objective is a tool for measuring progress toward the Vision.
 - b. The Business Strategic Objective is a template for the business that generates Standards and Conditions of Satisfaction against which certain key action can be measured.
 - i. Each action will either be consistent with or not consistent with the business Vision.
 - c. Business Plans are static tools, not business development tools. Business Plans are created to convince someone else that you have a worthwhile business, not to help you build one.
3. Money - the first Standard in which to define Conditions of Satisfaction. Measurement of Money in and out is the measurement of the score.
 - a. In a business, the creation of Money Standards will allow the indicators to measure progress toward the Business Strategic Objective.
 - i. Gross revenues. How big is my vision?
 - ii. How will my company appear when it is finally done?

Will it be a \$300,000 company? A \$5 million company? A \$50 million company?
 - iii. If I don't know the answer, how can I possibly know whether I can realize my Primary Aim?
 - b. Once I have created a set of financial standards for my life, it becomes obvious that the business must have a realistic chance of achieving them.
4. The second standard - an Opportunity Worth Pursuing.

- a. An Opportunity Worth Pursuing is a business which can fulfill the financial standards I have created for my Primary Aim and my Business Strategic Objective.
 - b. The business must generate the money within an acceptable time to be compatible with my Vision and my personal Conditions of Satisfaction.
 - c. To determine whether the business is worth pursuing I need to ask: Does it alleviate the frustration experienced by a large enough group of consumers to make it worthwhile? Does it provide a product of redeeming value?
 - i. What is our product? AlphaGraphics sells productivity, PetsHotel sells peace of mind and alleviates guilt, SynCardia sells a second chance at life, Anthem Equity Group sells a location for businesses to do business and EasyCare sells horse comfort. Apple sells community!
 - ii. What unconscious feelings will our Customer experience and walk away with?
 - iii. I must be able to produce a business model capable of predicting outcomes with changes in inputs: income, expense, investment, price, competition etc. If I can describe the variable conditions they can be modeled.
 - d. Who is the Customer?
 - i. **Demographics.**
 A central demographic model shows who your most probable Customer is by age, sex, income, etc. (See National Decision Systems Criteria)
 - a) Demographics is the science of marketplace reality. It measures observable characteristics and tells us the profile of our Customer.
 - ii. **Psychographics.**
 The Motivations that propel a Customer to buy or not buy are constituted in the central Psychographic Model.
 - a) Psychographic is the science of perceived marketplace reality. It tells us why our Customers buy.
 - e. To determine if the business is an Opportunity Worth Pursuing - determine how many selling opportunities we will have (our Customer's demographics) and how successful we can satisfy the emotion or perceived needs lurking there (in our Customer's psychographics).
5. The Other Standards. There are no specific number of standards that should be generated from the Business Strategic Objective (Vision).

There are only specific questions that need to be answered:

- a. When is my prototype going to be complete?
 - i. How many months?
 - ii. How many years?
 - b. Where am I going to be in business?
 - i. Locally?
 - ii. Regionally?
 - iii. Nationally?
 - iv. Internationally?
 - c. How am I going to be in business?
 - i. Retail?
 - ii. Wholesale?
 - iii. A combination of the two?
 - d. What Standards and Conditions of Satisfaction am I going to insist upon requiring reporting, cleanliness, clothing, management, hiring, firing, etc.?
6. The Standards and Conditions of Satisfaction that for the business will shape the business and the experience of the owners, Team Members, and Customers.

The Standards which arise from the Business Strategic Objective create the “tension” between the present and the future that will form my Business Vision.

CHAPTER FOURTEEN - ORGANIZATIONAL STRATEGY

The Organizational Development reflected in the Organizational Chart can have a more profound impact on a company than any other single business development step.

- 1. Organize around function rather than “personality.”
 - a. Most companies organize around personalities rather than functions. Organizing around personalities causes businesses to forever work in the business rather than on the business and progress is diminished accordingly.
 - b. The best organizational chart will be functional ... delineating the functions that are necessary to produce satisfactory outcomes.
 - i. A functional organizational chart indicates the flows of work that are required to finance, manufacture and deliver Product.
 - ii. Each function creates a position of accountability.

- c. Each Team Member needs to know what functions are his responsibilities so he can design his Work to complete those functions and be accountable for the results.
2. Owners Sharing Primary Aims.
 - a. Each owner in the company should:
 - i. Develop a written statement of his Primary Aim to be compatible with the primary vision. This Primary Aim or Objective should start at the top and permeate the business from top to bottom and back to the top.
 - ii. Review and discuss Primary Aims of all owners and stakeholders so that those who will be directing the company can understand:
 - a) the premise from which each individual comes, and
 - b) his Conditions of Satisfaction.
 3. To create the Business Strategic Objective for the company.
 - a. Research the Central Demographic Model.
 - i. How many potential buyers are there in their territory in which they have decided to do business?
 - ii. Is the population growing?
 - iii. What is the competition?
 - iv. How is the product priced and how are they selling?
 - v. Is there a future for the product in the territory?
 - vi. What is the anticipated growth in the territory?
 - vii. Are any regulatory changes expected?
 - viii. What is the level of satisfaction for Customers in the territory?
 - ix. How are they being treated by others?
 - x. What are the unmet concerns the Customers have from their product?
 - xi. How has the product changed their lives or how will the product change their lives?
 - xii. If they could have a different kind of a product, what would it look like?
 - xiii. How would it feel to use it?
 - xiv. What do they want a product of this type to do for them? DO NOT USE FOCUS GROUPS.

