

**EXCERPT**

**DESIGN YOUR BUSINESS  
TO RUN ITSELF**

# CLOCK WORK

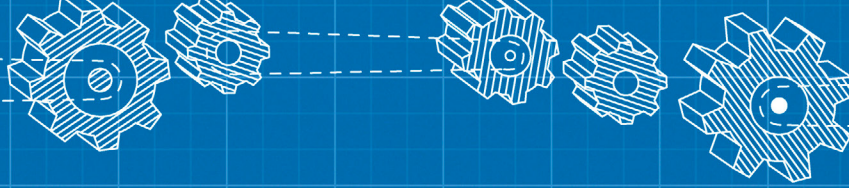


REVISED AND EXPANDED

**MIKE MICHALOWICZ**

Author of *PROFIT FIRST* and *THE PUMPKIN PLAN*





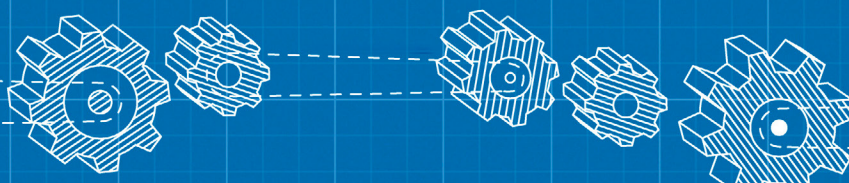
# INTRODUCTION

**LEARN WHY USING CLOCKWORK IN YOUR BUSINESS  
IS ABOUT MORE THAN JUST YOU**

One day, doing more of the same for “just one more day” may be the costliest mistake of your life. The grind stops now. The hustle is over. It’s time to make your business run itself. Your company needs it. You need it. And the people in your life are starving for it. Perhaps more than you might ever know.

In the picture that business owner Jason Barker emailed to me, he holds up a sign that reads, “Thank you Mike Michalowicz!!” He’s sitting in the exit aisle of a plane as he prepares to depart for an annual guys’ weekend trip. Jason almost always missed the outing because he couldn’t leave his business, not even for a weekend. But not this year. Jason’s implementation of the Clockwork system had freed him up for a time of fun, relaxation, and friendship. The photo touched my heart. His story shifted my soul.

“This picture was taken of me on the way back home from a recent trip to Phoenix with a group of twelve friends,” Jason’s email began. “We all go on a trip annually to watch our Oregon





## INTRODUCTION



Jason Barker

State Beavers play football on the road somewhere. I don't typically get to go due to my time commitments and being shackled to my business."

*Shackled to my business.* I hear that phrase often from entrepreneurs.

"But about a year ago I started implementing your Clockwork plan as soon as I read the book. My branch manager of twenty-three years had just walked in and gave me his two weeks' notice. What a shocker and a turning point! It turned out to be the perfect time to implement Clockwork while I searched for a new manager."

Jason owns Fresh Start Detail in Beaverton, Oregon, a business he started in 1983. He was the friend who would tell the guys "not this year" because he was "too busy," or who would cancel on them last minute because he had to put out fires. On the few trips he made, he wasn't really there. He stressed over what was happening back at his business. Was his small team getting the work done? Were customers being served? Were customers going elsewhere and becoming permanent noncustomers?



## INTRODUCTION

No one starts a business with the goal of being trapped by it. Your business should be as you always intended, a platform for your freedom. Freedom to do what you want and, in Jason's case, freedom to spend precious time with his friends.

"Skip ahead a few months and I was not only able to easily make the guys' trip this year but even went a day early to spend more time with my friends," Jason's email continued. "During the trip, however, one of my friends had a heart attack and died right in the restaurant after we had finished breakfast together. So why am I thanking you? Because working your system gave me what I thought was just a cool four-day vacation, but it turned out that I was able to spend the last days of a great friend's life with him."

My soul shifted when I read that. Did yours? Or at least did your perspective? Clockwork isn't about working less as much as it is about living as you intend. When your business runs itself, you have the freedom to do what brings you joy and fulfillment. And to do it without worrying about your business being compromised.

Clockwork is not about abandoning your business, either. It's about the freedom of choice. If you love aspects of your work, you will have the freedom to lean into that without the need to do the work you aren't good at or don't enjoy. If you want to work a twenty-hour week, you can. If you want to take a sabbatical from your business, you can. If you want your business to simply run on its own, permanently, it can. Clockwork does all that for you.

For years, I'd been encouraging entrepreneurs to take vacations from their business—for sanity, but also to create the systems needed so they *can* take a vacation from their business—and I'd seen a lot of vacation photos. But Jason's email was something I never anticipated. I stared at the photo and teared up. I can't imagine how Jason would feel if he hadn't been there with his friend because the business "needed him."





## INTRODUCTION

As business owners, we are used to missing stuff. We long ago convinced ourselves that cancelling plans is the price of our dreams. The buck stops with us, right? So when there's work to be done or a problem to be solved, we have to do it. We can't just take the time off and stop thinking about our business for a couple of weeks. What if everything falls apart?

According to research out of Babson University, about 14 percent of the adult population in the US become entrepreneurs and business owners.<sup>1</sup> Which means that if your kindergarten class had thirty students in it, four of your friends went on to become entrepreneurs. But the US Bureau of Labor Statistics reports that only around one third of entrepreneurs are still around at the ten-year mark.<sup>2</sup> Which means, of your kindergarten class, only one person has succeeded as an entrepreneur. And it's likely that they are funky-monkey exhausted. (I was going to swear there, but we are talking about kindergarteners, and that just ain't right.)

Business owners suffer from an "I must do the work myself" problem. We do the work ourselves to save money. We do the work ourselves because we think no one can do it as well as we do. We do the work ourselves because it's "just easier" than handing it off to someone we think is too green, too inexperienced, or too incapable of acting like an owner.

We do the work, which makes us the only ones capable of doing the work. So we get trapped in an infinite loop and can't see our way out. We start to lose things—precious memories we can't get back, a good night's sleep (or any sleep, for that matter), our interests, time off, and for some of us, even the people we love.

Jason broke free from his business, but not everyone does. Another email I received made it clear how dire things can get. It came from Celeste and it started like this:

"It's two a.m. and I am writing you out of desperation. I own a



## INTRODUCTION

preschool. We make no money. I haven't taken a salary since we started. I'm racking up debt. And tonight, I am broken. Not just financially but in my soul. I am convinced an immediate termination of my life would be the fastest resolution to my predicament."

Reading that email, I felt as if my heart had dropped into my stomach. I was terrified for Celeste. At the same time, I recognized her vulnerability.

"Please understand, I am not sending you a suicide note," Celeste went on, "and I am not at risk for such stupidity at the moment. That decision would just leave the burden to my family. But if I was single, I would be gone. You see, I have double pneumonia right now. I can't afford someone to clean our preschool, and for the last four hours, I have been scrubbing the floors and cleaning the walls. I am exhausted. I am crying and stop only because I am too exhausted to cry. I am starving for sleep. I am so ill yet I can't sleep because my worry keeps me up. The only thing I have left to give my business is my time and that is now depleted, too."

My heart broke for Celeste. I'd been in a similar state of mind a few times in my life as an entrepreneur, and I knew countless others who had been lower than low, desperate for a solution. The last lines of the email will stay with me forever:

"What has become of my dream? I am trapped. I am exhausted. I can't work more than I already do. Or maybe I can. Maybe my work is the slow suicide I am thinking of."

*What has become of my dream?* Does that question ring true for you? It did for me when I read her email. We work and work and work, and before we know it, the business idea we once proudly shared with our friends, the plan we outlined on a whiteboard, the vision we shared with our first employees seems like a dim memory of an unobtainable goal.

Celeste never responded to my attempts to get in touch with her. I included her story in the original *Clockwork* in part because





## INTRODUCTION

I hoped she'd read it and contact me, but she never did. I think of her often and I pray she's okay.

Celeste wasn't holding her business back. It was her system—and those systems can be fixed.

Perhaps you can relate to Celeste. Perhaps (I hope) you're in a less dire situation, managing to keep up the grind week after week and keep the wheels of your business turning. Whatever the case, chances are you don't ever feel like you can ease up and spend *less* time and effort on your business. Why is that?

Most entrepreneurs I know do everything. Even when we bring on help, we spend just as much time, if not more, telling the team *how* to do all the things that we are supposed to no longer worry about. We put out fires. We stay up late. We put out more fires. We work weekends and holidays, flake on commitments to family, and bail on nights out with friends. We put out even more fires. We push on, we push harder. We compromise our health in the name of building a healthy business. But we're not.

Here's the irony: even when things are going well with our business, we are still exhausted. We have to work even harder when things are good because “who knows how long this will last?” And the growth opportunities we know we should grab by the horns, the visionary work that is crucial to explosive growth, the stuff we *love* to do, is set aside day after day until that notepad with all our ideas is lost under a sea of papers and to-do lists, never to be found again.

We're blowing it. We're all blowing it.

“Work harder” is the mantra of both the growing *and* the collapsing business. “Work harder” is the mantra of every entrepreneur, every business owner, every leader, every five-star employee, and every person just struggling to keep up. Our perverted pride about working longer, faster, and harder than everyone else in our industry has taken over. Instead of running one marathon,



## INTRODUCTION

we are trying to sprint ten. Unless something changes, those of us who buy into this way of life are headed for a breakdown. And maybe double pneumonia to boot.

I want you to know you are not the only one who is going through this. You are not the only entrepreneur who feels they must work harder, who is skipping trips with friends and time with family, who is exhausted and wondering how long they can sustain this level of work. You're not the only business owner who wonders why all your improvements haven't improved your bottom line or garnered you more clients or helped you retain good team members or simply given you back just a little bit of your precious time. You're not the only person who is reading this book because you feel stuck and you're desperate for answers—and a nap. That was me, and so many entrepreneurs I talked with over the years.

I started writing this book when I asked myself a key question: Could my business achieve the size, profitability, and impact I envisioned without me doing all, or any, of the work? This question triggered my decades-long quest for answers—for me and for the business owners and entrepreneurs I serve. *For you.*

If you're unfamiliar with my previous books, or if you've yet to hear me speak, I want you to know that my life's mission is to *eradicate entrepreneurial poverty*. I am committed to freeing entrepreneurs from lack: Lack of money. Lack of time. Lack of life. In my book *Profit First*, I sought to defeat one of the monsters that drives most entrepreneurs to despair: the lack of money. In this book, we're going to slay an even bigger beast: the lack of time.

