

# T H E BUSINESS O F HEART

by Michael J. Glauser

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## AMERICA'S NEW HEROES

**E**ntrepreneurship is exploding in America. More than a million new businesses are being formed each year, and the number continues to grow. Many factors are fueling this entrepreneurial revolution. One obvious catalyst is technology.

Another force feeding the frenzy of entrepreneurial activity is the globalization of our economy. For decades, we did business in a fishbowl in America. Now the playing field is the ocean.

Within this entrepreneurial explosion is a new American hero—the social entrepreneur. Social entrepreneurs create organizations to solve America's toughest problems: hunger, poverty, housing, healthcare, education. These are people with heart, people with passion, people with principle, people who want to make our world better. When all is said and done, they would rather make a difference than a pile of money. They are much more than idealistic do-gooders, however. The nonprofit world is full of benevolent people who lack leadership skills—they erroneously believe their organizations will succeed because their cause is good.

Consequently, the failure rate is high in this work. In contrast, successful social entrepreneurs have the complete package: extraordinary compassion *and* organizational savvy. They know how to seize opportunities, build powerful teams, and get the most out of limited resources. Most important, they figure out how to generate revenue to keep their dreams alive.

## MAKING A LASTING DIFFERENCE

During my career, I have counseled many people who have experienced unemployment, financial setbacks, poverty, and emotional distress. It is always easier to give them food, clothing, or money than it is to devise permanent solutions to their problems. Making a lasting impact requires developing real compassion for these individuals and then spending hours in face-to-face interaction, teaching them the principles required to turn their lives around. This always involves conveying new information, new attitudes, and new behaviors: better grooming, work habits, budgeting, career skills, and so on. I have found that immediate assistance is always more effective when given as part of a broader, life-altering plan. This is the hard work of service—it's the difference that makes a difference.

No one I interviewed has perfected this model better than Mimi Silbert, the founder of Delancey Street. Her organization is patterned after the extended immigrant family whose members arrive in America and work together to achieve their dreams. The members of Mimi's family, however, are drug addicts, ex-convicts, and homeless people—the underclass of society. Upon entering Mimi's program, participants first learn about themselves: how they ended up where they are, what attitudes they have developed along the way, and what changes they need to make to succeed. They also learn basic maintenance skills, such

as how to take a shower, how to wash clothes, how to set a table, and how to cook healthy meals. Next, they complete the equivalent of a high-school education. Finally, they learn three different career skills by working in actual businesses Delancey Street owns and operates. After four years in this exceptional family, participants reenter society as productive citizens. More than 90 percent of these people never return to drugs or jail—a success rate unheard of in the helping professions.

To solve America's challenges, we need to follow the examples of these social entrepreneurs and create models that address the entire process of change—models that effectively move people from point A to point B. For these programs to work, they must be rich in both compassion and long-term vision.

## MIMI SILBERT

*Mimi Silbert is the founder of Delancey Street, a residential education center for ex-convicts and substance abusers. This extraordinary organization, headquartered in San Francisco, has facilities throughout the country where residents receive a high-school education and are trained in three different marketable skills. More than 12,000 men and women have graduated from Delancey Street and are now leading successful lives as lawyers, truck drivers, medical professionals, and even law-enforcement officers. Here's Mimi's story:*

I was teaching criminology and psychology at U.C. Berkeley. I was also working as a prison psychologist and a group therapist in private practice. It didn't take me long to realize that everything we were doing with the prison population was wrong. It didn't matter how much brilliant therapy I provided; focusing

on people's internal problems was not the long-term solution. Most of the people who fill up our prisons come from the underclass and are generationally poor. They don't know the first thing about making it in the mainstream—they don't know it attitudinally and they don't know it behaviorally. It's like they are from a foreign country and need to learn a whole new culture for living successfully.

