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Report May 2008



From Vision to Venture An Account of Five Successful Aboriginal Businesses

GOVERNANCE AND CORPORATE SOCIAL RESPONSIBILITY



From Vision to Venture: An Account of Five Successful Aboriginal Businesses
by Ashley Sisco and Rodney Nelson

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Preface

This report shows that Aboriginal business development creates wealth and employment, which can ensure the well-being of Aboriginal peoples at both the individual and community levels. It profiles five successful Aboriginal businesses and proposes best practice guidelines based on common success factors and lessons learned. These guidelines are designed to inspire and encourage others to develop successful Aboriginal businesses. The findings in this report are based on comprehensive literature review and interviews conducted with community members, Elders, Aboriginal leaders, territorial leaders, and political leaders. They are also based on the experience and expertise of representatives of Aboriginal and non-Aboriginal businesses; Aboriginal groups; community bands, councils, and hamlets; economic development organizations and initiatives; and training and education programs.

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Responsibility for the research methodology and content of the report lies with The Conference Board of Canada.

Methodology

The research methodology incorporates Participatory Action Research and is guided by the principles of OCAP (Ownership, Access, Control, Possession). Research adhered to the overarching principle of respect for the Aboriginal participants and communities that took part in this study.

EXECUTIVE SUMMARY

From Vision to Venture An Account of Five Successful Aboriginal Businesses

At a Glance

- ◆ There is a significant gap between the socio-economic living conditions of Aboriginal and non-Aboriginal people in Canada.
- ◆ Successful Aboriginal businesses help to close this gap, creating employment, economic prosperity, and social well-being in Aboriginal communities.
- ◆ This report draws on the common success factors and lessons learned of five successful Aboriginal businesses to create a best practices guide.
- ◆ The guide is designed to inspire and encourage others to develop successful Aboriginal businesses.

used leadership, partnerships, and knowledge transfer to grow their enterprises as well as to build capacity and help develop self-contained economies in their communities.

Aboriginal business development creates wealth and employment, which can ensure the well-being of Aboriginal peoples at the individual and community level.

In the context of this report, successful Aboriginal businesses are defined according to the following criteria:

- ◆ they are Aboriginal-owned and operated;
- ◆ they have demonstrated growth of profits over a substantial period of time;
- ◆ they have created jobs within the communities in which they are based and/or the Aboriginal community at large;
- ◆ they have created wealth within the communities in which they are based and/or the Aboriginal community at large; and
- ◆ they have improved the social conditions (better socio-economic conditions and community well-being) within the communities in which they are based and/or the Aboriginal community at large.¹

This report shows that Aboriginal business development creates wealth and employment, which can ensure the well-being of Aboriginal peoples at both the individual and community levels. It focuses on five successful Aboriginal businesses, highlighting the challenges they encountered and the strategies they used to overcome these challenges. Based on these lessons learned, the report proposes best practice guidelines. These guidelines are designed to inspire and encourage others to develop successful Aboriginal businesses. The report also highlights how these businesses

¹ Donna Cona Inc. is the only business featured in this study that is not community based. Instead, it focuses on the Aboriginal community at large. Therefore, the phrase “the communities in which they are based” in the above criteria can be replaced by “the Aboriginal community at large” when applied to Donna Cona Inc.

Aboriginal businesses face many of the same challenges as small and medium-sized enterprises (SMEs), as most fall into this category. In a 2007 Conference Board of Canada report, the President and Chief Executive Officer of Business Development Canada, Jean-René Halde, identified three key challenges for SMEs:

- ◆ SMEs “must improve their productivity if they are to survive the onslaught of competition and the rising Canadian dollar;”²
- ◆ SMEs “must adapt to the challenge and opportunities posed by the large and productive workforces of the emerging economic giants, such as China and India;”³ and
- ◆ SMEs must “turn micro enterprises into medium-sized ones.”⁴

In addition to these challenges, Aboriginal businesses face unique barriers. Notably, these relate to legislation and, for on-reserve businesses, remoteness of location.⁵

Although the businesses featured in this report varied in many respects (including industry, locations, and clientele), some common keys to success as well as key challenges and resolutions can be drawn from all five.

KEYS TO SUCCESS

The Conference Board of Canada identifies nine keys to success below, based on the five Aboriginal businesses profiled in this report:

- ◆ **Purpose:** Aboriginal businesses that are motivated by an important cause are generally more driven to succeed. Goodfish Lake Development Corporation (GFLDC) and its subsidiary businesses were created in response to the critical need to enhance the socio-economic conditions in the community. Job opportunities are abundant in neighbouring Fort McMurray. However, Goodfish Lake was in dire need of local business development—in order to thrive, it needed to retain talent within the community.

² Benimadhu, *Leaders on Leadership*.

³ Ibid., p. 3.

⁴ Ibid.

⁵ Government of Canada, SME Financing Data Initiative, “SME Financing in Canada, 2002.”

- ◆ **Clear corporate vision:** For Aboriginal businesses, corporate vision is often created by a community leader (or a group of community leaders) in response to local needs. Clear corporate vision aligns market needs with community capacity. It is also often shared and supported by the community. Chief Sam Bull and the local Economic Development Committee (EDC) of GFLDC envisioned a development corporation that would create jobs and wealth in the community, ultimately reducing social problems. In addition to addressing community needs, his vision—to establish a series of companies that service the oil and gas industry—was aligned with these burgeoning markets. It also considered the community’s capacity to deliver these services. The Chief and the EDC knew that execution of vision requires good governance and effective management. In the development of Atuqtuarvik Corporation, Inuit leaders recognized that small and medium-sized Inuit businesses were struggling to succeed due to the lack of readily accessible financing and/or equity capital. Atuqtuarvik Corporation was created to assist in filling this gap by providing the required financing and/or equity capital to assist viable Inuit-owned businesses in the execution of their strategic plans. Through its activities, Atuqtuarvik Corporation fulfills its vision of contributing to a strong and diversified economy in Nunavut.

The key to success is not to plan for perfection but to use creativity to overcome obstacles.

- ◆ **Winning attitude:** Across the case studies featured in this report, certain characteristics for winning attitude were identified as important to success for Aboriginal businesses. These include confidence and strong self-presence, the ability to facilitate knowledge transfer, expert networking skills, community advocate skills, and calculated risk-taking abilities.
- ◆ **Using creativity to overcome obstacles:** The key to success is not to plan for perfection. Rather, Aboriginal entrepreneurs must address challenges not only with well-thought-out and effective strategies, but with creativity. In addition to encountering the same obstacles as all SMEs, Aboriginal businesses also face specific challenges related to legislation, cultural

barriers, and remote location. Caisse Populaire Kahnawake was creative in developing its trustee agreement. The agreement provides an alternative to leveraging land as collateral when applying for a business loan because land ownership is prohibited on reserves under the *Indian Act*.⁶ Atuqtuarvik Corporation has also used creativity to overcome obstacles, both internally and within the community. The corporation was creative in partnering with the First Nations Bank of Canada to become the first bank for Nunavut. It also demonstrated creativity in providing an alternative financing source to local Inuit entrepreneurs, who are often categorized as “high risk” by conventional banking and lending sources.

Aboriginal businesses can benefit from partnering with other businesses, banks, training institutions, and clients.

- ◆ **Good location:** In Aboriginal business, good location can be a significant determining factor of success. Aboriginal entrepreneurs must decide whether they will locate their business on or off the reserve, within or outside of Nunavut, and in a rural community or an urban centre. In deciding where to locate their businesses, Aboriginal entrepreneurs should evaluate closeness to partners and to human and material resources. Distance from economically developed regions and the availability of markets for the products and/or services should also be considered. Donna Cona Inc. chose to locate off-reserve because the market for information technology services was much larger in urban centres. GFLDC located on-reserve in order to provide local job opportunities that would enhance the socio-economic well-being within the community.
- ◆ **Experience and expertise:** Aboriginal entrepreneurs that have education, training, and/or workplace learning in business are better equipped to succeed—particularly if that expertise is industry related. As with all businesses, Aboriginal businesses that encourage a learning environment in the workplace

and facilitate knowledge transfer reap the benefits of improved productivity and quality of work from their employees.

- ◆ **Hiring people from outside the community:** Although Aboriginal businesses often aim to create local jobs, the expertise required for sustained success is not always available locally. Many Aboriginal communities are remote and have small populations. Hiring people from outside the community is a good method for building internal expertise and growing community capacity. Piruqsajit Limited and Atuqtuarvik Corporation both use this strategy (referred to as “south hiring” in Nunavut).
- ◆ **Recruitment and retention:** Recruitment and retention is particularly important for Aboriginal businesses, which must compete with larger off-reserve companies. Aboriginal businesses must implement effective strategies for recruitment and retention to attract skilled employees, such as internship and apprenticeship programs, competitive salaries, enticing compensation packages, and opportunity for advancement.
- ◆ **Developing partnerships:** Partnerships are a good strategy to gain expertise and insight, build leadership capacity, and secure funding. Aboriginal businesses can benefit from partnering with other businesses (both Aboriginal and non-Aboriginal), banks, training institutions, and clients. Atuqtuarvik Corporation recently developed a partnership with First Nations Bank of Canada as a part of its strategy to become the first bank of Nunavut. GFLDC partners with customers Syncrude Canada and Suncor Energy to gain foresight into market demands and to tailor its services in response.

KEY CHALLENGES AND RESOLUTIONS

Key challenges and resolutions identified by participants for this project include:

- ◆ **Conflicting community objectives:** Business development in Aboriginal communities usually generates debate over the impact of the business on local culture and community values. It is not uncommon for community members to disagree about whether the benefits of the business outweigh the costs. For example, business development can cause economic disparities

⁶ Canadian Legal Information Institute, *Indian Act*, section 20(1) and section 89.

between the families of those who are employed by the business and those who are not. For band-owned businesses, the band council is conflicted in its role of representing the interests of the community (largely socio-economic well-being) and those of the business. In such cases, conflicting community objectives can be resolved by establishing good governance systems and implementing employment policies and programs to offset prospective challenges. Examples include work-life balance policies, environmental management systems (when the industry can potentially harm the environment), and translation of products and services into local languages.

- ◆ **Limited access to resources:** Remoteness of some Aboriginal communities can be problematic for business development. Remote communities can be limited in terms of access to capital, key markets, and sources of financing.⁷ To gain better access to resources, Aboriginal businesses can relocate, adopt a good transportation strategy, or develop a strong business plan (that identifies strengths, capacities, markets, and potential realistic returns). A slow-growth approach is also a good method to avoid overextending the business.
- ◆ **Prohibited land ownership (limited access to capital):** Prohibited land ownership under both the *Indian Act*⁸ and limits on alienation of municipal lands that arose out of the referendum that followed the *Nunavut Land Claims Agreement*⁹ make it difficult for Aboriginal entrepreneurs to access funding for businesses, since they are unable to leverage land as collateral for a business loan. Aboriginal businesses can offset prohibited land ownership and limited access to capital by seeking funding from banks and lending institutions that consider the unique circumstances of Aboriginal entrepreneurs, leveraging leased property or other assets, and demonstrating

good candidacy for a loan (economic viability, the capacity to leverage financing from other sources, stability in the community and its governance, market stability, strong leadership, and confidence).

- ◆ **No business plan:** Only 21.9 per cent of Aboriginal businesses implement a business plan.¹⁰ With the help of community economic development officers and lending institutions, Aboriginal businesses must implement a business plan that considers market needs, customer expectations, business continuity, succession planning, emergency response, and strategic risk management.
- ◆ **Lack of expertise:** Lack of expertise was a challenge across the Aboriginal businesses profiled in this report because of the fact that many Aboriginal communities are remote and have small populations. Aboriginal entrepreneurs can use the following strategies to build expertise when experience and education are lacking among community members: implement education and training initiatives; bring experts in from outside the community; and partner with other businesses.

Good public relations also ensure transparency that will maintain the trust of partners, clients, customers, and community members.

- ◆ **Conflict of interest:** The hiring of relatives is particularly prevalent in Aboriginal businesses that are based in small, remote communities. To avoid conflict of interest, Aboriginal businesses must focus on competency above all else, implement a written policy for conflict of interest, and ensure disclosure of potential conflicts of interest. GFLDC's selection process is founded on a clearly articulated set of competencies for each job. The key is to prioritize the competence of employees, regardless of relation.
- ◆ **Political instability:** Political instability in the business, band, and community is another key challenge Aboriginal businesses encounter. Political instability

7 Government of Canada, SME Financing Data Initiative, *SME Financing in Canada, 2002*.

8 Canadian Legal Information Institute, *Indian Act*, section 20(1) and section 89.

9 *Agreement Between the Inuit of the Nunavut Land Settlement Area and Her Majesty the Queen in Right of Canada, 1993*.

10 Statistics Canada, "Aboriginal Entrepreneurs Survey, 2002."

infringes on the trust that potential financial supporters and partners have in a business. This is particularly problematic for band-owned businesses because their boards of directors are often made up of the Band Council members. In these instances, instability in the Band Council equates to instability for the business. Aboriginal businesses can overcome this challenge through implementing good governance at the board level and a contingency plan that accounts for risk management and business continuity.

- ◆ **Redistribution of wealth:** Corporate–community responsibility was strong across the Aboriginal businesses in this report. Redistribution of wealth can be challenging for Aboriginal businesses that must address various competing causes. To ensure that wealth is redistributed into the community, Aboriginal businesses can hire local Aboriginal workers where possible and commit a percentage of revenues to a community

investment fund. This community investment fund should be governed by a board of directors (made up of community members) that should evaluate the community’s needs and determine how monies should be allocated.

- ◆ **Poor public relations:** When businesses are not proficient at “getting the word out” about what they do, they could fall subject to pigeonholing and stereotypes. Good public relations not only promote businesses but also ensure transparency that will maintain the trust of partners, clients, customers, and community members. Adopting a good public relations policy and assigning public relations responsibilities to a corporate officer are two things Aboriginal businesses can do to address this challenge.

(For more information, please see Table 5 in Chapter 6, which outlines resolutions to potential challenges.)

CHAPTER 1

Introduction

Chapter Summary

- ◆ Aboriginal peoples in Canada experience substandard socio-economic conditions, especially when compared with their non-Aboriginal counterparts.
- ◆ Successful Aboriginal businesses help to close this gap, creating employment, economic prosperity, and social well-being in Aboriginal communities.
- ◆ This report draws on common challenges as well as strategies to overcome challenges of five successful Aboriginal businesses to create a best practices guide.
- ◆ The guide is designed to inspire and encourage others to develop successful Aboriginal businesses.

examples of the achievements of Aboriginal peoples—the contributions they make to their communities and to Canada at large. The development of successful Aboriginal-owned businesses is a growing trend in Canada, one that is creating jobs, wealth, and social well-being in Aboriginal communities.

This report features five successful Aboriginal businesses and highlights three common elements as keys to success: leadership, partnerships, and knowledge transfer. It identifies major challenges that Aboriginal peoples face as they build and operate their businesses, and proposes strategies to address these challenges. Based on these lessons learned, the report proposes best practice guidelines. The purpose of this report is to offer advice and guidance to aspiring Aboriginal entrepreneurs and Aboriginal businesses and to provide models upon which they can build and maintain successful Aboriginal businesses.

VALUING SUCCESSFUL ABORIGINAL BUSINESS

The overwhelming majority of reports on Aboriginal peoples in Canada focus on the socio-economic hardships they endure as a people. Although it is important to address these issues, the focus on negative statistics and the failure to represent the positive trends that exist can be discouraging. Less well known are the many positive

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- ◆ they have created jobs within the communities in which they are based and/or the Aboriginal community at large;
- ◆ they have created wealth within the communities in which they are based and/or the Aboriginal community at large; and

- they have improved the social conditions (better socio-economic conditions and community well-being) within the communities in which they are based and/or the Aboriginal community at large.¹

To account for the diversity of Aboriginal communities in Canada, The Conference Board of Canada included a band-owned, on-reserve business; a private, on-reserve business; an off-reserve business; and two businesses that operate in Nunavut.

Aboriginal peoples in Canada experience substandard socio-economic conditions. Considered together, statistics on Aboriginal health, education, housing, water quality, suicide, and income paint a discouraging picture.

The findings in this report are based on interviews conducted with community members, Elders, Aboriginal leaders, territorial leaders, and political leaders. They are also based on the experience and expertise of representatives of Aboriginal and non-Aboriginal businesses; Aboriginal groups; community bands, councils, and hamlets; economic development organizations and initiatives; and training and education programs. As well, comprehensive literature of current economic partnerships between Aboriginal communities and industry; statistical analysis of on-reserve and off-reserve industries (based on trends in economic development and Aboriginal business enterprises, and business development); social and economic challenges facing Aboriginal communities; and the role of government and industry as economic enablers informed the research findings. A note on methodology can be found in Appendix B.

(For statistical information on Aboriginal peoples in Canada, the Aboriginal business prototype and some cultural aspects that influenced the findings of this report, please see appendices C, D, and E.)

1 Donna Cona Inc. is the only business featured in this study that is not community based. Instead, it focuses on the Aboriginal community at large. Therefore, the phrase “the communities in which they are based” in the above criteria can be replaced by “the Aboriginal community at large” when applied to Donna Cona Inc.

THE SOCIO-ECONOMIC SITUATION OF ABORIGINAL PEOPLES IN CANADA

Aboriginal peoples in Canada experience substandard socio-economic conditions, especially when compared with their non-Aboriginal counterparts.² (See Appendix D for historical context.) Considered together, statistics on Aboriginal health, education, housing, water quality, suicide, and income paint a discouraging picture. Crowded houses and poor water quality contribute to chronic health conditions. Low levels of educational attainment lead to lower average family incomes. Poverty can be connected to the high rates of alcohol and substance abuse, which contribute to the over-representation of Aboriginal peoples in the criminal justice system. Collectively, these conditions can be linked to the high suicide rates for Aboriginal peoples in Canada.

The 2006 Aboriginal Peoples Survey highlights that Aboriginal peoples are in the midst of a serious housing crisis. The statistics show that Aboriginal individuals “were almost four times as likely as non-Aboriginal people to live in a crowded dwelling. They were three times as likely to live in a home in need of major repairs.”³ Water quality is also a concern in many Aboriginal communities, with 16 per cent of Aboriginal individuals living in urban areas reporting that they experienced water contamination in 2001. For rural areas, the figure was 19 per cent.⁴ In that same year, 45 per cent of Aboriginal individuals reported having experienced at least one chronic health condition in their lifetime.⁵

Education levels are also lower for the Aboriginal population. The 2001 Census found that 48 per cent of the non-reserve Aboriginal population (ages 20–24) reported incomplete high school as their highest level of education, compared with 26 per cent for non-Aboriginal

2 These conditions emerged out of a complex historical process, marked by ongoing colonization. They therefore should be considered within this context.

3 Statistics Canada, “Aboriginal Peoples in Canada in 2006.”

4 Statistics Canada, *Aboriginal Peoples Survey 2001*.

5 Ibid.

people in this age group.⁶ The most common reasons provided for incomplete high school education were “family responsibilities” (24 per cent) and “financial reasons” (22 per cent).⁷ Reported income levels are lower for the Aboriginal population, as well. Although statistics show that income levels are rising for Aboriginal peoples in Canada, the median income for these individuals in 2001 (\$13,593) was still well below the poverty line.⁸ A 2007 report by Canadian Heritage showed that there was a substantial average income gap between Aboriginal and non-Aboriginal people over the age of 15 across Canada in 2000. (See Table 1.)

When compared with non-Aboriginal Canadians, Aboriginal youth are also at greater risk for substance addictions. According to the Canadian Centre for Substance Abuse, Aboriginal youth are two to six times

more likely to suffer alcohol-related problems.⁹ Almost half of Aboriginal communities that participated in the First Nations and Inuit Community Solvent Abuse Survey reported that solvent abuse was a concern to the community.¹⁰ Aboriginal peoples are also over-represented in Canada’s criminal justice system, accounting for 18 per cent of federal inmates according to a 2006 report, even though Aboriginal peoples made up only 3.8 per cent of Canada’s total population that year.¹¹ With this information taken together, it might not be surprising then that the suicide rate for Aboriginal youth is five to six times higher than that of non-Aboriginal youth in Canada.¹²

Aboriginal business development is a key strategy that is being adopted. The number of Aboriginal entrepreneurs is growing, and will continue to increase.