Whatever answers you are looking for, in this book you'll find real, actionable business efficiency strategies that have worked for countless entrepreneurs, numerous business owners, and for me, too.

The goal is not to find more hours in your day. That is the





## INTRODUCTION

brute force approach to business operations, and even when you pull it off, you'll just fill that time with more work, anyway. The goal is organizational efficiency.

You are about to learn how to make simple but powerful shifts in your mindset and day-to-day operations that will make your business run on automatic. I'm talking predictable outcomes, my overworked friend. I'm talking real, sustained growth. I'm talking a thriving workplace. I'm talking freedom to focus on what you do best, and what you *love* to do. And that, compadre, is the only way to build a truly successful business—by freeing ourselves to do the work we do best and the work we love most.

We are also going to free you from the grind. We are going to rescue you from the constant pull on your time, your body, your mind, *and* your bank account. Yes, it is possible to feel at ease about your business. Yes, it is possible to regain the optimism you felt when you first started your company. Yes, it is possible to scale your business without doing any of the day-to-day work. In fact, it's imperative that you remove yourself.

Your business needs a vacation *from* you so it doesn't depend *on* you.

You need to stop doing everything. You need to streamline your business so it can run itself. I'm talking about your business running like a well-oiled machine. An organization of coordinated systems run by a highly efficient team aligned with your objectives and values. A business that runs like clockwork. (Slick, right?)

Apple continues without Steve Jobs. Mary Kay continues without Mary Kay. Hewlett-Packard rolls forward without Hewlett or Packard. At a certain point, each of these businesses broke free from the gravitational pull of the owner; the owner gave the company independence to run without them.

There is strength in independence. You see, the vacation is nice for you, but it's *critical* for your business. It may go against



## INTRODUCTION

everything you think and believe about your role in your business, but when you get out of the way, that is the moment your business can truly grow.

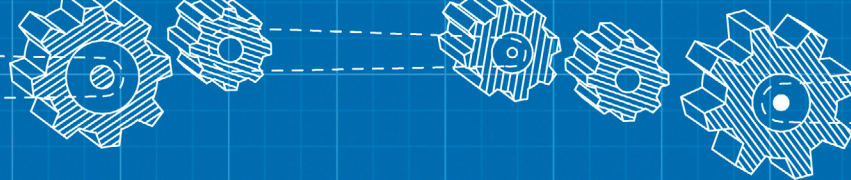
The process you will discover in this book is simple. You will not find shortcuts, tricks, or hacks to packing more in. Instead, you will discover how to get the work done that matters most, avoid the stuff that doesn't, and have the wisdom to know the difference. Yep, I borrowed a bit from the Serenity Prayer. Serenity may seem like an impossible goal right now. Heck, you'd probably settle for sanity at this point. But by following the Clockwork phases I outline in this book, serenity is definitely back on the table, baby!

Emails from readers like Jason and Celeste—and you—drive the work I continue to do, and they are the reason I wrote this revised and expanded edition. I've "clockworked" the Clockwork process. In these pages, you'll read success stories from readers who implemented Clockwork and dramatically changed their business for the better. You'll hear about new "operation vacation" experiences—one week, two weeks, four weeks, and longer—and how those intentional disruptions helped owners improve systems and grow their businesses—just as Jason did.

In his email, he added a postscript:

"Another little thing I almost forgot to share: Due to *Clockwork*, I was able to spend the day with my wife in the ER when she had a sudden gallbladder attack last week. It happened at three p.m. during the week, a time I normally could not miss from work no matter what. But because I'm working the Clockwork system, I was able to send a quick text to my shop manager, then totally forget about my business and devote ALL attention to my wife. It not only helped me stay calm during the next several hours' emergency, but my attitude helped everyone else stay calm because I wasn't choking back my stress about missing work at the last minute.





## INTRODUCTION

“This is a life-changing system. Your book *Profit First* gave me money. *Clockwork* gave me something more precious: time.”

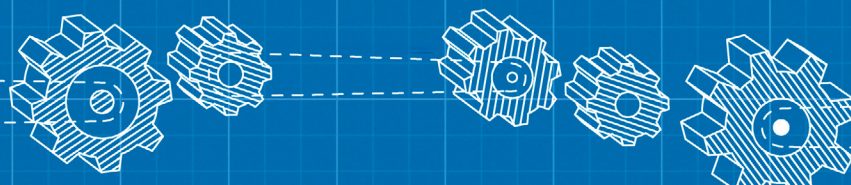
Life is about impact, not hours. On my deathbed, I will be asking myself if I fulfilled my life’s purpose, if I grew as an individual, if I truly served you and others, and if I deeply and actively loved my family, my friends, and humanity. If I may be so bold, I think you will be asking the same.

It’s time to be an entrepreneur the way it was always intended—to be the architect of your business, not the contractor. Take a stand now, first at my website, [clockwork.life](http://clockwork.life),\* and then at the beach or in the mountains, or both, one day soon. It’s time to get back to what you love—in your life, in your work, and in your business. It’s time to implement strategies with ease and joy. It’s time to bring balance back to your life. This book will help you do that.

That is my wholehearted promise to you.

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\* To make it super easy for you to get all the free resources for this book, I created a site called [clockwork.life](http://clockwork.life). Everything you need for this book, including a Clockwork Quick Start Guide, is there. Additionally, if you want professional help, I have a small business that does just that at [runlikeclockwork.com](http://runlikeclockwork.com). Note that [clockwork.life](http://clockwork.life) is not a .com, but a .life, because this is about a lifestyle. And [runlikeclockwork.com](http://runlikeclockwork.com) is a .com because it is all about our company serving your company.





## CHAPTER ONE

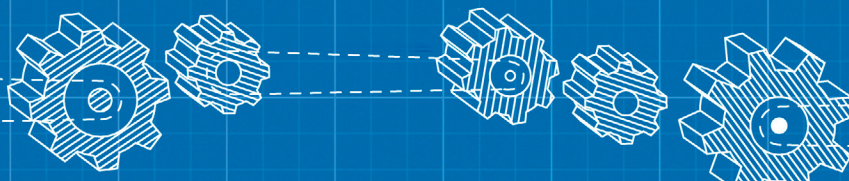
# WHY YOUR BUSINESS IS (STILL) STUCK

UNCOVER THE AREAS WHERE OWNERS AND LINCHPIN TEAM MEMBERS STRUGGLE TO BREAK FREE FROM THE BUSINESS

As is tradition for many people born and bred in the Garden State, every summer my wife, Krista, and I pack up the kids and meet my sister and her family for a week of fun at the Jersey Shore. Up until a few years ago, our summer trip went something like this: everyone would spend the day at the beach and then the adults would start happy hour around four p.m., talk a big game about hanging out until the sun rises, and then promptly fall asleep by seven p.m.

Except I hardly ever made it to happy hour or spent much time at the beach. I worked. Always. When I was not focused on completing a project, or in a meeting, I tried to sneak “a few minutes” to check emails. When I did make it outside to join everyone, I was so distracted by thoughts of work that I wasn’t really there. This caused me stress and annoyed the heck out of my family.

Every year, I tried to break the “workcation” habit by using the cram-and-scramble technique. First the cram: I would get all my







## CLOCKWORK, REVISED AND EXPANDED

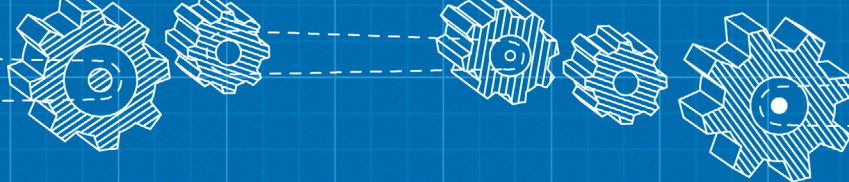
work done in advance so that “*this time*” I could finally enjoy my vacation and be fully present with my family. Then the scramble: When I returned from my “relaxing” vacation I thought I could easily get back up to speed with a little extra hustle. But my plan never worked out. Often, it was just the opposite of what I expected.

The last time I tried to prove that I really could work this vacation plan, it was a total disaster. A problem with a client came up the afternoon of the day before we were to leave. I can’t even remember the problem, but at the time, I thought it important enough to work on the solution well into the night. Then I stayed up even later to finish the work I had to do before the client crisis.

It was nearly dawn before I made it back home from work. I slept for three hours, then headed to Long Beach Island. (If you aren’t from New Jersey, I want you to know that LBI is the real Jersey Shore, *not* the old boozefest of a show that lays claim to it.) Before I went to the beach, I decided to check my email to “make sure everything was okay.” It wasn’t. I spent the rest of my day making calls and sending emails. When I finally made it to the beach the next day, my mind was on the business and my body was dying for sleep. Yet again, I wasn’t really there. I’d compromised my family’s vacation, too, because my tension spread like smoke in a bar. One person can really stink up the place and ruin everyone else’s fun.

Frustrated with my workaholic ways, Krista sent me for a walk on the beach one afternoon—without my phone. As I looked at the beachfront houses, I thought, “The people who vacation at those mega-mansions have it all figured out.” They had financial freedom. They could take time off and not worry about work. They could enjoy themselves and come back to a business ticking along, still growing, still making money. That’s what I wanted.

But as I looked closer, I saw person after person sitting on their



## WHY YOUR BUSINESS IS (STILL) STUCK

decks frantically plugging away on their laptops. I even saw people on the beach with laptops perched precariously on their knees, trying to shield their screens from the glare of the sun. The people I assumed had it all together weren't any different from me. We were all working on vacation. *What the F?*

At this point in my life, I had built and sold one multimillion-dollar business to private equity and another one to a Fortune 500 company, written two business books, and spent a good part of my year speaking to thousands of entrepreneurs about how to grow their companies quickly and organically. Sounds like I was living the dream, right? You would think that I had retired my workaholic badge for good. But stressing out about work on yet another vacation proved I hadn't. I wasn't even close. And it was clear: I was definitely not alone. Neither are you.