4. Develop an Operating Proforma and Cash Flow Projections for the first year of operation.

Derive the structure of this model from the primary and intelligent model. From this information, the Business Strategic Objective will be developed which will indicate how they will be doing business (location, product methodology, selling methodology, etc.).

5. The functional organizational chart will require the following functions or positions. Initially, most all functions can be performed by only a few individuals, however, as the organization grows the functional organization chart anticipates not only the functions but the positions necessary to execute them:

- a. Chief Executive Officer (“CEO”).

- i. This is the Team Member who will ultimately be accountable for the realization of the dream of the company. This individual must take the commitment to the business seriously.

- b. President and Chief Operating Officer (“COO”).

- i. This Team Member is accountable for the overall achievement of the Strategic Objective and reporting to the Chief Executive Officer (CEO).

- c. Vice President -SalesMarketing.

- i. This Team Member is accountable for marketing the product to customers.

- d. Vice President/Business Development (often the CEO)

- i. This Team Member is accountable for acquiring and developing new opportunities.

- e. CFO/Finance and Accounting.

- i. This Team Member is accountable for obtaining the capital for acquisitions and operating the business(s) and providing accurate and timely feedback on results compared to objective.

- f. Vice President Quality and Regulatory

- i. This Team Member is accountable for quality standards and compliance with any regulatory standards.

The functional organizational chart, when done, will describe all of the Work that is going to be done in the company when its potential is fully realized.

Note that the functional organizational chart gives all functions that must be performed for the fully integrated operating company to be successful. It is important to have all of these done at this time.

6. Position Contract for each position on the organizational chart needs to be written.
 - a. A Position Contract is:
 - i. A summary of the Results to be achieved by each position in the company.....goals and objectives for the current financial period
 - ii. The Work the occupant of that position must do.
 - iii. A list of Standards and Conditions of Satisfaction by which results are to be evaluated...often the goals, objectives and budgets. All standards must be reasonable, measurable and attainable.
 - iv. A line for the signature of the Team Member who agrees to fulfill the responsibilities of the position(s).
 - b. The Position Contract is not a job description.
 - i. It is a contract between the company and the employee, a summary of the rules of the game. It spells out:
 - a) The objectives of the company for the current period.
 - b) The commitment of the individual to the company.
 - ii. It provides each Team Member within the organization a sense of commitment and accountability.
 - a) After Position Contracts are written, they can be assembled into functional areas to then reveal the plan and the individual commitment(s) to meet the plan.
 - b) Once all of this is done, and the Position Contracts have been signed, a sense of Order has come to the organization.

Prototyping the position: replacing yourself with a System

1. To start the prototyping process, do it at the bottom of the organization with Team Members doing “Tactical Work”, not the top with “Strategic Work.” To be successful you must “wallow” in the business and the processes. If you bring in a “profit from another Land” you will infect your business with the problems of another. Start with a clean sheet of paper!
 - a. “Tactical Work” is the work of all technicians.
 - b. “Strategic Work” is the work of Managers.

2. The focus is no longer working “in” the business. The focus is working “on” developing a business that works.
 - a. For example while working “in” the position of sales Team Member, you go to work “on” systematizing the position of sales Team Member as the Vice President in Marketing and Sales.

Hiring Someone to Work The System

1. Not a master technician. But a novice. A beginner. Experience is a detriment. The individual needs the aptitude, desire and profile however specific experience can be a detriment. If done wrong elsewhere it will be done wrong here.
2. You want someone:
 - a. Eager to learn how to do it right.
 - i. Profile (DISC)
 - ii. Adequate Brain Speed
 - iii. Adequate Communication Skills
 - iv. Clean record and no history of drug use
 - b. Who has not been contaminated with prior experience?
 - c. Willing to learn and value what the company has spent so much time and energy discovering.
3. The “interviewing” process follows.
 - a. An ad: “Come and see our turnkey operation. Come and see our money machine. No experience necessary. Just an open mind and a willingness to learn.”
 - b. The interview of candidates includes:
 - i. Telephone Interview – invite the person in only after they pass the telephone interviews.
 - ii. Testing prior to face to face interview.
 - a) DISC Profile
 - b) Brain Speed for math, word skills and logic
 - iii. Interview following the standard interview sheet.
 - iv. Drug testing
 - v. Background testing

- c. Remember even the delivery driver or the stockroom manager can wreck the company.
 - i. Show them the Operations Manual and the Strategic Objective of the company, and explain how they were created and why.
 - ii. Show the Organizational Chart and where the individual is in the chart, and to which position he reports and who in the company is currently accountable for that position.
 - iii. A discussion of the Primary Aim of the candidate to determine if their vision coincides with the company's view of the world.
 - iv. After finding the right Team Member, he is handed the Operations Manual and the supervised training begins. He learns the products, the dress code, is introduced to all individuals in the supporting roles and learns the Systems and finally goes to work and begins making a contribution.