Table 1
Average Income Gap Between Aboriginal and Non-Aboriginal Populations by Province/Territory (2000 C\$)

Province/territory	Average income gap*
Atlantic	7,713
Quebec	7,142
Ontario	11,205
Manitoba	10,590
Saskatchewan	10,953
Alberta	12,499
British Columbia	10,575
Yukon (15–24 years of age)	4,797
Northwest Territories (15–24 years of age)	6,932
Nunavut (15–24 years of age)	22,692

*between Aboriginal and non-Aboriginal population in 2000 C\$
Source: Canadian Heritage, Aboriginal Affairs Branch.

That Aboriginal peoples have not “fully shared in Canada’s prosperity”¹³ reflects poorly on Canada. A 2006 report by the Institute for Research on Public Policy stated that “the persistence of these gaps between the living conditions of Canada’s Aboriginal and non-Aboriginal populations . . . remains a stark, undeniable reality, an unflattering blemish on Canada’s purportedly enviable record of social justice.”¹⁴

There are several strategies that can help rectify the poor socio-economic conditions of Aboriginal peoples in Canada. One effective approach is to create sustainable Aboriginal business enterprises that stimulate economic growth in Aboriginal communities, create good jobs, promote self-sufficiency, and provide individuals and families with the means to live well.

9 Canadian Centre on Substance Abuse, “Highlights from the Canadian Profile 1999.”

10 Statistics Canada, *Aboriginal Peoples Survey 2001*.

11 Statistics Canada, “Aboriginal Peoples in Canada in 2006.” (Of the 1,172,790 Aboriginal persons in Canada, 698,025 are First Nations people [60 per cent], 389,785 Métis [33 per cent], and 50,485 Inuit [4 per cent].)

12 Mood Disorders Society of Canada, *Quick Facts: Mental Illness & Addictions in Canada*.

13 Treasury Board of Canada Secretariat, *Aboriginal Peoples*.

14 Salée, Daniel, et al., “Quality of Life of Aboriginal People in Canada,” p. 1.

6 Ibid.

7 Ibid.

8 Treasury Board of Canada Secretariat, *Aboriginal Peoples*.

“The Métis had the highest median income (\$16,347, up from \$13,502 in 1995), followed by North American Indians off-reserve (\$13,838, up from \$12,664), and the Inuit (\$13,700 up from \$12,089). The on-reserve North American Indian (\$10,471, up from \$9,665) and on-reserve Aboriginal peoples (\$10,502, up from \$9,693) both had the lowest median incomes.”

Aboriginal business development is a key strategy that is being adopted. The number of Aboriginal entrepreneurs in Canada is growing, and indications are that this number will continue to increase. Population growth alone does not account for the real increase in self-employed Aboriginal individuals. In 2001, 2.8 per cent of the overall Aboriginal population were self-employed. That works out to more than 27,000 self-employed Aboriginal individuals—an increase of 30.7 per cent since 1996¹⁵ (compared with a 26 per cent increase in the working-age¹⁶ segment of the Aboriginal population).¹⁷

15 Statistics Canada, "Aboriginal Entrepreneurs Survey, 2002."

16 Statistics Canada defines "working age" as individuals between 15 and 64 years of age.

17 Canada's Aboriginal population increased from 308,870 in 1996 to 390,775 in 2001. (Statistics Canada.)

In March 2007, the director of economic development programs at Indian and Northern Affairs Canada (INAC), Allen Frost, expressed his belief that there will be an increased number of Aboriginal business owners over the next few years.¹⁸ He attributes this projected growth to both the Aboriginal population's rapid growth rate and the fact that Aboriginal youth "do not want to work for a company, but prefer carving out their futures by going into business themselves."¹⁹

18 Frost, *Procurement Strategy for Aboriginal Business*.

19 Ibid.

CHAPTER 2

Aboriginal Business Case Studies

Chapter Summary

- ◆ This chapter profiles five successful Aboriginal businesses: Goodfish Lake Development Corporation, Piruqsajit Limited, Atuqtuarvik Corporation, Donna Cona Inc., and Caisse Populaire Kahnawake.
- ◆ Each case study highlights success factors and lessons learned, based on interviews with representatives of the businesses, affiliated businesses and institutions, and community members.
- ◆ Challenges faced by the profiled businesses include conflict of interest when hiring within the community; maintaining and encouraging First Nation ownership and leadership; providing an alternative to conventional banking; overcoming the stigma related to working off-reserve; and building internal capacity through knowledge sharing.
- ◆ Successes include the building of transparent board governance; the creation of successful partnerships with non-Aboriginal businesses; and the building of community trust in the organization.

ABORIGINAL BUSINESS CONTEXT

Chapter Two of the report looks at common success factors and lessons learned. Five Aboriginal businesses were studied:

1. **Goodfish Lake Development Corporation—Goodfish Lake, Alberta**
Goodfish Lake Development Corporation is an Aboriginal corporation that services the oil and gas industry in Fort McMurray. It provides dry cleaning, clothing manufacturing and repair, protective clothing rentals, and bakery services.
2. **Piruqsajit Limited—Rankin Inlet, Nunavut**
Piruqsajit Limited is an Inuit central management company owned by six Inuit development corporations.
3. **Atuqtuarvik Corporation—Rankin Inlet, Nunavut**
Atuqtuarvik Corporation is an Inuit lending institution that assists Inuit firms in establishing and expanding their businesses.
4. **Donna Cona Inc.—Ottawa, Ontario**
Donna Cona Inc. is an Aboriginal business with a strong Aboriginal customer base that specializes in information technology as well as management and consulting services.
5. **Caisse Populaire Kahnawake—Kahnawake, Quebec**
Caisse Populaire Kahnawake is an Aboriginal-operated savings and credit union institution that has implemented a unique trustee agreement to collateralize land.

CASE STUDY 1

GOODFISH LAKE DEVELOPMENT CORPORATION

A Community Turned Around by One Business— From Socio-Economic Strife to Success

About Goodfish Lake Development Corporation

Established in 1978, Goodfish Lake Development Corporation (GFLDC) manages four subsidiary companies that provide a range of services to workers in the oil and gas industry. (See box “Goodfish Lake Development Corporation.”) For 30 years, GFLDC has been successful at maintaining and expanding its core dry cleaning business. GFLDC has created 100 jobs locally, nearly 90 per cent of which are held by First Nations people. Through the creation of jobs and the redistribution of revenues back into the community, GFLDC has succeeded in improving the community’s socio-economic conditions and is now widely regarded as a model for business success.

A Business Venture Motivated by Community

Goodfish Lake is a Cree reserve in east-central Alberta with a population of just over 2,000 people in 2005.¹ Band Councillor and member of the Board of Directors for GFLDC, Ben Houle, told The Conference Board of Canada that the community historically had an agricultural economy, based on cattle ranching. However, this was not enough to sustain the community and support the development of a healthy local economy.

Before the development of the GFLDC, many community members depended on social assistance as their main source of income.

Chief Executive Officer George Halfe said that for decades Goodfish Lake experienced economic depression due to job shortages. Before the development of GFLDC, many community members depended on social assistance as their main source of income.

¹ Indian and Northern Affairs Canada, *Whitefish (Goodfish) Lake First Nation*.

Goodfish Lake Development Corporation

Goodfish Lake Development Corporation has four subsidiary companies:

- ◆ The Goodfish Lake Dry Cleaners
- ◆ The Goodfish Lake Sewing and Garment Company
- ◆ Protective Clothing Supplies Ltd.
- ◆ Kookum's

By the mid-seventies, the talent pool was being drained from the community as much of the male population left to work in the Fort McMurray oil sands located approximately four hours from Goodfish Lake. This left the community in desperate need of local economic development.

Seizing Opportunities—Creating Solutions to Immediate Needs in the Fort McMurray Oil Sands

In 1978, under Chief Sam Bull and the Whitefish Lake Band #128 Economic Development Committee (EDC), the Band established Goodfish Lake Development Corporation. Chief Sam Bull’s vision focused on self-reliance through the creation of local jobs. The EDC was motivated by the poverty and hopelessness that plagued the community—problems that were compounded by the loss of talented Aboriginal youth to the Fort McMurray oil sands. Chief Sam Bull and the EDC recognized that GFLDC could build a local economy based on serving the booming markets in Fort McMurray. They foresaw the growth of this industry and wanted to be among the first to tap into it. They envisioned the establishment of a series of businesses that would develop new industries to serve this market’s growing needs. In turn, these businesses would create local jobs to mitigate poverty and social problems in Goodfish Lake.

From Vision to Venture—Aligning the Community’s Capacity With the Industry’s Needs and Building Capacity Through Knowledge Transfer

The EDC’s vision inspired GFLDC to create Goodfish Lake Dry Cleaners in its inaugural year. Many of the community members who had worked in Fort McMurray identified the need for dry cleaning services. GFLDC located the facility in Goodfish Lake in order to retain workers in the community and to lure back some of

those who had left. Operating in Goodfish Lake was also the most cost effective. Had the company located in Fort McMurray, GFLDC would be required to pay their employees considerably higher wages to accommodate the cost of living. The cost GFLDC incurs for transporting coveralls to and from Fort McMurray is negligible in comparison. With a need and location identified, GFLDC now had to assess the community's capacity. The corporation was confident that the community had the potential to provide these services but recognized that it would need to gain expertise.

The EDC researched dry cleaning plants in New York City, the only city that had dry cleaning operations of a comparable scale. Representatives of the corporation toured these dry cleaning facilities to learn about the equipment the company would need, how to operate the machinery, and how to manage a dry cleaning operation of similar capacity and industrial scale. Upon returning to GFLDC, the employees shared their new expertise with other staff. Through this transfer of knowledge, the company was able to build its internal capacity.

The employees brought their knowledge back to GFLDC and shared their new-found expertise with other staff.

Expanding Enterprises and Expertise—Continuously Transforming to Meet the Market's Changing Needs

GFLDC is proficient at continuously transforming and expanding in response to the market's needs. Within the first two years, it became apparent to the workers in the dry cleaning division that there was a need for additional services. They received ripped and tattered coveralls on a regular basis. A local women's sewing group approached oil and gas giants Syncrude Canada and Suncor Energy and proposed a clothing manufacturing and repair service to address this need. With its clients on board, Goodfish Lake Sewing and Garment Manufacturing Company was established in 1980. The company tapped into the existing capacity for sewing within the community and the market for clothing manufacturing in Fort McMurray.

Since their establishments, both companies have developed internal expertise and now do most training in-house. The manager of Goodfish Lake Dry Cleaners, Kevin Half, explained that his employees undergo in-depth safety and operational training. As a component of its business contingency plan, employees at Goodfish Lake Dry Cleaners are cross-trained to operate and maintain all machinery. New employees apprentice alongside more experienced staff members until they can complete all tasks.

GFLDC saw another opportunity to expand its businesses in the early 1990s. The population in Fort McMurray had increased substantially—from roughly 30,000 people in 1981² to 49,490 people in 1991.³ This influx in oil sands workers was compounded by amendments made to the *Occupational Health and Safety Act* the year prior, which outlined stricter protective clothing requirements.⁴

To address the need for protective clothing for the increased number of oil sands workers in Fort McMurray, GFLDC created Goodfish Lake Dry Cleaners and Protective Clothing Supplies Ltd.—a fire retardant clothing rental company—in 1993. The protective clothing manufactured by the company meets or exceeds GSB 155.20 industry standards: “All threads are heavy duty nomex and all metal components are thermally isolated from skin exposure.”⁵ The rental services have been especially well received by smaller companies that are not interested in purchasing protective clothing.⁶

In 2005, GFLDC received a \$1 million contribution from Indian and Northern Affairs Canada (INAC) toward the development of a new dry cleaning plant in Goodfish

2 Carlson and Tracey, *Managing Growth: Building a Sustainable Development*.

3 albertafirst.com.

4 Service Ontario: E Laws.

5 Goodfish Lake Development Corporation, www.gfdc.ca/default.aspx?ID=3-1.

6 Ibid.

Lake to meet the increased demand for its services.⁷ The new facility, a much larger and more sophisticated operation, has become the hub of the community.

In 2006, the population in Fort McMurray reached 75,000, more than doubling in less than a decade and growing at a rate of 10 per cent a year.⁸ The increased demand for services, coupled with the sustained success of the other companies in the group, allowed GFLDC to take a risk and diversify into other product lines. The corporation established a bakery to provide baked goods for oil and gas workers in Fort McMurray and surrounding communities. GFLDC will use the bakery's business space to train its employees as well.

Accounts payable manager at The Goodfish Lake Sewing and Garment Company, Martha Bull, said that GFLDC would be “left behind” if it was not in tune with changing market dynamics.

Business transformation and expansion into other markets has been key to the corporation's survival. Accounts payable manager at The Goodfish Lake Sewing and Garment Company, Martha Bull, said that GFLDC would be “left behind” if it was not in tune with changing market dynamics.

Sound Board Structure for a Band-Owned Business

As a band-owned enterprise, the chief is president and chairman of GFLDC's Board of Directors. Members of the Board of Directors sit for two or three three-year terms. Three council members and two community members who have business expertise are elected by shareholders (shareholders are band members) annually to sit on the Board of Directors. Board meetings take place on a monthly basis and the chief executive officer reports back regularly to the board on operations. Band Councillor James Jackson said the chief executive officer makes recommendations and the Board of Directors provides oversight by either ratifying his suggestions or making changes to them.

In order to avoid conflict of interest, the chief executive officer is not permitted to sit on the board. The board implements a conflict of interest policy to mitigate any conflicts that may arise due to the overlap between the council and business.

Band-Owned Business Is a Balancing Act—Balancing Community Needs With Business Needs

Band-owned businesses are expected to respond to both the needs of the band (often community) and business—needs that sometimes conflict. As a band-owned enterprise, GFLDC has a responsibility to the social well-being of community members. Therefore, it is mandated to create wealth and employment for the community. However, as a business, GFLDC must ensure that its bottom line looks good. After all, if the corporation is not generating profits, it cannot create jobs and invest in the community.

Conflict of Interest—A Question of Competence

GFLDC fully recognizes the importance of hiring skilled, competent, and engaged staff. It sees a link between the high skill level of its employees, product quality, and corporate well-being. The company also realizes that hiring relatives and friends is difficult to avoid due to the small size of the reserve, the fact that most people are related to one another in some way, and Goodfish Lake's communal culture. For GFLDC, the business imperative is focusing on employee skills and competence as well as community circumstances. Hiring relatives and friends is not necessarily poor practice in itself. However, it can become problematic if the company hires unqualified people or excludes qualified people as a result. Managing conflicts of interest can be particularly challenging for communities such as Goodfish Lake that depend primarily on one business because alternative options for employment are limited. GFLDC executives realized that it was important for them to manage this conflict because, in their view, the corporation exists for the betterment of the community. The corporation can help the community only if it is effective—and that requires the proper selection of competent people.

7 Indian and Northern Affairs Canada, *Whitefish (Goodfish) Lake First Nation*.

8 CTV News, “Oil Sands Boom Overwhelming Fort McMurray.”

GFLDC addresses this problem in two ways. First, the corporation's focus on competence led it to hire some employees from outside the community in cases where the necessary expertise was lacking in the local population. (For instance, accounts manager Martha Bull was trained at the Alberta Vocational Centre and hired by the company for her expertise. She has been with the company for 17 years. These outside people can bring new insight and share their knowledge with others to build capacity within the corporation and community.) Second, GFLDC implements clearly defined competency profiles for all jobs, and only those who meet these requirements are considered for the selection process.

The most important aspect of this partnership for GFLDC is the trust built with customers based on close communication.

The Importance of Partnerships—Foresight, Continuous Transformation, Trust, and Financial Support

GFLDC focuses on value creation for its customers. It understands that the best and the lowest-cost solutions for its clients require a solid partnership with them. By working with two of their biggest customers—Syncrude Canada and Suncor Energy—GFLDC was able to devise and design better solutions. In the search for the best, lowest-cost solutions, a strong client–corporation relationship is critical. These close relationships allow GFLDC to lower its cost of inventory and to adjust and adapt its production in line with the needs of the client. Syncrude Canada and Suncor Energy constantly inform GFLDC about their business forecasts so as to allow GFLDC to adjust. As a trusted, reliable partner to its main clients, GFLDC is able to maximize future business opportunities by creating innovative ways to provide services to them. The most important aspect of this partnership for GFLDC is the trust built with customers based on close communication.

GFLDC also partners with Royal Bank of Canada (RBC) and INAC. These partnerships have provided GFLDC with the financial support to maintain and

grow its businesses. It is difficult for on-reserve corporations like GFLDC to obtain funding from a bank because they are unable to leverage land as collateral. However, GFLDC worked on a credible business plan that allowed it to secure funding from RBC. An RBC financial advisor studied the corporation's records and business plan in order to understand its circumstances and provide GFLDC with loans. RBC's support was a symbol of their confidence in GFLDC. INAC has been more instrumental to the maintenance and expansion of GFLDC, providing the aforementioned \$1 million in funding toward the new dry cleaning facility in 2005.

A Good Leader Gets Involved—Building a Corporate Culture Based on Employee Well-Being and Providing the Community With a Sense of Ownership

Over the more than 20 years that George Halfe has been with GFLDC, he has demonstrated his excellence as a business leader who gets involved. Halfe's direct involvement with the community allows him to understand its challenges and interests. He responds through policies aimed at delivering on his community's needs and expectations. This is aligned with Chief Bull and the EDC's vision to promote community wellness. Halfe and the EDC also promote employee wellness by building a community culture based on work–life flexibility and providing the community with a sense of ownership of the business.

Because many of the men of Goodfish Lake work in Fort McMurray, GFLDC's enterprises are predominately staffed by females. Halfe estimates that 80 to 85 per cent of Goodfish Garment and Sewing Company's employees and 60 per cent of Goodfish Dry Cleaner's staff are female. While the men are away, the women with children have added responsibilities to family. George Halfe recognizes this and creates flexible schedules that allow them to spend an adequate amount of time with their children.

It is also important to GFLDC that community members feel ownership. GFLDC staff told The Conference Board of Canada that Halfe consults them on major issues and is receptive to their individual opinions and needs.

Maintaining Respect for the Environment

As a band-owned business, GFLDC is an extension of the community. Therefore, it is important that the corporation respects community values. Respect for the environment is particularly important to Goodfish Lake. As such, GFLDC is careful to ensure that its business operations do not harm the environment.

The corporation has implemented an Environmental Management System and has now obtained certification from the International Standards Organization (ISO 1400).

Goodfish Lake Dry Cleaners washes 15,000 to 20,000 coveralls per week and disposes of 12 to 15 barrels of sludge waste every month. This waste includes tetrachlorethylen, which is one of the most toxic chemicals in Canada. GFLDC takes extra precautions to avoid damaging the environment. Goodfish Lake Dry Cleaners said it is careful to identify fugitive emissions and to deal with them in the most environmentally sound manner possible. The company explains that it does not “wet wash” coveralls since wet washing deposits chemicals that are harmful to the environment back into the ground through the plumbing system. Instead, residue from the coveralls is removed and disposed of through a chemical treatment process that turns harsh chemicals into a solvent solid. The corporation has implemented an Environmental Management System and has now obtained certification from the International Standards Organization (ISO 1400). Goodfish Lake Development Corporation is among the first Aboriginal businesses to achieve this standard.

Impacts on the Community—Creating Local Wealth and Employment

The bottom line is not the most important business goal for GFLDC. The company gauges its success, to a large degree, based on the economic and social welfare of the community. For GFLDC, this is based on its primary goal of providing local employment opportunities to community members. Currently, the corporation employs 100 people among its four businesses—88 of these

individuals are First Nations people. GFLDC also redistributes profits back into the community through social events and functions. GFLDC is not only concerned with building internal capacity. It also promotes local economic development through knowledge transfer. This ensures that employees who leave the company to pursue other business opportunities build capacity in the community.

In addition to promoting job creation within the community, GFLDC created Goodfish Lake Employment Agency to improve employment rates for Aboriginal peoples across Canada. This agency has helped many community members to find employment by first placing them in training programs and then in employment positions that suit their needs, skill sets, and preferences. Band Councillor James Jackson said placement rates are 60 per cent for those in the industrial construction workers program and 80 per cent for those in the fire-fighters field.

The bottom line is not the most important business goal for GFLDC. The company gauges its success to a large degree based on the economic and social welfare of the community.

