



“The future of every community lies in capturing the passion, imagination, and resources of its people.”

Ernesto Sirolli

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Capturing the Passion¹

Teaching Skills to a New Generation of Entrepreneurs

Convinced that the future of every community lies in capturing the energy, imagination, intelligence, and passion of its people, the Sirolli Institute has created Enterprise FacilitationSM: a person-centered economic development system that is replicable, cost effective, and ethical. Enterprise Facilitation is founded on two fundamental tenets:

- Human nature is intrinsically good and the fulfillment of our talents, through work, improves our lives and the communities in which we live.
- Development is indigenous; it is a process that simply nurtures the elements already present within the community.

The pilot project, established in 1985 in Esperance, Western Australia, inspired 200 communities in Australia, New Zealand, the United States, and Canada to adopt similar approaches. This paper begins to discuss the rationale for adopting Enterprise Facilitation, and advocates a person-centered approach to economic development. This paper also addresses the nature of entrepreneurship and the dynamics of teaching entrepreneurs management skills.

Beware of the Hippos!

Very early in my life, I was exposed to planning disasters. I have since developed what I believe to be a healthy scepticism toward top-down initiatives that tend to disregard the abundant wisdom lying at the grass-roots level of any community. I owe my professional success—everything I do—to the family of hippos that came out of the Zambezi River one night and ate all the tomatoes that my Italian colleagues had lovingly planted...right by the river!

We were in Zambezi to set up a training farm to transform hunters and gatherers into farmers: a strange objective in and of itself. The tomato debacle was the beginning of yet another failure of yet another ill-conceived plan to help the indigenous people. Compared to the staggering blunders made by the international aid agencies, we failed modestly, and at least we retained a sense of humor: the hippos were fed!

The African experience impressed upon me the fundamental importance of tapping local resources, skills, and knowledge. When engaging in local

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community and economic development, always look for the hippos! No matter how beautiful the landscape is and how friendly the locals are, watch out—the hippos are out there and ready to take a big chunk out of your project and pride! We failed then in Africa, and we are still failing because of the arrogance that we Westerners carry like a birthmark—we never listen, we always know the solution, and we can answer the questions even before they have been asked.

When E.F. Schumacher published *Small is Beautiful* in 1973, he popularized the concern that a number of thinkers had begun to express in the late sixties. People were disturbed by the prevalent notion that “development” had to do more with technology and the generation of wealth than with people and values. For us practitioners, *Small is Beautiful* presented an extraordinary challenge. How could we do development if we could not properly define it? Schumacher made us wonder: if our technology is predicated on the destruction of a “sustainable” local culture that has spanned millennia, how superior can it be?

What is Development?

I like to ask my audiences, which often include community- and economic-development specialists, if they know the etymology of the word *develop*. In its modern usage, “develop” comes from the old French “des volopper.” “Volopper,” the root of the word, translates as “to unravel” or “to unfold.” The Latin origin of *develop*, going even farther back, is “vellum:” the coat on the back of a sheep. In Italian, the word “vellum” is the root for “avviluppare” and “sviluppare” which mean “to envelop” and “to develop.” Similar words exist in French and English.

A tangled mass of wool has inspired words in so many languages. Its etymology suggests that the word *develop* involves an act of opening and unraveling, to find what is already there.

Development is more akin to gardening than to conjuring progress out of nothing at all. The husk of a seed must crack open—develop—to allow germination. Certainly development is a more nurturing activity than a creative one. To develop implies engaging in a feminine, maternal, nurturing activity to create the pre-conditions for germination and growth to occur.

This interpretation presents a great challenge to those among us involved in community and economic development. It obliges us to reconsider our role. Instead of doggedly researching and implementing projects we believe will help, we are asked to focus within the human heart, head, and hands. The only thing we can possibly do to foster real development is to create an environment that is conducive to the transformation of good ideas into viable and sustainable ventures. A shift from proactive to responsive development can only occur, however, if we believe that people are intrinsically good. The diversity, variety, and apparent randomness of their passions are like the superficial and chaotic—yet ecologically sound—life forms that can be found in an old growth forest.

