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Report **November 2009**

True to Their Visions  
An Account of 10 Successful  
Aboriginal Businesses



ORGANIZATIONAL EXCELLENCE



True to Their Visions: An Account of 10 Successful Aboriginal Businesses

by Ashley Sisco and Nicole Stewart

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## Preface

Successful Aboriginal businesses create wealth and jobs in Aboriginal communities and Canada at large. This report profiles 10 successful First Nation, Inuit, and Métis businesses from across Canada and highlights common challenges and success factors. It provides an Aboriginal business guide and other resources that Aboriginal entrepreneurs can apply to their own businesses. It also highlights some of the advantages to partnering with Aboriginal businesses. The findings in this report are based on a comprehensive literature review and interviews conducted with our featured businesses and community members as well as other business leaders—both Aboriginal and non-Aboriginal.

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A special thank you to the late Prem Benimadhu, Vice-President of Governance and Human Resources Management, for his guidance and insights.

## Methodology

Responsibility for the research methodology lies with The Conference Board of Canada. It incorporates Participatory Action Research (PAR) 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. (See the research methodology in Appendix B.) (For a note on statistical information and terminology see Appendix C.)

## EXECUTIVE SUMMARY

# True to Their Visions An Account of 10 Successful Aboriginal Businesses

### At a Glance

- ◆ Successful Aboriginal business development is a growing trend in Canada that is creating employment, economic prosperity, and social well-being in Aboriginal communities.
- ◆ Aboriginal businesses face unique challenges and opportunities due to remoteness of location, band governance, socio-economic circumstances, legislation, cultural influences, and cultural perceptions.
- ◆ The 10 successful businesses featured in this report demonstrate that leadership, sound business practices, and strong relationships and partnerships are key to business success.
- ◆ Evolving jurisprudence, the increasing competitiveness of Aboriginal businesses, and building trust have created growing opportunity for corporate–Aboriginal partnerships.

**A** boriginal business development is a growing trend in Canada that is improving the socio-economic outcomes for Aboriginal peoples by creating jobs and wealth in their respective communities and Canada at large. While there are many examples of success, there are equal examples that are not realizing their potential. This report set out to determine, all things being equal in terms of location and access to resources, the factors that determine whether a business will succeed

or fail. It features 10 successful Aboriginal businesses from across Canada and draws out the common challenges and keys to success, forming an easy-to-use Aboriginal business guide. The purpose of this report is to profile successful Aboriginal businesses, encourage other Aboriginal entrepreneurs, and promote corporate–Aboriginal partnerships.

Aboriginal businesses have some unique advantages which can be shared by the organizations that partner with them, including taxation exemptions and procurement set-asides. However, the challenges they face far outweigh these advantages. Aboriginal businesses face the same challenges as any small or medium-sized business, as well as unique challenges related to being *Aboriginal*. These include limited access to capital, limited access to resources, issues related to band governance (for band-owned businesses), and stereotyping. While these challenges cannot necessarily be eliminated, they can be addressed. The businesses featured in this report demonstrate that strong leadership, sound business practices, and solid relationships are key to overcoming these challenges and realizing success.

Leadership is important to the success of any business. The Aboriginal business leaders featured in this report are expert communicators and negotiators; passionate and inspirational; genuine and act with integrity; courageous; embrace continuous learning; strategic thinkers; and results oriented. In addition to having these classic leadership traits, they are also collaborative and community focused.

While the steps and processes involved in creating a successful business might be considered basic business sense, they are not necessarily common sense. This report identifies four sound business practices that the businesses featured in this report have demonstrated: filling a void in the market, proper planning, constant marketing, as well as flexibility and adaptability.

Strong business relationships and partnerships are key to the success of any business. They are especially important to Aboriginal businesses that are located in remote communities and those that have limited access to material and human resources.