Today, the vision of Chief Sam Bull and the Whitefish Lake Band #128 Economic Development Committee is being realized. GFLDC has provided opportunities to move beyond social dependency to community well-being. The creation of jobs has produced wealth in the community which, in turn, has improved the economic conditions for most families on the reserve. One employee said she used money she saved while working for the Goodfish Lake Sewing and Garment Company to purchase a “bed & breakfast” for her daughters to manage. Other community members said that housing has improved and that an increased number of community members are motivated to further their educations.

In the future, George Halfe said, GFLDC would like the community to develop its infrastructure, particularly its roads and houses. He believes that GFLDC can be a source of funding for these initiatives.

CASE STUDY 2

PIRUQSAIJIT LIMITED

Making Inuit Landlords in Their Own Land

About Piruqsajit Limited

Piruqsajit Limited is a central management company for six Inuit development corporations and a property maintenance company located in Nunavut. (See box “Businesses Managed by Piruqsajit Limited.”) Piruqsajit Limited manages the administration, finance, and property for these enterprises, which collectively, along with Arviat Development Corporation (ADC), own 100 per cent of Piruqsajit Limited. The company is located in Rankin Inlet, Nunavut. The founding of these development corporations is an integral part of Piruqsajit Limited’s story.

A Community in Need of Economic Development

Rankin Inlet, traditionally referred to as “Kangiqliniq” by the Inuit population, is a hamlet of approximately 2,358 residents located on the western coast of Hudson Bay in Nunavut.⁹ Rankin Inlet is considered to be the regional centre for the Kivalliq region and the hub for government, transportation, and communication in Nunavut.¹⁰ The community was established by North Rankin Nickel Mines in 1955.¹¹

The Rankin Inlet economy (and, in turn, the local Inuit) suffered after the local mine closed in 1962.¹² The income disparity that existed between the Inuit and non-Inuit of Rankin Inlet widened with the collapse of the mine; a significant portion of the local wealth was held by the non-Inuit population.

Economic development was thwarted by limited access to land ownership in Nunavut. Under the *Nunavut Land Claims Agreement*, Nunavut lands cannot be owned but only leased for a period of 99 years.¹³ (See box “Land

Businesses Managed by Piruqsajit Limited

- Ilagiiktut Limited (ILA)
- Qamanittuaq Development Corporation (QDC)
- Katujijijit Development Corporation
- Kangiqliniq Development Limited (KDL)
- Tapiriit Developments Ltd. (TDL)
- Ikajuqtigiiit Ltd.
- Kivalliq Property Maintenance

Ownership Barriers.”) Therefore, aspiring Inuit entrepreneurs are unable to leverage land as collateral with which to take out a business loan.

Leaders Unite With a Common Vision—Economic Development for Inuit

Recognizing the need for economic development, early community leaders Mark Kalluk, Guy Alikut, David Oolooyuk, and David Simailak envisioned corporations that would encourage Inuit participation in employment, business ownership, and business opportunities. They approached the government for support.

With financial assistance from the government and private contributions from community leaders, several development corporations were formed in 1985 across the Northwest Territories (and what is today Nunavut) including ILA, ADC, QDC, Katujijijit Corporation, KDL, and Tapiriit Development Ltd. To ensure Inuit benefit from this initiative, the territorial government required that each enterprise maintain an Inuit majority among shareholders.

Land Ownership Barriers

The *Nunavut Land Claims Agreement* states that land in Nunavut is owned by Inuit beneficiaries but is held by the Crown in trust, so that both Inuit and non-Inuit can only lease land for a period of up to 99 years under the current moratorium. Consequently, Inuit in Nunavut cannot use land as collateral when applying for a loan, and they are often categorized as “high risk” by conventional banks and lending institutions.

9 Statistics Canada, “Aboriginal Peoples in Canada in 2006.”

10 Pool, “Rankin Inlet.”

11 Ibid.

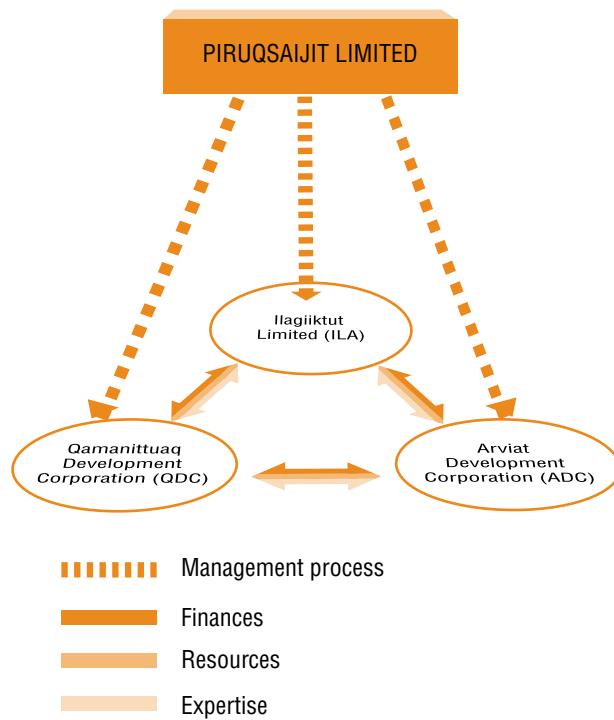
12 Ibid.

13 *Agreement Between the Inuit of the Nunavut Land Settlement Area and Her Majesty the Queen in Right of Canada* (1993).

Strategizing to Survive—System of Mutual Guarantees

The current general manager for Piruqsajit Limited, Warwick Wilkinson, explained that in the start-up years three of the enterprises managed by Piruqsajit Limited (ILA, ADC,¹⁴ and QDC) engaged in a system of mutual financial support that proved to be an essential element in the survival of all three enterprises. (See Exhibit 1.) The enterprises functioned as a cooperative movement where resources, management, and expertise were shared. For example, when one company applied for a loan, all three companies co-signed as a measure of extra security. This helped to offset the “high risk” status they are subject to due to prohibited land ownership in Nunavut. (See Table 4.)

Exhibit 1
Inuit Development Corporations



Source: The Conference Board of Canada.

¹⁴ Management Services provided by Piruqsajit Ltd. to ADC and AHF were terminated in 2007.

The Establishment of Piruqsajit Limited

In the years that followed, it became apparent that these enterprises would need a central agency to manage their finances, administration, and property. To save costs and centralize access to financials, the development corporations pooled their financing, resources, and expertise and created Piruqsajit Limited in 1989—a central management and holding corporation for all the affiliated enterprises. (See box “Businesses Managed by Piruqsajit Limited.”)

Piruqsajit Limited’s former financial controller, Gavin Wilkinson, says the company manages approximately \$75 million worth of assets across Nunavut.

Using a Cooperative System to Develop Assets

Piruqsajit Limited’s former financial controller, Gavin Wilkinson, says the company manages approximately \$75 million worth of assets across Nunavut. The development corporations have purchased and financed several buildings, both residential and commercial. Piruqsajit Limited uses these assets to finance business opportunities for the individual corporations, which results in greater economic opportunities for the community and, therefore, enhanced social well-being.

Maintaining Inuit Ownership and Leadership

In order to ensure that Inuit benefit from these development corporations, it is important that they hire Inuit whenever possible. Piruqsajit Limited is largely Inuit-operated. Currently, 5 of its 10 employees are Inuit. The president of the corporation, David Ooloooyuk, is Inuk, and all members sitting on the Board of Directors are elected from the shareholder base, 100 per cent of whom are Inuit. This allows the board to set strategic direction for the corporations that is aligned with the goals of the Inuit communities in which they operate.

The “South Hire” Approach—Gaining Expertise in Remote Locations and Building Community Capacity

Piruqsajit Limited hires people with technical skills from the south when it requires expertise that is not available in the local population. These “south hires”

are brought in from outside of Nunavut to work for Piruqsajit Limited and to train local Inuit. This method of acquiring expertise and building capacity for corporations is commonly practiced in remote Aboriginal communities, particularly in the North.

In order to best utilize outside expertise, Piruqsajit Limited promotes knowledge transfer among staff. Training staff is an integral part of Piruqsajit's management mission, not only as a means to build capacity within the corporation, but also within the community. Community members who have gained expertise through training can attain jobs in government and other sectors.

Impacts and Outcomes for the Community— Empowering Local Inuit and Creating Community Wellness

Early community leader David Simailak is the former Minister of Finance, Transportation, and Economic Development for Nunavut. He told The Conference Board of Canada that the development corporations have convinced banks and other lending institutions that investments are secure regardless of Nunavut's unique land title ownership laws. As a management company, Piruqsajit Ltd has empowered local Inuit Development Corporations to overcome the challenges of land ownership and allow them to develop residential, commercial, and retail properties.

Community wellness is important to Piruqsajit Limited. It practices corporate-community responsibility by supporting training, cultural events, and arts and recreation in the communities in which they have business interests. It hires local Inuit whenever possible in order to increase access to local employment opportunities for Inuit. This is important for employee recruitment and retention as well as to build capacity in the community. Piruqsajit also invests in cultural activities and sports for community members. It sponsors dog mushes and snowmobile races and provides funding for a local hockey team and women's volleyball team. Piruqsajit allows local artists access to its facilities to sell their artwork to employees, customers, and guests. For supporting these initiatives, the corporation is seen as a leader in the community.

CASE STUDY 3

ATUQTUARVIK CORPORATION

Helping to Build the Economic Foundation in Nunavut

About Atuqtuarvik Corporation

Atuqtuarvik Corporation is an Inuit-owned investment company located in Rankin Inlet, Nunavut. The Corporation was created by Nunavut Tunngavik Incorporated (NTI) and Nunavut Trust¹⁵ to help ensure direct Inuit participation in economic opportunities. Atuqtuarvik Corporation was capitalized at \$70 million, from which it provides loans and equity investments to viable Inuit businesses for the purpose of business start-ups, acquisitions, and expansions.

Atuqtuarvik Corporation was capitalized at \$70 million, from which it provides loans and equity investments to viable Inuit businesses for the purpose of business start-ups, acquisitions, and expansions.

Since commencing operations in June 2000, Atuqtuarvik Corporation has supported the development of numerous business ventures throughout Nunavut in a variety of market sectors. Through the financing services the corporation offers, it is fulfilling its vision of “a strong diversified economy in Nunavut with Atuqtuarvik Corporation providing assistance and support to viable Inuit businesses.” The availability of this financing is enabling Inuit entrepreneurs to acquire the business development loans and business expertise that would not necessarily be available to them from conventional financial institutions.¹⁶ With this assistance, Inuit entrepreneurs are establishing a self-sustaining economy in Nunavut.¹⁷

¹⁵ Nunavut Trust is an association that invests compensation funds from the *Nunavut Land Claims Agreement*, on behalf of the Inuit of Nunavut.

¹⁶ Atuqtuarvik Corporation, *Atuqtuarvik Corporation Strategic Plan 2006–2010*, p. 7.

¹⁷ Ibid.

Providing an Alternative to Conventional Banks

The President and Chief Executive Officer of Atuqtuarvik Corporation, Ken Toner, said the corporation provides an alternative to traditional banks for Inuit businesses that require financing. The corporation understands the territory's unique challenges due to its northern location, weather, transportation, the added costs of doing business, and land ownership barriers. (See box "Land Ownership Barriers.") In addition, "Atuqtuarvik Corporation recognizes the importance of both traditional and non-traditional economies and the value of community involvement in improving the quality of life in Nunavut."¹⁸

"Atuqtuarvik Corporation recognizes the importance of both traditional and non-traditional economies and the value of community involvement in improving the quality of life in Nunavut."

Atuqtuarvik Corporation also plays an important role in assisting Inuit firms to acquire financing from conventional banks and lending institutions.¹⁹ It caters to the unique needs of Inuit business owners within Nunavut, lending to clients who do not meet the loan-to-value ratios sought by banks and other lending institutions. With the help of Atuqtuarvik Corporation financing, clients are able to leverage additional financial support through government programs and other sources for their businesses.²⁰

Rod Hick, Chief Operating Officer of Atuqtuarvik Corporation, said the firm provides loans between \$100,000 and \$3 million per client, with the median for loans and investments being about \$800,000. This range of financing was established because clients requiring less than \$100,000 of capital could apply for financing through Community Futures, while businesses wanting financing greater than \$3 million would typically be able to access financing through a bank.

¹⁸ Atuqtuarvik Corporation, Corporate Profile.

¹⁹ Atuqtuarvik Corporation, *Atuqtuarvik Corporation Strategic Plan 2006–2010*, p. 9.

²⁰ Ibid., p. 11.

Strategies for Smart Investment

Atuqtuarvik Corporation is not a lender of "last resort." Although the corporation provides financing to a broad range of businesses, registered Inuit firms still need to demonstrate financial viability, good management practices, guidelines that benefit Inuit, the ability to leverage financing from conventional sources, as well as a plan to repay loans within a period of 5 to 25 years and equity investments in 5 to 10 years.²¹ Atuqtuarvik Corporation decided not to provide financing in accordance to regional population distributions, but rather to let the market dictate the allocation of financing for various business ventures. Current analysis shows that this approach has worked well, since Atuqtuarvik Corporation's credit portfolio for each of the three Nunavut regions corresponds closely to the regional populations. Likewise, Atuqtuarvik Corporation does not restrict its lending to particular sectors. Financing has been provided for businesses in mining, fisheries, arts, business services, transportation, tourism, retail/service, housing, and commercial real estate.²²

Ensuring Good Board Governance

Good board governance is critical to Atuqtuarvik Corporation. The election of the Board of Directors is carried out by the corporation's shareholders following a recruitment process that the company undertakes to identify candidates with a business background. Atuqtuarvik Corporation is an Inuit-owned and controlled company. Therefore, one of the stipulations for sitting on the board is that the candidate must be an Inuit Beneficiary under the *Nunavut Land Claims Agreement*.

To ensure the integrity of its corporate governance, Atuqtuarvik Corporation maintains transparent processes and management is wholly accountable to the Board of Directors for the operations of the company. As part of this transparency and accountability, annual audited financial statements are presented to the board. As well, the board is informed of the status of the firm's attainment of strategic goals and on all issues that present a risk to the company, including financial,

²¹ Ibid., p. 6.

²² Ibid., p. 7.

operational, and portfolio monitoring. It is also significant that, following extensive analyses of credit applications, all final credit decisions are made by the board. Ultimately, the company is accountable to the shareholders through the reporting mechanisms at annual general meetings.

Because of Nunavut's small population, conflict of interest is always a challenge. However, by having well-developed guidelines around conflict of interest, the corporation can deal with potential conflicts in a proactive manner. The corporation also adheres to privacy and confidentiality guidelines that are consistently enforced. These policies mean that details about clients are shared only with the Board of Directors.

For Atuqtuarvik Corporation, corporate governance is central to the company. To this end, board development revolves around governance training, which in turn helps to further the business outcomes of the corporation.

Building Internal Expertise and Community Capacity

Mentorship, training, and education are required to build expertise in any business. As a means of building internal capacity and expertise, Atuqtuarvik Corporation provides employees with the opportunity for ongoing professional development and training. Several of Atuqtuarvik Corporation's employees have successfully completed multi-year training programs. In order to ensure that education and training remain priorities, the Board of Directors passed a resolution promoting and supporting professional development and training. Monies are allocated annually to pay for these programs.

Atuqtuarvik Corporation has spent an annual average of \$60,000 on training staff and board members over the last five years. This works out to at least \$5,000 per individual per year. By entering into training protocol agreements with organizations such as the Nunavut Implementation Training Committee, the corporation has received funding to subsidize training initiatives. Employees are engaged in formal training and education as well as on-the-job training to build skills and leadership capacity. Formal training includes workshops and courses on-site and online. On-the-job training includes coaching and mentoring.

When expertise is not available locally, Atuqtuarvik Corporation hires from outside of the community. These employees, called "south hires," share their expertise with other staff. This occurs even at the Chief Executive Officer level. A "south hire" himself, Ken Toner said this method has been effective for the firm.

The Board of Directors passed a resolution promoting and supporting professional development and training.

In addition, the corporation outsources some tasks to experts outside the community in order to provide credible analysis to a wide variety of client markets and industries.

The Importance of Planning

Atuqtuarvik Corporation devised its second five-year strategic plan in 2006. The plan outlines four strategies to achieve the corporation's overall goal of attaining the "optimal level of capitalization to meet the demand for financing from Inuit-owned businesses." These strategies include "maintaining the status quo, but with increased capital provided by the Nunavut Trust" (limited growth); managing other financial programs in Nunavut (limited expansion); "partner[ing] with a bank to improve access to financial services in Nunavut communities" (an investment partnership); and, "[evolving] into a full-service bank" (unilateral growth).²³ These four strategies are being worked on simultaneously. For example, Atuqtuarvik Corporation has moved forward with limited expansion while also seeking out and establishing investment partnerships.

In accordance with its strategic plan, the corporation has entered into a significant shareholder position with the First Nations Bank of Canada (FNBC). Atuqtuarvik Corporation chairperson John Hickes said the corporation's partnership with FNBC is particularly important because First Nations Bank is experienced at servicing small, remote, Aboriginal communities. The recent closing of this deal translates into several long-term benefits for Inuit Beneficiaries and Nunavut. As majority

23 Ibid., p. 17.

shareholders (through their ownership of Atuqtuarvik Corporation), Inuit now have a substantial stake in a financial institution that will offer additional financial services in Nunavut. These services will be provided through the establishment of a branch and agency banking, initially in three communities. Inuit will have influence in FNBC because its investment offers them a seat on its Board. The deal also calls for definite levels of direct investment into Nunavut through commercial loans. Another positive effect of this partnership is that FNBC's investment in Nunavut will help re-capitalize Atuqtuarvik Corporation with its purchase of some of the company's mature loans. This mutual relationship is significant because the corporation can then deploy the new capital into the financing of Inuit businesses, helping to achieve Atuqtuarvik Corporation's strategic goal of optimal capitalization.

Changing to Overcome Challenges

Atuqtuarvik Corporation has evolved during its existence by making the necessary changes to meet growing financing demands. Not only is the corporation getting involved in more equity investments but financing is more frequently sought out by clients who are expanding their businesses rather than by individuals starting new businesses. John Hickes attributes this to the fact that the corporation has been successful in assisting entrepreneurs to establish their businesses, so that many who require assistance years later need it for business expansion. He also said that Atuqtuarvik Corporation is lending into the market more than ever before. The company's credit portfolio consists of 38 clients who currently have 58 loans and equity investments Nunavut-wide. These loans and investments represent \$68 million that has been put into the Nunavut economy over the past seven years.

The corporation has seen a significant increase in applications for loans over the years and a notable increase in higher-risk applicants. In its strategic plan, Atuqtuarvik Corporation reported that funding from government lending agencies that formerly provided funds to higher-risk Aboriginal businesses and on a last resort basis became less accessible after 1996. This can be explained by the fact that other major funding

sources for Inuit businesses underwent changes during this time period. As a result, Ken Toner said, a greater number of Inuit entrepreneurs have been applying for financing from Atuqtuarvik Corporation.

The company's credit portfolio consists of 38 clients who currently have 58 loans and equity investments Nunavut-wide. These loans and investments represent \$68 million that has been put into the Nunavut economy over the past seven years.

Atuqtuarvik Corporation is constantly addressing challenges as they arise. As noted previously, one of the main challenges Atuqtuarvik Corporation deals with is locating additional capitalization to meet the demand for financing. They have partnered with FNBC to become the first bank for Nunavut to help leverage capital. Another challenge is making sure that Atuqtuarvik Corporation is accessible to potential clients. This issue is brought forward in Atuqtuarvik Corporation's five-year strategic plan.²⁴ The corporation is dealing with this challenge by improving its public relations through the development of a communications strategy, including an up-to-date website (www.atuqtuarvik.com). In this way, the corporation can clarify its purposes, goals, and services.²⁵

Giving Back to the Community

Atuqtuarvik Corporation remains active in Nunavut communities. In addition to hiring Inuit employees and assisting Inuit entrepreneurs to acquire financing for business ventures, the corporation practices corporate-community responsibility. Atuqtuarvik Corporation provides corporate donations to a variety of organizations and individuals throughout Nunavut. The corporation donates money to help enhance community services, such as daycares, playgrounds, and sports teams. As well, Atuqtuarvik Corporation has donated to charitable events (such as the Midnight Sun Run that provides shoes for kids) and to initiatives that send youth to business

24 Ibid., p. 10.

25 Ibid.

conferences. The corporation also supports communities' economies by purchasing local artists' artwork and carvings to present to its clients and partners as gifts. On a larger scale, Atuqtuarvik Corporation partnered for several years with the Canadian Council for Aboriginal Business when it became a sponsor of the Foundation for the Advancement of Aboriginal Youth (FAAY). This foundation saw the corporation's significant contributions benefit Inuit students through the awarding of scholarships and bursaries for post-secondary education.

