

*"The future of every community lies in capturing the passion,  
intelligence, imagination and resources of its people."*

—Ernesto Sirolli

## **“Just write to me at #114, 1180 Alvarado SE, Albuquerque, New Mexico, 87108”**

**A short paper on the geography of passion!**

**By Dr. Ernesto Sirolli Institute**

Thank you for the invitation to talk with you today. When we received the invitation to address the Urban Development Institute of Australia we discussed, within our team, how to best add value to your conference. Prof. Peter Newman, one of our Institute’s Directors, who lives here in Western Australia, suggested that we focus our presentation on the link between **home and work** with particular emphasis on the issue of quality of life, choice of occupation and the nexus, if any, between the place where we live and the place where we work.

After all the UDIA stated aims are: “developing property to meet the housing, employment and social needs of communities” and we feel pretty confident that we can stimulate a conversation among you, the urban development practitioners, about the “employment” component of your mission statement. The Sirolli Institute does not know much about housing, but we have developed a pretty good feel for the employment and social needs of communities. As you may have gleaned from the conference program we have, over the past 21 years, worked in many rural and urban communities in Australia, New Zealand, Canada, England, Scotland and the USA creating “new jobs” and nurturing entrepreneurship and we have come across information that we think may be significant to your industry.

The first bit of information that I would like to share with you comes from the book “Entrepreneurship” by Dr. Ken Blawatt<sup>i</sup> a Canadian professor who analyzed the data on job creation trends in North America. He writes: **“By year 2025 fifty percent of the labor force will be self employed”**. He is referring to North America of course but it is easy to see how what he says may become a reality for every western industrialized country. The first industrial revolution is over and the smokestacks are shutting down like BHP’s steel mill in Newcastle did just a few years ago! In Western Democracies the new jobs are created by micro enterprises and self employed people. If the trend of people working for themselves occurs at the speed speculated by Blawatt, what are the implications in terms of the way we live and work? What kind of environment do self-employed people crave for? What are the opportunities for your industry?

A second interesting point that we would like to bring up is the data about home-based businesses. Yvonne Fizer, the Business Development Director of our organization, was the Women and Home-based Business specialist for the Economic Development Department in the Province of Alberta, Canada. As you know Alberta is a resource rich province not dissimilar in size and natural resource wealth to Western Australia and you would maybe surmise that most of the employment is in the resource sector. Yet when a survey of home-based businesses in the City of Calgary was conducted it found a home-based business in every seven houses. A similar study conducted in Minneapolis, USA, found that one house in eleven hosted a home-based business, a figure that should not surprise since, according to the USA Small Business Administration office: **“Home-based businesses...make up roughly half of all US businesses”**.<sup>ii</sup> In Australia “one million people operate businesses from home”<sup>iii</sup> this is a bit less than 50% of all Australian businesses but it is one of the fastest growing sectors of the economy.<sup>iv</sup>

Another notable happening: women have discovered business! In the USA 60% of all new small businesses have been created by women. **Women entrepreneurs**, during the last 7 years, **have created more jobs than all the Fortune 500 companies put together**.<sup>v</sup> In Australia women entrepreneurs own 32% of all businesses and are making great strides in total businesses started and in total income.<sup>vi</sup>

But there are many other things that are happening in the USA that have immediate relevance for Western Australia. I was fascinated by a bit of news related to me by Ron Toppin, a friend and former Enterprise Facilitator based in Hastings, Minnesota. Ron told me that his City had to decide whether it should keep its industrial park or transform it into a golf course.

The “problem” in Dakota County is that unemployment is 1.6% and it appears that, even if an industry would like to relocate there, it would have a hard time finding workers! A golf course, on the other hand, would be a great asset and would help the city to attract the kind of individuals who heeds the advice of Tom Peters, management guru, who has been repeating a mantra for some years now: “If you are an American middle manager, resign now!”

If you don’t resign your corporation that is downsizing, relocating overseas and getting rid of layers of management will fire you and leave you high and dry. But if **you** resign you can establish your own consultancy firm, contract with your old employer, diversify your client base and work from your own house, right by the green!