Develop The Next Position

1. At that moment, that exact instant move up to the next position and begin the process of business development all over again.

Results - Movement from Tactical Work to Strategic Work

1. This frees the owner from the “Tactical Work” of the business. The owner has replaced himself with a System that works in the hands of a Team Member who wants it to work. This process also helps the owner become intimately familiar with all functioning parts of the business.
2. Now the owner's job becomes managing the System rather than doing the work. This is Strategic Work.

CHAPTER FIFTEEN - YOUR MANAGEMENT STRATEGY

Systems provide the platform or the foundation that allows freedom in decision making!

Systems (as in any form of democracy) provide the discipline that yields freedom!

1. You don't need Team Members of great experience, you need carefully constructed Systems of great power.
 - a. To implement the Management Strategy you do not need amazingly competent Managers with finely honed Team Members skills and great degrees, and with sophisticated techniques for dealing and developing with Team Members.
 - b. What you do need instead is and intelligent, motivated, hard working, honest Team Members and a Management System.

2. This Management System is the Strategy that allows ordinary people to achieve extraordinary success.
 - a. The System is the solution to the problems that occur because of the unpredictability of Team Members.
 - b. The System will:
 - i. Orchestrate the process in which management decisions are made.
 - ii. Aid in decision making by establishing a routine, thus allowing us to concentrate our decision making energies on the exceptions--those decisions not yet routinized or decisions that are not subject to routine due to lack of frequency and/or recency or size.
 - iii. The more automatic, consistent, and reliable the System, the more effective we can be as Managers and the more effective the enterprise!
3. The “Operations Manual” is nothing but a series of “Checklists.”
 - a. Each task is checklisted.
 - i. Each checklist itemizes the specific steps in each separate component of the entire process.
 - ii. The manual can be grouped by tabs and color coded with each separate color coding or tabbing having to do with a separate part of the process.
 - b. The SOPS for PetsHotel so accurately described the how-to of operating each functional area and each function of the PetsHotel that the operation was flawless and predictable. With one perfect prototype and one set of perpetually revised and modified SOPS, PetSmart made the decision to purchase PetsHotel.

The new business model: Retail and PetsHotel combined to make PetsMart the most successful big box retailer in the USA.

CHAPTER SIXTEEN - YOUR TEAM MEMBERS STRATEGY

“Life games reflect life aims.”

1. How do we get our Team Members to follow the Systems?
 - a. The answer is, we can't get Team Members to do anything.
 - b. All we can do is to create an environment in which doing it is more important to the Team Members than not doing it. Where doing it well becomes a way of life.
2. We must demonstrate that we take each employee seriously by showing respect and consideration for the individual.

- a. The “respect” is demonstrated by the way in which we discuss with the new Team Member the important goals and objectives of the company.
3. Our actions must allow the new Team Member to experience that we sincerely and totally take the operation of our business seriously.
 - a. It is an expression of who we are.
 - b. A symbol of what we believe in.
 - c. If the new Team Member doesn't take the business seriously, he would not be taking us seriously.
4. Becoming a member of our Team should be like being initiated into a group.
 - a. It is not for everyone and not everyone can qualify.
 - b. There is a procedure and a System for initiating Team Members into our organization.
5. The Initiation.
 - a. The individual delivering the Initiation Script should be totally present to meet with the new Team Member, unhurried and calm, unbusinesslike in the traditional way.
 - b. The discussion of the business with the new employee should be presented as the most important thing on the agenda that day.
 - i. The company is not hiring the new Team Member to Work, it is hiring the new Team Member to do something much more important than that - to have a Career, something for which the Team Member is responsible to set his own identity.
 - c. First Day Script -part of what we say the first day is:
 - i. “The work we do here is a reflection of who we are. If we are sloppy at it, it is because we are sloppy inside. If we are late at it, it is because we are late inside. If we are bored by it, it is because we are bored inside with ourselves, not with the work. All work can be a piece of art when it is done by an artist. So the job here is not outside of ourselves, but inside of ourselves. How we do our work becomes a mirror of how we are inside.”
 - ii. Work is passive without the Team Member. It can't do anything. Work is only an idea before a Team Member does it. But the moment a Team Member does it, the impact of the work on the world becomes a reflection of that idea - the idea behind the work - as well as the Team Member doing it.

