

LARRY GALLAGHER | SEPTEMBER/OCTOBER 2009 | ISSUE

A good kind of group think builds sustainable small businesses



Sirolli says the businesses he's helped build have an 80 percent success rate.

Photograph: Sirolli Institute

If you happen to ride your bicycle to Ernesto Sirolli's Sacramento, California, residence, as I did, your effort won't go unrewarded. When he opens the garage door, you'll be treated to a glimpse of his prized possession, a white 1951 Morgan Roadster. [The Morgan Company](#), he'll quickly and enthusiastically tell you, is a family-owned business in England founded by H.F.S. Morgan that this year celebrates its 100th anniversary. "They have completely flown in the face of conventional business wisdom!" says Sirolli. "Their cars are all hand-made! Look, the body is made out of wood. And there is a seven-year waiting list for a new one!" It's clear that beyond the typical automobile fetishism, Sirolli is enthralled that a company of that kind could continue to stay small and produce beautiful objects into the 21st century.

It's a great introduction to the lifework of Sirolli himself, who over the last 23 years has helped communities around the world grow small businesses from the ground up. By his reckoning, he and his disciples have aided in the start up, expansion or survival of 30,000 businesses on four continents. At a time when businesses around the world are being rocked by the global economic implosion, Sirolli's methods could help struggling entrepreneurs not just survive but thrive. More than bolstering bottom lines, the [Sirolli Institute](#) helps communities help themselves, reinventing local networks and building the social capital that's the foundation of true prosperity. Sirolli fires himself up an espresso on the stove, then we move to his Japanese rock garden living room so he can explain how he accomplishes this.

"Enterprise facilitation" is the name Sirolli has given to what his Institute does. If that phrase makes your eyes glaze over instantly, you're not alone. The modern corporate vagueness, and the little trademark bubble that follows it in print, can be a bit off-putting at first. But in person, Sirolli is skilled enough as a pitchman to get the message across. With his dark, wavy hair and moustache, Sirolli could be the Italian Tom Selleck, although his robust accent and barely controlled enthusiasm have me thinking "Borat" more often than I'd like.

Before he explains his methodology, Sirolli insists I understand the idea at its core: A successful business requires three essential components—product, marketing and financial management—and no single human being is capable of delivering all three with equal passion and competence. "The death of the entrepreneur is solitude," he says. "If you're alone in business, you'll die." This isn't some casual observation, but the core of his faith, what he has come to call "the trinity of management."

On the face of it, this idea doesn't strike one as particularly radical, but it goes against what Sirolli considers a pernicious but enduring myth: To start a successful business, you must be able to handle all three aspects yourself. Not one to shy away from absolutes, Sirolli lets me have it: "Henry Ford, Walt Disney, Bill Gates: None of the greatest companies in America was started by one person! I've done the research. Not even one! It's always two, three, four people."

The other distinguishing principle that guides Sirolli's methodology and permeates every aspect of the enterprise is this: One should never go where one is uninvited. To explain this, he takes me on a tour of his early years as an aid worker in Africa, a part of his story recounted in his 1999 book *Ripples from the Zambezi: Passion, Entrepreneurship, and the Rebirth of Local Economies*. Sirolli worked for six years with Italian aid agencies in Zambia, Kenya and the Ivory Coast, the results of which, in typically superlative fashion, he qualifies as "disastrous," adding, "We always did it from the top down and it never worked. We had zero respect for people. Everything we touched we killed." In the midst of this rolling disaster, Sirolli got a copy of the 1973 alternative-economy classic by E.F. Schumacher, *Small Is Beautiful*. There he encountered a few sentences that changed his lifework forever. Sirolli's paraphrase: "If people don't wish to be helped, leave them alone.' This should be the first principle of aid."



Sirolli taught Rob Miles, who runs a canoeing/camping company in rural Oregon, that he didn't have to do everything himself.

Photograph: Imperial River Company

A few years later, in 1985, Sirolli was a grad student in psychology at **Murdoch University** in Australia. He was seeking a subject for his doctoral project, on the intersection of psychology and entrepreneurship. One of his advisers invited him to try an experiment in Esperance, an isolated and depressed fishing town on the country's West Coast. Sirolli dropped himself into the community, offering merely to help anyone interested in starting a business. After days of inquiring, he managed to find an unemployed fisherman with a dream of opening a fish smokery. Sirolli helped him gather a team and guided him through the million hurdles it took to get up and running. As word got out in the small community, people started coming to Sirolli with their dreams. From Esperance, the news spread to other rural outposts in Australia, before jumping continents to North America and the U.K., and a chain of launches that still carry him today.

Over the years, what started out as a social experiment has coalesced into a methodology, and this is what the **Sirolli Institute** offers to interested communities around the globe. The story usually unfolds thusly: A town or a county invites the **Sirolli Institute** to help. The Sirolli people have its leaders put together a council of 20 to 50 volunteers that meets monthly for a specified amount of time. The council hires and lines up funding for an enterprise facilitator, a paid professional with business experience and the right personality, who'll be trained by Team Sirolli and released back into the community.

From there, it's the job of the enterprise facilitator to wait to be approached by clients, to make sure he has the three parts of the trinity in place. If not, she begins the search in the immediate community with the council, and expands the circle until she finds them. Then it's the enterprise facilitator's job to do anything and everything to make the client's dream come true. Anything, Sirolli says, with a few conspicuous exceptions. "Two reasons you get fired. No. 1: You get fired if you initiate anything; if it is your idea, you get fired, because you only work in response. And No. 2: You get fired if you motivate anybody; if we catch you convincing somebody that they should be doing something in business, we will fire you!"