My own upbringing provided real insights for the new model we created. I grew up in an immigrant ghetto in Boston. My grandparents, parents, aunts, and uncles all lived together in very close quarters. We all supported each other and worked hard to achieve the American dream. Eventually, we all moved up and purchased our own homes, but we remained very close. My Mom's brothers lived next door to each other, and my Mom and Dad were right around the corner from them. So the extended family concept helped us succeed—we all worked to better ourselves and our family. In fact, I became an over-achiever; I earned two master's degrees and two Ph.D.s, and I even had twins instead of one kid. [Laughs.]

Somehow, the people I was working with in the prison system missed out on this experience. The idea that everyone has a shot at the American dream was totally foreign to them. I think the real horror of our ghettos today is that people become generationally trapped there. Consequently, they end up becoming passive recipients of all kinds of things: the left gives them excuses and therapy, and the right gives them punishments. Neither political party ever stops to say, "We need these people in our country, so let's teach them to become active doers."

About this same time, I started a clinic in the U.C. Berkeley Law School with a brilliant psychiatrist named Bernard Diamond and a great professor named Richard Korn. We were experimenting with the concept of giving as a way of getting

healthy. The idea came to me as I was doing therapy. Everyone I worked with was forever saying, "Thank you, thank you, thank you, Mimi, for helping me!" It made me think, "What a good girl you are, Mimi, for helping all these people." Until one day it struck me: Who would want to be the person having to say thanks all the time? So we were testing the idea that helping others is the best way to help yourself. It gives you a sense of who you are and what you have to offer. The concept was, when A helps B, A will get better. B may or may not improve, but if B helps C, B will get better too.

Anyway, our work was written up in the news, and a visionary man named John Maher contacted me. John was an ex-convict who had started a place for ex-felons. Originally, he asked me to help him write a grant to get some federal money. As we talked about it, we agreed that was a horrible idea. We realized we thought exactly alike on how to best help people. So in 1971 I joined him to develop the Delancey Street model, with the purpose of helping ex-convicts become part of a healthy community. The organization was designed around the extended family concept, where all residents need to be productive, not just to better themselves but also to help the family grow for the next generation. It's named after a street on the lower east side of New York where immigrants lived in extended families, supported one another, and together made their way into America. So I put aside all of the brilliant theories I was teaching and went back to basics.

A few people in our original group were earning money, so we pooled our resources. Then we did what fifteen friends would do if they decided to form their own extended family. We asked, "Who can cook?" and that person became the head of our food services department. Next we asked, "Who has ever hammered a nail?" and that person became the head of

construction. Our goal was to have each member become an active contributor rather than a passive recipient and eventually earn money as a group so we could survive. We were just like an immigrant family where Daddy put his money in if he made it, Mommy put her money in if she made it, and the children put their money in if they made it.

Initially, we rented places to live in. Then in 1972, we bought the former Russian Consulate in Pacific Heights, the most exclusive section of San Francisco. It had been vacated and was run down, but it was in a magnificent neighborhood. Because it had never been rezoned and turned into apartments, it was cheaper than buying an apartment building. It really was a perfect neighborhood for us, because we wanted our people to become everything these neighbors were. Unfortunately, the neighborhood went completely crazy when we bought the house; everyone thought crime would go up and property values would go down. We decided to show them we would be the best neighbors possible, even though we were ex-cons and ex-drug addicts. John used the line, "You can't cure an alcoholic in a bar." So we taught our people construction skills and renovated the building—we really did an excellent job! We also did crime patrols before neighborhood watches existed. Consequently, crime went down.

Another thing we did to make friends was volunteer our services. We told people, "We have able bodies and will help in any way we can." One day some neighbors asked us to clear out their home because they were having a benefit for the Ballet. As the boss, I was standing there dutifully when one of the guys picked up a piano and said, "Uh, Mimi, whatta ya want me ta do with this?" I looked over at him, and a light bulb went off inside my head. I said to myself, "That's it! These guys have been pumping iron in prison for years so they could come to Delancey

Street and start a moving company!" Meanwhile, the guy was still standing there with this piano going, "Uh, do you want me to put it inside or outside?"