Overall, through the provision of loans and equity investments to Inuit businesses in Nunavut, Atuqtuarvik Corporation has helped to improve the economy of Nunavut as a whole. The corporation has provided \$68 million in financing to Inuit business within Nunavut, 64 per cent of which has been for business development.²⁶ The corporation will continue to assist in stimulating and developing Inuit-owned and controlled businesses by improving access to reliable sources of financing and/or equity investment.

CASE STUDY 4

DONNA CONA INC.

Aboriginal Business Off the Reserve—Risky Business?

John Bernard's Story—The Evolution of a Successful Entrepreneur

John Bernard, President and Chief Executive Officer of Donna Cona Inc., is the backbone of his company. An intelligent, confident, and personable man, Bernard embodies the qualities of an effective business leader. Most notable about his character is his ability to take calculated risks. His message—"Go where the market is!"—encourages Aboriginal entrepreneurs to venture off-reserve if necessary. In a time when economic development is needed on reserves, this message is controversial. However, it is also timely, with nearly three-quarters of Aboriginal peoples in Canada now living off reserves.²⁷

Bernard grew up on a Madawaska Maliseet reserve in New Brunswick as the son of an Aboriginal entrepreneur. His father owned a small cigarette shop on the reserve. The shop was successful until the band opened a general store in the community. The band-owned store was exempt from certain taxes, which allowed it to undercut the prices at his father's shop. As a small business, it could not compete with the band-owned store. As a result, the Bernard family sold their business to the band.

His message—"Go where the market is!"—although controversial, is also timely, with nearly three-quarters of Aboriginal peoples in Canada now living off reserves.

Bernard, however, inherited his father's entrepreneurial spirit. In 1996, after spending over 10 years working for other people in the high-tech industry, he decided to create his own company. His company, Donna Cona Inc., offers information technology and business consulting services (primarily to Aboriginal businesses). In order to avoid the same dilemma his father faced, and to gain access to a larger market, Bernard decided to locate his business off the reserve. Donna Cona now has offices in Winnipeg, Vancouver, and Ottawa. The company has been very successful, and is today Canada's largest Aboriginal-owned technology solutions business.

Overcoming the Off-Reserve Social Stigma

Although Bernard enjoys business success off-reserve, his urban location presents challenges. He said that despite the prevalence of off-reserve Aboriginal enterprises, Aboriginal entrepreneurs who leave the reserve to pursue business endeavors are sometimes criticized. Bernard's response to criticism is that by going to larger markets the business is able to generate profit, which it invests back into Aboriginal charities and initiatives. For example, in 2006, Donna Cona (in coalition with EnCana, Ironhorse Oil and Gas, Grand River Enterprises, and Louisburg Pipelines) donated \$58,000 toward the Make Poverty History for First Nations: The First Nations Plan for Creating Opportunity campaign at the Assembly of First Nations Christmas party.²⁸

²⁶ Atuqtuarvik Corporation.

²⁷ Statistics Canada, "Aboriginal Peoples in Canada in 2006."

²⁸ Molley, "Donna Cona and EnCana Start a Friendly Bidding War."

Tapping Into New Territory

Donna Cona also experiences difficulties related to the way in which Aboriginal businesses are perceived. Bernard said information technology and business consulting services are not typical industries for Aboriginal business. He went on to say the perception that Aboriginal peoples are not as adept in these industries is held by both Aboriginal and non-Aboriginal people. As a result of these stereotypes, Donna Cona sometimes loses customers and has difficulties attracting and engaging skilled Aboriginal employees.

Attracting and Engaging Aboriginal Employees

There is a skills shortage among Aboriginal peoples in information technology and business consulting, which makes it difficult for Donna Cona to employ as many Aboriginal workers as Bernard would like. Approximately half of the 42 employees at Donna Cona are Aboriginal, and the business has strategies in place to increase this percentage.

Donna Cona redistributes 18 per cent of all pre-tax profits to its employees. This year, that will amount to \$172,000 distributed among 60 employees.

Donna Cona is making efforts to recruit and retain a greater number of Aboriginal employees. The company trains Aboriginal student interns, some of whom are hired upon graduation from their programs. Donna Cona builds capacity for Aboriginal youth whether it benefits the company directly or not. To retain its employees, Donna Cona offers competitive salaries and quarterly bonuses for work well done. Chief Operating Officer Garry Fox said Donna Cona redistributes 18 per cent of all pre-tax profits to its employees. This year, that will amount to \$172,000 distributed among 60 employees.

Combatting Misconceptions—Attitude, Experience, and Public Relations

Bernard says Aboriginal peoples are often misrepresented as being less business savvy in general. He does not believe his culture limits his success in business nor should it alter how he is viewed as a business person: “There should be no difference between an Aboriginal business and a non-Aboriginal business in providing

services, but the difference is that if one Aboriginal business fails, they all get painted with the same brush.” According to Bernard, attitude, experience, and effective public relations are three things that Aboriginal entrepreneurs can use to overcome this challenge.

Adopting the Right Attitude

Bernard said one mistake Aboriginal entrepreneurs commonly make is that they allow their cultural identities to overshadow their identities as business persons. He said Aboriginal business owners must overcome the challenges that negative stereotypes present by “showing up to work as a business person first.” Regardless of one’s cultural background, good business practice must be a priority in the workplace.

Developing Expertise Through Experience

Once the right attitude has been adopted, Aboriginal entrepreneurs need to ensure that they have the expertise and industry-specific capacity to run a successful business. Bernard was careful to gain business experience before creating Donna Cona. He developed his information technology and managerial skills while employed for other companies. However, he attributes the majority of his expertise to his experience at Systems Interface and his work in partnership with Sierra Systems Group, a multimillion-dollar information services company. In 1992, after two years of working for Systems Interface, Bernard was made vice-president and partner of the company. In partnership with Systems Interface, Bernard created the spinoff company Donna Cona Inc. in 1996. Three years later, Sierra Systems Group became Bernard’s new partner when it acquired Systems Interface and its 49 per cent equity position in Donna Cona. From these partnerships, he developed his knowledge of financial and accounting policies. Gaining this experience and expertise, he said, is a key step to success that many Aboriginal entrepreneurs overlook.

In 2002, Donna Cona became a privately held company when it bought out Sierra Systems Group’s 49 per cent interest. The decision to become independent was based on the realization of the company’s long-term plan of building capacity. It was critical to the success of Donna Cona to have this capacity in place before buying out Sierra Systems Group’s interest.

Building Capacity With Partnerships

Building capacity is an ongoing process for Donna Cona, and engaging in partnerships has been essential to this process. Donna Cona partners with Aboriginal and non-Aboriginal information technology service companies, one-person consulting firms, and large, multi-national companies, such as IBM and CGI. It also has product partnerships with Micro, Storagetek, Veritas, and Nortel. It has previously partnered with Sun Microsystems and Hughes Satellite Corporation. Additionally, Donna Cona partners with its own spinoff company Bell & Bernard, an Aboriginal business consulting service. In the next few years, Bernard hopes to develop another spinoff company that will provide services to oil and gas companies.

Donna Cona has used its partnerships with other businesses for various purposes over the years. Most notably, these partnerships have been instrumental in gaining the human resource capacity to effectively compete for contracts and to recruit both information technology resources and experienced management consultants.

Building capacity is an ongoing process for Donna Cona, and engaging in partnerships has been essential to this process.

Changing Perceptions With Public Relations

Donna Cona has developed a communications strategy to change common negative misperceptions about Aboriginal business, particularly as they pertain to Donna Cona. Anna Molley is the Public Relations and Marketing Manager at Donna Cona. She writes articles, participates in interviews, and uses other media to get the word out about the company.

Giving Back to the Aboriginal Community at Large

As an off-reserve business, Donna Cona does not have a “home” community to which all of its charitable initiatives are devoted. Rather, the company focuses on corporate responsibility initiatives that are targeted to Aboriginal populations across Canada. Bernard said his company purchases products and services from Aboriginal people and businesses whenever possible.

Donna Cona supports various charities, such as the Igniting the Spirit fundraiser for Aboriginal youth and children, and Make Poverty History: The First Nations Plan for Creating Opportunity. The company also promotes educational initiatives for Aboriginal peoples. Donna Cona started a scholarship fund for Aboriginal students enrolled in the computer sciences program at Trent University. The business also supports TeknoWave, a program dedicated to providing educational opportunities for Aboriginal peoples.

As an off-reserve business, Donna Cona does not have a “home” community to which all of its charitable initiatives are devoted. Rather, the company focuses on corporate responsibility initiatives that are targeted to Aboriginal populations across Canada.

Overall, Bernard is optimistic about the future of Donna Cona. His vision, he said, is for Donna Cona to become the biggest Aboriginal firm in Canada.

CASE STUDY 5

CAISSE POPULAIRE KAHNAWAKE

A Profitable Partnership Builds a Caisse for Kahnawake

About Caisse Populaire Kahnawake

Caisse Populaire Kahnawake is a savings and credit union institution formed in 1987. The caisse was created to retain and intermediate money in the community of Kahnawake near Montréal, Quebec, and to allow the community to use its own rules to access credit and loans. Caisse Populaire Kahnawake adopted the caisse populaire/credit union model but adapted it to the community, taking into consideration Aboriginal laws and culture.²⁹ The caisse provides a complete range of savings and lending (housing, personal, commercial, institutional, etc.) services to individuals and commercial businesses. The Mohawks of Kahnawake have one of the highest per family annual incomes of any First Nations

²⁹ Kurimoto and Cronan, “Review of International Co-operation.”

community in Canada.³⁰ While the community's proximity to Montréal contributes to its prosperity, Caisse Populaire Kahnawake has helped to develop the local economy. Since its creation, the caisse has grown to over \$130 million in assets.

The fact that most conventional banks require that the borrower use land as collateral was a barrier for local Mohawk entrepreneurs, who are restricted from mortgaging land under section 89(1) of the *Indian Act*.

The Indian Act—A Barrier to Creating a Local Economy in Kahnawake

Kahnawake is a Mohawk community of between 6,000 and 7,000 residents located across the Mercier Bridge from Montréal. The current general manager for the caisse, Mandie Montour, said its proximity to Montréal created affluence in the community but thwarted the development of a local economy. Michael Rice was the founder and first general manager of Caisse Populaire Kahnawake. He was also Economic Development Officer for the Mohawk Council of Kahnawake during the caisse's inception. Rice wanted to develop a self-contained economy in Kahnawake and understood that this would require the development of local businesses owned by community members. However, the fact that most conventional banks require that the borrower use land as collateral was a barrier for local Mohawk entrepreneurs, who are restricted from mortgaging land under section 89(1) of the *Indian Act*. Under this section, Aboriginal persons residing on a reserve in Canada cannot mortgage property since "the real and personal property of an Indian or a band situated on a reserve is not subject to charge, pledge, mortgage, attachment, levy, seizure, distress, or execution in favour or at the instance of any person other than an Indian."³¹

Adopting the Caisse Populaire Model and Adapting it to Local Circumstances

Caisse Populaire Kahnawake was opened as a franchise of Caisses Populaires Desjardins Federation in 1987. To work past the limitations imposed by the *Indian Act*,

Rice and his team recommended the credit union, or caisse populaire, model. To allow the institution to operate like any mainstream caisse, a "trustee agreement" was developed with the consultation of legal professionals and the support of Indian and Northern Affairs Canada, the Mohawk Council of Kahnawake, and Caisses Populaires Desjardins Federation (also known as the Movement Desjardins).

The "trustee agreement" allows community members to act as third-party trustees when loans are granted. To secure a loan, the caisse requires three community members to jointly engage in the agreement. If the loan recipient is unable to repay the caisse, the trustees can then sell the land in order to reimburse the caisse. The trustees must verify there is indeed a default, and in this fashion they look out for the interests of both the caisse and the borrower. The land and the building sitting on the land can then be publicly auctioned off to community members. Kahnawake is the only reserve in Canada to engage in this system.

The caisse populaire model was appealing because it aligned with the community's needs. As a co-operative, the caisse is community oriented, providing services to members rather than customers. These members can help to make decisions and to elect officers at annual meetings. Caisse Populaire Kahnawake also considers the unique labour patterns of the local population when evaluating loan applicants. The caisse takes into consideration the fact that half the male population in Kahnawake works seasonally in the construction industry.³²

Building Internal Capacity Through Knowledge Sharing

Many community members were reluctant to embrace the development of a financial institution in Kahnawake. This was, in part, because Caisse Populaire is a French institution and most community members are not fluent in French. Montour explained that this became especially challenging for employees who were trained by the federation because training was in French. In order to avoid this language barrier, the caisse now does most training in English in-house and has translated much of its services into English.

30 Mohawk Internet Technologies, "Community Profile."

31 Canadian Legal Information Institute, "Indian Act: Restriction on Mortgage."

32 Girard and Faubert-Mailloux, "Caisse Populaire Kahnawake."

In its formative years, Caisse Populaire Kahnawake had only five employees and was located in what was formerly a residence for Royal Canadian Mounted Police officers. For the first 12 years, the caisse focused on building its internal capacity. Some of its initial staff members were trained by the Caisses Populaires Desjardins Federation and, in turn, trained one another through a process of knowledge sharing. In 2001, Caisse Populaire Kahnawake developed a team-based training process that encouraged knowledge sharing. Employees were divided into diverse groups to share knowledge about products and services with one another. Teams were strategically composed based on experience and relational competencies, with at least one clerk and one advisor in each group. In 2005, the caisse implemented a mentoring system to train employees in-house.

Some of its initial staff members were trained by the Caisses Populaires Desjardins Federation and, in turn, trained one another through a process of knowledge sharing.

Montour said the caisse developed a new hiring process in 2003, also based on relational competencies, which consists of a personality test and an interview. She said that focusing on relational skills allows the recruiter to assess potential as well as expertise. Education, experience, and skills are all considered during this process. Implementing an effective hiring process is crucial because replacements are often required for employees on maternity leave. The caisse's human resource team is always evaluating internal resources and determining if there are any areas for future development. When the management of the caisse does find potential for development in employees, it sends them for testing and training. However, if the expertise is not available within the caisse, it looks to the community for potential.

Customer Service Agent at Caisse Populaire Kahnawake, Darlene Horne, said one challenge for the caisse is conflict of interest. She said that, in general, everyone knows everyone's history and is related to one another in some way. The caisse practices sound governance to offset this problem.

Borrowing a Board Governance System That Works

Caisse Populaire Kahnawake borrows its governance structure from the Caisses Populaires Desjardins Federation. The Board of Directors is made up of seven community members elected by residents of Kahnawake. Terms are staggered and rotate every three years and calls for seats are annual. Linda Deer has been a member of the board since its establishment over 20 years ago. She said the board is stable, with all other members holding seats for over a decade. She explained that board members have gained expertise governing the caisse from this experience.

Deer said most people who sit on the board have expertise in business and are involved in the community. She said she believes most board members are involved because they have a genuine interest in the community. The board gauges Caisse Populaire Kahnawake's success largely on the degree to which the community benefits from it. As such, profit is important insofar as it helps the caisse to achieve the goals for the community.

The board also promotes transparency and accountability. Its mandatory annual reports and minutes from annual general meetings are made publicly available. To monitor the Board of Directors, the caisse has a Board of Supervisors in place. The Board of Supervisors deals with ethics, conflict of interest, the rules of the caisse, and the internal relations of the caisse. It meets with the Board of Directors twice a year.

Overcoming Oka—Taking Risks to Overcome Barriers and Build Trust

Essential to good governance has been sound management. Louie John Diabo worked as an economic development advisor for Kahnawake throughout the last decade. He said founder and first general manager Michael Rice was essential to the success of the caisse. Diabo said Rice was a good manager who embodied many of the qualities of a good leader, including intelligence, good customer service skills, sincerity, and honesty. Rice was always an advocate for both employees and the community—and with his Master of Business Administration degree, he also had the educational background to lead well.

Particularly important was Rice's dedication to the community during difficult times. Nearly all community members and employees of the caisse referred to Rice's actions during the Oka crisis as exemplary of his good character as a leader. During the Oka crisis of 1990, residents of Kahnawake protested the development of a golf course at the Mohawk community of Kanesatake near Oka. The 72-day standoff between the Mohawks on one side and the Quebec police and the Canadian Armed Forces on the other included a security blockade under which Mohawks leaving their territory were not allowed to return. As the crisis dragged on through the summer, Rice, along with other members of the caisse, travelled by boat across the St. Lawrence to secure money in Dorval so that community members could cash their cheques at the caisse. His heroic leadership during this crisis and genuine compassion thereafter earned the trust of his staff as well as caisse members and the community as a whole.

Corporate–Community Responsibility

Caisse Populaire Kahnawake practices corporate–community responsibility. Deer said Aboriginal businesses tend to be more community centred and family focused. "For Aboriginal businesses," she said, "the benefit is not simply for ourselves—at the end of the year we have to answer to the whole community."

"For Aboriginal businesses, the benefit is not simply for ourselves—at the end of the year we have to answer to the whole community."

One challenge for the caisse was that the community thought it was not giving enough back. Deer attributes this to the fact that the caisse was not practicing good public relations at the time. The caisse has overcome this reputation by using the community's television station, radio station, and post office to broadcast events and initiatives it supports. It has been giving back in the form of donations since its establishment in 1987. The creation of the Community Development Fund in 2004, which redistributes money back into the community, allowed the caisse to raise its profile and become more actively

involved. The money is invested in various charities and projects that promote social and economic well-being in the community.

Between internal programs, donations, and the Community Development Fund, Caisse Populaire Kahnawake has been involved with numerous community initiatives over the last 20 years. Recent projects include the community's skateboard park, the Quebec bridge memorial (commemorating the 1907 collapse of the bridge in which 75 construction workers, including 33 Mohawks, died), the Echoes of a Proud Nation powwow, a spring cleanup program, and the Christmas with Elders initiative. In addition, the fund used money donated by the caisse to support a series of shows, tree plantings, a country music night, and a ball. The Board of Directors for Caisse Populaire Kahnawake negotiated with the Desjardins federation for permission to give a greater portion of its profits back to the community. In 2006, the caisse invested \$60,000 of its profits directly into the community.

Impacts and Outcomes for Kahnawake

With the caisse holding over \$130 million in assets, the Mohawks of Kahnawake have one of the highest per family annual incomes of any First Nations community in Canada.³³ Although proximity to Montréal has contributed to their prosperity, local economic development has allowed the community to benefit more fully from economic gains. As a co-operative, the caisse shares its profits with its members and since 2003 has paid cumulative dividends of just under \$4 million. The caisse has also helped to instill a sense of pride in the people of Kahnawake. Community members feel they have a say in the development and that they are taken seriously by the caisse.

Caisse Populaire Kahnawake has also had positive social impacts on the community. Some interviewees said that Caisse Populaire Kahnawake has inspired community members to further pursue their education, with more people in Kahnawake attending university now than ever before.

³³ Mohawk Internet Technologies, "Community Profile."

CHAPTER 3

Valuing Leadership, Partnerships, and Knowledge Transfer in Aboriginal Businesses

Chapter Summary

- ◆ Eight criteria for effective Aboriginal business leaders—vision, execution, confidence and strong self-presence, the ability to facilitate knowledge transfer, expert networking skills, community advocate skills, calculated risk taking abilities, and strategic planning—are identified.
- ◆ Effective Aboriginal business leaders are role models after whom employees and community members model their values and actions.
- ◆ Effective Aboriginal business leaders engage in leadership transfer and encourage leadership transfer among others to build leadership capacity in their businesses and communities.
- ◆ In Aboriginal business, legendary leaders are those who are remembered for contributing to the survival and success of their businesses and communities. Their long-term vision and character are honoured and remembered by the business (and sometimes community) long after they have left.

The five case studies profiled illustrate the value of leadership, partnerships, and knowledge transfer for Aboriginal businesses. This section of the report will explore challenges faced by the businesses and effective strategies that address these challenges. It will synthesize the findings into a framework Aboriginal business leaders can draw from to develop their own models of success. The framework consists of three common elements—leadership, partnerships, and knowledge transfer—each containing various attributes that will also be explored.