- iii. In the process the work becomes you and you become the force that breathes life into the idea behind the work. You become the creator of the impact on the world of the work you do.
- iv. There is no such thing as undesirable work. There are only Team Members who see certain kinds of work as undesirable.
- v. There are Team Members who use every excuse in the world to justify why they have to do work they hate to do. Team Members who look on their work as a punishment for who they are and where they stand in the world rather than an opportunity to see themselves as they really are.
- vi. Team Members who are like that don't bring life to the idea of the work, they bring death to it. The result is sloppy, inconsiderate, inconsistent human transactions between most businesses and the Team Members who buy from them, exactly the opposite of what we have here.
- vii. And the reason it is different here, is because we give every Team Member who comes to work here an opportunity to make a choice, not after the work is done, but before. And we do that by making sure they understand the idea behind the work they are being asked to do. That's the thing that is most exciting about working here. It is the first place where the idea behind the work is more important than the work itself.
- viii. The work we do is broken into three parts:
 - a) The first says the Customer is not always right, but whether he is or not, it's our job to make him feel that way. Customer satisfaction is our business. As long as the Customer's experience lacks satisfaction with our product, we have work.
 - b) The second says that everyone who works here is expected to work toward the best that he can possibly be at the task that he is accountable for. When he can't do that, he should act as if until he gets around to it, and if he is unwilling to act as if, he should leave.
 - c) The third says that our business is a place where everything we know how to do is tested by what we don't know how to do, and that the conflict between the two is what creates growth, which creates meaning. In other words, every breakdown we experience in the pursuit of our work provides an opportunity for a breakthrough, an opportunity for us to discover and to grow.
- ix. Our business is like a martial arts hall, a Dojo, a place we go to practice being the best we can be as a Team Member, as a reflection of who we are. The true combat in the Dojo is not between one Team Member and another as most Team Members believe. The true combat in martial arts practice is between the Team Members within ourselves.
- x. From our conversations it should be apparent that the physical property is the least important thing in the relationship between our Team Members.

- xi. What is important is how seriously each Team Member takes playing the game that has been created here.
- xii. We are not looking for employees as much as for players in the game, for individuals who want to do something more than a job.

6. We Believe:

- a. Team Members want to work for Teams who have created clearly defined structures for acting in the world.
 - i. A structure through which they can test themselves and be tested.
 - ii. This structure creates the Context for contribution and success.
- b. The game is set up to enhance and create Innovation and foster learning.
- c. Each Team Member is expected to develop and improve his Systems. The Systems are periodically rewritten to enhance the level of play in the game.
- d. The very best businesses represent to the Team Members who create them a game of Challenge and Adventure.
 - i. The Rules of the game symbolize the ideas that the creators have about the world.
 - ii. The Declaration sets forth the objectives of the game.
- e. In this Context, the degree to which Team Members do what the company wants, is the degree to which they choose to become committed to being in the game (Declaration).
 - i. The degree to which they choose to become committed to the game doesn't depend upon them, but on how well we communicate the game to them at the outset of our relationship, after the game has begun.
 - ii. Remember that Power is the differential capacity to get an individual to accept a Vision as a basis for an alliance in the coordination of effective action through requests and promises.
- f. Team Members Strategy.

Team Members Strategy is the way in which the idea of the game is communicated. It is the aura of the individuals who communicate and play the game.

- i. The leader's actions speak of the game.
 - a) It starts with the leader's Primary Aim and follows with his Strategic Objective and continues through the Organizational Strategy and the manuals that define the work that Team Members do.

- ii. The Vision of the game is communicated through the beliefs of the leader and the way in which the prototype is expected to exemplify them through the measurable standards that have been established for the performance at all levels.
- iii. The game of the business can't simply be referred to on a written page. It must be experienced through the way in which we present the Vision and continually confront performance which is inconsistent with the Vision.
- iv. It can't be cynical or a place of subordination.
- v. It must be a place where Team Members can have a Career, where they can be accountable for their own performance and where they can develop their own "identity" by the way in which they play the game.
- vi. Everyone has to take it seriously and every failure to take it seriously must be confronted instantaneously without compassion, but with empathy.

CHAPTER SEVENTEEN - YOUR MARKETING STRATEGY

The "Marketing Strategy" starts, ends, lives and dies with the Customers. What "we" want is unimportant. What our "Customer" wants is all that matters.

There is a significant difference between what our Customer "wants" and what he "thinks he wants."

The Irrational Decision Maker

1. At the subconscious level Customers respond to all the sensory data around them, colors, shapes, sounds, smells, facial expressions, body posture, neatness, order, disorganization, etc.
 - a. Nothing escapes Customer's observation, whether it be conscious or unconscious.
 - b. An individual's way of absorbing information is habitual, constant, and automatic.
2. The Choice to buy or not to buy is made by the Customer's unconscious mind at the instant it gets a taste of all the sensory perceptions.
 - a. The process is irrational.
 - b. That is why first impression is so critical and all the details of the impression are so important.
 - c. Every element of the Customer's experience with our company must fit together in a total picture or the Customer will not respond to us.

3. After the buying decision is made at the unconscious feeling level, the unconscious mind sends its answer to the conscious mind which then assembles the “Rational Armament” to support its already determined emotional commitment.
 - a. The reasons, the justifications, the theories, etc. all follow the emotional decision and are used to bolster it.
 - b. No one wants to say I don't know. No one wants to be subject to the risk of criticism or for not having a reason for what they did.
4. When a Customer says I want to think about it, he is not going to. He doesn't know how. He has already done all the thinking, he either wants it or he doesn't.