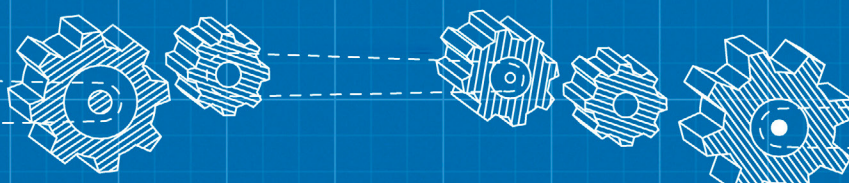
## THE SOLUTION IS NOT THE SOLUTION

As is true for many business owners I've known, I thought the cure for my workaholism was better productivity. If I could just do more, faster, I could find more time for my family, for my health, for fun, and to *get back to doing the work I really loved*. The work that fed my soul.

I was wrong.

You and I both know extremely productive people who work sixteen hours a day. You and I absolutely know the "I do best when I cram" people. Maybe it's you. Once upon an embarrassingly boastful time, it was me.

In an effort to be more productive, I tried it all: Focus apps, the Pomodoro method, working in blocks. Starting my day at four a.m. Ending my day at four a.m. To-do lists. Not-to-do lists. Lists on yellow notepads. Lists on my phone. Lists of just five







## CLOCKWORK, REVISED AND EXPANDED

things. Lists of everything. Bigger lists on bigger yellow notepads. The Don't Break the Chain method, which quickly led me to the Chain Myself to My Desk method. No matter what hack or technique I tried, no matter how productive I became, I still slipped into bed at night long after I should have, and woke up the next morning way earlier than I should have, with a to-do list that seemed to have magically grown overnight. Maybe I did things faster, but I didn't work fewer hours. If anything, I worked more. Maybe I was making progress on many small projects, but many more new projects were filling up my plate. And my time was still not my own. All my years of studying productivity had given me nothing but more work. It was an epic fail.

If you haven't tried some of the productivity strategies I rattled off like failed diet plans, I'm sure you have your *own* list. An entire industry is built around the desire to do more, faster. Podcasts, articles, and books; mastermind groups and coaches; productivity challenges, calendars, journals, and software. We buy into the next productivity solution someone recommends because we're desperate. Desperate to grow our companies by getting more done, faster, and somehow managing all our work without losing our minds.

It took me about fifteen years to figure this one out. I actually wore the productivity master's badge of honor—the workaholic badge. I was a proud member. I was the fastest task-ticker-offer in the land. (What? It's a thing.)

In *Profit First*, I applied Parkinson's Law—"our consumption of a resource expands to meet its supply"—to profit. Just as we use all the time we have allocated for a project to finish it, we also spend the money we have, which is why most entrepreneurs rarely earn as much as their employees, much less turn a profit. The more money we have to spend, the more we spend. The more time we have, the more of it we spend working. You get the idea.



## WHY YOUR BUSINESS IS (STILL) STUCK

The fix to this behavior is ridonkulously simple: limit the resource and you limit your utilization of it. For example, when, after you collect revenue, you allocate profit first and hide it away (in a remote bank account), you have less money to spend. When you don't readily have access to all the cash flowing through your business, you are forced to find ways to run your business with less.

Whatever time you give yourself to work, you will use. Nights, weekends, vacations—if you think you need it, you'll work right through your time off. This is the root cause of the failure of productivity. The goal of productivity is to get as much done as quickly as possible. The problem is, because you've prioritized a seemingly endless amount of time to running your business, you'll continually find ways to fill up the time. The more productive you are, the more you can take on. The more you take on, the more productive you have to be.

Yes, productivity is important; we all need to make the best use of our time. To be unproductive is like sinning against the business gods. But in time, I came to understand that the real holy grail is organizational efficiency. Productivity gets you in the ballpark. Organizational efficiency gets you hitting home runs.

Organizational efficiency is when all the gears of your business mesh together in harmony. It is the ultimate in leverage because you design your company's resources to work in concert, maximizing their output. Organizational efficiency is when you access the best talents of your team (even a team of one) to do the most important work. It is about managing resources so that the important work gets done instead of always rushing to do what's most urgent. And it's about removing yourself from the day-to-day grind so you can make all that happen.

Productivity is about doing *more* to increase output. Efficiency is about doing *less* to increase output.





## **CLOCKWORK, REVISED AND EXPANDED**

I have a feeling this is not news to you. So why are you still caught in the hamster wheel?

### **STOP GROWING, START SCALING**

Growing a company is different from scaling it. Most businesses grow. Very few scale. You grow a business by doing more to get more. You scale a business by doing less to get more. They are different orientations. Extremely different.

I have no doubt you already know how to grow your business. The growth approach is easy: do more of what you are already doing. More brings more. But inherent to this approach is the limitation of resources. You only have so much time. You can only hire so many people. You only have so much money. Doing more has a ceiling. Coming up against that ceiling is probably why you're reading this now. If what was working before was still working now, why would you seek an alternative? Growth works until it doesn't.

You likely have a proven track record of growth. I bet your business is bigger now than it was then. I suspect you have had ups and downs, and you got through the downs by doubling your efforts. You've worked your ass off to make your company what it is today. All that stuff, every bit of it, is growth work. The irony is that you won't build a healthy business by growing it. By definition, the growth orientation exhausts the business. Trying to grow, ultimately, prevents it from growing.

The refrains for a growth orientation abound:

"How will I do this?"

"How do we do more things, faster?"

"Time to double down on my/our efforts."



## WHY YOUR BUSINESS IS (STILL) STUCK

“Push yourself.”

“Work harder.”

“Hustle.”

“Grind.”

I am not suggesting this approach isn't noble. I'm saying it's a shitty way to build a business. It's also the most common. But just because lots of people are doing things the wrong way doesn't make it right. Starting now, we will scale your business.

In the pages to come, you will learn how to do this. As you shift to scaling, your refrains will shift, too.

“Who will do this?” (Instead of “How will I do this?”)

“Let's do fewer things, better.” (Instead of “Let's do more things, faster.”)

“How do we halve our efforts to double the output?” (Instead of “How do we double our efforts so we can double the output?”)

“Master yourself.” (Instead of “Push harder.”)

“Work smarter.” (Instead of “Work *even* harder.”)

“Design.” (Not “Hustle.”)

“Scale.” (And surely not “Grind.”)

That last one, “scale,” is the most noble approach of all. If you own a business, your number-one job is to create jobs, not to do them. Scale and your business will grow right.

Your “ceiling” may seem impenetrable, but it's not. We just need to shift your mind from a growth orientation to a scale orientation. Stop smashing your head against the glass and go through the opening right over there. Do you see it? Just follow the sign that reads: TAKE *ESCALEATOR* TO NEXT FLOOR.

There's a fable that circulates within the entrepreneurial community. It is about two lumberjacks. They decided to settle a dispute on who could split more wood per day. For the next eight hours, they went to work.





## CLOCKWORK, REVISED AND EXPANDED

The first lumberjack dove into his stack and started splitting wood immediately. The second lumberjack followed suit with the same fervor. After an hour, the second lumberjack took a break. The first lumberjack, noticing that his competition had left, doubled his efforts. After ten minutes, the second lumberjack returned from his break and started splitting wood again. After another hour, the second lumberjack again took a ten-minute break. The first lumberjack pushed on harder, knowing that he advanced his lead every time the other lumberjack took a break.

At the end of eight hours, the first lumberjack was shocked that the second had produced nearly twice as much split wood. The first lumberjack asked, “Did your regular breaks allow you to rest and recover? To produce more, do you need to work less?”

The second lumberjack responded, “No. During those breaks I worked the hardest, sharpening my axe.”

Scaling a business is not about less work. It is about different work. You must put less effort into those outcomes, but more thought. The hard work is the thinking. This is not a flippant comment. Thinking, as in deep, calculated thoughtfulness, is the hardest work of all. And that is why we avoid it.

It is easier to do work than to design outcomes. It is easier to keep chopping with a dull axe than it is to stop and sharpen it. The sense of time and production loss is too much. Yes, a sharp axe will help, but I can’t afford to stop chopping. The logic is obvious—we need a sharp axe. But the emotion of “just keep grinding” is what we need to overcome first.

Your job is to scale your business. Your challenge is to think accordingly. Thoughtful, calculated design work is the hardest and most important work of all. Right now. Stop growing. Start scaling.



## WHY YOUR BUSINESS IS (STILL) STUCK

### THE “SOMEDAY SWITCH”

In November of 2013, I delivered a keynote address at INCmty in Monterrey, Mexico. Michael Gerber, author of *The E-Myth*, opened and Guy Kawasaki, author of *The Art of the Start*, closed the show on the main stage. I anchored one of the other days on the side stage and was psyched to do it.

On the last night of the conference, I went out to dinner with Michael and some other folks. We had a discussion around *The E-Myth*. If you haven't read the book, the core message is to work *on* the business, not *in* the business. We all wondered, why did so many entrepreneurs appreciate the message of his book and so few act on it? If most of them knew they needed organizational efficiency, why was it so difficult for them (ahem, me) to pull it off?

Our conversation made it clear: We think our freedom from doing the work happens magically, like a switch that suddenly flips. We think if we only work *in* the business long enough and hard enough, one day we will find ourselves working *on* the business. We think that we will get to a point where everything just clicks into place. That's the fallacy—that it happens eventually, almost as if our five-to-nine (as in five a.m. to nine p.m.) schedule can flip that “someday switch” by sheer will.

That approach didn't work for me and it won't work for you. To get to the point where you aren't the workhorse inside the business, you need to slowly and surgically extract yourself. The process to make your business run itself two months, two years, or two decades from now starts today. Deliberately. Consistently. Relentlessly.

My conversation with Michael Gerber that night partly inspired this book. Still, I knew I'd uncovered only part of the puzzle as to why we don't do what we know we need to do.