THE VALUE OF LEADERSHIP WITHIN ABORIGINAL BUSINESSES

Strong leadership is a key component of success in Aboriginal business, as demonstrated by the five case studies in this report. Prior to the implementation of the *Indian Act*, Aboriginal peoples had adaptive and complex leadership practices in place in their societies.¹ Leaders acted as the “voice” of the community and were either determined through a hereditary system or elected by “an elder, a group of elders, or the people.”² These leaders enforced the values and beliefs of their communities.³ Strategic decision making was a priority

1 International Leadership Association, “First Nations Leadership: The Changing Landscape.”

2 Ibid.

3 Ibid.

for Aboriginal leaders. Anishnaabe and Iroquois leaders made decisions based on the impact they projected a given action would have on seven generations:

The “Seven Generations” philosophy not only prophesizes hope but also describes the decision-making process and orientation towards strategic collective-community positioning. In response to this philosophy, in making decisions for the community, leaders would critically reflect upon the past to identify patterns and other essential learning. Then they would carefully evaluate the current landscape and make critical connections between past and present. Finally, the future would be anticipated. Decision making in this context was accepted as being a very serious process because it was understood that family and community (our children’s children) would be directly impacted well into the future by decisions made in the present.⁴

Aboriginal leaders also applied Indigenous philosophies to their decision-making processes, including “deep understandings of the environment—the earth and the ‘cosmos’ and the harmony and balance on which survival depends.”⁵ With the institutionalizing of the *Indian Act*, other modes of leadership were imposed on Aboriginal communities, including band, tribal, and hamlet councils centred on elected chief systems. This creates unique challenges for Aboriginal businesses and aspiring Aboriginal entrepreneurs. The case studies profiled in this report show that these challenges can be resolved through implementing leadership models that apply Indigenous leadership philosophies to business.

Effective Aboriginal leadership depends on a process of building leadership capacity and transferring leadership. In its optimal state, this process sometimes creates legendary leaders. The following three sections outline this process:

- ◆ Building Leadership Capacity
- ◆ Leadership Transfer
- ◆ Legendary Leaders

⁴ Ibid.

⁵ Ibid.

BUILDING LEADERSHIP CAPACITY

Leadership capacity is essential to good governance structures and strategic direction in any business. To build leadership in Aboriginal businesses, it is first necessary to determine which attributes define good Aboriginal leaders.

Most criteria for good business leadership apply to Aboriginal and non-Aboriginal people alike. However, Aboriginal business leaders face unique circumstances related to legislation, culture, and historical experience that influence the characteristics required for them to be successful business leaders.⁶

These challenges can be resolved through implementing leadership models that apply Indigenous leadership philosophies to business.

Eight criteria for effective Aboriginal business leaders are identified below, drawn from the five case studies profiled in this report:

- ◆ **Vision:** Effective Aboriginal business leaders recognize business opportunities that align their community’s needs with their resource capacity. Their corporate vision is based on Indigenous philosophies, including harmony and balance and respect for the environment and the community.⁷ They are innovative and creative and encourage these traits in others.
- ◆ **Execution:** Effective Aboriginal leaders understand that execution is paramount to business success. They create a business plan that aligns with their corporate vision and mandates, commit to it, and continuously implement it.
- ◆ **Confidence and strong self-presence:** Effective Aboriginal business leaders emanate confidence and maintain a strong self-presence. Their advice and guidance are sought after and respected by community members and non-community members.

⁶ Wotherspoon and Butler. “Informal Learning: Cultural Experiences and Entrepreneurship Among Aboriginal People.”

⁷ International Leadership Association, “First Nations Leadership: The Changing Landscape.”

- ◆ **The ability to facilitate knowledge transfer:** Effective Aboriginal business leaders share their wisdom and expertise. They transfer their knowledge to others within the business and community. They encourage and help facilitate the transfer of knowledge among others.
- ◆ **Expert networking skills:** Effective Aboriginal business leaders are expert networkers. They have profound convening power and use this power to benefit the community. As expert networkers, effective Aboriginal business leaders are proficient at developing and maintaining partnerships with other businesses, organizations, and institutions.
- ◆ **Community advocate skills:** Effective Aboriginal business leaders are advocates for their communities. They represent the interests of community members and mitigate conflicts tactfully. They encourage initiatives that benefit the community and protect the businesses from those that do not align with its goals. Cultural pride and preservation are priorities for effective Aboriginal business leaders.
- ◆ **Calculated risk-taking abilities:** Effective Aboriginal business leaders understand that risk taking is sometimes important to business success. They are strategic in risk evaluation, weighing the cost against the likelihood that they will succeed and the value of that potential success. They understand that it is equally as important to know when action is required as it is to know when inaction is best.
- ◆ **Strategic planning:** Effective Aboriginal business leaders have foresight in setting the goals and objectives of their business. They consider the impacts a given decision will have on future generations with the goal of achieving long-term survival for their business and, in the case of community-based businesses, community prosperity.

Ideally, effective Aboriginal business leaders would embody all the qualities listed above. However, there are always areas for improvement. Effective Aboriginal business leaders should evaluate their strengths and weaknesses on an ongoing basis and draw on the expertise of others to compensate for weaknesses in the areas where they need improvement.

Successful Aboriginal businesses recruit and retain individuals who encompass the qualities listed above. They also implement training and development initiatives to grow internal leadership capacity.

LEADERSHIP TRANSFER IN ABORIGINAL BUSINESSES

Effective Aboriginal business leaders are role models—employees and community members model their values and actions after those of effective leaders. They utilize, learn from, and transfer leadership knowledge back to others to build leadership capacity in their businesses and communities. Effective Aboriginal business leaders engage in leadership transfer and encourage leadership transfer among others.

Leadership can be transferred through formal education and training initiatives or through an informal coaching and mentoring approach. The case studies profiled in this report collectively engage in both methods.

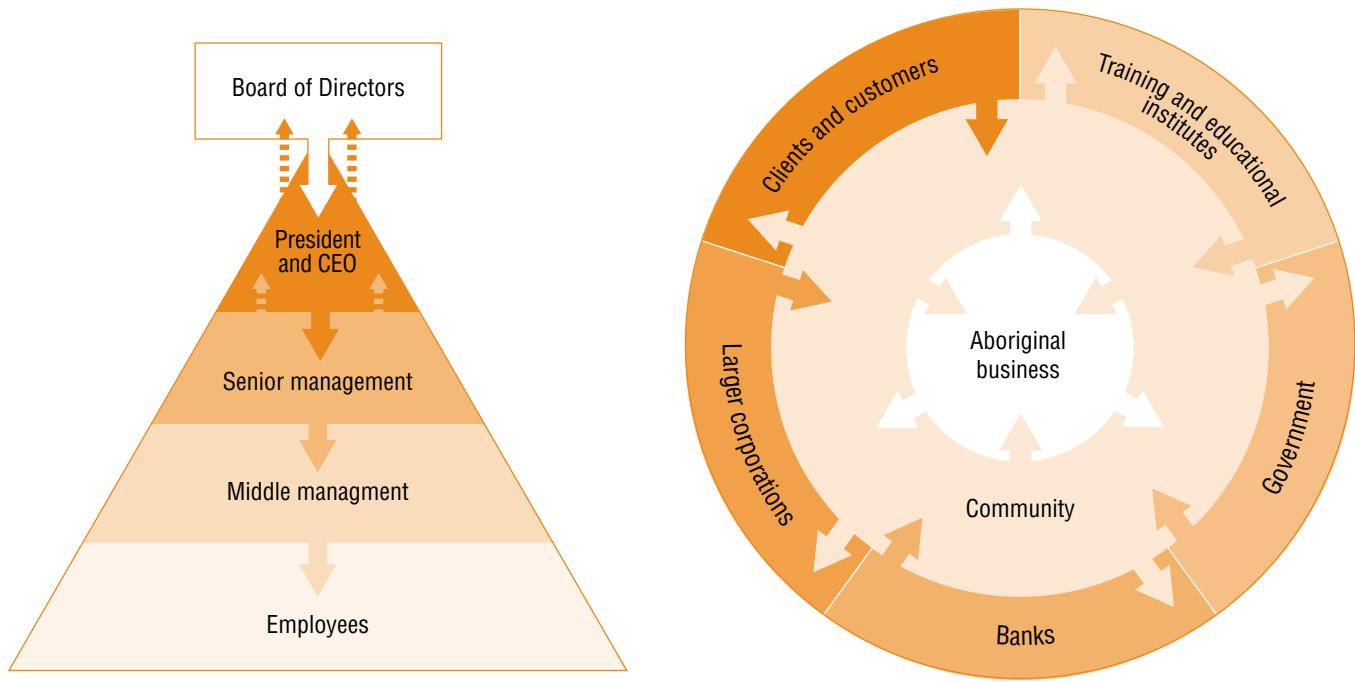
Effective Aboriginal business leaders utilize, learn from, and transfer leadership knowledge back to others to build leadership capacity in their businesses and communities.

Exhibit 2 illustrates the ideal model for leadership transfer, which can also be applied to knowledge transfer.

The circular shape of the diagram represents the cyclical nature of leadership transfer—leadership transferred from the business to the community will eventually be transferred back to the business again, reinforcing the cycle. The multidirectional arrows between the concentric circles reflect an egalitarian, democratic, and cooperative approach to leadership transfer—transfers occur between Aboriginal business, community, and external bodies in both directions.

Ideally, leadership transfer is ongoing and reciprocal between the Aboriginal business and these constituents. Often with Aboriginal businesses, this communal or collaborative aspect is more pronounced in that the “leader” is representative of a collective (such as the

Exhibit 2
The Aboriginal Leadership Transfer Model



**CONVENTIONAL NON-aboriginal
LEADERSHIP TRANSFER MODEL**

- Hierarchical, “top down” approach.
- Leadership transfer is linear, unidirectional, and individualistic.
- Community is seen as separate from the business.
- Insular model, focusing on leadership transfer internal to the business.

**aboriginal
LEADERSHIP TRANSFER MODEL**

- Egalitarian, democratic approach.
- Leadership transfer is cyclical, multidirectional, and cooperative.
- Community is central to the business.
- Holistic and open model, focusing on leadership transfer from many entities external to the business, including the community, training and educational institutions, other businesses, and clients and customers.

Note: Although conventional non-Aboriginal leader transfer (and expertise transfer) models are “top down” in their approach, more contemporary models are more multidirectional in that transfers occur across levels. Different businesses implement different models depending on their respective corporate cultures. Additionally, both leadership and knowledge may be transferred when senior management reports back to the CEO or when the CEO reports back to the board of directors. Optimally, all levels would draw on one another’s strengths.

Source: The Conference Board of Canada.

business, community, or a group of Elders).

Collaborative or communal leadership was common across the case studies profiled in this report.

LEGENDARY LEADERS

In Aboriginal cultures, storytelling is central. Important lessons, historical events, and people are often honoured through oral history. Legendary leaders are those who

merit stories, earning their status through heroic acts, great vision, and the ensuring of group survival. Legends reinforce in others the strength of character and heroic acts of a leader.

In Aboriginal business, legendary leaders are those who are remembered for contributing to the survival and success of their businesses and communities. Their

long-term vision and character are honoured and remembered by the business (and sometimes community) long after they have left. The following legendary leaders are drawn from the case studies in this report.

Brave Legendary Leaders—John Bernard

John Bernard's legacy is his drive to make Donna Cona Inc. Canada's biggest Aboriginal firm. He is becoming legendary for breaking cultural boundaries. Bernard has made Donna Cona successful in a less-traditional industry (information technology and business consulting) and location (off-reserve in Ottawa, Winnipeg, and Vancouver).

Courageous Legendary Leaders—Michael Rice

Michael Rice, the original general manager of Caisse Populaire Kahnawake, is always referenced by his prior employees and community members for his courage throughout the Oka crisis. During the blockade, there was a dire need for money in the community, and Rice addressed this need. On more than one occasion, he (escorted by other caisse members) discreetly crossed the river by boat to Montréal, retrieved the cash necessary for the community to operate from the Desjardins Federation, and transported it back to Kahnawake. Not only does this demonstrate the courage and dedication of Rice and the other caisse members, it also shows the strong connection the caisse had with the community. By leading other employees in this feat, which contributed to the survival of the caisse, Michael Rice has become a legendary leader for Caisse Populaire Kahnawake.

Insightful Legendary Leaders—Chief Sam Bull

Chief Sam Bull of Whitefish Lake First Nations #128 was instrumental in the establishment of Goodfish Lake Development Corporation. Although he passed away early in GFLDC's development, Chief Sam Bull was consistently referred to by its employees and by the community members as a key player in its success. In talking about what Chief Sam Bull meant to the community, Band Councillor James Jackson said, "The Chief and Council of the day recognized the importance of creating economic development and jobs within the community. Over the years, past leadership has continued to support this dream. Today, we continue to foster growth that has its benefits to all stakeholders."

Collaborative Community Leaders—Uniting With a Common Vision

Sometimes leaders become legendary by virtue of collaboration. There is power in numbers, and uniting can be used as a strategy to advance a particular agenda. While all of the businesses profiled placed emphasis on collaborative leadership when compared with non-Aboriginal businesses, both Inuit enterprises showed particular favour for this leadership model.

There is power in numbers, and uniting can be used as a strategy to advance a particular agenda.

Piruqsajit Limited's success can be partly attributed to the coming together of the leaders who envisioned the development corporations from which Piruqsajit Limited was founded. These leaders include Guy Alikut, David Oolooyuk, and David Simailak. The company has been instrumental in advancing the vision set out by these legendary leaders of creating an affluent Inuit middle class in Rankin Inlet. They remain inspired to more fully realize this vision.

Atuqtuarvik Corporation was inspired by a group of Inuit leaders who identified the need for financial support for Inuit-owned small and medium-sized enterprises (SMEs). They recognized that the Nunavut economy was expanding too slowly because there were no institutions providing the necessary financial products and assistance to Inuit SMEs—so they decided to create a made-in-Nunavut capital corporation to fill this gap. The concept was for Atuqtuarvik Corporation to become involved in interim financing for viable Inuit-owned businesses so that they could grow, expand, and access financing through more traditional lending institutions. Throughout Atuqtuarvik Corporation's history, it has had visionary board members who have provided strong leadership through the setting of clear strategic plans and objectives. Leadership at the senior management level has also been essential for delivering on the objectives of the strategic plan. The most recent outcome of this leadership was the forming of a strategic partnership with First Nations Bank of Canada (FNBC).

John Bernard is not the only brave leader driving Donna Cona Inc. The company as a whole operates in accordance with what it describes as the “traditions of respect, courtesy, and excellence, as shown by Chief Donnacona upon meeting Jacques Cartier.”⁸ Similarly, the courageous leadership demonstrated by the original general manager for Caisse Populaire Kahnawake, Michael Rice, was mirrored by that of the caisse members who escorted him during his trips to Dorval. While Chief Sam Bull of Whitefish Lake First Nations #128 may have been instrumental in the establishment of Goodfish Lake Development Corporation, he was not without the help of the local Economic Development Committee (EDC). The Chief worked with the EDC members on their common vision of self-reliance in the community and their goal of eradicating poverty and associated social problems. This collaborative effort by the community’s Chief and the EDC has proved effective—they celebrate 30 years of success this year.

This collaborative leadership model is important to understanding the distinctions between Aboriginal and non-Aboriginal businesses. Although there are likely many reasons why the concept of leadership among Aboriginal businesses has been toward a more collaborative model, two key reasons have been identified in

this report. First, we have already identified leadership transfer to be important to good leadership. Therefore, a good leader creates leaders, so that a leader performing at his or her best would incite leadership qualities in all his or her employees. This may derive from the importance Aboriginal cultures tend to place on group interests above individual interests as well as the promotion of holism and cooperative efforts. Second, it was noted that most effective Aboriginal leaders do not demonstrate all of the qualities listed in this section. When leaders collaborate they can use their individual strengths to compensate for weaknesses in others. This is consistent with a common traditional value across Aboriginal cultures—achieving balance and harmony.

The collaborative leadership model is important to understanding the distinctions between Aboriginal and non-Aboriginal businesses.

(The Conference Board of Canada has published numerous reports on leadership. One helpful tool is Effective Leadership: An Assessment Tool, which can be accessed through our e-Library.)

⁸ Donna Cona Inc. About Donna Cona.

CHAPTER 4

The Value of Partnerships Within Aboriginal Businesses

Chapter Summary

- ◆ Partnerships with financial institutions, partnerships with other businesses, and partnerships with the community provide Aboriginal businesses with the expertise, resources, advice, and support they require in order to grow and flourish.
- ◆ The most effective funding strategy utilizes a combination of government, private, and personal funding sources.
- ◆ Institutions such as Caisse Populaire Kahnawake and Atuqtuarvik Corporation assist clients achieve viability through loan approval, so that they may attain additional funding from more conventional sources.
- ◆ Most conventional banks have developed programs and services that address the unique needs of Aboriginal clients.
- ◆ Economic viability, leveraging capacity, stability, strong leadership, and confidence help Aboriginal entrepreneurs to qualify for funding.

Engaging in partnerships is one key way Aboriginal businesses can acquire financial support and expertise. *The Power of Partnerships: New Opportunities for Aboriginal Peoples and Ontario Business*¹ argues that partnering is a function of Aboriginal culture in Canada that is being revived. While the affinity to partner is commonly attributed to Aboriginal cultures, certain historical events may better explain this association and any such trends related to it. Before contact with Europeans, Aboriginal peoples in Canada engaged in a sophisticated trade system within and among First Nations that extended across North America. Aboriginal peoples also engaged in partnerships based on trade with the early Europeans. The fur trade is perhaps the most famous instance of this.

Today, Canada better recognizes the importance of economic development in Aboriginal communities and is making efforts to facilitate it.

However, mass migration from Europe and the resulting colonization of Aboriginal peoples led to the marginalization of the Aboriginal population in Canada. Aboriginal people in Canada were limited in their participation in the market economy and the prospect of partnership was diminished. Today, Canada better recognizes the

¹ Government of Ontario, *The Power of Partnerships*, p. 1.

importance of economic development in Aboriginal communities and is making efforts to facilitate it. *The Power of Partnerships* argues that a greater number of Aboriginal peoples are engaging in business partnerships at present because they have increased access to the market and, thus, better opportunity for partnership.² A synthesis of the case study summaries shows that Aboriginal businesses can use partnerships to acquire expertise, resources, insight, foresight, and financial support.

Only one in five of the businesses surveyed had received funding from government programs or Aboriginal organizations.

The three categories of partnership that have been instrumental in providing Aboriginal businesses with the expertise, resources, advice, and support they require in order to grow and flourish are:

- ◆ Partnerships with Financial Institutions
- ◆ Partnerships with Other Businesses
- ◆ Partnerships with the Community

Table 2
Sources of Financing
(per cent)

	Start-up	2002	Future
Loans or lines of credit from financial institutions	37.0	37.4	39.3
Credit unions and caisses populaires	13.6	12.0	15.1
Credit cards	17.6	27.7	27.4
Aboriginal lending organizations	7.9	4.1	22.3
Credit from governmental programs	11.1	3.6	17.1
Retained earnings	n.a.	60.2	61.3
Leasing	9.2	10.0	10.5
Personal savings	82.9	51.7	45.9
Loans or equity from friends or relatives	17.3	6.6	6.2
Other	2.4	2.0	2.5

Source: Statistics Canada, Aboriginal Entrepreneurs Survey (2002).

2 Ibid.

PARTNERSHIPS WITH FINANCIAL INSTITUTIONS

Funding is important for establishing and maintaining businesses. Aboriginal businesses must be strategic in partnering with those financial institutions that best address their unique needs and challenges.

A Statistics Canada survey found that “personal savings, retained earnings as well as loans or lines of credit from financial institutions” were the most common sources of financing for Aboriginal entrepreneurs in 2002.³ Almost one-third reported borrowing at least half of their start-up funds, and the majority (80 per cent) said they required less than \$50,000.⁴

Personal savings were the most common source of start-up funding for Aboriginal entrepreneurs in 2002 (83 per cent), followed by commercial loans from banks and credit unions (51 per cent).⁵ Only one in five of the businesses surveyed had received funding from government programs or Aboriginal organizations.⁶

Table 2 provides a breakdown of funding sources by percentage used by Aboriginal businesses in 2002. The table illustrates which types of funding the businesses used for start-up at the time the survey was administered (2002) and which they expected to use in the future.

The percentage of Aboriginal business owners using business development and maintenance funds from Aboriginal lending organizations and credit from government programs was projected to increase more than five-fold between 2002 and 2005. Accordingly, it was projected that the percentage of Aboriginal business owners using personal savings for financing would decrease.