The Two Pillars of A Successful Marketing Strategy - Demographics and Psychographics

1. Demographics is:

- a. Knowing who your Customer is in great detail.
- b. The science of observable marketplace reality.
- c. Tells you who buys, how old they are, how much education they have, the kind of car they drive, etc.

2. Psychographics is based on research and it is:

- a. The science of perceived marketplace reality.
 - i. Reality exists only in someone's unconscious perceptions, attitudes, beliefs, conclusions and nowhere else.
- b. Tells you why certain demographics buy for one reason or another.
 - i. For example, the difference between two products may not be the product, it's in the unconscious and irrational mind of the perceiver.
 - ii. The example of the difference of perception of successful businessman when he has dressed in a white shirt and a blue suit with a red tie as opposed to an orange suit, a yellow shirt and a pink tie.

3. Find a perceived need and fill it.

- a. If the Customer doesn't perceive he needs something, he doesn't need it even if he actually does.
 - i. Customer's perceptions are largely unconscious.

- ii. Structure our performance to reach some of these needs he doesn't even know he has - - that's why we discuss “benefits” rather than “features.”
- iii. New products such as the iPod require that the customer’s needs be predicted and this can be done by Focus Groups. This is the job of the CEO, the Leader, the Innovator.

CHAPTER EIGHTEEN - YOUR SYSTEMS STRATEGY

“A System is a set of things, actions, ideas, and information that interacts with each other, and in doing so alters other Systems.”

In short, everything is a System, everything is interconnected.

Three Kinds of Systems in Business

1. Hard Systems are referred to at Anthem Equity Group as “Hardscaped.”
 - a. Hard Systems are inanimate, non-living things such as computers, word processors, hard drives, pens, pencils, colors, apartment projects, etc.
 - i. How many different functional Hard Systems can we test for “our business?” The Freedom Driver at SynCardia to power the Total Artificial Heart and allow the patient to live a normal life away from the Hospital is a Hard System. The careful selection of the surfaces in the PetsHotel are Hard System - they inhibit bacteria growth.
 - b. An example of Hard Systems are rigid standards for color and cleanliness. Color Systems may include white walls, specific colored desks, chairs and accessories. Hard Systems can’t be altered by the user or customer.
 - c. In most System oriented situations the process is designed to create a “Systems Solution” to a typically Team Member intensive problem.
 - i. Systems allow Team Members to be free to do the Work of using their judgment to listen to the Customer’s concerns and meet their perceived needs.
2. Soft Systems.
 - a. Soft Systems are generally directions that must be followed. To the extent that the directions can’t be violated then the Soft System can be converted to a Hard System. For example a one way street is a Hard System. A sign indicating that the driver must drive on the right side of the road is a Soft System
 - b. Soft Systems are the procedures, scripts, and programs that are used by the Team Members in Orchestrating the steps to produce an outcome or serve a customer.

3. Information Systems.
 - a. Information Systems provide us with feedback on outcomes compared to expected outcomes.
 - b. Effective information systems are the dashboard of the business.

An Integrated Business System made of sub-systems

Our Primary Aim, Strategic Objective, Organizational Strategy, Management Strategy, Team Members Strategy, Marketing Strategy and Systems Strategy are totally interdependent rather than independent of each other.

EPILOG - BRINGING THE DREAM BACK TO AMERICAN BUSINESS

“You should know now that a man of knowledge lives by acting, not by thinking about acting or by thinking about what he will think when he has finished acting. A man of knowledge chooses a path with heart and follows it.” Carlos Casteneda, *A Separate Reality*.

1. Because of the rapid change in the world our Team Members experience chaos and disorder.
2. We can't control what's “happening out there,” but we can control what's happening “in here,” in our business with us. We can deal with the chaos inside of us. We can eliminate our inner-turmoil.

“Our arena is one of confined conflict where we confront an opponent who is not an opponent but rather a partner engaged in helping us understand ourselves more fully.”

“It is a place where we can learn a great deal in a short time about who we are and how we react in the world.”

“The conflicts that take place inside our Arena help us handle conflicts that take place outside in the world.”

In our Arena we can constantly attempt new things so that it is also a source of learning in the Zen terminology, or source of self enlightenment.

That's exactly what our business can be for ourselves and each one of our employees.

3. Our business can be a place where we can Practice implementing ideas in a way that changes lives.
 - a. A place where we can test all of the assumptions we have about ourselves.
 - b. It is the place where questions are at least as important as answers if not more so.
 - c. It is a place where generalizations give way to specifics.

- d. It is the place that demands our attention.
- e. A place where rules must be followed and order preserved.
- f. A place that is practical, not idealistic.
- g. A place where idealism must be present for the practical to serve. It is a place where the world is reduced to manageable size.
- h. Small enough to be responsive, but big enough to test everything we have. A true practice hall.

A World of Our Own

Our Business Prototype can provide our study with the discipline it needs to succeed.

Innovation, Quantification and Orchestration become the Practice that brings us and our opponent - whoever that may be - to the discovery of our limits, our weaknesses and our strengths.

The discovery of what really works in the world rather than what our imagination might wish to work.

