

ISSUE 76 AUTUMN 2014

The Entrepreneurship Coach

Working with startups showed Ernesto Sirolli how anyone can have more impact: Shut up and listen.

BY SALLY HELGESEN



The

ENTREPRENEURSHIP COACH

by Sally Helgesen

Working with startups showed Ernesto Sirolli how anyone can have more impact: Shut up and listen.

Photograph by Amber Bracken

Sally Helgesen

sally@sallyhelgesen.com

is an author, speaker, and leadership consultant. She's @SallyHelgesen on Twitter.

Ernesto Sirolli has spent 30 years **helping people find the resources they need** to start businesses and make them thrive. He and the people he's trained have been instrumental in launching more than 40,000 enterprises in 250 communities and 25 countries. **Curiosity, commitment, and the willingness to spend time in some of the most remote locations on earth** have given him unusual insight into what successful entrepreneurs do well. Above all, he advises business leaders to **shut up and listen**.

In fact, “Want to Help Someone? Shut Up and Listen” was the title of Sirolli’s TED Talk in 2012. Originally delivered at a regional TEDx in rural New Zealand, his presentation was posted to the main TED website and garnered nearly 2 million views, bringing worldwide attention to his work. Speaking in heavily accented Italian, and in his characteristic tone of wry simplicity, Sirolli recounted his early experiences working for an Italian NGO that specialized in economic development. After earning his *laurea di dottore* in political science from the University of Rome—the highest graduate degree offered in Italy at the time—he set off in the early 1970s full of idealism to work in impoverished communities in Algeria, the Ivory Coast, Kenya, Somalia, and Zambia.

“Everything we touched, we killed,” he says, evoking slightly nervous laughter from the TED audience. “Every project we did, every single one of them, failed.” He describes, for example, how his team decided to teach Zambians how to grow food in the beautiful fertile valley where they had always lived as pastoralists, shepherding animals but planting nothing. The team imported seeds from Italy—tomatoes and zucchini—but the locals didn’t seem interested. The team tried to pay them money, but there was little in the valley available to buy. Finally, the NGO started importing whiskey and beer in order to coax the men into the fields. “We kept thinking, what is wrong with these people?”

It soon became apparent. The tomatoes appeared on the vines, huge bursting fruits that put the most bountiful Italian crops to shame. The team members were joyful, but the next morning they awoke to find every single one of the plants gone. Hippos had swarmed up from the river and begun gorging. The Italians ran to tell the Zambians what had happened. “Of course,” said the people. “That’s why we don’t plant in the valley.”

“*Why didn’t you tell us?*” asked the Italians.

“Because you never asked,” came the response.

The experience was painful. “I thought we Italians were good people, and I wondered how we could fail so badly,” says Sirolli. “Was it for these ‘results’ that we had hooked the community on whiskey and beer? So I began looking around at other projects that had been done in Africa—by the English, the Americans, the French—hoping to get ideas. And I realized, at least we fed the hippos. Other million-dollar projects just left rubbish behind. Everywhere I saw the same problem: Our well-intentioned efforts failed because we didn’t listen to the people we were trying to help.”

Challenging Entrepreneurs to Succeed

The story of Sirolli’s experiences in Africa is told in his book, *Ripples from the Zambezi: Passion, Entrepreneurship, and the Rebirth of Local Economies* (New Society Publishers, 1999). Now used as a text in many community and economic development courses, *Ripples*

Sirolli is pushing back against what he sees as the all-too-prevalent myth of the **celebrity entrepreneur** as go-it-alone individualist.

offers three essential messages about economic development. First, all effective development ideas need to come from local people rather than “experts,” no matter how well-meaning or informed these experts might be. Second, most efforts to motivate people are fruitless; rather, those trying to help local enterprise must wait until entrepreneurs ask for help, then connect them with the resources they need. And third, entrepreneurs should never be encouraged to act in isolation on their dreams, because doing so will increase their chances of failure and cause them to question their own capacities.