3 Aboriginal Business Canada, *Aboriginal Entrepreneurs in 2002*.

4 Statistics Canada, “Aboriginal Entrepreneurs Survey, 2002.” “In the professional, technical and social services, this proportion reached 91 per cent. In the primary industries, start-up funding requirements were greater and 72 per cent required less than \$50,000.”

5 Ibid.

6 Aboriginal Business Canada, *Aboriginal Entrepreneurs in 2002*.

Based on the results of the Aboriginal Entrepreneurs Survey 2002 and the case studies profiled in this report, the most effective funding strategy utilizes a combination of government, private, and personal funding sources. However, funding scenarios vary depending on a number of circumstances. In this report, whether the business is band-owned proved to be an important determining factor for which funding scenario is most effective. Personal savings are critical to start-up for most Aboriginal businesses. However, band-owned businesses may have stronger applications for government funding and, therefore, rely less heavily on personal savings at this stage. Although many Aboriginal businesses acquire funding from banks and lending institutions for start-up, these sources are most reliable once the business has proven viable. Additionally, on-reserve businesses and those based in Nunavut often encounter greater difficulty acquiring a business loan since under the *Indian Act*⁷ and *Nunavut Land Claims Agreement* land ownership is prohibited. Therefore, local entrepreneurs cannot leverage land as collateral for a loan. This barrier is addressed further in this section and in greater detail in the “Key Challenges” section in Chapter 6.

CHALLENGES OF ACQUIRING FINANCIAL SUPPORT FOR ABORIGINAL BUSINESSES

The research for this report identified two major obstacles to obtaining funding for Aboriginal businesses:

- ◆ The pursuit of government support can be laborious and lengthy.
- ◆ Bank loans tend to be less accessible because Aboriginal entrepreneurs are often categorized as “high risk.”

Elizabeth Copland is the former mayor of Arviat and current Community Economic Development Officer for the hamlet. She said Inuit entrepreneurs often give up on good business ideas because they are discouraged by the government-funding application process.⁸ Community economic development officers, business

consultants, and representatives of local banks and lending institutions can assist aspiring Aboriginal entrepreneurs with this process. Information on Aboriginal business financing options is also accessible online. (See Appendix G.)

Accessing business loans from banks and lending institutions can also be challenging for Aboriginal entrepreneurs, who are generally categorized as “high risk” because they are unable to collateralize land. Jerry Montour of Grand River Enterprises on the Six Nations reserve said this problem is especially prevalent among on-reserve businesses. “The [traditional] banks may be locating on-reserve, but when [businesses] approach, they still take a step back. There’s a stigma attached.”⁹ Lending institutions such as Caisse Populaire Kahnawake and Atuqtuarvik Corporation provide alternatives to these roadblocks, catering to the local Aboriginal population’s needs.

An effective Aboriginal banking program establishes lending criteria that consider the unique barriers Aboriginal entrepreneurs commonly face.

Additionally, Aboriginal entrepreneurs who have personal savings and/or government funding to contribute to their businesses are considered financially viable and are, therefore, likelier to qualify for bank loans. Institutions such as Caisse Populaire Kahnawake and Atuqtuarvik Corporation assist clients achieve viability through loan approval so that they may attain additional funding from more conventional sources.

Most of the major banks have developed programs and services that address the unique needs of Aboriginal clients. Two banks recognized in this report for providing particularly good Aboriginal banking services are Royal Bank of Canada (RBC) Financial Group and the Bank of Montréal (BMO). An effective Aboriginal banking program establishes lending criteria that consider the unique barriers Aboriginal entrepreneurs commonly face, such as

⁷ Canadian Legal Information Institute, *Indian Act*, section 20(1) and section 89.

⁸ Elizabeth Copland. Phone interview by Ashley Sisco and Rodney Nelson, March 29, 2007.

⁹ *The Record*, “Self-Employment is on the Rise Among Aboriginals.”

prohibited land ownership. It also consults with Aboriginal individuals and groups to gain insight into their business needs. (Appendix G contains links to Aboriginal programs offered through conventional Canadian banks.)

KEY CRITERIA FOR QUALIFYING FOR FUNDING

Chief Clarence Louie of the Osoyoos Band is widely regarded as a role model for aspiring Aboriginal entrepreneurs and the “poster child” for successful band-owned businesses.¹⁰ He is admired for his motivational speaking and his willingness to share his own success story. At the 2007 national conference of the Aboriginal Financial Officers Association of Canada in Vancouver, he stated that funding for business is not an entitlement. It is important, he said, that Aboriginal entrepreneurs understand that the onus is on the company to build a case to acquire funding. The following criteria have been identified by representatives of the case studies as keys to qualifying for funding:

- ◆ **Economic viability** This refers to the business’ ability to pay its staff, deliver its products or services, and sustain itself over a substantial period of time. A business that is economically viable is one that has the necessary resources and a good business plan that it implements, refreshes, and adapts to changing market conditions.
- ◆ **Leveraging capacity** When a business is able to acquire financial support from a variety of sources it is considered viable. Leveraging capacity demonstrates that a business has been determined to be viable by another institution and that it is likelier to become economically viable and self-sustaining with additional support.
- ◆ **Stability** Stability is defined in this context as conditions that are relatively non-volatile. Stability is considered by many banks to be an element of economic viability. Stability in the community, government, and market are good indicators that a business is “safe” to invest in.

- ◆ **Strong leadership** Strong leadership is also key to acquiring funding from banks and lending institutions. Strong leadership in an Aboriginal business is a good indicator that it will succeed. Therefore, banks look for leadership qualities in loan applicants. The list provided under “Building Leadership Capacity” in Chapter 3 is a good guideline for the types of characteristics banks look for in clients.

Funding for business is not an entitlement. Aboriginal entrepreneurs must understand that the onus is on the company to build a case to acquire funding.

- ◆ **Confidence** Confidence is another key quality that banks look for in entrepreneurs. This is particularly true of Aboriginal business owners, who are often categorized as “high risk” by banks because of limited access to capital. Banks are reluctant to lend money to business owners who do not believe in their businesses. If the Aboriginal entrepreneur demonstrates confidence in the business, it is likelier that the bank will as well.

PARTNERSHIPS WITH OTHER BUSINESSES (BOTH ABORIGINAL AND NON-ABORIGINAL)

Aboriginal businesses can use partnerships with other businesses to build capacity in their enterprises and facilitate sustainable community development. However, only 10 per cent of Aboriginal businesses on-reserve and 18 per cent off-reserve partner with other firms.¹¹

When partnering with other businesses, Aboriginal business owners must consider the unique challenges of the communities in which they are located, such as small community size and remoteness, lack of capacity and expertise, and limited access to resources. These factors will determine which partners and types of partnerships are most suitable. Aboriginal business owners must also consider their stage of development when

¹⁰ Among his many roles, Chief Clarence Louie is also president of Vincor Canada, North America’s first Aboriginal vineyard. The successful operation has helped to establish Chief Louie as an authority on Aboriginal business development.

¹¹ Aboriginal Business Canada, *Opening New Doors to Your Business*.

choosing a business partner. Aboriginal businesses that are establishing themselves need different things from a business partner than those that are expanding or diversifying.

Identified below are five types of partnerships that the Aboriginal businesses featured in this report engaged in:

- ◆ franchising
- ◆ spin-off partnerships
- ◆ client–corporation partnerships
- ◆ business-to-business partnerships
- ◆ public–private relationships

FRANCHISING

Franchising occurs when an individual or community acquires a branch of a larger corporation. The Aboriginal business can benefit greatly from the larger corporation by using its expertise and modelling its corporate structure, governance practices, succession planning, and business continuity planning after the larger corporation. The Aboriginal business can then tailor its practices to local circumstances. (For example, Caisse Populaire Kahnawake is a franchise of the larger Caisses Populaires Desjardins Federation.)

The Aboriginal business can benefit greatly from the larger corporation by using its expertise and modelling its corporate structure, governance practices, succession planning, and business continuity planning after the larger corporation.

SPIN-OFF PARTNERSHIPS

Spin-off partnerships are also effective for Aboriginal businesses. Similar to the franchising partnership, corporate structure, governance, succession planning, and expertise can be borrowed from the larger enterprise. However, the partnership is temporary. Once the business has reached an ideal capacity to be independently successful, it “spins off” from the larger corporation and pursues its own interests. (For example, Donna Cona engaged in a spin-off partnership with Systems Interface and subsequently created spin-off company Bell & Bernard.)

CLIENT-CORPORATION PARTNERSHIPS

In the client–corporation partnership, an Aboriginal business partners with its client to gain expertise and develop human capital. (Goodfish Lake Development Corporation engages in this kind of partnership with its clients, Syncrude Canada and Suncor Energy, to gain insight into how it can meet the needs of the market first.)

BUSINESS-TO-BUSINESS PARTNERSHIPS

Business-to-business partnerships occur when two enterprises partner together for mutually beneficial ends. Aboriginal businesses can partner to share knowledge and ensure one another’s survival by engaging in a system of financial support. For example, three of the development corporations managed by Piruqsajit Limited—ILA, ADC, and QDC—engaged in a business-to-business strategic alliance that allowed them to mutually support one another financially as they were developing.)

PUBLIC-PRIVATE RELATIONSHIPS

In a public–private relationship, a government agency engages with a privately owned business on an ongoing basis. In the context of this report, the privately owned business would be an Aboriginal-owned enterprise. The government agency can transfer knowledge to the company, support its industry, and build its capacity. In turn, the Aboriginal business can become more self-sufficient and rely less on government funding for support. It can also support the mandate of the department. (Goodfish Lake Development Corporation engages in this type of partnership with Indian and Northern Affairs Canada. INAC has provided the corporation with funding for both business start-up and expansion. GFLDC recognizes the agency as a partner because of its continual support.)

Key Elements of Good Partnerships With Other Businesses

Once an Aboriginal business has selected its partner and determined the type of partnership it will engage in, it must ensure that the relationship is built on certain key elements. The Conference Board of Canada identifies the following four components of good partnerships:

- ◆ trust and understanding
- ◆ mutual support
- ◆ shared assumptions
- ◆ equity of contributions

Aboriginal businesses can ask the questions listed in Table 3 to assess whether a potential partnership fits the above criteria.

Table 3

Twenty Questions Aboriginal Businesses Should Ask Before They Partner

1. Do you trust the potential partner?
2. Does the potential partner trust you?
3. Has the potential partner demonstrated a history of sustainability and success?
4. Has the potential partner successfully partnered with other businesses? If so, are these businesses satisfied with the partnership?
5. Does the potential partner demonstrate strong leadership?
6. Does the potential partner implement good governance practices?
7. Does the potential partner have good training and development initiatives in place?
8. Does the potential partner have a good risk management plan in place?
9. Would the partnership be financially beneficial to your business?
10. Would the partnership help to grow expertise and other capacities in your business?
11. Is the potential partner willing to make an equal contribution?
12. Does the potential partner share the same assumptions as you? In other words, are expectations about the partnership clear?
13. Are your potential partner's business objectives compatible with your business objectives?
14. Do you share similar approaches to corporate culture and mandates, such as corporate responsibility, environmental management, and work-life balance?
15. Does the potential partner have a good understanding of Aboriginal relations?
16. Will you be able to continually communicate with the potential partner?
17. What risks would your business be subjected to if it should engage in this partnership? How do you plan to manage these risks?
18. Does the potential partner have a good business plan in place?
19. When will the initial partnership come to an end or be reviewed?
20. Will the partnership allow your business to employ a greater number of Aboriginal workers?

Source: The Conference Board of Canada.

PARTNERSHIPS WITH THE COMMUNITY

The Community Economic Development Officer for the Hamlet of Arviat, Elizabeth Copland, explained the importance of corporate–community responsibility. “If the business does not support the community,” she said, “the community will not support the business.” A strong sense of corporate–community responsibility was found across the case studies profiled in this report.

The businesses benefit from recruitment and retention of good employees, financial support, clientele, and good business partnerships. Three elements of partnering with the community include:

- ◆ corporate–community responsibility
- ◆ employment of local Aboriginal workers
- ◆ partnerships with local Aboriginal businesses

“If the business does not support the community, the community will not support the business.”

CORPORATE–COMMUNITY RESPONSIBILITY

For the five case studies featured in this report, corporate–community responsibility included:

- ◆ education and opportunity through scholarships and bursaries;
- ◆ community investment through charities;
- ◆ support of local artisans through the purchase of local artwork and handcrafts; and
- ◆ environmental initiatives.

Atuqtuarvik Corporation, in partnership with the Canadian Council for Aboriginal Business, provided \$20,000 to the Foundation for the Advancement of Aboriginal Youth (FAAY) program on an annual basis over the past five years. The money went toward scholarships and bursaries that were awarded to Inuit students to assist them in their education, both at the high school and post-secondary levels. Donna Cona Inc. demonstrates its commitment to educating Aboriginal youth through its continuous support of the Trent University scholarship fund for Aboriginal students pursuing degrees in computer science. Donna Cona also supports TeknoWave, a program dedicated to providing educational opportunities to the Aboriginal population.

The businesses profiled in this report also donate to charities. Donna Cona supports numerous charities and social development initiatives, such as the Igniting the Spirit fundraiser for Aboriginal youth and children. Caisse

Populaire Kahnawake funds charities as well as “cultural, educational, sport, and economic development activities.”¹² In 2000, the caisse donated \$10,000 to the Echoes of a Proud Nation Powwow, a community event aimed at helping the community recover from the Oka crisis.

All the research participants support local Aboriginal artists through the purchase of artwork for their offices. The President and Chief Executive Officer of Atuqtuarvik Corporation, Ken Toner, said the company purchases artwork from the Aboriginal communities it visits for the office and to donate to clients and partners. Piruqsajit Limited supports local artists as well, even allowing local artists access to its facilities to sell their work to employees, customers, and guests.

As a component of corporate–community responsibility, the businesses are also careful to mitigate any harm to their communities as a result of their business activities. GFLDC champions corporate–community responsibility in its efforts to protect the environment. It has an Environmental Management System (EMS) in place and is among the first Aboriginal businesses to achieve certification from the International Standards Organization (ISO1400). It also helps to increase the employment rate for community members through its support of Goodfish Lake Employment Agency.

EMPLOYMENT OF LOCAL ABORIGINAL WORKERS

According to 2006 Census data, Aboriginal individuals remain twice as likely to be unemployed as their non-Aboriginal counterparts. In 2006, 13.2 per cent of the Aboriginal population in Canada was unemployed (down from 17.4 per cent in 2001) compared with 5.2 per cent of the non-Aboriginal population.¹³

Employing local Aboriginal workers creates wealth for individuals, families, and the community as a whole. The most immediate benefit is a better quality of life for community members. The “Aboriginal Entrepreneurs Survey, 2002” found that preferential hiring practices

aimed at increasing Aboriginal employment rates are common among Aboriginal businesses. This was most common among those in the primary industries, with 70 per cent reporting they had at least one Aboriginal employee.¹⁴ The lowest proportion of Aboriginal employees (40 per cent) was reported for the “professional, technical, and social services.”¹⁵ Over 35 per cent of Aboriginal businesses reported employing at least one Aboriginal person on a full-time basis.¹⁶

Employing local Aboriginal workers creates wealth for individuals, families, and the community as a whole.

All of the research participants engaged in preferential hiring practices for Aboriginal persons, whether through policies or unofficial practice. Piruqsajit Limited and Atuqtuarvik Corporation both aim to hire as many Inuit as possible. (However, positions that require expertise that is not available locally are sometimes filled by non-Inuit.) The company will often hire local Inuit for various services rather than utilizing a non-Inuit organization.

The accounts manager for GFLDC, Martha Bull, commented on the positive effect the GFLDC businesses have on the community. She noted the relatively high employment rate in Goodfish Lake compared with other First Nation communities, and she attributes it to the corporation’s support of Goodfish Lake Employment Agency.

Just over 40 per cent of Donna Cona’s staff members are Aboriginal. John Bernard explained that there is a skills shortage among Aboriginal workers in the information technology industry. He said this limits him to hiring fewer Aboriginal employees than he would prefer. However, Bernard stated that his employees take pride in the fact that “they have their jobs because they are good at what they do and not because of who they are.”

14 Statistics Canada, “Aboriginal Entrepreneurs Survey, 2002.”

15 Ibid.

16 Ibid.

12 Girard and Faubert-Mailloux, “Caisse Populaire Kahnawake.”

13 Fitzpatrick, “Unemployment Rates for Aboriginals Dropping Faster.”

Bernard habitually trains Aboriginal students he hires for work placements. Although it may only temporarily benefit the company directly, it also contributes to the larger Aboriginal community in Canada. The economic return on this approach is that a community that has built its knowledge and capacity is better equipped to support a growing business.

PARTNERSHIPS WITH LOCAL ABORIGINAL BUSINESSES

Partnerships between Aboriginal businesses within the same community retain money in the community, which helps to create more self-contained economies.

CHAPTER 5

The Value of Knowledge Transfer Within Aboriginal Businesses

Chapter Summary

- ◆ Aboriginal businesses can transfer knowledge to employees through education, training, and partnerships with larger corporations.
- ◆ Aboriginal businesses can use education and training to transfer knowledge through administering in-house training, supporting education, bringing experts in as trainers, bringing experts in as employees, and sending employees outside the community for training.
- ◆ In-house training is cost effective but requires internal expertise. Therefore, it is best used with alternative methods of knowledge transfer.
- ◆ Bringing experts in from outside the community to train employees is an effective way of transferring knowledge when local expertise is lacking.
- ◆ Aboriginal enterprises can use partnerships with larger corporations to borrow expertise, build leadership capacity, and develop human capital.

Knowledge transfer is a process that is deeply ingrained in Aboriginal cultures. Traditionally, knowledge was often passed from Elders to youth (although knowledge sharing and communal learning were prevalent as well).

In the context of this report, knowledge transfer is the transmission of expertise from one individual or group to another. Effective knowledge transfer requires capacity and/or expertise as well as a system by which to share this knowledge. Knowledge transfer builds expertise and capacity within businesses. The five case studies profiled in this report show how knowledge can be transferred through:

- ◆ education and training; and
- ◆ partnerships with larger corporations.

BUILDING INTERNAL CAPACITY THROUGH EDUCATION AND TRAINING

Education and training programs directly facilitate knowledge transfer to build expertise. A survey on Aboriginal entrepreneurs done by Statistics Canada found that one in four had trained in business at the college or university level.¹ The courses that are most commonly taken are “accounting, bookkeeping, business administration, and management.”²

1 Statistics Canada, “Aboriginal Entrepreneurs Survey, 2002.”

2 Ibid.

Five ways that Aboriginal businesses use education and training to transfer knowledge have been drawn from the case studies in this report:

- ◆ administering in-house training;
- ◆ supporting education;
- ◆ bringing experts in as trainers;
- ◆ bringing experts in as employees; and
- ◆ sending employees outside to train.

ADMINISTERING IN-HOUSE TRAINING

In-house training is training that takes place on-site and between employees. All of the case studies profiled in this report used in-house training to promote knowledge transfer. In-house training is cost effective; however, it works only when there is internal expertise. For this reason, businesses tend to use this method whenever possible and then employ a combination of the following methods as alternative ways to transfer knowledge.

The company benefits from the added skills and expertise its staff gains from education.

SUPPORTING EDUCATION

Supporting education is another way in which Aboriginal businesses can facilitate knowledge transfer. Aboriginal businesses can support education by providing partial or full funding for educational initiatives, arranging schedules to accommodate educational pursuits, and administering education directly in-house or off-site. The company (and ultimately the community) benefits from the added skills and expertise its staff gains from education.

All five of the businesses profiled encourage their employees to advance their educations through some form of support. Many of Atuqtuarvik Corporation's employees have completed multi-year training programs offered through various educational institutions, such as the Aboriginal Financial Officers Association (AFOA) and the local Arctic College. Demonstrating its commitment to training, Atuqtuarvik Corporation's Board of Directors passed a resolution promoting and supporting professional development and training. Similarly, Piruqsajit Limited pays for its staff to complete courses through the local Arctic college and

through accredited online programs. In these instances, the education was offered on a part-time basis, while employees worked full time. However, offering leaves of absence to employees wishing to pursue full-time studies may also be a good option, provided the education is relevant and the business has the resources to temporarily fill the employee's position.

BRINGING EXPERTS IN AS TRAINERS

In remote communities, knowledge transfer is sometimes hindered by location and lack of formal education. In these cases, businesses often recruit experts from outside the community. Bringing experts in from outside the community to train employees is an effective way of transferring knowledge when local expertise is lacking.