Sirolli clearly enjoys stating this so baldly, but beneath the laughter he's dead serious. Facilitators are trained to hold back, to work only with those who already have the drive to succeed. "You do not chase clients," he tells

them. "You don't put ads in papers. All introductions are through word of mouth." Sirolli's dream is that this new type of public service will become a more widespread and recognizable institution. "The enterprise facilitator becomes this kind of strange new professional who is strange for the first year. But after two or three years in the community, there is this concept that there is this person who can help you."

As for marketing his own services to an unknowing world, Sirolli has tried to walk the talk, which explains in part why his Institute flies for the most part well below the radar. "We don't advertise," he explains. "We can only do something good and wait for people to invite us. Can we educate people about what we do? Yes. The only way we get work is to go to conferences and speak but it's very, very, very, very slow. We are the opposite of Anthony Robbins," a reference to the ubiquitous motivational speaker. Besides that, Sirolli knows that when you work with rural, economically disenfranchised communities, you don't exactly find yourself in the world's major media hubs. But gradually, the mainstream is drifting toward Sirolli's way of thinking. In 2005, he was invited to address the National Conference of Economic Development in Washington, D.C.

Over the course of a couple of decades, the number of communities Sirolli has worked with has grown to about 300 around the globe—in Kansas, South Dakota, Texas and Oregon in the U.S.; in Lancashire in Britain; in three rural counties in Scotland; all around the western rim of Australia; and, coming full circle, a new project in Katanga, in eastern Congo. Of course, the figures wouldn't mean much if those businesses failed at the usual rate—80 percent within the first five years is the oft-repeated statistic. Sirolli is particularly proud of the survival rate of businesses that implement his methods, claiming a success rate of 80 percent of the businesses that he directly or indirectly helped guide.

Rob Miles runs the [Imperial River Company](#), a paddling and lodging provider on the Deschutes River in rural Oregon. He'd been struggling for years before he attended a three-day seminar Sirolli and his people ran in a small town on the other side of the state. "I had always been told that no one can do it as good as you can," Miles recalls. "'You're the owner. You have to be the best at it. You have to be the best at marketing. No one can manage the finances as good as you. It's your money.'" The entrepreneurial myth was pounded into my head. Learning that that's not true, that it's an incredible lie, was huge to me."



Thanks to support from the Sirolli Institute, Elaine Aragon has made her hairdressing salon/gym/athletic jacket outlet in rural Texas work.

Photograph: Laura Hardin

Miles went home and fired himself as marketing director and hired someone who, unlike him, didn't hate every minute of it. He credits this move with helping him endure the economic implosion that has ravaged so many businesses around him. "In this down economy that we're in, my 2008 year ended up \$3,000 ahead of 2007. A zero growth year, in this recession, I would say is fantastic." Miles has gone on to join the five-county council that meets once a month with the regional enterprise facilitator to brainstorm solutions for would-be business owners like himself. "That's the beauty of the collective genius," he says. "Building capacity at a grassroots level by tapping into the resource that is already there. It's not bringing in a factory and creating 1,500 new jobs. It's finding the person who has the passion to do something and helping them find the other people they need to know in order to make that passion a reality."

Elaine Aragon has put together the kind of category-defying business you wouldn't find in Soho, say, or on Melrose Avenue. Under one roof she's got a hairdresser, massage therapist, gym, tanning salon, local high school athletic jacket outlet and candy store. "We kind of do everything," she says. But located as it is in the rural town of Littlefield, in northwest Texas, JoJo's Attic serves as much as a cultural hub as a money-making

venture.

Aragon had worked in somebody else's business for 19 years, but nothing she learned in that time prepared her for putting together her own business plan. Through word of mouth, she heard about a local Sirolli-trained facilitator, who helped her figure out all the ducks she needed to line up—from projected income and overhead down to the logo and the lettering on the door—to get her bank loan. "Every time we would meet, I would have to do my 'homework,'" she says. "They don't do it for you. [The enterprise facilitator] doesn't sit there and babysit you. You have to have the desire to do it. But I'd still be spinning my wheels without her." This September, it will be two years since JoJo's Attic opened. Within the first year, Aragon was able to double her revenue and keep that money in the community.

The **Sirolli Institute** is an institution of the mind; there's no campus and no headquarters, which explains in part how Sirolli can get away with living in Sacramento. For seven years he operated out of Minneapolis, enduring the soul-crushing Midwestern winters. Returning from a lecture in California's State Capitol one January, he told his wife of the roses he saw blooming there—in January. She wept. They moved here with their teenaged daughter in 2002 and have been able to run the non-profit out of their house, with a marketer in Alberta, Canada, and hundreds of facilitators around the globe. Now they're moving the curriculum online so they can train people with video modules and video conferencing, saving the environment and the airfare in the process.

Before I climb back on my bicycle, I make sure I ask Sirolli about the global economic crunch, and the relevance of his programs. He can't suppress a chuckle of well-earned relief. "All the communities and all the people we have worked with have always been in terrible economic shape. We've been dealing with this forever. We are specialists!" As I ride back to the train, I wonder if somewhere out there, in a garage in South Dakota or western Australia, there's this century's H.F.S. Morgan, developing a car that runs on sunlight. If you happen to run into him, hook him up with Ernesto Sirolli, will you?

Larry Gallagher *has been employing the preposterous scheme of using freelance writing to support his songwriting habit.*

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