Business relationships can be an effective tool for Aboriginal businesses to build capacity and overcome barriers. Aboriginal businesses frequently build relationships and partnerships with financial institutions, governments, and other businesses (both Aboriginal and non-Aboriginal-owned), as well as with training and educational institutions. Common Aboriginal business relationships and partnerships include equity investment, profit-sharing, and subcontracting models with corporate partners, as well as cooperative models

and “Treaty Economy” with other Aboriginal businesses and communities. Successful Aboriginal businesses can leverage these relationships to gain access to capital, reach out to clientele/market, build expertise, gain access to new resources (human and material), and build new relationships.

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**Business relationships and partnerships are especially important to Aboriginal businesses in remote communities.**

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Evolving jurisprudence, the increasing competitiveness of Aboriginal businesses, and building trust have created growing opportunity for corporate–Aboriginal partnerships. Aboriginal relations executives and experts interviewed by The Conference Board of Canada in 2009 identified the following six characteristics they look for in an Aboriginal business partner and/or partnership: strong business knowledge, capacity, and active participation; clear communication; trust and goodwill; shared objectives; good and stable business governance; and community support.

## CHAPTER 1

# Introduction and Overview

### Chapter Summary

- ◆ There is a significant employment, economic prosperity, and social well-being gap between Aboriginal and non-Aboriginal peoples in Canada. Successful Aboriginal businesses help to close the gap.
- ◆ This report draws on common challenges faced by Aboriginal businesses as well as strategies to overcome these challenges.
- ◆ The purpose of this report is to profile successful Aboriginal businesses, encourage other Aboriginal entrepreneurs, and promote corporate–Aboriginal partnerships.

**B**efore 1989, many members of the Xai'xais/Kitasoo First Nation community of Klemtu relied on social assistance, and social problems were prevalent in the community. Today, with a greater number of job options, community members are happier and healthier. In 1995, Membertou band “had a \$1 million deficit and had only 37 employees.”<sup>1</sup> Today, the band has what Chief Terrance Paul calls “a good problem”—too many jobs, employing approximately 600 people. And, before 1997, the First Nations communities of Attawapiskat, Kashechewan, and Fort Albany were

experiencing an energy crisis that inhibited infrastructure development for houses, schools, and social programs. Today, they have more than sufficient energy capacity to support a healthy community and generate an average revenue of \$5.2 million annually from it. These communities have one thing in common—they have been turned around by the development of successful Aboriginal businesses.

Successful Aboriginal businesses are also making a positive impact on Aboriginal peoples living in urban centres, and in Canada as a whole. Leslie Lounsbury is dispelling stereotypes and promoting positive stories about Aboriginal peoples in Canada through her magazine—*SAY*. Laura Milliken is increasing Aboriginal content in film and television through her company—Big Soul Productions Inc. And Nathalie Coutou is promoting Aboriginal art through her art boutique—Khewa Native Art Boutique. Aboriginal entrepreneurs are not only making a difference, but making a profit and creating jobs as well.

It is well documented that Aboriginal peoples generally do not enjoy the same quality of life and well-being as other Canadians.<sup>2</sup> However, the pervasiveness of this gap and the scale of its implications for Aboriginal peoples do not mean efforts are futile. First Nation, Inuit, and Métis businesses are creating jobs and wealth within

1 Membertou Corporate Division.

2 Salée, “Quality of Life of Aboriginal People in Canada,” pp. 4–5.

their respective communities, and collectively helping to improve the living conditions among the Aboriginal population (both on and off reserve).<sup>3</sup>

They employ members of their communities, they inject capital into local economies, and they grow secondary industries. And in the classic spirit of entrepreneurship, they identify, develop and exploit opportunities for sustained economic growth in areas that would otherwise remain neglected.<sup>4</sup>

Current and pending labour shortages are making business development increasingly more important to retaining local talent in Aboriginal communities, especially those that are already economically depressed. Equally, Aboriginal businesses are improving socio-economic outcomes for the urban Aboriginal population. Over half of the Aboriginal population now live in urban centres (54 per cent in 2006).<sup>5</sup>