**CLOCKWORK, REVISED AND EXPANDED**

## **THE SURVIVAL TRAP**

My first business coach, Frank Minutolo, once told me, “The clogged artery in an otherwise healthy business is inevitably the owner. In other words, you are the problem, Mike. Entrepreneurs aren’t different from any other human, in that when something is familiar, it becomes comfortable. We are most comfortable working relentlessly. And while you may say you ‘hate it’ and ‘can’t take it anymore,’ the truth is, you are familiar with it. And when you are familiar with something, as ugly as it is, it is easiest to keep doing it. Stop bragging about your work ethic. Stop forcing yourself to push hard. And please, oh please, stop saying you’re ‘getting shit done.’ Because if you are getting shit done, it means you are doing shit.”

Frank is not one to mince words. He’s from New Jersey, too, after all. He had been president of a company that he took from zero to \$100 million in revenue. He had more than street cred; everyone he mentored experienced a similar trajectory.

Entrepreneurs have become way too comfortable with the hardship, so they keep doing the things that keep them in that state. And because they keep doing these things, they end up in the Survival Trap. If you’ve read my previous books, you have probably heard about this black hole of a problem. I have talked about it for a long time now. And still, I’m going to return to the Survival Trap because, unfortunately, this is the state that most of us entrepreneurs end up in, and very few of us ever escape from.

The Survival Trap is what I call that never-ending cycle of reacting to whatever comes up in your business—be it a problem or an opportunity—in order to move on. It’s a trap because as we respond to what is urgent rather than what is important, we get



## WHY YOUR BUSINESS IS (STILL) STUCK

the satisfaction of fixing a problem. The adrenaline rush of saving something—the account, the order, the pitch, the entire damn day—makes us feel as though we are making progress in our business, but really, we are stuck in a reactive cycle. We jump all about, fixing this, saving that. As a result, our business careens to the right, then to the left. Then we throw it in reverse and jam it forward. Our business is a web of misdirection, and over the years it becomes a knotted mess—all because we were just trying to survive.

The Survival Trap is all about getting through today with utter disregard for tomorrow. It's about doing what is familiar, as Frank warned. We feel good that we survived the day. But then, at some distant point in the future, we wake up and realize that years and years of work didn't move us forward one iota, that merely trying to survive is a trap that results in a long, drawn-out drowning of our business and our willpower.

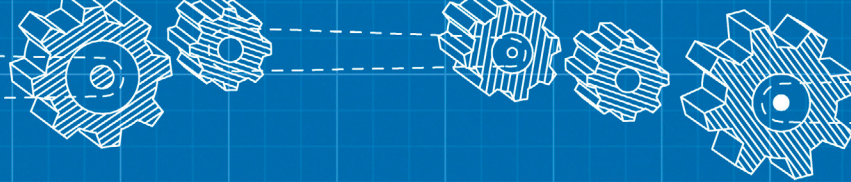
Sadly, you will discover that living in the Survival Trap leads to a very frightening day-to-day life of quick highs, deep lows, and doing anything to make a buck. Me? I sacrificed both business integrity and any semblance of sound fiscal responsibility to survive just one more day, and then I continued that behavior as I expanded into multiple disastrous businesses.

I convinced myself to keep at the grind because sometimes, on rare blue-sky days, everything clicked. Money came in. Employees got work done (on their own). I had cleared enough off my plate to leave by three p.m. I drove home thinking I'd finally flipped that mythical, magical switch and now everything would be okay. *Everything would be okay.*

But then the next day arrived and it was a shitstorm.

What happened? Happenstance happened. One day works well and we think we've got it. Nope. You can't grow your business





### **CLOCKWORK, REVISED AND EXPANDED**

out of lucky moments. You need planned execution, the creation and enforcement of systems. Every day needs to click, not one here and one there.

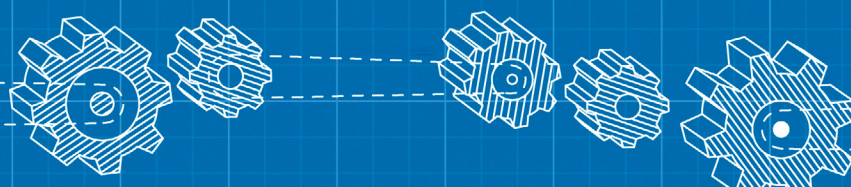
Time and sanity are not the only costs of staying stuck in the Survival Trap. You'll also stunt your company's growth and keep less of the money you earn.

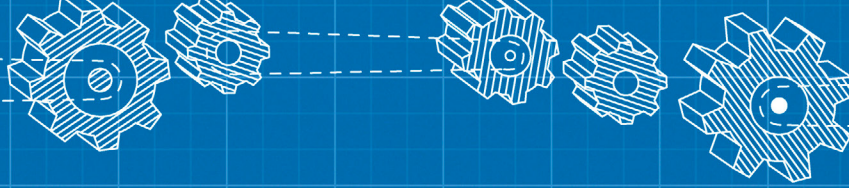
In *Profit First*, I wrote a little section that was the seed of this book: "Sustained profitability depends on efficiency. You can't become efficient in crisis. In crisis, we justify making money at any cost, right now, even if it means skipping taxes or selling our souls. In crises, the Survival Trap becomes our modus operandi—until our survival strategies create a new, more devastating crisis that scares us straight or, more commonly, scares us right out of business."

Was Celeste, the preschool owner I mentioned in the introduction, caught in the Survival Trap? Most definitely. She was experiencing the extreme version of the trap. You may be comfortable in your trap. Maybe it's manageable. Maybe you take pride in managing it. But what does that matter if you're still in the trap?

Or maybe, just maybe, you're worried about something you are afraid to admit: becoming irrelevant. If you aren't needed in your business, what's the point? Sitting on the beach for a few weeks sounds nice, but for the rest of eternity?

The Survival Trap is what's keeping you from driving toward your vision and meeting short- and long-term goals. In some sense, we know this. We feel guilty about that five-year plan we haven't looked at in seven years. We see other businesses launching new initiatives or products in alignment with trends, and we wonder how they found the time to predict and respond to the changes in our industry. (They must have superpowers, right?) We know we're behind in terms of making the best use of innovations in technology and workplace culture. And we know that





## WHY YOUR BUSINESS IS (STILL) STUCK

in order to take our business to the next level, we need to get back to our visionary roots—the ideas and plans and *heart* we had when we first started our business.

We need to get back to being shareholders.

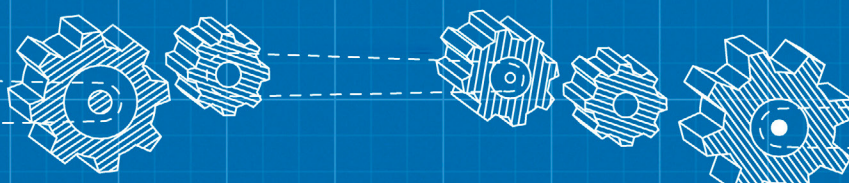
## YOU ARE A SHAREHOLDER

The reframe that made all the difference for me was to stop thinking of myself as the hardest-working, most-driven doer for my small business (the modern definition of entrepreneur) and start declaring myself a shareholder of the business. Simply put, a shareholder is someone who owns part of a company and influences its strategic direction with their votes. What is most important about the definition of shareholder is what it does *not* include. Shareholders don't work their asses off. Shareholders are not the ones who manage the day-to-day. Shareholders are not the best employee—or any kind of employee, worker, or doer.

To be super clear, you already are a shareholder of your company. Maybe even a majority shareholder, owning 50 percent or more. But just because you technically are a shareholder doesn't mean you are behaving like one. And we need to fix that right now.

From this moment forward, call yourself a shareholder of your business. And act like it.

I own one hundred Ford shares. I realize this is a drop in the bucket of total stock, but a critical lesson presents itself nonetheless. Every quarter I get a profit distribution from Ford. Recently I have been averaging about thirteen bucks. (Can you say pizza party—minus any good pizza?) I don't call Ford and say I am ready to head to the factory for a bit to earn the money. And when I get the check, I don't say I need to plow this back or reinvest it into the







## CLOCKWORK, REVISED AND EXPANDED

company. It is a reward I get for taking the risk of owning stock. What I do is keep the profit *and* influence the strategic direction of the company. I, along with other Ford shareholders, vote for the leadership team. We vote on corporate objectives, compensation, employment equity, mergers and acquisitions, stock splits, and policy. We, the shareholders, set the vision.

Your job as a shareholder is to set the vision and give the company strategic direction. And to share in the profit, a thank-you for investing in a small business, for contributing to the economy, and for creating jobs.

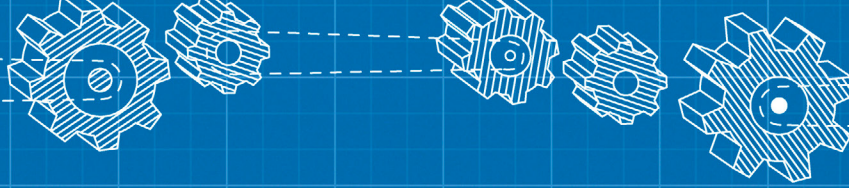
Sadly, the word “entrepreneur” has become bastardized to be all about hustle and grind. You know, the artist formerly known as workaholism. And even more tragic, a lot of prominent people promote this approach as *the* entrepreneurial path. You need to work harder. You need to hustle more. You need to give up life to build a successful business so you can live life one day.

The entrepreneur’s hustle-and-grind approach is pure bullshit. Don’t fall for it.

A business owner’s job is to create jobs. Your role is to produce the opportunity for people who want a good job with a good company. If you are doing the work, you are not creating jobs; you are stealing them.

To break the hustle-and-grind cycle—and to be clear, you must—don’t call yourself an entrepreneur. I hate saying that because I love the word “entrepreneur.” At least, I love what it was always meant to be: a person who organizes a business to achieve a vision and takes financial risks because they believe in that vision. But alas, “entrepreneur” has been wrongly equated with “workaholic.”

Calling yourself an entrepreneur can be unhealthy. The word is too strongly (and too wrongly) associated with work more, work harder, work endlessly. Instead, starting today, call yourself a



### WHY YOUR BUSINESS IS (STILL) STUCK

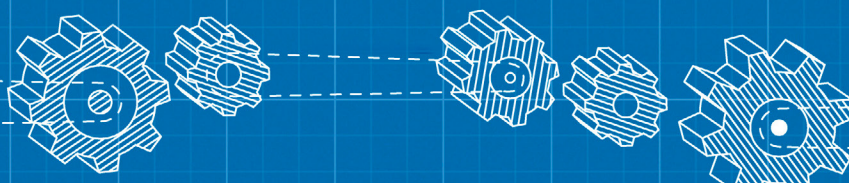
shareholder of a business. Or a major shareholder of a small business. But no matter what, use the word that speaks to the truth of your responsibility: sharing in the profit (a reward for risk) and setting the direction (navigating the growth). You are a shareholder.