Innovation, Quantification and Orchestration provide the belief System of our business, the philosophical bedrock of our interaction with the world. They become our source for learning, for creating, for expanding beyond our self-imposed limits.

An Idea for Action. The old Chinese proverb:

“When you hear something, you forget it.”

“When you see something, you'll remember it.”

“But not until you do something, will you understand it.”

This process requires the full engagement of the Team Members working in it. It cannot be done halfheartedly. It can only be done intelligently, reasonably, intentionally, systematically, and compassionately.

It is a commitment and the very process of Business Development creates instantaneous change in the people who engage in it!

That is the key to success!

Those who engage in the process must remember their aim in order to continue the Vision. and in the process of remembering , their aim becomes tethered to something real in the world their business and the Vision of their Business.....a place in which aims can be tested in a concrete and practical way. The business becomes a symbol for the life we wish to live. A visible manifestation of who we are and what we believe a living active testament to the will of man. Your will!

Don't think about it anymore. Go forward and create chaos and capture the chaos with exceptional business systems and innovate to change the world.

In the words of Steve Jobs – “Dent the Universe.”

E-Myth Principle	Enterprise	Examples
The Franchise Prototype and Business System	AlphaGraphics	The complete SOP was written before the first location was opened. SOPS for customer service, manufacturing, accounting and reporting. These SOPS became the foundation for the Franchising and expansion of AlphaGraphics to 20 countries. With each change in process the SOPS were updated and re-circulated.
	PetsHotel	The SOPs were written after 2 years of research of the Pet Boarding Industry and without any operating experience. We envisioned what was necessary to consolidate the Pet Boarding Industry and built the feature benefit combinations into the offering. Some SOPs were modified as many as 6 times before we opened the doors. The SOP system that we designed to support the PetsHotel has become the backbone and the foundation of all other business SOPS that we have developed. The SOP kit is the foundation to launching a business. By applying the kit to every aspect of the business it requires that every step of the process of customer satisfaction be considered. It is important that any and all businesses get in touch with their business at this level. To abdicate this most important step to others is to let someone else invent your business and then you are relegated to fixing what does not work. Best to get it right from the beginning and keep it right with constant vigilance.
	SynCardia	SynCardia, "The Artificial Heart Company", had struggled for 25 years before Rodger and David touched the company. Run like a science project with little or no discipline and virtually no SOPS, we knew just where to start. Our influence began in May of 2005 as the Kit (CEO and EVP of Development). Our first and most important step was to introduce systems and discipline to SynCardia. Medical Device companies governed by the rules of the FDA and CE are held to a higher standard than non-regulated businesses. A standard that all businesses should attempt to follow. A surprise audit launched by the FDA before the end of May of 2005 revealed the enormous weakness in the SynCardia Quality and Business Systems. The audit that extended for two weeks pointed to the solution: The implementation of a document and SOP management and rev control system. After extensive research conducted while the FDA audit raged SynCardia selected MasterControl as the document and SOP management backbone. Thirty months were required to completely systemize SynCardia. The FDA relied on a paper pushing system for document management selected MasterControl as their backbone in 2010: 5 years following the implementation by SynCardia. The SOP system created for PetsHotel was modified slightly and became the SOP system inserted into the SynCardia MasterControl Application. Procedures were developed and refined around tasks and events such as CAPA, DHR, MDR, PTO, Management Reporting, Product development and much more. The MasterControl System as adapted to the SynCardia requirement allowed SynCardia to leverage Human Capital to be all that it could be!
	MicroMed	MicroMed required much of what had been implemented at SynCardia. This time it was easy since the systems template, originally designed for PetsHotel was housed in the SynCardia MasterControl application and was easily ported to MicroMed. The rule is to build it like there will be 1,000 more must like it. At MicroMed like all other Anthem influenced businesses the System came first and FAST.

E-Myth Principle	Enterprise	Examples
The Vision	Anthem	To acquire Commercial properties from Banks, Insurance Companies and the Resolution Trust Company and introduce the acquired properties to a system of management with the aim of providing the customer with a consistent and beneficial business experience for their customers and exceptional return on investment. We agreed to think of Anthem as a company that serves the location needs of our customer and the customer that they serve as opposed to thinking of Anthem as a Commercial Real Estate Company. From that Vision our success of customer service followed.
	AlphaGraphics	To provide a multi location consumer convenient print service with same day delivery no matter the size of the job.
	PetsHotel	PetBoarding, until the advent of PetsHotel, was a fragmented industry with lack of standards from one Kennel to another. Conditions were not sanitary and animals frequently had an unpleasant stay. The customer, parent of the pet, had a higher and unmet need. The examples of DayCare, Hoteling and Pet Boarding served to form the offering of PetsHotel. Our mission was to consolidate the Pet Boarding Industry, and to build a compliment to the business of PetsMart or PetCo. A retail store along with PetBoarding and Vet clinic would create a new paradigm. PetsMart won our attention and now PetsHotel is part and parcel of what many have deemed "America's Most Successful Retailer".
	EyeOnMyLoan	Tyler's vision was to provide a loan officer convent management tool to leverage the productivity of a residential mortgage lender. Tyler's product leveraged mortgage loan originators output by 400%. EyeOnMyLoan was acquired by Home Loan Services, a Warren Buffet Company.
	EasyCare	EasyBoot, developed by Neal Glass the last living Nuclear Fellow, was acquired by Garrett Ford in 1994. The foundation product provided the vision of a line of EasyBoots and EasyShoes that would revolutionize the Horse Shoe industry. Ask any horse and it will declare that EadyBoots and EasyShoes are preferred over the nailed on steel alternative. If you were a horse what would you prefer?
	SynCardia	To produce an Artificial Heart that would replace the failed human heart as a permanent replacement. A Heart that would save and enrich lives of those unfortunate individuals suffering from end stage heart failure. An artificial Heart that would become the "world wide standard of care".
	MicroMed	To produce the smallest and least invasive auxiliary ventricular assist pump in the field of Mechanical Circulatory Support and claim a piece of the rapidly consolidation Mechanical Circulatory Assist Market. At the beginning of 2004 there were 26 contestants in the Mechanical Circulatory Assist Market and at the onset of 2012 only 5 remain: Abiomed (ABMD), HeartWare (HTWR), MicroMed, SynCardia (the only artificial heart) and Thoratec (THOR).