That very day, we came home and made flyers that said, "MOVING? WE WILL DO IT FOR LESS!" We put them under every windshield wiper we could find. We did this over and over until someone actually called us. When this person finished describing the job, we said, "I'll call you right back." We called another moving company, explained the job, got their quote, then called the customer back and offered to do it for less. [Laughs.] We rented little green uniforms and a Hertz truck and all marched off to this moving job. Since we make our guys cut their hair short, we were very middle-class looking. We did the job in about one second because we had some serious arms in the group! [Laughs.]

The people were thrilled and recommended us for more jobs. After a while we were renting a truck regularly; then we bought our own truck. One day someone from the government knocked on our door and said, "What do you think you're doing?" It turns out that moving is a licensed and regulated industry. Our answer became our motto at Delancey Street: "Oh, I'm sorry, we didn't know. Please teach us what we need to do, and we'll fix the mistake." [Laughs.] That little moving venture is now a national company—Delancey Street Movers. In San Francisco alone, we have forty-five trucks and a number of diesel rigs. Almost everyone in our program learns to drive a diesel rig as one of their marketable skills. They graduate and make more money than I ever did as a college professor! This became the first of many businesses we have started to support our organization and serve as training schools for our residents.

Here's how Delancey Street works today. The people who come here—either on their own or through the judicial system—

are drug addicts, ex-cons, and homeless people. We take anyone who has hit bottom for any reason, except for sexual offenders who need professional counseling we don't provide. Some are facing life in prison; others have overdosed a number of times and might die next time. A lot of other programs would never take these people, so we are a court of last resort. The first thing we do is explain our three rules: no drugs or alcohol, no physical violence, and no threats of violence. I tell them, "I don't know why you do these things. Maybe it's environmental. Maybe you are missing a chromosome. I don't care. You just can't do them ever again. So that's solved." The real issue is to learn to be successful and productive without drugs and crime. Anyone who is willing to accept our very structured environment is welcome. If they break the three primary rules, they're kicked out of the program. All other mistakes we teach them to fix.

Each new resident is then placed in what we call a minion of ten people. The minion leader, who has been there a little longer, tells them they are not only responsible for themselves but for each other as well. One of the difficult things we have to do is break the code of silence that exists on the street, where no one tells anything about anyone. We help them understand that if a group member starts doing something that is self-destructive, they need to take action; if they don't, that person might die. Eventually these ten people become a true unit.

The first thing we teach our residents are personal skills: how to face themselves, how to break old habits, how to deal with change, how to get along with other people, and how to learn to love. Since many of them have been homeless, we also teach basic personal hygiene: how to take a shower, how to dress, how to clean your clothes. In addition, most of these people have never had jobs before, so we teach them basic work habits like showing up on time, listening to a boss, and getting

along with coworkers. As soon as they show they are responsible and can get along with others without growling and grumbling, they enter one of our vocational training schools.

Our residents learn at least three marketable skills while they are at Delancey Street. In these rapidly changing times, we want them to be able to shift into different careers as necessary. Along with our moving company, we have a number of money-making ventures that serve as training grounds for our people. One of our more successful schools is our construction program. We started off doing renovations and eventually built our own complex. Many of our graduates have become general contractors, electrical contractors, and plumbing contractors. We also have a printing company that makes banners, buttons, and other advertising materials. We have Christmas tree lots where we not only sell trees, but we also decorate large buildings during the holidays. We have a huge restaurant that has been well reviewed—the Delancey Street Restaurant. In New Mexico, we have an incredible hand-hewn furniture-making operation that sells Taos-style furniture to individuals, hotels, and government offices. And we've recently opened the Crossroads Café, which is a café, juice bar, bookstore, and art gallery.

These business are run as training schools within the Delancey Street Foundation. Our residents teach the courses and run the programs—we have no professional staff. Our people start at the bottom, then work their way up as they demonstrate responsibility. For example, they can move from automotive repair to truck repair to our diesel rigs. In our sales department, they can learn basic sales techniques, then move all the way up to advertising specialty sales. In the restaurant, they can go from dishwasher to prep cook to line cook to managing chef. It's tremendous on-the-job training!