When you own the fact that you are a (or the) shareholder of your business, you'll become that identity. And you will see how empowering it is for you and the people around you. As a shareholder you will focus on the strategic moves for the business. You'll empower your team to do the work that needs to be done. And if that's not possible right out of the gate—as is true for almost all early-stage business owners—you'll step in with a different hat when called upon, like a substitute teacher helping out for the day. All the while you will create systems so your team *can* do the work without you. The shareholder's responsibility is for the business to run without the shareholder.

### OPERATION VACATION

In my quest to develop a simple way to make my own business run on automatic, I've met several people who took sabbaticals from their business only to come back to a more successful business than when they left it—including one person who left for two entire years! I'll share more of those stories with you throughout the book. Hearing about their adventures and successes made me realize that taking a long vacation was the best test for a streamlined business, and that committing to *taking* that vacation is the best incentive to streamline your business in preparation for that vacation.

Then I had an epiphany: committing to a four-week vacation—the length of most business cycles—is the perfect incentive to







## CLOCKWORK, REVISED AND EXPANDED

streamline your business. During a four-week period, most businesses will pay bills, market to prospects, sell to clients, manage payroll, do the accounting, take care of administrative tasks, maintain technology, deliver services, ship products, etc. Remember school fire drills? It was an intentional disruption that ensured you and your classmates would get out of the building safely. *The four-week vacation serves as a fire drill for your business.*

If we know we're going to be away for four weeks without access to our business, we'll do whatever it takes to get it ready for our absence. If we don't commit to the vacation, we'll take our own sweet time getting through the streamlining steps.

With the first edition of this book, we launched Operation Vacation. You and me and everyone, we're all in this together, and we can support one another in taking the steps we need to take to grow our businesses *and* get our lives back. *My challenge to you is to commit to taking a four-week vacation within the next eighteen months.* And when I say commit, I mean book that vacation. And to make sure you never back out of it, tell your kids, tell your mom, write it in your diary. Or make the boldest declaration of all: post it on social media so the world will be up your butt if you don't do it. You can even tell me about your plan when you email me (I'll tell you how and why to contact me in a second). Maybe we will end up on vacation at the same time in the same place. We can throw back a margarita while your business grows in your absence.

In Chapter Eleven, I give you a detailed, step-by-step timeline that will help you get your business ready for your four-week vacation. If you're a rebel or a nonbeliever, and you have already decided *not* to take a four-week vacation at some point in the next couple of years, please read the chapter anyway. The timeline provides a framework for clockworking your business using the system you are about to learn.

Let me clarify that I am not suggesting that you can *only* take



## WHY YOUR BUSINESS IS (STILL) STUCK

a four-week vacation. For some people, four weeks may seem too short. Or, if you're thinking about having a baby, you may want to take three to six months off, or more, and you may not have a clue how you're going to pull that off while keeping your business alive. That's why we are going to *plan* to take a four-week vacation, so we can get your business running itself. Once that happens, you can take as much or as little time off as you want or need to. Imagine that—you may not have to put off major life decisions in order to keep your business running and growing!

When I tell people they need to schedule a four-week vacation, I get one of two reactions: laughter or tears. And sometimes I get that awkward for everyone, laughing-while-crying situation. But no matter what, I almost always hear some version of, "Are you kidding me?" And some say they don't need or want a vacation. (Whatever you need to tell yourself to get through the day.)

The thing is, even though it seems like the four-week vacation is all about you getting a vacation from your business, it isn't. It's about your business getting a vacation *from you*. The best way to get out of the way is to just get out. And let's face it—you are more likely to take the time away if you know it will benefit your business than if you think it is just for your own, I don't know, health and sanity.

Geno Auriemma is one of the greatest basketball coaches of all time. As the head coach of the University of Connecticut women's team, the Huskies, he led them to a record eleven NCAA Division 1 national championships. When he served as head coach for the United States women's national basketball team, they won two world championships and gold medals at the 2012 and 2016 Summer Olympics, undefeated in all four tournaments. The dude knows basketball and he knows how to build a winning organization.

Auriemma did a series about developing winning teams for





## CLOCKWORK, REVISED AND EXPANDED

the online education series Masterclass. I took note of something he said about taking time off from coaching his team: “I could leave for a month and come back and the operation will actually be better than when I left because I won’t come in and say, ‘Hey, I want to change this and change that.’ You have to give your key people autonomy to make decisions so they will feel ownership.” A healthy organization never depends on one person’s effort and availability. In fact, it is the opposite. Perennial success happens when the organization flows forward in the absence of any particular individual, including the boss.

A four-week vacation is a demonstration of trust in your team. You are not burdening them with your absence; you are giving them responsibility. You’re not abandoning your company; you’re helping it to become more resilient. Taking the four-week vacation shows you trust your team to handle it if something “bad” *does* happen, and it allows them to build resilience. Think of it like resistance training for your business. This is how we build muscles and strengthen our skeletal systems, and it will work for your company, too.

When I committed to taking my very first continuous month-long vacation, I started to plan eighteen months prior. I applied all I had learned about how to ensure my business would run like clockwork and ran multiple one-week tests away from the day-to-day work to prove that it was ready. And throughout those eighteen months, I thought about my business in a whole new way.

## THE THREE PHASES OF CLOCKWORK

Gaining organizational efficiency so I could take my planned four-week vacation was a process that involved a lot of aha moments, plenty of trial and error, and more of my own big, fat ego



## WHY YOUR BUSINESS IS (STILL) STUCK

trips than I'd like to admit. Some strategies worked like a charm, and some needed refinement. This is why I'm so grateful for my partnership with Adrienne Dorison. Together we founded Run Like Clockwork for business owners who want help clockworking their company. Since the publication of the first edition of this book, Adrienne and I continued to refine the system. If you read the previous book, you'll note some vital additions and changes to the sequence.

In the following chapters, we'll cover the shifts you'll need to take to make your business run itself. One phase may take longer than another, and you may find yourself having to go back and improve your implementation of the strategies from time to time. This system is not a get-fixed-quick scheme. The process of shifting to a business that runs itself is methodical and, at times, requires surgical precision. It may take some time, but if you commit to the process, you'll get there. To help you process all you'll learn in this book, I've identified three phases for clockworking your business. It's important to note that when you complete a phase, you will likely return to it again at some point. Your business is constantly evolving, and organizational efficiency is not a fixed state.

Here is an overview of the three phases to make your business run itself:

### 1. Align

*Align is the foundational phase on which organizational efficiency is built. What you gain in this phase you will never lose.*

To move your business forward toward your desired destination, everyone and everything must move in the same direction. If any part is misaligned, it will impede progress. And if your business has zero alignment—directional anarchy!—it will remain stuck indefinitely. In





## CLOCKWORK, REVISED AND EXPANDED

the Align phase of Clockwork, you will ensure that what the company does, why it does it, and who it does it for are in harmony.

First, you'll clarify the community you serve. Then, you'll determine your Big Promise to that group. With this new clarity, you'll determine your company's QBR or "Queen Bee Role," which is the heart of the Clockwork system.

### 2. Integrate

*In the Integrate phase, you and your team start to see measurable results. This is when your company begins to run like clockwork.*

Once your business is aligned, it must move forward with all parts in synchronization. In the Integrate phase, the goal is to refocus and reorganize every aspect of your company so your team can do the work in the fewest steps necessary, using the least required effort, to achieve the expected outcome.

First, you'll discover how you and your team will protect and serve the heart of your organization, the QBR. Then, you'll track your time and your team's time in a new way—breaking it down into the Four Ds (4Ds): Doing, Deciding, Delegating, and Designing. This is where you (and your team) will start to do more of the work that you (and they) love to do, the work that brings you (and them) joy and satisfaction. With these 4D insights, you'll learn how to offload and refocus your to-do list as you determine which tasks you can Trash, Transfer, Trim, or Treasure. To help you facilitate this part of the process, I'll show you how to capture systems easily and efficiently to ensure that anyone on your team can do almost any task.

## WHY YOUR BUSINESS IS (STILL) STUCK

### 3. Accelerate

*In the Accelerate phase, you take organizational efficiency to a new level. Your team will become more empowered and resilient, you will completely remove yourself from the “doing,” and your company will grow in impact and profitability.*

In the Accelerate phase, you will put the best people and resources in place to improve integration. You will permanently help the organization avoid a single person being the “make or break” for the company’s output. Your business will start to run itself.

First, you’ll balance your team to ensure everyone is given the tasks and responsibilities that best suit them. Then, you’ll learn a simple process to identify and fix the bottlenecks that interrupt organizational efficiency and slow your team down. Finally, you’ll take your four-week

## THE CLOCKWORK SYSTEM

PHASE	STEPS
I	<b>ALIGN</b> 1. Clarify who the company serves 2. Declare the Big Promise 3. Determine the QBR
II	<b>INTEGRATE</b> 1. Protect and serve the QBR 2. Optimize time utilization 3. Capture systems
III	<b>ACCELERATE</b> 1. Balance the team 2. Find and fix bottlenecks 3. Take the 4-week vacation

Figure 1





## CLOCKWORK, REVISED AND EXPANDED

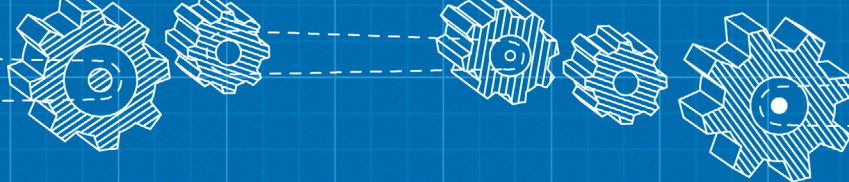
vacation. Or perhaps you'll start with a shorter intentional disruption as a quick test. Clockwork is about the continuous improvement of efficiency and effectiveness. To fix what isn't working, you will revisit and refine the work you did in the Align and Integrate phases.