BRINGING EXPERTS IN AS EMPLOYEES

In connection with the bringing in of experts as trainers, Aboriginal businesses often recruit employees from outside the community as well. These employees can train local Aboriginal workers to eventually replace them.

A temporary position in a remote location is not always appealing, particularly because it sometimes requires the employee to work himself or herself out of a job. However, compensation for these positions is competitive, sometimes paying approximately twice the salary that the position would otherwise offer. Aboriginal businesses that employ this method must be careful to recruit and retain those individuals who are committed to the work; maintaining a dedicated work ethic can be challenging if salary is the only incentive for employees.

This model is particularly common in Nunavut, where "south hires" (non-Inuit recruited from outside of Nunavut) make up a sizable percentage of the local population. Both Atuqtuarvik Corporation and Piruqsajit Limited recruit "south hires" when local Inuit expertise is lacking for a particular position. As a "south hire" himself, Ken Toner recognizes the controversy surrounding employing non-Inuit for an Inuit firm but also appreciates its importance to business in the North. He explained that "south hires" transfer skills and knowledge to Inuit staff and the local Inuit community through formal and informal mentoring and training, which helps increase their qualifications for current and future employment.

SENDING EMPLOYEES OUTSIDE TO TRAIN

Sending employees off-site to engage in education and training programs is another way to encourage knowledge transfer. In order for Aboriginal businesses to fully benefit from this method, knowledge transfer must occur on two levels—from the external source to the internal representative, and from the internal representative to the internal business.

Caisse Populaire Kahnawake periodically sends its employees to attend training programs in Montréal and Toronto through Caisses Populaires Desjardins Federation. Employees gain knowledge from this training that they can then transfer back into Kahnawake's caisse. GFLDC also engaged in this type of knowledge transfer when they sent employees to tour other dry cleaning facilities in New York City.

PARTNERING WITH LARGER CORPORATIONS

In *The Ties That Bind: Corporate Mentoring with Aboriginal Firms*, The Conference Board of Canada stated that Aboriginal businesses experience unique challenges: "Aboriginal firms are smaller on average, generate smaller revenues and are more 'local market' oriented. Aboriginal firms trail other companies in terms of on-the-job skills upgrading, management skills, and the adaptation of new technologies."³ The case studies profiled in this report demonstrate that through partnerships with larger corporations, Aboriginal enterprises can help to bridge the gap between Aboriginal and non-Aboriginal businesses. They can use these partnerships to borrow expertise, build leadership capacity, and develop human capital.

Caisse Populaire Kahnawake has built its expertise on the knowledge transferred from Caisses Populaires Desjardins Federation. It borrowed its governance systems, training techniques, and strategic planning from the federation and tailored these to the unique needs of community members in Kahnawake.

Through partnerships with larger corporations, Aboriginal enterprises can borrow expertise, build leadership capacity, and develop human capital.

Donna Cona inherited its business model and much of its expertise from Systems Interface. Bernard was made partner at Systems Interface in 1992 and created Donna Cona as a spinoff in 1996. Three years later, Sierra Systems Group bought out Systems Interface and its 49 per cent interest in Donna Cona. Using the expertise and capacity he had gained at Systems Interface and Sierra, Bernard was then able to turn Donna Cona into a privately held company in 2002.

Goodfish Lake Development Corporation partners with Syncrude Canada and Suncor Energy to gain foresight and expertise in its industry. These partnerships have been integral to the corporation's competitiveness. Clients remain loyal to GFLDC because of the close partnership it has nurtured with these clients for almost three decades now.

³ Loizides, *The Ties That Bind: Corporate Mentoring With Aboriginal Firms*, p. 1.

CHAPTER 6

Next Steps: Best Practice Guidelines for Aboriginal Businesses

Chapter Summary

- ◆ This chapter contains guiding principles for Aboriginal businesses, drawn from the five case studies profiled in this report.
- ◆ The Keys to Success section shows how Aboriginal businesses can be proactive in adopting certain strategies to optimize success.
- ◆ The Key Challenges and Resolutions section identifies common challenges and outlines possible resolutions, based on the case studies profiled in this report.

KEYS TO SUCCESS

While Aboriginal entrepreneurs face various challenges in developing and maintaining successful businesses, there are keys to success that can help them to offset and overcome these barriers before they arise. The Conference Board of Canada identifies nine keys to success below, based on the five Aboriginal businesses profiled in this report.

- ◆ **Purpose:** Aboriginal businesses that are motivated by an important cause are generally more driven to succeed. Goodfish Lake Development Corporation and its subsidiary businesses were created in response to the critical need to enhance the socio-economic conditions in the community. Job opportunities are abundant in neighbouring Fort McMurray. However, Goodfish Lake was in dire need of local business development in order to retain talent within the community so that it could thrive.
- ◆ **Clear corporate vision:** For Aboriginal businesses, corporate vision is often created by a community leader in response to local needs. Clear corporate vision aligns market needs with community capacity. It is also often shared and supported by the community. Chief Sam Bull and the local Economic Development Committee (EDC) of Goodfish Lake envisioned the creation of a development corporation that would create jobs and wealth in the community, ultimately

This section contains some guiding principles for Aboriginal businesses, drawn from the five case studies profiled in this report. The Keys to Success section shows how Aboriginal businesses can be proactive in adopting certain strategies to optimize success. The Key Challenges and Resolutions section identifies common challenges and outlines possible resolutions, based on the case studies profiled in this report. Two summary tables have been appended. (See tables 4 and 5.)

minimizing the social problems. In addition to addressing community needs, their vision—to create a series of companies that service the oil and gas industry—was aligned with these burgeoning markets. It also considered the community's capacity to deliver these services. The Chief and the local EDC knew that execution of vision requires good governance and effective management. In the development of Atuqtuarvik Corporation, Inuit leaders recognized that small and medium-sized Inuit businesses were struggling to succeed due to the lack of readily accessible financing and/or equity capital. As a result, a vibrant part of the Nunavut economy was not being developed to its full potential. Financing these businesses required funding levels that exceeded the lending capacity and limits of Community Futures Programs. At the same time, Inuit businesses did not meet the financing criteria of the major banking institutions. Atuqtuarvik Corporation was created to assist in filling this gap by providing the required financing and/or equity capital to assist viable Inuit-owned businesses in the execution of their strategic plans. Through its activities, Atuqtuarvik Corporation fulfills its vision of contributing to a strong and diversified economy in Nunavut.

Aboriginal businesses encounter the same obstacles as all SMEs, but they also face specific challenges related to legislation, cultural barriers, and remote location.

- ◆ **Winning attitude:** Across the case studies featured in this report, certain characteristics for winning attitude were identified to be important to success for Aboriginal businesses. These include confidence and strong self-presence, the ability to facilitate knowledge transfer, expert networking skills, community advocate skills, and calculated risk-taking abilities.
- ◆ **Using creativity to overcome obstacles:** The key to success is not to plan for perfection. Rather, Aboriginal entrepreneurs must address challenges not only with well-thought-out and effective strategies, but with creativity. Aboriginal businesses encounter the same obstacles as all small and medium-sized enterprises, but they also face specific challenges related to legislation, cultural barriers, and remote location. Caisse Populaire Kahnawake was creative in developing its trustee agreement. The agreement provides an alternative to leveraging land as collateral when applying for a business loan because land ownership is prohibited on reserves under the *Indian Act*.¹ For Donna Cona, location was an obstacle. President and Chief Executive Officer of the company, John Bernard, witnessed his father's on-reserve cigarette shop being driven out of business by a band-owned store that could undercut the price of cigarettes because of tax exemptions. Instead of following his father's lead, Bernard used his creativity to overcome obstacles. He ventured into markets (off-reserve and urban) and industries (information technology and business consulting services) that are less conventional for an Aboriginal business. Atuqtuarvik Corporation has used creativity to overcome obstacles both internally and within the community. The corporation was creative in partnering with First Nations Bank of Canada (FNBC) to become the first bank for Nunavut. It also demonstrated creativity in providing an alternative business funding source to local Inuit, who are often categorized as "high risk" by conventional banking and lending sources.

¹ Canadian Legal Information Institute, *Indian Act*, section 20(1) and section 89.

- ◆ **Experience and expertise:** Aboriginal entrepreneurs that have education, training, and/or workplace learning in business are better equipped to succeed, particularly if that expertise is industry related. Aboriginal businesses that encourage a learning environment in the workplace and facilitate knowledge transfer reap the benefits of the improved productivity and work quality of their employees.
- ◆ **Hiring people from outside the community:** Although Aboriginal businesses often aim to create local jobs, the expertise required for sustained success is not always available locally. Aboriginal communities are often remote and have small populations. Hiring people from outside of the community is a good method for building internal expertise and growing community capacity. Piruqsajit Limited and Atuqtuarvik Corporation both use this strategy (referred to as “south hiring” in Nunavut).

Partnerships are a good strategy to gain expertise and insight, build leadership capacity, and secure funding.

- ◆ **Recruitment and retention:** Recruitment and retention is particularly important for Aboriginal businesses, which must compete with larger off-reserve companies that can provide enticing offers. Aboriginal businesses must implement effective strategies for recruitment and retention to attract skilled employees, such as internship and apprenticeship programs, competitive salaries, enticing compensation packages, and opportunity for advancement.
- ◆ **Developing partnerships:** Partnerships are a good strategy to gain expertise and insight, build leadership capacity, and secure funding. Aboriginal businesses must partner with other businesses (both Aboriginal and non-Aboriginal), banks, training institutions, and clients. Atuqtuarvik Corporation recently developed a partnership with First Nations Bank of Canada to help it become the first bank of Nunavut. Goodfish Lake Development Corporation partners with customers Syncrude Canada and Suncor Energy to gain foresight into market demands and tailor its services in response.

KEY CHALLENGES AND RESOLUTIONS

In 1998, Industry Canada surveyed over 1,000 Aboriginal business owners and found what they identified as the “top priorities” for improving success of Aboriginal businesses in Canada—“management skills (89 per cent); improved productivity (88 per cent); innovation (76 per cent); financing (74 per cent); employee training (67 per cent); and expansion of markets (67 per cent).”² The findings from this study support these top priorities for Aboriginal businesses.

Based on the five Aboriginal businesses profiled in this report, The Conference Board of Canada identifies nine specific challenges.

- ◆ **Conflicting community objectives:** Business development in Aboriginal communities usually generates debate around the impact of the business on local culture and community values. It is not uncommon for community members to disagree about whether the benefits of the business outweigh the costs. For example, business development can cause economic disparities between families of those who are employed by the business and those who are not. For band-owned businesses, the band council is conflicted in its role of representing the interests of the community (largely socio-economic well-being) and those of the business. In such cases, conflicting community objectives can be resolved by establishing good governance systems and implementing employment policies and programs to offset prospective challenges. Examples include work-life balance policies, environmental management systems (when the industry can potentially harm the environment), and translation of products and services into local languages.
- ◆ **Limited access to resources:** Location can be a major challenge for Aboriginal businesses that are community based. While some Aboriginal communities are advantageously located within proximity of an oil sands operation or a big city with a booming economy, others are not. Where remote location is a challenge, business leaders can relocate, adopt a good transportation strategy, or develop a strong

2 Wotherspoon and Butler, “Informal Learning: Cultural Experiences and Entrepreneurship Among Aboriginal People.”

business plan that identifies strengths, capacities, markets, and potential realistic returns. A slow growth approach is also a good method to avoid overextending the business.

- ◆ **Prohibited land ownership (limited access to capital):** Prohibited land ownership under the *Indian Act* and limits on alienation of municipal lands that arose out of the referendum that followed the *Nunavut Land Claims Agreement*³ make it difficult for Aboriginal entrepreneurs to access funding for businesses, since they are unable to leverage land as collateral for a business loan. Aboriginal businesses can offset prohibited land ownership and limited access to capital by seeking funding from banks and lending institutions that consider the unique circumstances of Aboriginal people, leveraging leased property or other assets, and demonstrating good candidacy for a loan (economic viability; the capacity to leverage financing from other sources; stability in the community, its governance, and the market; strong leadership; and confidence).

Hiring family members and friends is only problematic when those hired are not qualified.

- ◆ **No business plan:** Only 21.9 per cent of Aboriginal businesses implement a business plan.⁴ A report published by the Institute on Governance states that good planning is essential to business success.⁵ The report also found that a business plan helps Aboriginal entrepreneurs resolve conflicting objectives among community members, build commitment among key players in the business, anticipate potential problems and propose methods to overcome them, and understand connections between economic development and other activities in the community, such as infrastructure.⁶ Aboriginal businesses should compose a

business plan that considers market needs, customer expectations, business continuity, succession planning, emergency response, and strategic risk management. This plan should be well implemented and continuously revised. Aboriginal businesses can consult with community economic development officers, lenders, and corporate partners to devise a good business plan.

- ◆ **Lack of expertise:** There are several strategies Aboriginal entrepreneurs can use to build expertise when experience and education are lacking among community members. Education and training initiatives, bringing experts in from outside the community, and partnering with other businesses are all viable solutions. Outsourcing is another option; however, unlike the others it does not grow internal capacity.
- ◆ **Conflict of interest:** Hiring of relatives is particularly prevalent in Aboriginal businesses that are based in small, remote communities. Chief Clarence Louie of the Osoyoos Band notes that “the separation of politics from business is important. But practically, the talent pool of people in our communities that can undertake band administration and economic development is so shallow it is difficult to separate the two.”⁷ Hiring family members and friends is only problematic when those hired are not qualified or when more qualified people are excluded. To address this, Aboriginal businesses must focus on competency above all else. The enactment of a written policy that outlines rules and regulations for conflict of interest is also imperative. Potential conflicts of interest must be disclosed so that this policy can be used to mitigate them as they arise.
- ◆ **Political instability:** Political instability in the company, band, and community is another key challenge Aboriginal businesses encounter. Political strife can be detrimental to Aboriginal businesses because it compromises viability and, thus, heightens business risk, impedes the acquisition of funding for business ventures, and interferes with the business’ overall success. Aboriginal businesses can overcome this challenge by implementing good governance at the board level and having a contingency plan to account for risk and ensure business continuity.

³ The *Nunavut Land Claims Agreement* makes reference to a series of referendums to be held regarding limits on alienation of municipal lands. In the case of Rankin Inlet, a referendum was conducted on April 10, 1995, that determined that land was to be leased only under a moratorium for a period of up to 99 years.

⁴ Statistics Canada, “Aboriginal Entrepreneurs Survey, 2002.”

⁵ Graham and Bassett. *Building Sustainable Communities*.

⁶ Ibid.

⁷ McBride, *Osoyoos Indian Band: Working With Business*, p.13.

- ◆ **Redistribution of wealth:** Redistribution of wealth is another challenge Aboriginal businesses face that is more specific to community-based enterprises. The former Minister of Finance for the Northwest Territories, John Todd, told The Conference Board of Canada, “It is not about the accumulation of wealth, it’s about the redistribution of it.” Aboriginal businesses that do not reinvest in the community responsibly can create wealth disparities among members—which can, in turn, cause serious socio-economic problems. For example, an income gap can develop between those families that have members employed by the business and those that do not. Aboriginal businesses can practice corporate responsibility and corporate–community responsibility to overcome this challenge. This may be done through committing a percentage of revenues to a community investment fund. Hiring local Aboriginal workers where possible is another good strategy to ensure redistribution of wealth.
- ◆ **Poor public relations:** When businesses are not proficient at “getting the word out” about what they do, they could fall subject to pigeonholing and stereotypes. Negative misconceptions can cause Aboriginal businesses to lose clientele and the support of their partners and the community. Good public relations not only promote businesses but also ensure transparency that will maintain the trust of partners, clients, customers, and community members. Adopting a good public relations policy and assigning public relations responsibilities to a corporate officer are two things Aboriginal businesses can do to address this challenge.

Tables 4 and 5 list the keys to success as well as the challenges.

Table 4
Roads to Success

Keys to Success	Case Studies Examples
Purpose	<ul style="list-style-type: none"> ◆ Goodfish Lake Development Corporation (and its subsidiary businesses), Piruqsajit Limited, and Caisse Populaire Kahnawake were all created in response to the critical need to enhance the socio-economic conditions in their respective communities.
Clear corporate vision	<ul style="list-style-type: none"> ◆ Goodfish Lake's Chief Sam Bull and the local Economic Development Committee (EDC) had a vision—to create a series of companies that service the oil and gas industry—that was aligned with these burgeoning markets. They also considered the community's capacity to deliver these services. The Chief and the committee knew that execution of vision requires good governance and effective management. ◆ Atuqtuarvik Corporation is the realization of a clear corporate vision to fill the gap in financing for Inuit SMEs.
Winning attitude	<ul style="list-style-type: none"> ◆ John Bernard, President and Chief Executive Officer of Donna Cona Inc., stressed the importance of attitude in Aboriginal business. ◆ Across the case studies featured in this report, confidence and strong self-presence, the ability to facilitate knowledge transfer, expert networking skills, community advocate skills, and calculated risk-taking abilities were identified as characteristics of winning attitude.
Using creativity to overcome obstacles	<ul style="list-style-type: none"> ◆ Caisse Populaire Kahnawake was creative in developing its trustee agreement. The agreement provides an alternative to leveraging land as collateral when applying for a business loan because land ownership is prohibited on reserves under the <i>Indian Act</i>¹ and in Nunavut under the referendum that followed the <i>Nunavut Land Claims Agreement</i>.

1 Canadian Legal Information Institute, *Indian Act*, section 20(1) and section 89(1).

Table 4 (cont'd)
Roads to Success

Keys to Success	Case Studies Examples
Using creativity to overcome obstacles	<ul style="list-style-type: none"> ◆ Piruqsajit Limited demonstrated innovation from its inception in promoting a cooperative-type system of mutual guarantees between the three companies for which it manages finances and assets (ILA, ADC, and QDC). As such, they were able to obtain bank loans despite the fact that they did not own the land on which their assets were located. Piruqsajit Limited manages the flow of resources, finances, and expertise between all three to ensure the survival of each. ◆ John Bernard, President and Chief Executive Officer of Donna Cona, used his creativity to overcome obstacles. He ventured into markets (off-reserve and urban) and industries (information technology and business consulting services) less conventional for an Aboriginal business. ◆ Atuqtuarvik Corporation has used creativity to overcome obstacles, both internally and within the community. The corporation was creative in partnering with First Nations Bank of Canada to become the first bank for Nunavut. It also demonstrated creativity in providing an alternative business funding source to local Inuit, who are often categorized as “high risk” by conventional banking and lending sources.
Good location	<ul style="list-style-type: none"> ◆ Goodfish Lake Development Corporation located on the reserve in order to provide local job opportunities that would enhance the socio-economic well-being within the community. ◆ Donna Cona Inc. chose to locate off-reserve because the market for information technology services is much larger in urban centres.
Experience and expertise	<ul style="list-style-type: none"> ◆ John Bernard, President and Chief Executive Officer of Donna Cona, had 10 years of industry-related experience before he started his business. ◆ Caisse Populaire Kahnawake has gained much of its expertise from the larger Caisses Populaires Desjardins Federation but has also gained internal expertise. ◆ “South hires” brought much experience and expertise to both Piruqsajit Limited and Atuqtuarvik Corporation, and they helped to build internal capacity.
Hiring people from outside the community	<ul style="list-style-type: none"> ◆ Piruqsajit Limited and Atuqtuarvik Corporation hire people from outside the community (this is referred to as “south hiring” in Nunavut) when expertise needed to build capacity in their businesses and community is not available locally. ◆ Goodfish Lake Development Corporation sometimes hires employees from outside the community to build capacity in its businesses and the community—but also to counter conflict of interest.
Recruitment and retention	<ul style="list-style-type: none"> ◆ Goodfish Lake Development Corporation, Atuqtuarvik Corporation, Caisse Populaire Kahnawake, and Donna Cona implement recruitment and retention strategies, including internship and apprenticeship programs, competitive salaries and enticing compensation packages, and opportunity for advancement.
Developing partnerships	<ul style="list-style-type: none"> ◆ Goodfish Lake Development Corporation partners with customers Syncrude Canada and Suncor Energy to gain foresight into market demands and tailor their services in response. ◆ Atuqtuarvik Corporation recently developed a partnership with First Nations Bank of Canada to help it become the first bank of Nunavut. ◆ Caisse Populaire Kahnawake, as a franchise of the Caisses Populaires Desjardins Federation, borrows its board governance structure from the Desjardins cooperative movement. ◆ Donna Cona Inc. has engaged in various partnerships to gain the human resource capacity to effectively compete for contracts and to recruit both information technology resources and experienced management consultants.