This last concept is important and informs Sirolli’s ideas about development and the nature of enterprise. With a methodology developed over years of challenging real-world conditions, Sirolli is pushing back against what he sees as the all-too-prevalent myth of the celebrity entrepreneur as go-it-alone individualist. “Instead of writing biographies, the business media is often publishing hagiography: hero stories about geniuses who do it all on their own,” he says. “But when you look at the real story, whether it’s Steve Jobs or Bill Gates or Sam Walton or [Thomas] Edison or the owner of a chain of dry cleaners, you see none of them did it alone. They all had [groups of colleagues] who could do the things they couldn’t do. The way it’s presented is very dishonest. My work now is to oppose this fake mythology and show that enterprise really succeeds when the right people come together.”

It led Sirolli to cofound the Sirolli Institute, a global social enterprise in Sacramento, Calif., that is dedicated to revitalizing communities by fostering entrepreneurship. In Sirolli’s view, this is a calling of the highest order. If communities devastated by industrial decline or isolated from global supply chains are to flourish and

create sufficient jobs, local entrepreneurs need to succeed. Young people, he notes, are particularly inspired by a vision of responsive, grassroots growth, of going where they can and working with what they find to create products and services of distinctive value. Supporting them and helping them find what they need to thrive is the essential first step to healing communities.

Sirolli’s method for supporting such endeavors involves training “enterprise facilitators” (EFs) in each locale. These are individuals who work for either the community or a development agency and whose sole mission is to help entrepreneurs identify and find needed resources. He has trained about 185 EFs, located around the world. “These people don’t work for me, and they don’t work for the people they help,” he says. They work for government agencies or companies committed to local development, which pay them directly. “For most of them, it’s a full-time job.”

Making the Business Beautiful

On a bright afternoon at a Starbucks just outside downtown Sacramento—where Sirolli and his wife and business partner, Martha Sirolli (executive director of the institute), live—he is waiting to meet an entrepreneur. He rarely works directly with entrepreneurs anymore, and he seems to welcome the chance to exercise his skills directly, as a college president might look forward to teaching a class.

“There are two rules for enterprise facilitation,” he declares. “First, your relationship with the client is sacred and entirely confidential. Second, you treat the client as an adult. That means the client gets to decide whether and when to act on what you discuss. It’s not your role to monitor how that person is doing or hold

“To be passive is the foundation of this work,” says Sirolli, “and that’s why it’s difficult. It takes **discipline to resist** the impulse to do, to tell, to solve, to intervene.”



Sirolli at Leading the North, an economic development conference, in Fort MacMurray, Alberta, Canada, May 2014



him or her to a timeline. For that reason, you never call the client, you only call the client *back*. To be passive is the foundation of this work, and that’s why it’s difficult. It takes discipline to resist the impulse to do, to tell, to solve, to intervene.”

He adds that he trains facilitators to be conscious of every gesture. They must signal that the facilitator is someone to confide in: a resource rather than an authority figure. “You meet your client in a coffee shop, not an office. You don’t take notes during the meeting. You sit shoulder to shoulder and get the client to draw something and then look at it together. [These signals] create a feeling of collaboration.”

Sirolli’s father was a doctor, first in a small Italian village and later in Rome, and he finds a strong parallel between the two practices. “I see enterprise facilitators as the family doctors of business. The EF is basically a diagnostician. You help diagnose what an entrepreneur needs and suggest ways to find the right resources. It’s not your job to follow up. If my father saw a patient smoking in the piazza the day after a consultation in which smoking had been discussed, he would not even let it show that he noticed. It was up to the patient to change his behavior.”

Then the entrepreneur arrives. Ben Aller is a hand-

some, athletic young man wearing an air of anxiety. He thanks Sirolli for meeting him and explains that his company builds custom environments for zoos, which enables him to fuse his passion for design with his love of animals. For almost a decade, Aller ran the fabrication shop for a major zoo supplier in Arizona, but he was frequently told he was too interested in his work. “I kept hearing stuff like ‘You don’t *really* need to know about the mating habits of shrews to do this project.’ My enthusiasm didn’t seem to be a plus.” In 2004, he returned home to Sacramento and set up an exhibit business of his own, including a manufacturing center on a friend’s ranch.