Indigenous development, in other words, requires a great deal of faith and an attitude adjustment. Right now, in our communities, there are people who have the commitment and motivation to help themselves: they just need some assistance to transform their ideas into meaningful and rewarding work. If we choose to become “gardeners” to them, we must accept gardening principles. We can create the necessary environment for growth, but ultimately, flowers bloom by themselves and if the husks are empty, nothing can grow out of them.

Esperance (Hope)

What happens if we make the assumption that there are people in every community who have an intrinsic wish to grow? What kind of infrastructures, physical and social, would we need to establish to allow the greatest number of people to develop into the beautiful people they can be? I wanted to answer this question and my friend Dr. Peter Newman, then my University supervisor, helped me. I began to wander the streets of Esperance in 1985. Esperance, for those of you who are not familiar with the town, is a rural community with a population of 10,000, perched on the southernmost coast of Western Australia. Esperance is located between the Nulloarbor Desert (not a good place to get lost!) and the Great Australian Bight (the water where they filmed “Jaws!”). Notwithstanding initial suspicion and cynicism, it took only 4 days to find my first client: someone who was so passionate about fulfilling his dream that he had jumped out of his “husk” and was frantically looking for help to grow!

With some help and a \$4,000 loan, he moved his garage-based business into a building in the industrial park. After a few months, he was running a “smoked tuna” business employing a dozen people. The fishermen who sold him the tuna became intrigued by his success and approached me with *their* collective dream—to find better markets for their catch. With their group commitment and hundreds of hours of work, we established a direct market in Japan by developing a “sashimi-quality” tuna fishery, the likes of which had not been seen in Australia. Their gross profit rose from \$0.60 per kilo to \$15.00 per kilo.

During my first year in Esperance, I worked with 29 individuals and groups who wanted help with their ideas. This work created such an impression, that both state and federal governments became interested in the model. A locally-managed pilot project was funded, and I trained my first “Enterprise Facilitator,” Brian Willoughby, in 1986. Since then Brian Willoughby has been responsible for assisting in the creation of 350 new businesses in Esperance.

Enterprise Facilitation has since begun to nibble at the community and economic development paradigm in many communities and, more important, in the minds of many practitioners in Australia, New Zealand, the United States, and Canada. The model is attracting attention because it offers a compassionate, cost effective, and complementary strategy to infrastructure development, and it optimizes the use of the resources available to a community in both private and public sectors.

The Two Legs of Development

True economic development walks on two legs. The first leg is concerned with the creation of an infrastructure; the second fosters people's ability to utilize these infrastructures.

To survive and develop, communities and local enterprises require roads, communication networks, transportation, energy, land, and the other basic elements of a sound infrastructure. However, no matter how sophisticated the local infrastructures may be, they are purposeless unless people use them.

Enterprise Facilitation is key to the second leg of economic and community development. Our method complements the strategic leg by helping communities to optimize all available resources. Enterprise Facilitation is a grass-roots, responsive method that captures the motivation and intelligence of local, passionate individuals who are willing to invest themselves in community and development projects.

If infrastructure development can only be done strategically by observing the community trends and by projecting its future needs, Enterprise Facilitation can only be done responsively by becoming available to self-motivated individuals on an as-needed, just-in-time basis.

Structuring Responsiveness

Local leadership is essential to the establishment of an Enterprise Facilitation program. Without local endorsement, understanding, and management, Enterprise Facilitation does not happen at all, or quickly becomes another bureaucratic service made available to the community—but not owned by it.

Usually, a new Enterprise Facilitation project starts when one or more community leaders become aware of the model and seek more information. Community and public meetings convene to expose as many people as possible to the new approach. From there, a steering committee is formed to recruit local participants and to raise funds for the establishment of the project. Once funds are committed, the steering committee metamorphoses into a local Management Board by electing officers and incorporating, or finding, an appropriate fiscal agent to assume financial responsibility for the project. This newly established board is trained by the Sirolli Institute in both the philosophy and practices of Enterprise Facilitation. The board receives advice on recruiting its full-time operative—the Enterprise Facilitator. The board advertises the position, and interviews, selects, and appoints the person of its choice. This person is trained on-site by the Institute, along with 11 members of the board. The training is so important that Sirolli Institute doesn't associate itself with any project that is not prepared to learn from the mistakes made during the early growing years of the model!