Each of these training-schools/businesses has been started with that entrepreneurial spirit. We always say, "Okay, we need money to stay alive, and there's an opportunity here. We just need to learn how to do this, then do it better than anyone else." So we jump in, work hard, and usually come out winners! The best example of this is the multi-million dollar complex we built by ourselves. No one thought we could do it! People patted me on the head and said, "You're wonderful at what you do, but we're talking about serious construction now." But we did it! I was the developer, and we were our own general contractor. We sold off one of the buildings we owned and acquired a piece of property on the south waterfront, which had not been developed yet. We started building with our own money while banks continued turning us down for loans. What I wanted was a \$4 million unrestricted loan so we could say, "We are building *our* new home." I didn't want our 350 former drug addicts who had never worked before getting up each day and saying, "Here we go again to build Blipity Bank's building."

Finally, Bank of America gave us the loan when no one else would. What happened was, our printing company did some work for Tom Clauson, the CEO of Bank of America at the time. We made him 10,000 "No Takeover" buttons to protest a pending acquisition by another bank. The buttons were a big hit, so they ordered 50,000. We said, "No problem!" I woke everybody up, and we worked all night to produce the buttons. Then they called back and said they needed 100,000 more. Again, we said, "No problem!" We had to stop everything we were doing to make these buttons. In a press conference to announce our loan, Tom Clauson got up and told that story. Then he said, "So when Mimi called me and said she wanted a \$4 million unsecured loan for a building to be built by her as the developer (never having developed anything before) and 350

ex-convicts (who had never worked before and didn't know the construction trade) and that she would pay us back from the seasonal Christmas tree sales, I told her, 'No problem!'" [Laughs.] And that is precisely what we did! We built a beautiful 400,000-square-foot complex and paid back the four-year loan in three years, primarily with our own revenues.

We now have 500 residents in San Francisco, 500 in Los Angeles, and nearly 1,000 in facilities in New York, New Mexico, and North Carolina. Residents work through our programs the same way they would if they were going to college. And like college students, they stay an average of four years. Along with the vocational skills, they can take courses in Russian, world literature, geometry, and many other subjects that help them become well-rounded individuals. I always tell people we are the Harvard of the underclass. Just like Harvard takes the top 2 percent, we take the bottom 2 percent. [Laughs.] But our people leave with the academics, three marketable career skills, and lots of survival and interpersonal skills. So I think we are better than Harvard. I know we have a better football team. [Laughs.]

The best thing about Delancey Street is seeing our residents change. The majority of them have been through other programs, and they think everything is a hustle. When they come here they keep saying, "Losers like us don't live in gorgeous buildings like this. Where is the con?" They keep thinking somebody up there is selling dope and they'll get on it soon. That's fine with me because their curiosity gets them through the adjustment period. Eventually they figure out it's real and make amazing changes in their lives. They not only get skilled at being legitimate and successful, they also gain decency and integrity. They get rid of their prejudices, they care about making society better, and they help children and seniors in

need. Every story is so moving you almost believe it's too good to be true. I love the courage our residents display and who they become!

Someone once did a ten-year study that showed our success rate is over 90 percent, but I don't like statistics like that. We've been around for twenty-eight years and have more than 12,000

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successful graduates. How is anyone going to keep track of what these people do from day to day? What I am comfortable saying is that we are the exact opposite of the prison system, which costs taxpayers \$40,000 a year to keep each prisoner alive—not to mention the hundreds of millions spent building facilities. Delancey Street costs taxpayers nothing! It is supported by our own revenue, and the residents serve as our staff. Most of our graduates—who were once at the

bottom of society—are now thriving, taxpaying citizens. It's just incredible what people can do when you give them structure, support, and lots of love. It worked in my family, and it works here.

Finally, I think volunteering is the best thing in the whole world. I've done this for twenty-eight years without a salary, so I guess I am the quintessential volunteer of an all-volunteer organization. I can tell you there is absolutely nothing in life as exciting as giving of yourself and seeing lives change. As a volunteer, you might be that person who walks in the door and ends up changing a life!