For far too many of us, we celebrate twenty years of business ownership by realizing that we survived twenty years of a continuous near-death experience. But it doesn't have to be that way. You are not alone. There are millions of people just like you. And we can all make the transition, myself included. In fact, I'm still progressing further and further on my own Clockwork implementation, even as I write this. It's so easy to fall back into believing there's a magic productivity hack that will save the day. Whatever choices you made to get to *this* day, it's okay. They got you here. Now we will get you there.

As you go through this process, you will feel frustrated, or stuck, and want to give up. Don't freak out; those are just signs that you are getting comfortable with the uncomfortable new stuff I am teaching you. And don't you dare ever stop. Do you hear me? Never stop. As a result, you will achieve a business that runs on automatic. And *that* is what you are meant to do.

Time is everything. Every. Single. Thing. Time is the only thing in the universe (until someone invents a time machine) that is not renewable. Either you use it wisely, or you don't. Time will still tick, tick, tick away no matter how you spend it. I suspect even right now, you may have made a few nervous looks at the clock as time races by, hoping you can cram in this book (and your work) faster. Am I right? Even just a little bit? If you are experiencing that, I want you to know it's not your fault—it's Parkinson's Law.

And I want you to know that you are actually in a good position.



## WHY YOUR BUSINESS IS (STILL) STUCK

Better said, you are in a salvageable position. Your business likely has demand and you are delivering on it (although not efficiently). What we are going to do is make a few simple tweaks to have your business run like a well-oiled machine and, in the process, give you back that ever-precious time that seems to have vanished.

I want to be clear that this book is *not* about doing more with the time you have. It's about your business getting bigger and better results with the time *it* has, and about giving you the freedom to do what you wish with your time. It's about getting your life back while you grow the business of your dreams. That can happen. Actually, it *does* happen, all the time, for other businesses. Our job today is to do it for yours. But for this to work, you need to be all in on this with me. Are you ready, shareholder? Good. Let's get to work.

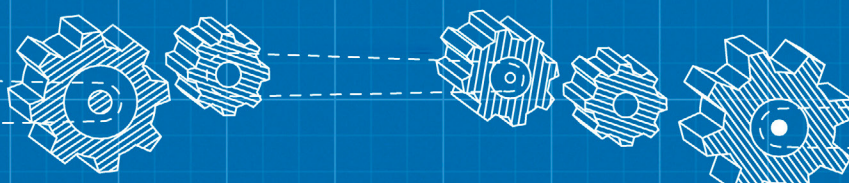
Scratch that. Let's get to *less* work.



## CLOCKWORK IN ACTION

Your primary focus is to design the flow of work through your company so that other people and other things can get the work done. Commit to putting your company's output first and your productivity second. How do you do this? Simple: you will find better answers when you ask better questions. Stop asking "*How* do I get more done?" and start asking, "*What* are the most important things to get done?" and "*Who* will get this work done?"

At the end of each following chapter, I'll share action steps you can accomplish quickly—usually in thirty minutes or less—and still experience big progress. For this first chapter, I only have one action step for you, but it is perhaps the most important. It will force an immediate adjustment in how you view your







### **CLOCKWORK, REVISED AND EXPANDED**

role in moving your business forward. The step? I want you to commit.

Send me an email at [Mike@MikeMichalowicz.com](mailto:Mike@MikeMichalowicz.com) with a subject line that reads: “I’m a shareholder!” That way, I can easily spot it among the other emails I get. Then, in the body of the email, please write something like:

“Starting today, I commit to designing my business to run itself.” If you like, include what it means to you to be a shareholder from this point forward. Tell me how you will act for your business as a shareholder. Or tell me about the weird looks you will get from family and friends when you tell them you are a shareholder. But no matter what, promise me that forevermore you will only go by your new title, shareholder—because then you will act like one.

Why email me? Because, if you’re like me, when you commit to someone else, your follow-through skyrockets. I will write you back—and hell yes, I use a process to be efficient, but every word is from me. I look forward to receiving your note. And that, my new accountability partner, is the perfect first step to owning a business that runs itself.



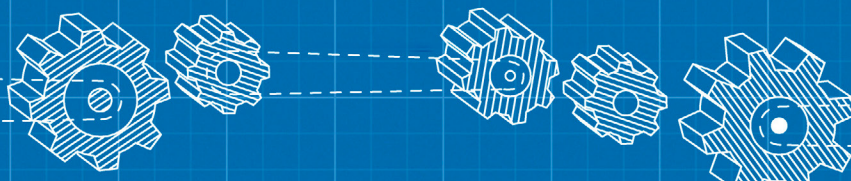
# PHASE ONE

# ALIGN

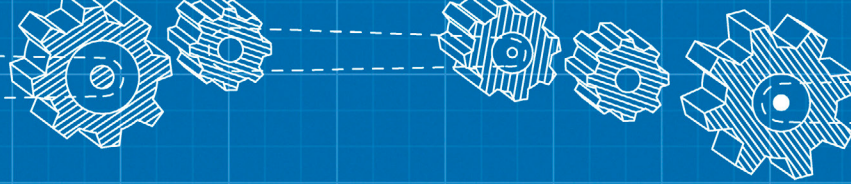


Imagine that you've created a new sport. It is a blend of water polo, football, and Texas Hold'em. You call it Texas Waterball. This sport is going to be big, and everyone loves the idea. You have recruited players and today is the first big match. All the major video networks are here to broadcast it. The world can't wait to watch. The one problem—the one *big* problem: none of the players know the rules or even the objective. How do you win? What's permitted? What's not? How does the team work together? Or is it everyone for themselves? Good luck bringing home the trophy.

If the other team has horrible players but they know the basic rules of the game, they will kick your ass six ways to Sunday. (Actually, the games are only played on Thursday evenings—it's a key Texas Waterball rule.) The other team may have inferior



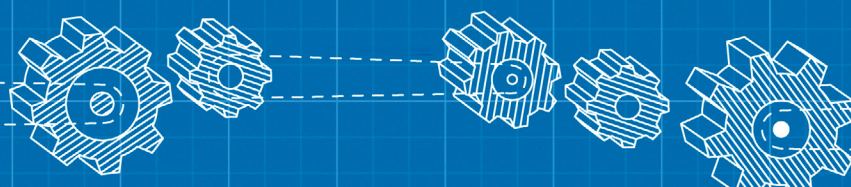




players with inferior tools and inferior skills. But if they are aligned on the rules of engagement, that overcomes a lot of weaknesses.

Lack of alignment is the most common operational problem among small companies, and it affects every aspect of business. When you serve any and all customers and any and all needs they have, it instantly becomes a free-for-all and you end up in constant reaction mode. And when there is no alignment around your company's promise to the customers you serve, no one really knows what to do beyond "just do your best." They don't see how things link together. They don't see how they contribute to the bigger whole. They may hear some pie-in-the-sky "corporate goal," but they don't see *their* goal. And the company fails to win.

Alignment is where everyone knows the goal, knows their relation to the goal, and is in it to win it. As the leader of the business, you are defining the game. It's time to play some Texas Waterball the right way—with everyone aligned. And showing up on Thursday night, of course.





## CHAPTER TWO

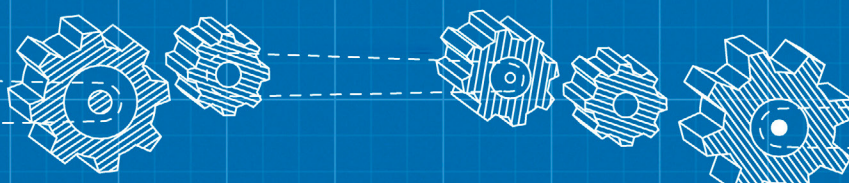
# CLARIFY WHO YOU SERVE

IDENTIFY YOUR BEST CUSTOMERS AND  
HOW TO GET MORE OF THEM

**W**hen I ask business owners who they serve, many respond by saying some variation of “everyone.” For a business to run like clockwork, you must have a consistent delivery of your offering. You need a predictable process that yields a predictable output, and to do that you must reduce variability. Your predictability grows exponentially when you do fewer things for the narrowest set of expectations.

Have you ever noticed that fast-food restaurants have a limited number of menu choices? And that most of those choices are mash-ups of the same ingredients? The “Big Boy” Burger, the “Really Big Boy” Burger, and the “Insane-Oh Big Boy” Burger are all the same, except the meat is stacked once, twice, or an insane-oh three times.

What if you decided to focus on multiple types of clients? Would you be able to connect with all your customers in the same way? Would they respond to your choices in the same way? Would they have identical expectations of you? Would they all need the







## CLOCKWORK, REVISED AND EXPANDED

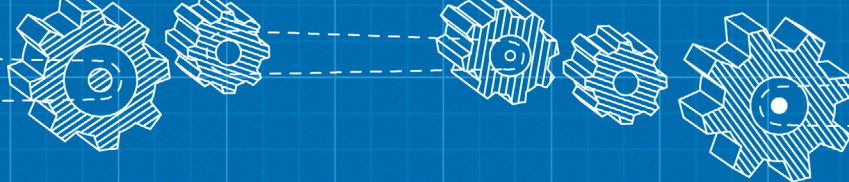
same type of education and support? Answer: that's a solid "no" across the board.

If you offer three products to five types of customers who each need their own variation of that product, you are delivering fifteen products. Better said, you are offering fifteen product variations, and for each one to be remarkable, you must get all fifteen right. That is fifteen areas of potential problems. And what if each product variation were made from ten parts? Now we have fifteen products times ten parts. That is 150 potential problems. Doing more things is the best way to grow a company? Don't get me started.

When my first company, Olmec, began to grow, our stability weakened. We provided tech support to businesses. As we got more varied clients, we needed more varied software to support them. We couldn't afford the necessary tools and infrastructure to meet their needs. As a result, my partner and I were unable to pay ourselves—again. Everything we did was a reaction to the needs of our varied customers. This caused us to make mistakes, which disappointed some of our clients. You know, the type of "disappointment" where they fire your company, don't pay the bills they owe you, and cap it off with a one-star review, everywhere.