“It’s been a struggle,” he says. “The selling part takes time away from designing and building. Plus it can take two years between initial contact with a client and when you get a check.” The previous year, Pixar Animation Studios contracted with Aller to build artificial branches for a reptile house, a complex job that took four months, during which time he had to turn down other work. This was followed by six months without a job. “Clients love my product, but the business feels like it’s built on sand.”

Sirolli asks Aller what he is good at, and what he isn’t good at. “I have great ideas and my work is the

highest quality and original, but I'm not a good marketer or money manager. I don't actually *like* money, but I need money to reach my goal, which is creating zoo exhibits that connect animals and people."

"Tell me, who is helping you? Who is working with you? Come sit beside me and draw me a picture of your supporters."

Aller pulls out a pen. "I have my mom, but she doesn't have any money. I have my friend Jay, a kind of father figure, whose ranch I work on. He lets me use his equipment and gives me lots of support. Plus a landscape designer and animal artist—both great—who I had to lay off."

"It takes three people to make a business," Sirolli says, "those who know product, marketing, and financial management. This is the trinity of business. Who are these people for you?"

"If you put it that way, almost everyone is product. For financial management, I have nobody. For marketing, only a part-time Web guy."

Sirolli notes that most product people cannot double as marketing people. "Product people believe they can sell because once they're in front of a customer, they [will] blow [the customer] away with their passion. But an occasional blown-away customer does not make a business. There has to be someone who screens 100 prospects so you can get before the right ones. If you don't have that, it's a waste of time. You shouldn't be doing sales unless a marketing person sets it up."

"But I can't afford to hire a marketing person," says Ben Aller.

"You don't need to hire someone. Did Steve Jobs hire Steve Wozniak? Did Bill Gates hire Paul Allen? No, they went into business *together*. Businesses are founded on relationships, and you don't have the relationships you need to be a business. So finding your people is your job."

"My problem is money."

"No, your problem is trying to do everything yourself. You have to say, 'I am the sultan of zoo fabrication, and my job is to form a team that can take my products to the world and make sure they pay.' Then you look for a marketer who is so good she will work on commission because she knows she can bring in clients. The right person is out there. Maybe she's in a horrible job or has been laid off. Maybe she's just starting her career. You give her a list of all the contacts you've built up and offer her a good commission plus 30 percent of your business. Then you bring in a financial manager the

same way."

"How do I find them?"

"Ah, this part you will like! Marketing people and financial managers are like animals—they live in habitats. So go and hunt, turn over the rocks as you would when looking for lizards. Identify which habitats you need to explore. Call your friends in zoos and ask them to give you the name of the best marketing person they have ever met. Go to animal volunteer societies and ask about people who have experience in marketing. For finance, go to the bank or ask your friend Jay—he probably has some white-haired guy he plays golf with who could meet you a few times a year. Go to these people with such passion for your product that they are inspired to work with you."

"I like the idea of habitats, and I love the idea of going to zoos—why didn't I think of that?"

"Because you weren't seeing that your real job is to build friendships so you can stop drowning in solitude." Aller replies that the lack of money still feels like a pressing issue. "If you had money now," says Sirolli, "it would only help you to fail faster. You'd spend it creating new products you couldn't sell. I want to give you an image: Your company has to be as beautiful as your product. Right now you have great products but a weak company. It won't change until you find your people."

From Australia to Esperance

After leaving the Italian NGO in the 1970s, Sirolli came under the influence of E.F. Schumacher's 1973 classic *Small Is Beautiful: Economics as if People Mattered* (Harper & Row), an influential book that championed the use of appropriate technologies and questioned the then-unchallenged belief that bigger is better and progress is always measured in numerical growth.

He was also influenced by Abraham Maslow's work on psychologically healthy individuals. One of the first psychologists to insist that psychology could benefit healthy people, Maslow noted that the wisest individuals he met seemed to be following Nietzsche's injunction to "become what thou art." Maslow described this drive as "self-actualization" and put it at the summit of his influential "hierarchy of needs." The drive to realize one's potential was more significant than the need for food, shelter, and love. To Sirolli, Maslow's insight confirmed the importance of intrinsic motivation: The best way to support social and economic growth was to help people do what they wanted to do, instead of presenting them with preconceived projects or promis-

ing more transactional rewards.