Boards and Facilitators are advised on how to locate clients, how to relate to them, and most important, how to help them transform their ideas into a rewarding enterprise. Enterprise Facilitators do not concern themselves exclusively with technical business

advice: they test the personal motivation of the client, without which nothing can really grow.

Passion and Skill

Working with entrepreneurs requires great care, especially because there are no rational explanations or definitions for entrepreneurship. Peter Drucker, the Dean of American Management, called entrepreneurship “a meta-economic event:” an event that is very important to the economy, and yet transcends economics. All present definitions are inadequate, and often reflect the non-linear thinking and intensity that seems to accompany the birth of new enterprises.

I would like to suggest that entrepreneurship has two components: passion and skill. Passion is the “fire in the belly,” that all-consuming dedication that is essential to the pursuit of any worthwhile activity. I use the word not in its romantic connotations, but according to the Latin etymology “passio,” meaning “to suffer.” No artistic, social, economic, or sporting success is achieved without total commitment and the ability to endure whatever it takes to fulfill one’s vision.

Passion, however, is not enough. Without the ability to paint, to run, to inspire social change, or to manage a successful business, passion is nothing but wishful thinking and frustration.

Skill makes the dream real and transforms passion into good work. In the field of economic development, the Sirolli Institute expedites the transformation of good ideas into new or expanded businesses. We test both the passion *and* the skill of our clients by developing their capacity for assessing their strengths and remedying their management weaknesses.

The Trinity of Management

Enterprise Facilitation’s major achievement is the introduction of sound management principles to the even the smallest project, and the plain articulation of how a new generation of entrepreneurs can succeed.

The *Trinity of Management* is a core concept in our counseling work with clients. The idea is that to run a business, no matter how small, the proponent must control three areas of activity: production, marketing, and financial management.

After years of one-on-one work with clients, we believe that the perfect entrepreneur does not exist. The person who is *equally passionate* about producing the product, marketing it, and keeping sound financial systems in place has yet to be born.

The Trinity of Management implies that it is impossible for one individual to run a business successfully. Not only would one need skills in each area, one would need to be *equally passionate* in all of them. Based on empirical evidence we have found that the personality conducive to successful marketing is substantially different from the personality

of the successful financial manager. One seems to fit the psychological profile of a more extroverted/communicative personality while the other is a more introverted/reflective personality.

We have found that it *is* possible for an entrepreneur to be skilled and passionate in two of the three areas of activity: production and marketing *or* production and financial management, but have never found nor heard of an individual who is equally passionate about marketing and financial management.

Albeit empirical, our understanding of basic human character has allowed us to develop a counseling methodology that produces remarkable results. Clients with serious doubts about their ability to run a business have, once confronted with the Trinity of Management theory, expressed great relief. These clients have proceeded to find people whose strengths complement their own. Among their network of friends and associates, they have discovered a skilled *and* passionate individual to take control of the area of competence for which they were unable to care. Dedicated and competent primary producers, with no skill nor interest in marketing and financial management, have organized themselves to hire a passionate and competent marketing individual and an ex-bank manager to take care of their two weak areas.

The Trinity of Management theory does not advocate the uncritical delegation of powers to individuals outside the company. Rather, it encourages entrepreneurs to build a strong company and to take control of, not micro-manage, all three areas of their endeavor.

Teaching Entrepreneurs

Somebody once wrote: "Rationalism is the belief that politics, sex, and cookery can be learned from books!" I would like to add entrepreneurship to the list. An entrepreneur and a teacher of entrepreneurship are separated by a distance as great as those that exist between the theoreticians and the practitioners of the other three arts!

Education can easily teach skills, but how do you teach passion? And without passion, can the skills truly be internalized and celebrated? Only a few years ago the word "passion" never occurred in management theory. Now, from Tom Peters to a number of—if I may be forgiven to use the term—post-modern economists, people are acknowledging the importance of having a system of beliefs to take to work and to work with. The new generation of entrepreneurs, who are emerging in response to the dramatic changes in the economy, chooses to be self-employed from a perspective that has to do more with life-style than purely the bottom line.

These entrepreneurs would be better advised to use their passion, not dismiss it, when determining the sort enterprise they wish to establish. No matter how disciplined and dedicated people are, they will only be good at what they love doing. To compensate for their own weak spots, these entrepreneurs should collaborate with individuals whose passions and skills complement the their own.

—Ernesto Sirolli