A good external indicator of a company's stability is: Are they proactive (good) or reactive (not good)? To become a proactive company, begin by narrowing your type of clients. Let's say you have three products for one type of customer, where each customer has more or less identical needs. Now you only need to get three things perfectly right. It is far easier to get three things right than fifteen, and far easier to fix problems when they do arise.

Fewer things for fewer people result in fewer variations, which means you can get really, really good at what you do. And with



## CLARIFY WHO YOU SERVE

fewer variations, you need fewer resources to get good results. Simply put, do less and you achieve more. (Yeah, I would highlight that one.)

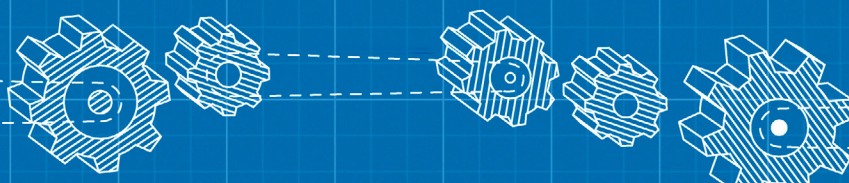
To kick off the Clockwork process, you'll home in on that group within your customer base who are your best customers. I refer to them as "Top Clients." You may call them "dream customers" or "bestest friends" or, you know, "just like Mikes." Clockwork is more than just creating the engine of your company (getting the internal stuff right); it is also consistently adding the right fuel for your engine—your Top Clients.

## THE CRUSH/CRINGE ANALYSIS

In *The Pumpkin Plan*, I outlined a process for identifying and cloning the best customers. I developed this at Olmec to get us out of reaction mode and to increase stability. The main point is, once you know who your Top Clients are, the next step is to clone them by attracting other clients or customers who have the same qualities.

The process begins with the Crush/Cringe Analysis.

1. First, evaluate your existing customer list. Sort them by revenue from most to least. This is important because the people who spend the most on your product or service, particularly if they repeat purchases, demonstrate through their behavior that they value you the most. Don't trust people's words; trust their wallets. In other words, people can say how much they love you until they are blue in the face, but it is the action of spending money with you, or *not* spending money with you, that points to their true feelings.





CLOCKWORK, REVISED AND EXPANDED

- 2. Next, evaluate the crush or cringe factor for each customer on the list. In other words, do you love them (crush), hate them (cringe), or feel somewhere in between (you know, a crunge)? You will automatically provide great service to the customers you love the most because it comes naturally to you. Conversely, you will find yourself avoiding or delaying work for the customers you hate, and the people in between will get hit-or-miss prioritization and service from you.
- 3. Document the community each customer is in (industry, vocation, consumer group, or transition point).
- 4. Finally, determine all the congregation points. These are all the places where they hang out together in an organized group. (More on that in the next section.)

CRUSH/CRINGE ANALYSIS

REVENUE	CUSTOMER	CRUSH/CRINGE	COMMUNITY	CONGREGATION POINTS

Figure 2

Sometimes the Crush/Cringe Analysis reveals that the cringe factor is more about the type of product or service a customer wants than the customer themselves. Hudson Lighting Ltd., manufacturers of outdoor lighting based in London, experienced



## CLARIFY WHO YOU SERVE

exactly that. Most of their client base are contractors. Chris Hudson, the founder of the company, read *Clockwork* and just when he started categorizing clients, the phone rang.

“I had this moment where I thought, I don’t want to answer the phone,” Chris told me in an interview. “I could see who it was because I have all the contacts saved. And it hit me: Oh my God, this is a cringe customer.”

He didn’t answer the phone.

Chris finished his cringe list and then wondered, “What is it about these customers that makes me feel that way? What are they asking for that makes me cringe?”

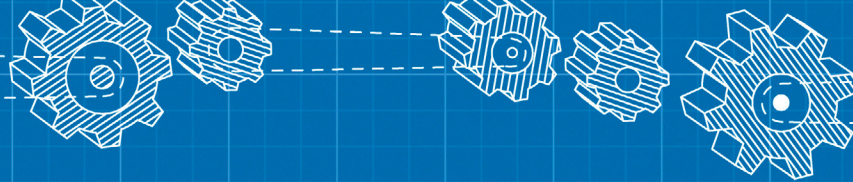
Digging further into his list, Chris realized that the customers he wanted to avoid the most were smart home contractors.

“They build these amazing, beautiful, multimillion-pound homes,” Chris explained. “And these homes have systems that automatically turn the lights on when you come home, that sort of thing. At first, it seemed like our lighting would fit in nicely there, that they were the ideal, high-end customer. The problem was, they wanted everything custom.”

His cringe customers wanted variations on the existing products Hudson Lighting offered. “They always wanted something a little bit out there that took a lot of time to create. They’d say, ‘Chris, instead of making this, can you make that?’ Sometimes their requests weren’t even lighting-related.”

Chris had started taking on these cringe customers because he said “yes” to every request. He thought saying “yes” was how he would wow them. Plus, they were “easy upsells,” and Chris desperately needed extra income. Since he started saying “no” to their cringe customers’ requests, those customers have gone to other vendors for their requests. The custom work that drove his employees up the wall and made him want to avoid answering the phone disappeared. But what about those easy upsells and that extra





### **CLOCKWORK, REVISED AND EXPANDED**

income? Turns out those things are easy to say yes to but *really* hard to deliver on. Yeah, there was extra income, but it required disproportionately extra effort. The result? He lost money on the “easy extra” work for cringes. And almost lost his employees.

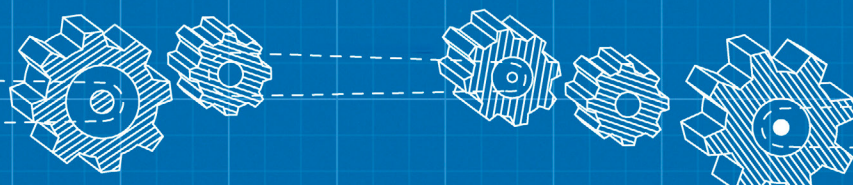
“Firing cringe clients has been fantastic,” Chris said. “Now we’re not doing all this silly stuff that tied us up for hours. Everyone was so relieved. And because we reduced some of our range of product to eliminate cringe customers, we’ve exceeded our goal of producing seventy-five lights per week; we are up to 110 lights a week now. Fewer variations meant increased output. And my team is happy. They are doing what they love without oddball distractions.”

The Crush/Cringe Analysis will help you clarify who you want to clone and who you want to kiss goodbye. I have one disclaimer: there is no guarantee that any of your existing customers represent the ideal community for you to serve. I have mentored small-business shareholders on this process and a few of them did not have a *single* ideal client that they wanted to clone. In these rare circumstances, they created a cloneable client avatar by “stitching together” their favorite elements of their existing customers. That being said, the majority *did* have a client they wanted to clone, and if you have one, too, it represents a significant shortcut to a clockwork company.

### **CONSIDER CONGREGATION POINTS**

Once you have your Top Client list, you can identify the market to which you want to focus your attention. Before you commit to a market, you must judge its viability based on its congregation points. This is step four, the final step in the Crush/Cringe Analysis.

Congregation points are where a like-minded community





## CLARIFY WHO YOU SERVE

converges on a recurring basis to connect, network, and/or share knowledge. If your market is active in many of them, that is proof that they are sharing with one another through established channels. Channels that you can access. Channels that you can market through. Channels where you can easily get a reputation for excellence. If you can't identify any congregation points, or if the points you do locate are few, scattered, and unestablished, you are in for a long slog. It is hard to be discovered when the community can't even find itself.

For example, my client Gary, who develops software for the food industry, said that his best client is a single mom running a bakery business who has achieved her first \$1 million in revenue, is overwhelmed by the work volume, and is trying to raise a child by herself. And because she can't stand her own mom, she has no help.

Gary (whom I call "Big G") told me, "Give me a dozen of this client. My profit will skyrocket, and I only need to do one thing for them. I found my niche!"

I said, "Let me ask you something, Big G. What I just heard is that you are looking to get more clients who are 'single-mom entrepreneurs who hate their moms.' Right?"

"Exactly. That is exactly it."

I then asked Gary to tell me where their congregation points are. "Where do these people consistently gather to learn from and share with one another, Big G? Where does the SMH-TOMBC meet? You know, the Single Moms Hating Their Own Moms Business Club."

Answer: nowhere.

There are no meetups. No conferences. No podcasts. No websites. No single congregation point. Yes, two single-mom mom-haters could meet at some office holiday party and become besties. But happenstance is not a congregation point. A congregation point is a consistent space in which to learn and share, and it





## CLOCKWORK, REVISED AND EXPANDED

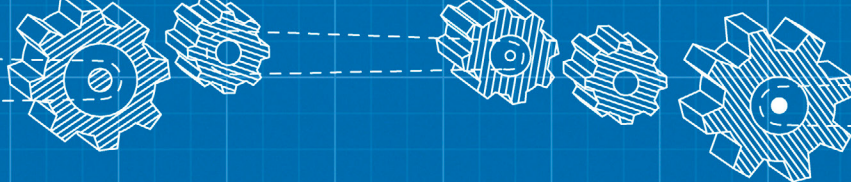
doesn't exist for this group. This means Gary is impeded—there's no group to access. He can and should ask his one Top Client where she hangs out with other like-minded people in similar circumstances because maybe there is some underground group. But there is little chance those groups actually exist, because Gary's psychographics are too narrow to locate an established community.

With this new knowledge, Gary took a fresh swipe at identifying a community. He asked himself what distinct characteristics about his favorite customer were also things that people formed communities around. She owned a successful bakery. That was one piece. She was overwhelmed with work. That was a second piece. She was a single-mom entrepreneur. That was another. She also hated her mom. That was yet another.

With the four pieces identified, Gary asked himself what elements spoke to his interests the most. Big G really enjoyed the bakery business aspect because he loved manufacturing and that is what this basically was. He also felt he could empathize and support the single-mom entrepreneur better than most vendors, since he was raised by a single-mom entrepreneur and was a single parent himself. The other characteristics were not areas where he had an interest or could contribute.

With the two characteristics identified, he ran the big test. Were there congregation points? With the power of the internet, the answer was easy to find. Gary searched “bakery associations.” Simple, right? Sure enough, he found the American Bakers Association, the American Society of Baking, the Independent Bakers Association, and more. He found online forums. He found Facebook groups. This was an established community that congregated. This was an opportunity!