Sirolli moved to Perth, Australia, in 1979, eager to put into practice the ideas he'd been incubating. Inspired in part by the concept of self-actualization, he enrolled in a Ph.D. program at Murdoch University; his goal was to study how the principles of humanistic psychology could be adapted to economic development. For his demonstration project, he persuaded the town of Fremantle, south of Perth, to give him US\$1,025 (AUS\$900) for a job-creation project.

At a local craft market, he observed a number of young people who were “putting a lot of effort into making terrible ugly sandals that nobody wanted to buy.” Scouring the region for someone who could help them improve their skills, he discovered a Sicilian immigrant, a shoemaker since the age of 14, who made surgical boots for the local hospital to suit people with foot deformities or serious injuries. Sirolli introduced the shoemaker to the five most dedicated sandal makers, helped the group locate space in the basement of a local furniture factory, and spent the minimal funds he had secured buying tools. Thus was born the Fremantle Shoemakers' Cooperative. The venture lasted 10 years and turned the town into a center for the manufacture of orthopedic footwear—as well as fashionable shoes made from kangaroo hides that had formerly been exported to Italy for luxury brands.

A television documentary on the success of the venture caught the attention of the minister for regional development in Perth. He was looking to boost the prospects of Esperance, a coastal village nearby. The region had been in sharp decline since the government introduced quotas on tuna in response to overfishing. The minister offered Sirolli a plane ticket and keys to a government apartment.

In Esperance, Sirolli began inviting local people for coffee, always asking the same question: “Do you know anyone who is thinking of starting a business?” He was always told no. The problem in Esperance, he kept hearing, was that people were too lazy and too well looked after by the government to have any interest in working for themselves—most of the fishermen who'd lost business had gone on the dole. Eventually, a group of fishermen came to Sirolli to ask if he could help them figure out how to get a better price for their tuna. Since the catch quotas had been put into effect, the harvests had become too small to support them at the commodity prices for which the tuna was sold.

Sirolli persuaded five fishermen to contribute \$228

of their own money to commission a study to see how they might sell their fish at a higher profit. They learned that tuna sold to local Japanese restaurants for sashimi fetched 10 times as much as the 68 cents per kilo they'd been getting. Sirolli then helped the group secure a \$1,140 loan from a ministerial discretionary fund so they could learn the precise methods required to prepare tuna for the sale. He connected them with the head of a local technical college who put on sashimi handling demonstrations, and they used some of the money to fly a Japanese chef in from Perth to train them.

This was the start of an explosion of local activity that eventually led to Esperance's becoming a prime supplier of superior-grade sashimi, not just to Japanese restaurants in Australia but to suppliers in Japan. Since the Japanese paid a full \$17 per kilo for their product, the fishermen now earned more money than they had before the institution of the quotas.

Their success inspired a group of farmers, who figured “if those idiot fishermen can do it,” *they* should be able to address two of their own difficulties—getting a better price for their sheep and stopping soil erosion. Sirolli got each of the farmers to contribute \$114 to commission a study on a new approach to selling mutton and found two young agronomists to look at how the value chain for old ewes could be enriched. The team came up with a cost-effective way of making use of the sheepskins. Sirolli also brokered a meeting with a local environmentalist—formerly viewed by the farmers as “the enemy”—who helped them identify commercial uses for the native scrub that grew on their marginal land and find an instructor to start a class in re-vegetation at a local college. Within a short time, the farmers had both expanded their business and stopped soil erosion.

Business-Centered Therapy

Sirolli has achieved this kind of success by adapting methods pioneered by Carl Rogers, the founder of “person-centered therapy” and a major influence on organizational development. Rogers's clinical work demonstrated that a therapist could help people heal by simply “being there,” offering witness and support. “Rogers basically invented facilitation,” says Sirolli. “He believed a counselor's sole job was to remove obstacles so a patient could resume normal growth. He told his students, ‘*You* don't do the work, you let your patients do it. You're there to honor their innate wish to grow.’”

“A lot of programs supply money. Our practice is to never do that, on the theory that an entrepreneur with **a good plan** and **the right team** will have little trouble finding money.”