E-Myth Principle	Enterprise	Examples
The Money - The Financial Model	AlphaGraphics	In 1971 and before the days of modern personal computers, AlphaGrahics rented time at the University of Arizona Computer Center for the purpose of financial modeling, reporting and daily updates of actual performance vs. budget. Sales were logged daily against budget and the dashboard reported activity necessary to meet the monthly, quarterly and annual goals. The Financial modes became more sophisticated as months and years passed and the evolved financial model became the predictive model for evaluating new Franchise Geographies and Store Profitability.
	PetsHotel	Two years of intense evaluation preceded the PetsHotel. During the evaluation period a sophisticated financial model evolved that predicted Sales and Cost of Sales on a Four department hotel. The logic designed into the predictive model accounted for all the moving parts of the business and the relationship of one part to another and all others. This model, when applied to the USA market and the footprint of PetsMart locations, was able to predict the Sales Growth and Profit Growth opportunities of specific geographical areas. Application of the model to the Vision educated us on the scale and details of the Opportunity.
	SynCardia	SynCardia, the business was simple on the one hand and on the other hand very complex. SynCardia was past the development stage with a functionally obsolete solution and fully engrossed with modernizing its product and product offering in order to become the "standard of care for end stage heart failure" net of a transplant. The development required longer than anticipated and the market conditions changed dramatically. The model was revised and modernized beyond 100 revs. The predictive logic necessary to forecast accurately was very complex.
	MicroMed	MicroMed required similar logic. Fewer operating variables but enormous development requirements. The models built for PetsHotel and SynCardia formed the foundation for the MicroMed predictive model(s).
	EasyCare	EasyCare was the first of the models built using the modern tools of the PC and Excel. Fixed, Semi Variable and Variable relationships were isolated, defined and refined to construct a reliable predictive model.
	Anthem	The Anthem model was the most complex and interesting model of all. The requirement was income property evaluation and valuation combined with projections for Syndication. This model required 12 months to develop and allowed Anthem to evaluate many opportunities, select the best and immediately produce the detail necessary for a PPM.
	TRRF	The Tucson Residential Recovery Fund acquires, upgrades and markets residential single family real estate. A derivative of the Anthem model combined with a tracking model to support acquisitions, rehab and sale timing and cost was produced for this enterprise.
	All Models	All Anthem Financial designed models are: exportable to the target company GL. If updates to the numbers are necessary the change are first made in the model and then exported to the GL. This process provides a perpetual foundation of the budget and forecast and a platform to model any changes first before export to the budget. THIS DISCIPLINE IS ESSENTIAL TO SUCCESSFUL FINANCIAL MODELING.

E-Myth Principle	Enterprise	Examples
People	All Companies	It is said that any single employee can wreck a company.....any employee all the way from the President to the Delivery Person. Individuals must be selected that have complimentary profiles, brain speed, work ethic, limited external problems, no known substance abuse and backgrounds that check out. They must have had a series of increasing successes and show a desire to join a team with great talent destined to "Dent the Universe", in the words of Steve Jobs. Anthem has developed a selection tool that has worked well from one business and from one industry to another.
Project Acceleration	All Companies	The business or industry makes little difference when it comes to product and or process development. Successful development requires multiple and successive failures in order to produce a success. Individuals and teams need to be encouraged to "Fail Successfully" rather than to produce a perfect outcome. Daily failures lead to perfect outcomes or leveragable outcomes long before a development that strives for perfection without experimentation. Anthem has developed and utilized a method of tracking and engaging team contribution toward a goal. Recency and frequency is a must along with accurate reports of progress to goal. Short meetings of 2x per week are preferred, with short reports from team members having a responsibility for one or more elements of the project. This tool is not intended to replace a more sophisticated tool such as Microsoft Project but is intended to accelerate the race against time and hold team members responsible and accountable for their progress. The outcome is to compress time and accelerate outcomes.
Financial Reporting	All Companies	Financial reporting is an absolute must as soon after the end of month as possible. In the case of Anthem Companies, the second Tuesday, Wednesday or Thursday of the following month. The requirements are properly vetted financial statements including Income, Expense, Balance Sheet Items thus producing Income Statement, Balance Sheet and Cash Flow. Properly vetted requires that those that were involved in the activities that are revealed by the numbers have reviewed and worked with the accounting department to make any changes and corrections to the reports before the final reports are circulated. A narrative must accompany the report for the 'face to face" management meeting and the activities of the business are then discussed. What activities contributed to the numbers and what is expected in the future. Thus the statements must compare actual to budget month and year to date and forecast the remainder of the year vs. Budget and vs. Forecast.