When he searched for “single-mom entrepreneur associations,” he found nothing. When he searched for “single-mom entrepreneur groups,” he found one meetup group with twelve



## CLARIFY WHO YOU SERVE

members. There is no question that this was an important group of entrepreneurs, but it was not an easy opportunity for Big G. The congregation points were not established, so breaking into the community would be very hard.

Gary decided to go after bakeries. He spoke with his best client, who was already a member of one of the associations, to get some suggestions on how to get involved. With that, Gary was off to where his best prospects congregated. And like a good yeasty bread, his business started to rise.

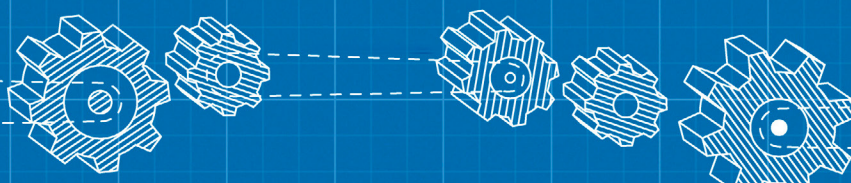
Other people identify niches too broadly. They want to work with rich people or small businesses. Those are broad communities, and while they may have congregation points, the knowledge shared is general because their needs are all over the place. In other words, the few ideal prospects are mixed in these broad congregation points with a lot of non-prospects.

## SAMPLE CRUSH/CRINGE ANALYSIS

REVENUE	CUSTOMER	CRUSH/CRINGE	COMMUNITY	CONGREGATION POINTS
\$25,000	Example Co	Crush	Flooring Tile	The National Tile Association
\$17,500	ABC Company	Cringe	Vineyard Owner	Wintime Podcast Winecon
\$15,000	XYZ Inc	Crush	Long-Haul Trucking	Freight Carrier Association The Cargo Conference
\$9,000	Alpha Co	Crush	Flooring Tile	The National Tile Association
\$8,000	Omega Inc	Cringe	Office Cleaning	United Cleaners Association
\$8,000	Another Co	Crush	Last Mile Trucking	The Cargo Association Truckers Meetup

Figure 3

You need to identify a homologous community that connects repeatedly at one or more congregation points to address their specific needs and wants. This is an area where you see the same







## CLOCKWORK, REVISED AND EXPANDED

prospects, vendors, and influencers appearing over and over. It doesn't need to be a physical meetup. It could be a social media group. It could be subscribers to a podcast or magazine. Ideally, there is a combination of ways for them to connect and learn. When you see this repetition of gathering and learning for a specific community, it means that, once you gain access to them, you can build a reputation as the leading vendor to serve their needs.

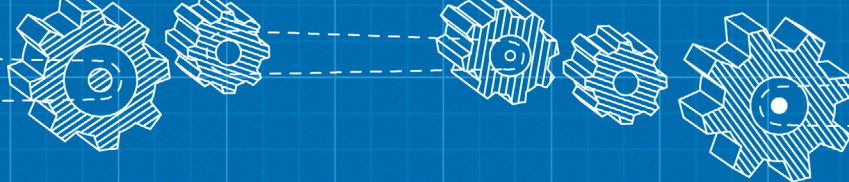
In addition to finding these gathering points, having clarity about your ideal customer allows you to market to them in an optimal way. You can—and should—craft your marketing to speak specifically to the customer you identified. And with less marketing variability, you have increased the efficiency of your marketing. You're welcome.

I need to make a critical point to you. It is your interest in the community and the fact that they have congregation points that is the most important thing. This is more important than how much you love your current customers. Having a great customer to clone is extremely helpful, but you can access a community even without a single client in that community. Further, a crush or cringe client may *not* be representative of their community. An instance of one is by no means representative of the whole.

The same is true for the customers you love. Realize that they represent a shortcut to the industry and possibly to other great clients. (Good people hang out with other good people.) Also realize that you may have bad customers within a great community, and that your jack-wad of a client is just not typical of that community and may not be the best way in.



After I wrote and published my first book, I discovered my ideal readers for that book, my true *who*: mom entrepreneurs who were



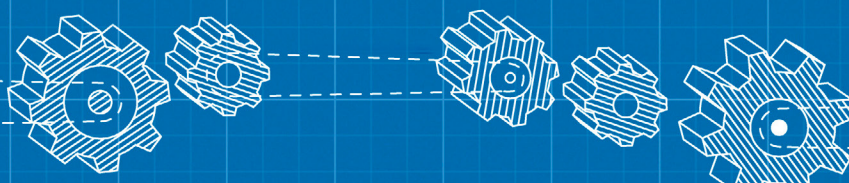
## CLARIFY WHO YOU SERVE

entering or reentering the workforce after their children reached an age that gave them enough freedom to run their own businesses part time. Some friends suggested that my “niche” was all small-business owners, but I knew it was all about mom entrepreneurs as I was building my business. Did other people read my book? Absolutely. And I love them for it. (Shout-out to the dudes slogging their way through entrepreneur-land. I see ya, my brothers.) But had I focused on the broader community of all small-business owners right out of the gate, I wouldn’t have been noticed. I lived the lesson Brian Smith, the founder of UGG, taught me: if you want big success, you need to focus on a small community and then empower that community to carry you to bigger markets. By definition, a niche is a very narrow group with very consistent needs. Be wary of targeting a broad community and telling yourself it is a niche, ’cause it ain’t.

Choosing my community affected how I wrote my books and how I marketed and sold them. When I found out where the mom entrepreneurs congregated and showed up—at conferences and retreats hosted by other mom entrepreneurs who were achieving impressive business growth—that community carried me not only to other mom entrepreneurs, but also to other niche groups within the broader community of small-business owners. And the best part of that strategy was that I grew my audience, and my business, with minimal effort. See how that works?

## FOR EMPLOYEES: CORA’S STORY

At the end of most chapters, you’ll find a section for you, the employee. These sections include fictional stories about “Cora” that will help you understand your role in each phase of the Clockwork process. Her story begins here.







## CLOCKWORK, REVISED AND EXPANDED

Cora Monroe served in the US army for ten years, achieving the rank of staff sergeant. During her tenure she led a squad of ten soldiers. She just got hired for her first civilian job since working at a pizza shop in high school. Her new employer, Job Turf Inc., specializes in sustainable, eco-friendly outdoor living spaces.

During the interviews at Job Turf, it was clear that Cora had the intangibles the company was looking for. They had hired veterans in the past, so they knew these individuals were trained to work as a team. They have self-confidence, can work under pressure, and are able to adapt to changing situations.

The fact that Cora was military gave her a leg up in getting the interview. But it did not guarantee a job. And now that she had the job, it did not guarantee she would excel. She had a lot to learn—especially about the Clockwork framework.

Her first day in the field, Cora received her five clean uniforms for easy rotation and four items that would prove essential for doing her job: a hard hat, a pair of gloves, a clipboard, and a client scorecard.

When she asked about the scorecard, her manager Gordon Sumner explained, “Every employee tracks the daily performance of the client and submits it to the project manager, which is me for most jobs, at the end of the project. The gold is out there in the field, where you actively measure the quality of our work and the quality of the client.”

The performance of the client? Who does that? This company, that’s who.

Her first day in the field, Cora noticed that while there were no issues with any of the clients, one particular client stepped out of their office to greet her and show her around the site. A customer who noticed she was a new hire *and* made sure she felt welcome? That deserved a note in the crush column.

By tracking their clients’ responsiveness to questions, their



## CLARIFY WHO YOU SERVE

participation in solving problems when they present themselves, their treatment of the company's employees, and their general positivity and enthusiasm, Job Turf can identify their Top Clients.

You may be interfacing with customers in a sales role or a support role, or maybe you simply hear the talk about customers among your fellow employees when the boss is away. No matter your role, you may have knowledge about clients that can help the company land better customers. And with better customers, everyone's job—including yours—is less stressful and more fun.

**How can you help?** Start documenting your observations. Keep a record of clients who are loved, and why. What are the crush factors? Which clients make it easier for you to do an effective job? Who seems grateful and expresses their thanks? On the flip side, who are your cringe clients and why do you feel that way? How do they affect you and/or your fellow employees? Why do you avoid them? What actions can be taken to strengthen the connection with those clients?

As a team member, you have your ear to the ground, and you may know more about certain clients than anyone else. So create your own crush list. Which customers do you love and which customers not so much, and why? What specifically do you like about the ones you love and what are the reasons the cringers make you cringe? With your crush clients, make a note of their attributes, behaviors, and congregation points. This can help your company get more clients just like them. How do they network with similar companies? What industry trade rags do they consume? What podcasts do they listen to? What makes them communicate well? How do they help you and your company navigate mistakes (because mistakes do happen)? What other notable aspects of them matter most? Write down all your observations about your crush customers and your strategies to help improve the behavior of cringe customers. Share your findings with the





## **CLOCKWORK, REVISED AND EXPANDED**

boss at your company to help bring in more great clients and improve the relationships with the ones you have.



### **CLOCKWORK IN ACTION**

1. Do a Crush/Cringe Analysis to clarify who your Top Clients are.
2. Interview your Top Clients to discover what they value most about your company. That is what you stake your reputation on, so make sure you build rock-solid systems for that.
3. Find their congregation points. Ask your clients where they go to share with and learn from people in their industry. Research meetings they attend, conferences they visit, podcasts they listen to, social media and influencers they follow, and magazines and newsletters they subscribe to. These are all points of common interest for your potential Top Clients.

AVAILABLE THROUGH THESE RETAILERS

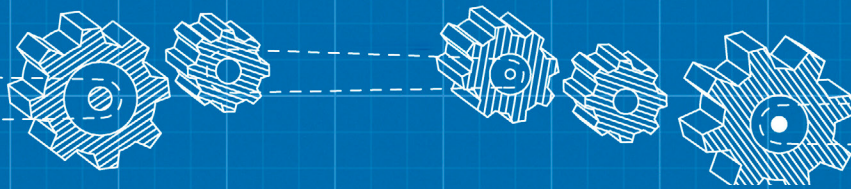
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