Using Rogers’s technique with entrepreneurs represents a radical departure from ordinary business development. “For one thing,” Sirolli notes, “few programs emphasize one-on-one work with entrepreneurs, preferring to focus on infrastructural support such as microloans, literacy, and training. Also, most programs require entrepreneurs to complete a business plan *before* applying for funding, even though there’s little connection between the ability to write a plan and [the ability to] run a business. Finally, a lot of programs supply money. Our practice is to never do that, on the theory that an entrepreneur with a good plan and the right team will have little problem finding money.” The real challenge of the method, he says, is “being comfortable enough to wait, to resist the temptation to step in. That’s tough in our action-crazy culture.”

Sirolli’s success drew national interest. The Australian government provided money to train “another Ernesto” to continue in Esperance so he could move on and start more projects. “They sent me a wonderful young guy, and the training took place in the back of a station wagon. I told him, ‘There are just two things you should never do. Don’t initiate anything yourself, and never try to motivate people.’” The newly anointed EF objected that it would be a disaster to rely on locals for ideas, but promised to do “nothing” until given different instructions. Within two months, he had 46 projects under way.

Mining and Communities

By the late 1990s, Sirolli was in demand throughout Australia and New Zealand—surfacing ideas, brokering relationships, training facilitators, and finishing his book. Around this same time, he met his second

wife, Martha Sirolli, and they began working together. Sirolli worked for a Minnesota development agency, then with a federal enterprise zone in South Dakota, and ultimately with the institute that he and Martha cofounded when they later moved to Sacramento. In every venue, he followed his practice of drinking “bottomless cups of coffee” with the locals and helping those who were motivated find resources to start viable businesses.

Ripples from the Zambezi found an avid reader in Bruce Harvey, an exploratory geologist who negotiated land access for the Melbourne-based mining giant Rio Tinto. “*Ripples* spoke to me, because in mining we need to be concerned with the long-term viability of communities where we open mines, which for the most part have little in the way of physical or social infrastructure,” Harvey says. In other words, a giant mining company entering a local area could learn something valuable from the example of a social-entrepreneurship catalyst like Sirolli.

“In the past, we promised communities that if they let us come in and create a modern economy, they’d get to participate and reap the benefits,” says Harvey. But it didn’t work that way. “Mining and petroleum are capital-intensive industries that don’t produce many jobs. Plus, most of our workers have specialized skills and must be brought in from elsewhere. So we need a different model for helping people who live near our mines sustain some kind of livelihood. If we can’t do that, they’ll end up throwing us out—maybe not right away, but after a generation or two. The work Ernesto described in *Esperance* and *Fremantle*—places I knew—offered a different approach, one based on local talents, ideas, and ambitions.”

Harvey asked Sirolli to keynote the annual confer-



Sirolli (in white shirt at center) at a training course in Coffs Harbour, Australia, 2011

ence of the Minerals Council of Australia, the industry's chief trade group, in 2007. The purpose was to present an alternative to the top-down, engineering-based model of development that resource companies had traditionally pursued—bringing in well-paid consultants to teach resource-starved local people how to do jobs the consultants thought they should do. “Ernesto showed us how we could help local people identify businesses *they* wanted to start. He told us to listen instead of commissioning studies.”

Sirolli, for his part, saw a huge opportunity for helping mining companies become real partners in development. In his speech at the conference, he invited the executives to “imagine if people wanted your company to work with them because they knew this would improve their community! You’d be invited to bid on projects instead of having communities organizing against you.” The speech created a stir. Until that point, most of his work had been with governments, development agencies, and nonprofit organizations; now industrial companies also started to seek him out. He began a series of seminars on enterprise development for mining executives, and accepted a fellowship at the University of Queensland to teach corporate social responsibility in resource-intensive industries. With sponsorship from



Meeting with a furniture entrepreneur in Ulaanbaatar, Mongolia, 2013

mining and energy companies, he set up training for enterprise facilitators in communities where natural resources were being developed, as diverse as Canadian tribal lands, remote villages in Indonesia and Wales, and rural U.S. communities where shale oil was being produced.