What is happening to the economy? Should you care about where the workplace of the future will be located, or the role of women in new business creation or the rate of home-based businesses or the creation of golf courses on industrial land?

### **The second industrial revolution**

“Just write to me at #114, 1180 Alvarado SE”, the address in the title of this paper, is a famous one. It can be found at the bottom of a letter sent by young Bill Gates to computer “hobbyists” in 1976. At the time Gates lived, and obviously worked, out of an apartment in suburban Albuquerque. He was unknown to the local economic development authorities but rather well known by the local police department, having captured a magnificent mug shot of young Bill upon his arrest for causing an accident while speeding in his Porsche! The reason why I bring up Bill Gates working out of an apartment in Albuquerque is to make a point about economic and social development: the second industrial revolution is upon us and it is taking place in apartments, houses and garages all over the place.

Let me explain.

It seems that there is a consensus about the inevitability of the transfer of manufacturing and some service sector jobs, from the western industrialized world to the low wage, fast developing “new dragons” of the world. The technologies being transferred are, however, the technologies of yesterday. Technologies like the internal combustion engine, refrigeration technology based on Freon, coal based smelting and electricity generation, fossil fuel dependent industries etc. Such technologies are not capable to lift the standards of living for 6.5 billion people today, and 9 billion by year 2050, to the standards they aspire. At present 25% of the world energy is utilized by the USA, 8% of the world population, to enjoy their current quality of life. What would China and India need to simply double their per capita income?

We know that to feed, clothe, transport, cure and educate the world population will require a completely new set of industries that will have to be both huge in size but, this time, green. We will need, in other words, to replace the smokestacks with “green stacks” and the work necessary to do so can only be done by people who are not employed by old style corporations.

The *second* industrial revolution will, and is already taking place, in the apartments and garages of school dropouts, retrenched engineers, renegade corporate executives, retired politicians and academics gone feral! A new wave of energy and unrest, propelled by the disillusionment with present employment prospects and assisted by global demand and immense market opportunities is spurring an entrepreneurial revolution that will lead us, hopefully, to a brave new world of more sustainable energy and industry.

### **The entrepreneurial revolution**

There is an entrepreneurial revolution happening (in the USA alone the number of new business start ups in 1999 was the highest in 100 years) and the experts point to two causes, the first being technological. Technology, especially PCs and the Internet, makes it possible for people to do from home what large corporations, with all their means, struggled to do just few years ago. The power and consequences of electronic

communication is so immense that even attempting to describe what is happening is futile. Right now the ground shifts too rapidly to take measurements!

One thing is sure; entrepreneurs have taken full advantage of such technology and are producing products and services that will require an expansion of the English language just to describe them. Today, 11 of January 2007, according to [www.internetworldstats.com](http://www.internetworldstats.com) more than one billion people worldwide use the internet.

For entrepreneurs the opportunities brought forward by the communication revolution are nothing short of breathtaking. In increasing numbers, individuals have the potential to set up virtual companies that are free from the twin tyrannies of distance and location; they discover and serve markets previously unheard of.

But the entrepreneurial revolution is not fueled by technology alone, something else is at work. In western industrialized society more and more individuals **want** to run their own businesses, be their own bosses, and assume the responsibility of looking after themselves and their families. Why? What is at work there? For one the system of beliefs that grew out of the first industrial revolution has crumbled.

There are no doubts that the relationship of trust between corporations and workers still alive in the 70s has disintegrated. Both national and multinational corporations have retrenched millions of workers in the USA, Canada and Western Europe during the past 20 years and, as a result, there is no longer loyalty between employers and employees.

People who have been “downsized” when the company has been “re-engineered” also join the ranks of the self-employed and so do all the “new” entrepreneurs who, like women and young people who never ran a business before, are now entering the business arena.

Notwithstanding all of the above reasons it is often **a quality of life decision** that accounts for wanting to become our own bosses. We start our own business not because we need to but because we want, and can, start them. It is an urgency to go and do what we are good at doing, associated with the realization that we have what it takes to do so, that propels the self employed entrepreneurs.

