

Simple Business Models

I'm a big believer in the idea that [simple beats complex](#) so I'm always on the lookout for examples of this in the business world.

I love the back story on Five Guys, the fast casual burger place. On the Five Guys' website, founder Jerry Murrell says his mother always told him, "If you can give a good haircut or if you can serve a good drink at a bar or if you can serve a good hamburger, you can always make money in America."

Murrell says all he knew how to do was cook a potato and a good hamburger so he used this knowledge to start Five Guys with his children in the 1980s. What started out as a tiny carry-out burger joint in Arlington, Virginia has blossomed into thousands of Five Guys all around the world.

Murrell did this with no advertising, charging 3-4x as much as McDonald's for a higher quality product and keeping things extremely simple on the menu. Murrell was surprised his idea was able to catch on so fast with others when his sons wanted to franchise the brand. He told Guy Raz he was sure his business model was too simple for most people:

First of all, when you tell a franchisee you're not going to worry about food costs -- that sounds pretty stupid. You're gonna tell a franchisee that you're not gonna advertise? That sounds pretty stupid. You're gonna tell 'em that you're only gonna sell hamburgers and french fries? They're all gonna say, "Wait a minute -- we gotta be open later, we gotta sell alcohol, we gotta watch food costs, we gotta shop around for our products."

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I said, "I don't do that. We buy from people and we're gonna stick with 'em."

That was all hard to sell to franchisees.

Keeping things simple was a hard sell but it worked because he stuck to his guns and created a quality product (I can personally vouch for this as I'm a frequent eater of Five Guys).

Patagonia's Yvon Chouinard was another accidental business leader who likes to keep things simple while eschewing complexity. He told Raz how fly fishing describes his personal business philosophy:

The more you know the less you need. I've been fly fishing with one fly, one type of fly in different sizes. And I've limited myself to that for a whole year and I've caught more fish than I've ever caught in my life. I realized that all of these hundreds of thousands of different fly patterns and

different colors and shapes and everything are totally unnecessary. You can replace all of that with knowledge and technique. And it's a good lesson for me. The hardest thing in the world is to simplify your life because everything pulls you to be more and more complex.

Bill Rasmussen founded ESPN with a similar philosophy. Here's how he described his evaluation process for business and investing opportunities using ESPN's mission statement as an example:

I might think about success a little bit differently. You put together a business plan, right? What's your mission statement? Some of them are a page long. Some of them are three paragraphs. They get beyond ten or twelve words, I think we've lost focus. ESPN to this day - you know their mission statement is? Six words. Six words drive ESPN -- To serve sports fans anytime, anywhere. That's it. Does that say it for ESPN or does that say it for ESPN?

Communicating your [mission statement or philosophy](#) in as few words as possible is a good first step towards simplifying your process. It's something most individuals, business leaders or firms probably can't do successfully.

I've always liked Amazon's corporate mission statement, which Jeff Bezos has stated as, "Our vision is to be earth's most customer-centric company; to build a place where people can come to find and discover anything they might want to buy online."

Implementing any sort of simplified mission statement or business model is hard because simple doesn't mean easy. You could make the argument that executing a simple business plan is probably harder than a complex one. Plenty of people or firms can come up with simple ideas but selling them to everyone involved takes talent.

It's cliché but the devil is in the details.

Bezos also said, "We are stubborn on the vision. We are flexible on the details."

That's another good simple business model.

Sources:

[From Long-Shot to \\$50 Billion Empire \(Tim Ferriss Show\)](#)

[Patagonia: Yvon Chouinard \(How I Built This\)](#)

[Five Guys: Jerry Murrell \(How I Built This\)](#)

Further Reading:

[Two Business Lessons From Patagonia's Yvon Chouinard](#)

[The Jeff Bezos Regret Minimization Framework](#)