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FIRM MANAGEMENT

Five Core Principles to Work By...

As many of you know, I co-authored a book a few years ago with acclaimed author Michael Gerber titled *The E-Myth Accountant – Why Most Accounting Practices Don't Work and What to Do About It*. This proved to be a great experience for me.

Darren Root, CPA, CITP, CGMA • Jul. 29, 2013

From the *New York Times* bestselling author of *The E-Myth*

The **E** Myth Accountant

*Why Most Accounting
Practices Don't Work
and What to Do about It*

MICHAEL E. GERBER

M. DARREN ROOT, CPA, CITP

READ BY THE AUTHORS • UNABRIDGED

From the August digital issue.

As many of you know, I co-authored a book a few years ago with acclaimed author Michael Gerber titled *The E-Myth Accountant – Why Most Accounting Practices Don't Work and What to Do About It*. This proved to be a great experience for me.

First and foremost, just the opportunity to get to know and work with someone whose work I had admired for so long was an honor. After all, it was Michael's original *E-Myth* book that inspired me to change my accounting practice so many years ago, and it continues to inspire me today.

Michael has done some really good work helping small business owners realize greater potential from their businesses—and accounting firms are no different. I was recently reviewing some of the material from the *E-Myth Accountant* for a presentation I'm giving in the coming weeks. I feel like I had my own little refresher course, and I believe the concepts that I reviewed are worth mentioning to all of you as well.

There are **five core principles** of the *E-Myth*, and they go like this:

1. **Life**—Your business should be a way to get more of what you want out of life... 'a vehicle through which you gain personal and financial freedom.'
2. **Leadership**—In order to lead your business into the future, you must have a clear and compelling vision that inspires you and your staff.
3. **Working “on” it, not “in” it**—Working “on” your business means building it as a franchise prototype, even if you never plan on franchising.
4. **Systemization**—If you want to create a business that provides you with a high-equity return, you need to create a proprietary system.
5. **Business Development**—This is the secret to realizing your vision...the methodology behind working on your business, and not just in it. It's a continuous cycle of innovation, quantification, and orchestration.

I speak with so many accounting firm practitioners, partners, and owners throughout the year and I often hear a lot of frustration because they tell me that their business is overwhelming. This always leads me to think of Gerber's #1 principle—Life. I try and explain that the business is a vehicle, a tool, *through which we gain personal and financial freedom*. If it's overwhelming, then you are doing something wrong and it's time to re-evaluate your entire operation.

So I ask you: Do you see your business as a vehicle through which you are gaining personal and financial freedom? If the answer is 'No' or 'I don't know,' it's time for change. With this in mind, I want to share an exercise that I put myself through

periodically, which is to stand back from the daily operations of my firm and really look at what is going on.

Then, I ask myself: Am I really in control of my business or is it controlling me? From there I revisit my firm's vision to ensure I've not gotten off track. Firm leaders need to go through this same exercise. If the business is in control, then you are most certainly not meeting the core principle of Life. Keep in mind that just because something has always been done a certain way, doesn't mean it's the right way... especially if it's barring you from gaining personal and financial freedom!

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