### **Planning for the revolution**

Whatever the reason may be, the fact remains that entrepreneurship is back in fashion and self-motivated individuals, with technology at their disposal, are reshaping the economic landscape. Unfortunately not everyone seems to understand what is happening and some bureaucrats and planners are still planning as if the old industrial revolution was in full swing. They still plan to establish industrial parks and recruit companies while prohibiting home-based businesses and restricting home occupancy.

Some time ago I was invited to address the Florida Chapter of the American Planners Association. After my presentation I was approached by a planner who told me that in her community “the best and brightest entrepreneurs are all outlaws” since they work in their houses and “that is against the local regulations”.

All over America people hide from local authorities for fear that they may have to stop working from home and go to rent a space at a time when it is not viable for the business to do so.

As a consequence, some of the most innovative entrepreneurs become invisible to the community and are alienated from it. Sometimes they simply move to a friendlier community where they are appreciated, not penalized. After all, these are mobile individuals, who can work from a basement in Minneapolis or a beach house in Margaret River.

Creating an environment capable of capturing entrepreneurs and transforming them into committed civic leaders happy to contribute to the life, including the financial life, of communities is the real challenge for planners and developers. Creating such an environment can still require infrastructure development but more in the provision of amenities and “quality of life” initiatives than by developing inland ports or industrial estates.

Excellent schools, great communications, fiber optic cable connections, efficient airports, sport and recreational amenities and, of course, Enterprise Facilitation®, may be of better service to cities than conventional economic development strategies.

**There is no geography to passion**

After 21 years of working with entrepreneurs we have come to realize, and we deeply believe, that there is no geography to passion or intelligence. We have, and continue to meet, phenomenal people in the most forsaken places on earth and we continue to be amazed at their genius and resourcefulness no matter where they happen to live.

Geography, in other words, has nothing to do with your success, but the society in which you live has every thing to do with it. It can nurture it or bury it.

This is why we are an advocate for the civic economy, a model of development that supports the creation of wealth from within your community by nurturing the intelligence and resourcefulness of your people.

We champion the development of community pride through the passionate mentoring of local talent and we promote quality local enterprises that diversify the economic base, create jobs, respect the natural environment and infuse the community with local vigor and “color”.

Naturally we support home-based businesses, mixed use areas, livable cities and planning that supports human interaction and spontaneous networking. We believe in public squares and public art, farmers markets and open air cafes. Places that are safe for people to meet and for children to play but above all places where people can transform their own dreams into good work.

There are no doubts that the city, the suburb or the neighborhood of the future will look different from what we have become familiar with. Hopefully commuting long distances to work will become a thing of the past in all but a handful of professions. One hopes that the bedroom community will also be replaced with urban or suburban “villages” where one can live, work, shop and recreate.

Above all my personal hope is that “rich” will be redefined and that living in a gated community will be reserved, once again, exclusively to dangerous animals. Wealth to me is to be able to safely walk to the local “piazza”, sit at a family-owned café, and look at great public art.

That is wealth.

I was recently in Naples, Florida, the “richest” community in the USA. The income there is US\$65,000 per head of population. The only place I could get a coffee at seven o’clock in the morning was a gas station!

Dr. Ernesto Sirolli

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<sup>i</sup> Ken Blawat, “Entrepreneurship” 1998

<sup>ii</sup> Business and Government Regulation by Henry B. R. Beale, Microeconomic Applications, Inc. Washington, D.C. February 2004

<sup>iii</sup> [www.business.gov.au/Business+Entry+Point/Business+Topics/Home-based+business](http://www.business.gov.au/Business+Entry+Point/Business+Topics/Home-based+business)

<sup>iv</sup> <http://www.abs.gov.au/>

<sup>v</sup> [www.kellogg.northwestern.edu/kwo/win04/indepth/theory.htm+Women+entrepreneurs](http://www.kellogg.northwestern.edu/kwo/win04/indepth/theory.htm+Women+entrepreneurs)

<sup>vi</sup> <http://www.quantumleapsinc.org/about.html>