E-Myth Principle	Enterprise	Examples
Hardscape	All Companies	Hardscapping (not soft systems -written rules) is essential to Leveraging Human Capital and producing a predictable Team Member and Customer experience. So may Standard Operating Procedures are centered around writing the "rules" for behavior - the sequence of activities necessary to create the intended result. Those that can think of the rules being embodied in the process so that the rules can not be violated are the masters at streamlining process or customer experience. Think the edict of Apple prohibit the shipping an operating manual with the product. The product must be so intuitive and user friendly that the user can be immediately productive and learn on the fly. Let's now apply this to Anthem Influenced Companies
	AlphaGraphics	LaserGraphics-AlphaGraphics was originally in the "quick print" business and we required the customer to present a "camera ready" original for reproduction. We count not reproduce from an idea but could reproduce from words and images on paper. Early AlphaGraphics stores produced annual volume of \$200,000. in 1984 the "Camera Idea" was tested using a combination of a Xerox Memory Writer, Kroy Headliner, Translucent Templates for lining up text and headline copy and a light table and tape for final assembly. Customers jumped in and began moving ideas to copy and the store volumes grew dramatically in the 5 test stores. By 1986 Macintosh SEs, and applications for Letter Head, Forms, Flyers and booklets all output to PostScript Laser Printers launched the AlphaGraphics stores to an average of \$1,000,000 in gross sales per year.
	AlphaGraphics	24 Hour Service was launched to allow for the reproduction of the additional volume generated by the "Camera Ready Idea" system. If an order was placed by 5PM it was ready the following morning.
	AlphaGraphics	AlphaPoint - Point of Sale System - to accommodate the additional volume a point of sale system was developed to take orders accurately and consistently.
	AlphaGraphics	Alpha Link was developed to facilitate the origination of a document in a customers office and the transmission of the original to the target AlphaGraphics store. Originals were transmitted from San Francisco to the AlphaGraphics store in Moscow.
	PetsHotel	Surfaces that stifled bacteria growth - all surfaces in the PetsHotel were impervious to moisture and therefore did not allow the growth of bacteria. Odors were eliminated by choice of materials and construction methods and cleaning of the Pet Rooms became easier and more dependable.
	PetsHotel	Customer attraction plan designed to appeal to the "parent of the pet". Models of Day Care and the Hotel were used and all campaigns and messaging were built around this model. The customer feature/benefit pitch became defined so that every team member could express the advantages of the PetsHotel in simple terms.
	PetsHotel	Point of Sale to take orders same way every time. This point of Sale System, booked room, checked guests in, scheduled extra services, scheduled regular and after hours check out and sent reminders to guests (the owner of the pet).

E-Myth Principle	Enterprise	Examples
Hardscape	Sound Speaker Repair.com	This company produced repair parts and kits for Professional Audio speakers such as JBL speakers used in auditoriums and for concerts. A complete and preassembled replace kit was designed and produced allowing even the inexperienced customer to repair their speakers.
	SynCardia	Identifying potential candidates for employment and qualifying the candidates for employment was an important need of SynCardia. Qualified Team Members were intelligent, processed information fast "brain speed", were of good background and had outstanding work ethic. Candidates were tested and measured to the "SynCardia Standard" and a quality team was developed.
	SynCardia	Key to the SynCardia success was a portable driver that allowed the patient to resume a normal life out of the hospital following implant of the Artificial Heart. The Freedom Driver was developed and had a "dark cockpit" thus providing information to the patient and medical support staff on a "need to know" basis or by exception. The Freedom driver was "hardscaped" to be simple and easy to live with and required only that the patient keep the batteries charged.
	SynCardia	A replacement driver was developed for in hospital use that replace the traditional 450 pound driver know as "Bib Blue". This driver was dockable (like a laptop computer). The driver was triple redundant as to source of compressed air and was portable within the hospital when docked in a caddy.
	MicroMed	Key to the success of MicroMed was the remote monitoring of patients implanted with the HeartAssist5 left ventricular device. A remote monitoring system was devised and implemented that provided for 24*7 monitoring of the patient. The patient did not need to monitor his pump or vital signs unless the remote system reported an exception. Checkup visits were reduced and patient care improved.
	Anthem Equity	Complex cost recovery in the commercial real estate business is a major source of income loss. Sophisticated models were developed for each property assuring the accuracy of cost recovery and budgeting of future costs.