



Three Types of People who Start Small Business

In 1987, Michael Gerber wrote a landmark book called *The E-Myth, or the myth of the Entrepreneur*. He said that basically 3 types of people start small businesses.

Entrepreneurs are people who see things not as they are, but as they could be. They're high energy, high sales, high vision. But left to their own devices, Entrepreneurs usually fail.

Why? According to Gerber, entrepreneurs are often unwilling to do what they feel are the dull, boring, and mundane tasks that must be done for the business to perform predictably for its customers, its suppliers, and its employees.

A second type who starts a small business is the **Manager**. These are people who are everything the Entrepreneur is not. Highly reliable, structured, and responsible, they will get the bank statements reconciled, the payroll out on time, and the inventory accurately counted.

But, left to their own devices, managers usually fail. Either they don't see the opportunities of the vision, or more often, they can see the vision and dream the dream, but are unwilling to take the terrific personal risks necessary to get the business off the ground.

A third type who starts a small business is the **Technician**. These are people who just want to kill all bosses! Often the most fun and creative of us all, these are people who have special gifts that allow them to do things the rest of us frankly cannot do. Technicians include musicians, artists, cardiothoracic surgeons, and architects.

By now you can guess what happens to them if left to their own devices. They fail, too, but for a different reason. They are completely focused on the act of creation, and are unwilling to take on either the marketing or the administrative functions that must be fulfilled by every business.

Can you see these types at work in your small business?

Gerber's formula for success is for an Entrepreneur to hook up with a Manager, and together they hire the Technicians who actually do the work!

Of course, none of us is totally Entrepreneur, Manager, or Technician, and some of us are equal blends of all three types. However, most of us tend more to one style or another.

The most important thing to realize is that any of the three styles have a fine chance of business success, provided they do two things.

First, they've got realize and accept which type they are. The realizing part is easy — just ask your co-workers! They're sure to tell you!

The accepting part is harder. Accepting means that as the owner, you must ensure that the other roles are being properly filled, while all the time maintaining control over all business operations.

In other words, an Entrepreneur increases her chance of success if she finds someone else to perform the Manager and Technician roles, but still retains the control.

Here are the two most common mistakes people make. And all three types make the same mistakes!

The first mistake is to hire someone just like you. "He thinks just the way I do, and we'll have a wonderful and profitable time together!"

We all tend to hire in our own self-image. But this strategy just reinforces the dominant type that's already in the business.

The Entrepreneur may find working with a Manager to be more difficult—they see the world in vastly different ways—but the business is likely to be stronger because one's strength compensates for the other's weakness.

The second most common mistake is to abdicate your responsibility. Delegation is good; abdication can lead to civil and criminal charges.

Here's a real life example in York County: An Entrepreneur has seemingly unlimited vision, energy, and ability. And he really makes the business grow.

Within 18 months the business has 17 employees, a strong regional reputation, a client list most of us would kill for, and revenues approaching \$1,000,000.

The Entrepreneur prudently hired a Manager to look after the administrative end of things, but he neglected to make sure the Manager was performing appropriately.

When the owner finally looked into the Manager's job performance, he discovered over \$200,000 in unpaid liabilities.

Needless to say, that company with all its bright prospects is now gone, but the liability remains a millstone around the Entrepreneur's neck.

Here's the lesson to be learned: Figure out which type you are (that's easy), and then make sure that the other roles are being filled under your overall supervision and control.

Bill Belchee has maintained a full-time small business accounting and tax practice in Fort Mill for 6 years, and may be reached through his website at www.bizteachers.com.

1171 Market Street, Suite 206, Fort Mill, SC 29708
Phone 803 802 7676
www.beaconsmallbiz.com
Copyright 2007, Bill Belchee
All Rights Reserved