Source: The Conference Board of Canada.

Table 5
Overcoming Barriers

Challenge	Resolutions
Conflicting community objectives	<ul style="list-style-type: none"> ◆ Implement a good governance structure. ◆ Implement systems and strategies to reconcile these conflicts: <ul style="list-style-type: none"> – work-life balance strategies; – environmental management systems; and – accessibility of products and services in the local language.
Limited access to resources	<ul style="list-style-type: none"> ◆ Maximize value of resources. ◆ Adopt a good transportation strategy. ◆ Implement a slow growth business plan. ◆ Relocate to somewhere resources are more accessible.
Prohibited land ownership (limited access to capital)	<ul style="list-style-type: none"> ◆ Seek funding from lenders that cater to the unique circumstances of Aboriginal businesses, such as prohibited land ownership. Atuqtuarvik Corporation and Caisse Populaire Kahnawake are two lenders that cater their services to Aboriginal clients. ◆ Seek funding from banks that have programs in place to consider the unique circumstances of Aboriginal businesses. Most major banks have such programs. Royal Bank of Canada and the Bank of Montréal are two mentioned in this report. ◆ Leverage leased property or other assets, instead of land. ◆ Implement an alternative system, such as Caisse Populaire Kahnawake's "trustee agreement." ◆ Demonstrate good candidacy for a loan (economic viability; the capacity to leverage financing from other sources; stability in the community, its governance, and the market; strong leadership; and confidence).
No business plan in place	<ul style="list-style-type: none"> ◆ Consult with community leaders, the community economic development officer, and lenders to create a good business plan. ◆ Partner with larger corporations and consult with them on devising a business plan. ◆ See the Institute on Governance's report <i>Building Sustainable Communities: Good Practices and Tools for Community Economic Development</i> for a step-by-step guide to devising a business plan.
Lack of expertise	<ul style="list-style-type: none"> ◆ Build expertise by adopting good training, development, and educational initiatives. ◆ Hire people from outside the community with expertise in the business to transfer knowledge to other staff. ◆ Partner with larger corporations that possess the needed expertise.
Conflict of interest	<ul style="list-style-type: none"> ◆ Focus on competency above all else. ◆ Enact a written policy that outlines rules and regulations to mitigate conflict of interest. ◆ Ensure transparency, including disclosure of any potential conflicts of interest, so that they may be dealt with should they arise.
Political instability	<ul style="list-style-type: none"> ◆ Ensure good governance at the board level. ◆ Implement a contingency plan to account for risk and ensure business continuity.
Redistribution of wealth	<ul style="list-style-type: none"> ◆ Ensure good corporate responsibility or corporate-community responsibility. ◆ Create a community investment fund and commit a percentage of revenues to the fund. ◆ Hire local Aboriginal workers where possible.
Poor public relations	<ul style="list-style-type: none"> ◆ Adopt a public relations policy. ◆ Assign public relations responsibilities to a corporate officer.

Source: The Conference Board of Canada.

CHAPTER 7

Conclusion

Chapter Summary

- ♦ Leadership, partnerships, and knowledge transfer have helped the businesses profiled in this report develop and thrive.
- ♦ Cultural networking and corporate–community responsibility are aspects of Aboriginal culture that are conducive to business success.

Most Aboriginal individuals and families in Canada live in substandard socio-economic conditions when compared with the non-Aboriginal population. To address this issue, many

Aboriginal individuals and groups are starting their own businesses—businesses that help to develop economies and enhance social wellness in urban and rural Aboriginal communities. Although the five businesses selected for these case studies are distinct, they share some common themes in their capacity for leadership, partnerships, and knowledge transfer that have helped them develop and thrive. They also share a mastery of harnessing aspects of Aboriginal culture that are conducive to business success, including cultural networking and corporate–community responsibility. Aspiring Aboriginal entrepreneurs can use the best practice guidelines proposed in this report to build and maintain their own successful Aboriginal businesses.

APPENDIX A

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APPENDIX B

A Note on Methodology

The research methodology incorporates Participatory Action Research and is guided by the principles of OCAP (Ownership, Access, Control, Possession). Research adhered to the overarching principle of respect for the Aboriginal participants and communities that took part in this study.

This project used a number of research methodologies, including:

- ◆ a literature review;
- ◆ case study development and analysis; and
- ◆ interviews.

Four phases of data collection and analysis were implemented:

Phase One: The first phase entailed a review of literature statistics on Aboriginal peoples in Canada, particularly relating to social and economic trends and business development. Based on the results of this literature review, case study and stakeholder interview protocols were developed. The literature review included:

- ◆ current economic partnerships between Aboriginal communities and industry;
- ◆ statistical analysis of on-reserve and off-reserve industries (based on trends in economic development and Aboriginal business enterprises, and business development);
- ◆ social and economic challenges facing Aboriginal communities; and
- ◆ the role of government and industry as economic enablers.

The findings from this literature review are referenced throughout the report and a bibliography is provided at the end.

Phase Two: The second phase of this project involved the identification of five successful Aboriginal businesses. The businesses were selected based on consultation with Aboriginal stakeholders, Aboriginal community members, academics involved in Aboriginal economic development, and officials from Indian and Northern Affairs Canada (INAC) and were chosen based on the following criteria:

- ◆ they are Aboriginal-owned and operated;
- ◆ they have demonstrated growth of profits over a substantial period of time;
- ◆ they have created jobs within the communities in which they are based and/or the Aboriginal community at large;
- ◆ they have created wealth within the communities in which they are based and/or the Aboriginal community at large; and
- ◆ they have improved the social conditions (better socio-economic conditions and community well-being) within the communities in which they are based and/or the Aboriginal community at large.¹

¹ Donna Cona is the only business featured in this study that is not community based. Instead, it focuses on the Aboriginal community at large. Therefore, the phrase “the communities in which they are based” in the above criteria can be replaced by “the Aboriginal community at large” when applied to Donna Cona.

This report profiles the following five successful Aboriginal businesses:

- ◆ Goodfish Lake Development Corporation (Goodfish Lake, Alberta);
- ◆ Piruqsajit Limited (Rankin Inlet, Nunavut);
- ◆ Atuqtuarvik Corporation (Rankin Inlet, Nunavut);
- ◆ Donna Cona Inc. (Ottawa, Ontario); and
- ◆ Caisse Populaire Kahnawake (Kahnawake, Quebec).

Phase Three: The third phase involved visits to four Aboriginal communities and five Aboriginal-owned businesses to conduct interviews. The interviews were with subject-matter experts and representatives from the businesses profiled. In total, 30 interviews were conducted.

The five case studies included interviews with representatives from:

- ◆ Aboriginal and non-Aboriginal businesses;
- ◆ Aboriginal groups;
- ◆ Aboriginal communities;
- ◆ Inuit development corporations;
- ◆ community bands, councils, and hamlets;
- ◆ economic development organizations and initiatives;
- ◆ training and education programs; and
- ◆ Nunavut's territorial government.

Phase Four: During the fourth phase, the report was prepared based on the results of the literature review, case studies, and interviews.

APPENDIX C

Aboriginal Peoples in Canada: Definitions and a Demographic Overview

The Conference Board of Canada uses the term “Aboriginal peoples” in accordance with the definition provided in the 1996 Report for the Royal Commission on Aboriginal Peoples (RCAP). The commission bases its definition largely on section 35(2) of the *Constitution Act, 1982*. As such, Aboriginal peoples are “the indigenous inhabitants of Canada,” which include Inuit, First Nations, and Métis people.¹ The definition considers “organic political and cultural entities that stem historically from the original peoples of North America” and is not based on notions of race.²

The Conference Board of Canada recognizes the important distinctions between Aboriginal peoples in Canada. First Nations, Métis, and Inuit are distinct groups that have different languages, cultures, and histories; who reside in different geographical regions of Canada; and, who experience different circumstances in their communities. Differences also exist among First Nations or groups; between communities; and between individuals. However, a collective Aboriginal identity can be drawn from common historical experiences for these groups, including colonization, the residential school system, land claims, and self-government.³

Data from the 2006 federal census put the Aboriginal population in Canada at more than one million

(1,172,790 that self identified).⁴ That was equal to 3.8 per cent of Canada’s total population,⁵ and it marks a 45 per cent increase in the Aboriginal population over the past 10 years—six times faster than the 8 per cent increase for the non-Aboriginal population.⁶ Census data also indicate that the number of Aboriginal individuals living off reserve and in urban centres is growing. In 2006, almost three-quarters (73.6 per cent) of the Aboriginal population living off-reserve (54 per cent in urban areas, up from 50 per cent in 1996).⁷

Aboriginal entrepreneurship is a growing trend in Canada. In 2001, there were more than 27,195 self-employed Aboriginal workers, an increase of 30.7 per cent since 1996. Of this population, 46 per cent were North American Indians, 47 per cent were Métis, and 3 per cent were Inuit. The remaining 4 per cent were Status Indians or band members who do not identify as Aboriginal and those who identified with more than one Aboriginal nation or group. Most Aboriginal entrepreneurs are males (63 per cent) between the ages of 35 and 44 who live off reserve (85.6 per cent) and in urban centres (52.1 per cent).⁸

4 Statistics Canada, *Aboriginal Peoples in Canada in 2006*.

5 Ibid. (Of the 1,172,790 Aboriginal persons in Canada, 698,025 are First Nations [60 per cent], 389,785 Métis [33 per cent], and 50,485 Inuit [4 per cent]).

6 Ibid.

7 Ibid.

8 Statistics Canada, “Aboriginal Entrepreneurs Survey, 2002.” (The survey is based on 2001 Census findings from the Aboriginal Entrepreneurs Survey, which used 2002 as a reference point.)

1 Royal Commission on Aboriginal Peoples, “Looking Forward, Looking Back.”

2 Ibid.

3 Frideres, *Aboriginal Identity in the Canadian Context*, p. 4.

APPENDIX D

Historical Context

The socio-economic conditions in which the Aboriginal peoples in Canada live cannot be understood in isolation. Culture loss and alienation are certainly contributing factors. While pinpointing the origins of these issues is a step in the right direction, understanding the process from which they emerged is also essential. Culture loss is a product of the complex history of Aboriginal peoples in Canada.

Aboriginal experience in Canada has differed among groups and Nations over space and time. However, some common historical themes can be drawn from these experiences, including assimilation and cultural genocide. The colonization of Aboriginal peoples removed their social and cultural systems and replaced them with Euro-Canadian structures.¹ Examples include forced relocations and sedentism, the residential school system (under which Aboriginal children were taken from their communities and placed in church-run, government-funded boarding schools), the implementation of policies prohibiting the

practice of Aboriginal cultural activities, and the use of Aboriginal peoples for social experimentation. All these historical events have had significant psycho-social and, consequently, economic effects on the Aboriginal population. This is marked by a considerable wealth disparity between the Aboriginal and non-Aboriginal populations in Canada (with non-Aboriginal people generally enjoying better economic circumstances).

The “multigenerational and cumulative” effects of this historical trauma are manifest in today’s generations of Aboriginal peoples.² The Aboriginal population emerged from this historical process with an identity crisis and inferiority complex.³ This has been reinforced by the adoption of negative self-images influenced by mainstream society’s often uninformed impressions—impressions that are usually based on limited knowledge, stereotypes, and misinformation.⁴

2 Ibid., p. 18.

3 Ibid., p. 17.

4 Ibid., p. 18.

1 Frideres, *Aboriginal Identity in the Canadian Context*, p. 17.

APPENDIX E

The Aboriginal Business Prototype

Both the *Indian Act*¹ and the *Nunavut Land Claims Agreement*² prohibit private land ownership on reserves and within Nunavut respectively. Unable to leverage land as collateral, entrepreneurs residing in these areas (overwhelmingly Aboriginal) experience difficulties securing business loans from conventional banks.

An Aboriginal business prototype has emerged to reconcile challenges related to prohibited land ownership shared by those affected by these legislations. The prototype is a community-based model wherein the

community development corporation and sometimes the band itself govern the enterprise. The enterprise resembles a quasi-Crown corporation acting as the business arm of the local government. Often, community members are shareholders of the firm.

Although this is the dominant model for Aboriginal business, Aboriginal entrepreneurs are diversifying as well. Many Aboriginal businesses operate as private firms. This is particularly true of off-reserve ventures. Similarities can be drawn from the case studies profiled in this report based on the unique challenges and needs Aboriginal business people experience due to legislation that prohibits land ownership. However, significant differences exist in how each business is affected by and addresses these challenges.

1 Canadian Legal Information Institute, *Indian Act*, section 20(1) and section 89(1).

2 *Agreement Between the Inuit of the Nunavut Land Settlement Area and Her Majesty the Queen in Right of Canada*, 1993.

APPENDIX F

The Cultural Underpinnings of the Aboriginal Businesses Featured in This Report

A 2005 Conference Board of Canada report entitled *Creating Wealth and Employment in Aboriginal Communities* states that “Aboriginal businesses want to become self-sufficient while preserving their traditional values in the process.”¹ Vice-President of the Bank of Montréal and member of the Mohawk Nation Ron Jamieson understands the importance of this balance. In a 1999 research network working paper, he noted that there is a common misperception held among both the Aboriginal and non-Aboriginal population in Canada that “Aboriginal peoples lack the skills and temperament to be effective entrepreneurs.” In his paper, Jamieson refuted this perception, saying the same skills that allowed his ancestors to survive and succeed in the past are conducive to business success today.

The task of attributing cultural characteristics to Aboriginal peoples in Canada can be difficult, given the diversity of this collective. The Conference Board of Canada does not present the Aboriginal population as a homogenous group, but it does look to the *Report for the Royal Commission on Aboriginal Peoples* to address the question of a collective Aboriginal culture, especially

as it pertains to business conduct. The report stated that Aboriginal cultures tend to prioritize the well-being of the community and to focus on the redistribution of wealth more so than non-Aboriginal people:

The fundamental difference in emphasis between the Aboriginal view of economics and the beliefs of liberal capitalism relates less to the means by which wealth is created than to the appropriate distribution of resources once these have been acquired. Aboriginal cultures share a deeply embedded belief that the welfare of the collective is a higher priority than the acquisition of wealth by the individual.²

The case studies profiled in this report reflect these conclusions. They show that Aboriginal businesses often exhibit the characteristics of their cultures and communities. Cultural networking and community–corporate responsibility are two characteristics incorporated by the businesses profiled in this report.

1 Loizides and Wuttunee, *Creating Wealth and Employment in Aboriginal Communities*.

2 Royal Commission on Aboriginal Peoples, “Restructuring the Relationship.”

CULTURAL NETWORKING

The Conference Board of Canada defines the *cultural network* as a group of people that are accessible to one another by virtue of a shared culture. According to a 2007 report on Aboriginal identity by Canadian Heritage, shared culture may be defined on the basis of three identity formation theories: the common experience of colonial subjugation (psychiatric/psychoanalytic); the belief in mutual blood ties that may not be authentic but that create “reciprocal feelings of trust and acceptance” (primordialism); and one’s relation to, and interactions with, a group (symbolic interaction).³

³ Frideres, *Aboriginal Identity in the Canadian Context*, pp. 10–15.

CORPORATE-COMMUNITY RESPONSIBILITY

The Conference Board of Canada uses the term “corporate–community responsibility” in this report to refer to the strong corporate responsibility practiced by Aboriginal businesses, which tends to be community focused. Corporate–community responsibility includes economic development, social wellness, and cultural preservation initiatives.

A strong sense of corporate–community responsibility was found across the case studies, which may be explained largely by the collectivist aspect of Aboriginal culture discussed in the Royal Commission report. Aboriginal enterprises are often created to develop the economies of Aboriginal communities. In such cases, the businesses have a vested interest in investing back into the community. Cultural preservation is a key component of corporate–community responsibility for Aboriginal businesses.

APPENDIX G

Online Resources for Aboriginal Businesses

Funding Resources

The following funding resources contain information on how to apply for a loan, eligibility criteria, loan applications, and tools to find suitable funding sources.

Aboriginal Business Canada

www.ainc-inac.gc.ca/ps/abc/index-eng.asp

Aboriginal Business Service Network (ABSН)

www.entrepreneurscanada.gc.ca/servlet/ContentServer?cid=1090554776412&lang=en&pagename=CBSC_ON%2Fdisplay&c=Services

Aboriginal Canada Portal

www.aboriginalcanada.gc.ca/

Aboriginal Entrepreneur (Business Development Canada)

www.bdc.ca/en/i_am/aboriginal_entrepreneur/default.htm

Aboriginal Funding Tool

www.aboriginalcanada.gc.ca/acp/apps/fundingtool.nsf/index_en.html

Aboriginal Resource Guide

www.aboriginalresourcenet.com/

Assembly of First Nations

www.afn.ca

BC Hydro

www.bchydro.com/ard/contact/contact957.html

Canada Business

www.canadabusiness.ca/servlet/ContentServer?pagename=CBSC_FE%2Fdisplay&lang=en&cid=1108122918398&c=GuideInfoGuide#Business_Financing

Canadian Council for Aboriginal Business

www.ccab.com/

Community Futures Development Corporations

www.communityfutures.ca/

Congress of Aboriginal Peoples

www.abo-peoples.org

First Business

www.firstbusiness.ca/workshops/finance_abobus.htm

Indian Business Corporation

www.indianbc.ca/

National Aboriginal Capital Corporation Association

www.nacca.net

Procurement Strategy for Aboriginal Business (INAC)

www.ainc-inac.gc.ca/saea-psab/index_e.html

Small Business Funding Centre

www.grants-loans.org/protech.php

Women's Enterprise Initiative

www.wd.gc.ca/256_ENG_ASP.asp

Aboriginal Banking Programs

Aboriginal programs offered through Canada's five major conventional banks

Bank	Aboriginal banking program
Bank of Montreal (BMO)	www4.bmo.com/aboriginalbanking/0,4442,35649_975748,00.html? pChannelId=244704
Canadian Imperial bank of Commerce (CIBC)	www.cibc.com/ca/small-business/aboriginal/index.html
First Nations Bank of Canada (TD Canada Trust)	www.firstnationsbank.com/index.jsp
Royal Bank of Canada (RBC)	www.rbcroyalbank.com/RBC:R6M@yl71JsUAJfCUD64/aboriginal/rr_chall.html
Scotiabank	www.scotiabank.com/cda/content/0,1608,CID338_LIDen,00.html

APPENDIX H

Related Products and Services

Council on Corporate Aboriginal Relations

The role of this network is to demonstrate the importance and value of a corporate Aboriginal relations strategy. Members should have overall responsibility for Aboriginal relations within their organization. This is an unmatched network to address business and societal challenges related to Aboriginal issues and influence the policy and practice of corporate Aboriginal relations in Canada.

Community-Based Learning Opportunities for Aboriginal Peoples, Winner, 2006: The Aboriginal Financial Officers Association of Canada

This case study shows how the Aboriginal Financial Officers Association of Canada works to enhance the financial and management knowledge of Aboriginal peoples by providing relevant, accessible, learning opportunities.

Report on Diversity: Priorities, Practices, and Performance in Canadian Organizations

This inaugural report presents benchmark data on diversity-related priorities, practices, and achievements in Canadian organizations.

Growth of Enterprises in Aboriginal Communities

The growth of Aboriginal band-owned enterprises has reduced high unemployment levels and increased self-reliance. This report highlights the economic success of five Aboriginal communities. These community businesses use strategic planning and standard business practices,

while maintaining traditional Aboriginal values. All community members share the benefits. This report documents the experience of the Osoyoos Indian Band, Lac La Ronge Indian Band, Membertou First Nation, Mississaugas of the New Credit First Nation, and Vuntut Gwitchin First Nation.

Creating Wealth in Aboriginal Communities

Aboriginal leaders are determined to make their communities self-reliant by reducing high unemployment and dependence on government. They are doing so by creating wealth and employment through community-owned enterprises. Using case studies, this report discusses six key factors that contribute to the success of Aboriginal community-owned enterprises.

Councils of Human Resource Executives (National, East, West)

Interact with senior HR executives responsible for the Canadian operations of large organizations. Learn from experts, and discuss issues that support HR management strategy and key operating decisions.

Strategic Human Resources Management Council (for the public sector)

Explore best practices in integrating human resources with business planning in the public sector. Examine the strategies for building HR capacity in your organization and the strategic role of HR in public sector environments.

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