Bruce Harvey, who had been promoted to global practice leader in community and social performance for Rio Tinto, brought Sirolli in to work at Oyu Tolgoi in southern Mongolia, site of one of the world's largest copper mines. “The NGOs in the area wanted to help the local people,” recalls Harvey, “but they were proposing things like chicken farms, which are totally alien to Gobi culture. Ernesto came out and said, ‘Don’t propose anything, just get people talking. Then *they* can figure out how what they want to do might pay.’”

Sure enough, listening revealed an opportunity: developing a market for wool from the two-humped Bactrian camel, a fiber renowned for its softness, warmth, durability, and strength. “It’s potentially a very lucrative product,” says Harvey, “but it was being treated as a commodity, like ordinary wool. The locals mostly just lopped off the dirty camel hair any which way with scissors, tossed it into bags, and sold it in bulk to Chinese traders. That left most of the value on the table.” The



With staff and students from Stellenbosch University in Capetown, South Africa, 2014

enterprise facilitators helped the local farmers discover how they could add value at every step. They sheared the wool carefully with tools that kept the strands intact. Then they cleaned, sorted, combed, and wove it, doing the finish work required to create a beautiful luxury fabric sought out by designers all over the world.

Small Interventions

One of Sirolli's current goals is to work with business schools to shift the nature of entrepreneurial education. "Most schools teach entrepreneurs that they must have *all* the skills—product, marketing, financial management. They reward students for putting together a go-it-alone business plan instead of collaborating or identifying who they need to start a business with. In this way, [the schools] often set their students up for failure. If, instead, schools could provide enterprise facilitators, they could help students figure out what they really need to get started."

Sirolli had not realized until his 2012 TED talk that his methods could have value for established organizations. "I now hear from so many businesspeople. An entrepreneur from Florida just flew to Sacramento to see me. He said, 'I've been very successful, but I realized I don't really know what people in my companies

are capable of doing.' I said, 'Do you realize that among the people you employ there are some with beautiful dreams that you could invest in? This would be an organic way to grow your business.'"

Sirolli believes that enterprise facilitators will always have an advantage over planners and development boards because they avoid over-investment and don't choose which projects to support. Instead, they help people identify impediments that stand in the way of translating their dreams into businesses so they can move forward. By making small interventions on hundreds of projects, EFs avoid the pitfall of trying to pick winners. Because nobody can predict tomorrow's market, Sirolli notes, "Economies that rely on a few starters and products will always be vulnerable. The nations with the broadest catchment areas will be leaders."

Or, to quote Peter Drucker, "Innovative opportunities do not come with the tempest but with the rustling of the breeze." Helping small businesses offers a way to fan that breeze. +

Reprint No. 00273

Resources

Abraham Maslow, *Maslow on Management* (Wiley, 1998): A business application of Maslow's famous hierarchy of needs, of which the highest level—self-actualization—is a key part of Sirolli's work.

Carl Rogers, *On Becoming a Person* (Mariner Books, 1995): One of the major forces in 20th-century psychology, Rogers espoused that therapists simply listen and be present, encouraging patients to heal themselves.

Ernesto Sirolli, *Ripples from the Zambezi: Passion, Entrepreneurship, and the Rebirth of Local Economies* (New Society Publishers, 1999): Sirolli's first book, in which he discusses his early lessons in how most top-down development efforts fail.

Ernesto Sirolli, "Want to Help Someone? Shut Up and Listen" (video), TED.com, Sept. 2012: Sirolli's iconoclastic stance on development explains how passivity and listening are underappreciated skills.

For more thought leadership on this topic, see the *s+b* website at: strategy-business.com/organizations_and_people.

strategy+business magazine
is published by PwC Strategy& Inc.
To subscribe, visit strategy-business.com
or call 1-855-869-4862.

For more information about Strategy&,
visit www.strategyand.pwc.com

- strategy-business.com
 - facebook.com/strategybusiness
 - <http://twitter.com/stratandbiz>
- 101 Park Ave., 18th Floor, New York, NY 10178



Articles published in *strategy+business* do not necessarily represent the views of PwC Strategy& Inc. or any other member firm of the PwC network. Reviews and mentions of publications, products, or services do not constitute endorsement or recommendation for purchase.

© 2014 PwC. All rights reserved. PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see www.pwc.com/structure for further details.