Aboriginal business development represents not only a source of income for First Nation, Inuit, and Métis entrepreneurs, but also a means to increase labour force participation rates for their respective populations. In 2006, the unemployment rate for Aboriginal peoples was 13.2 per cent, nearly three times that of the non-Aboriginal population (5.2 per cent).<sup>6</sup> The unemployment rate for First Nations peoples living on reserve that same year, 23.1 per cent, was almost double that of the First Nations off reserve population, 12.3 per cent.<sup>7</sup>

Clint Davis, President of the Canadian Council for Aboriginal Business, states that “While many are small- or medium-sized enterprises, employing a relative handful of workers, they could be providing worthwhile and rewarding employment for at least 25 to 30 percent of the 300,000 to 400,000 members of the country’s [A]boriginal working-age labour force.”<sup>8</sup>

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**Business development is increasingly important for retaining local talent in Aboriginal communities.**

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The demographics paint a promising picture for future growth in the Aboriginal business industry. In 2002, there were 27,000 Aboriginal entrepreneurs in Canada, an increase of 30 per cent from 1996.<sup>9</sup> Davis estimates that this number has since grown to approximately 33,000.<sup>10</sup> Kelly Lendsay, President and CEO, Aboriginal Human Resource Council, projects that “The Aboriginal labour market will grow by 33 per cent by 2014.”<sup>11</sup> The Aboriginal population is the youngest and fastest-growing portion of the Canadian population, and it increased much faster (by a factor of six) than the non-Aboriginal population over the past decade; 45 per cent compared with 8 per cent, respectively.<sup>12</sup> Almost half (48 per cent) of Aboriginal peoples are younger than 24; this compares with 31 per cent of non-Aboriginal peoples.<sup>13</sup> They represent the next generation of potential entrepreneurs and an important labour source for business, both Aboriginal and non-Aboriginal.

By 2017, Aboriginal people aged 20 to 29 could make up 30% of those in their 20s in Saskatchewan; 24% in Manitoba; 40% in the

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3 Sisco and Nelson, *From Vision to Venture*, pp. 2–3. The Aboriginal population currently lags across many socio-economic indicators when compared with their non-Aboriginal counterparts.

4 Turtle Island News, “Positive Developments for Aboriginal Peoples.”

5 Statistics Canada, “2006 Census: Aboriginal Peoples in Canada in 2006.”

6 Ibid., “Table 6 Employment and Unemployment Rates of People Aged 25 to 54, by Aboriginal Identity, Canada, 2001 and 2006.” In 2006, the unemployment rates were 16.3 per cent for First Nations people, 8.4 per cent for Métis, and 19 per cent for Inuit.

7 Ibid., “Table 7 Employment and Unemployment Rates for the First Nations Identity Population and the Registered Indian Population (Aged 25 to 54) Living On and Off Reserve, Canada, 2001 and 2006.”

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8 Canadian Council for Aboriginal Business, *Diversity in the Workplace*.

9 Business Development Bank of Canada, “Aboriginal Entrepreneur.”

10 Canadian Council for Aboriginal Business, *Diversity in the Workplace*.

11 Kelly Lendsay, President and CEO, Aboriginal Human Resource Council. E-mail message to Ashley Sisco, October 28, 2009.

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

13 Ibid., “2006 Census: Aboriginal Peoples in Canada in 2006.”



Yukon Territory; and 58% in the Northwest Territories. Already, more than 80% of Nunavut's population aged 20 to 29 is Aboriginal, and the proportion is expected to grow.<sup>14</sup>

However, while many Aboriginal businesses are successful, there are equal examples of short-lived ventures that fail to generate enough revenue to survive, let alone create jobs and wealth within their communities or the Aboriginal community at large.<sup>15</sup> To help these businesses succeed, and allow Aboriginal peoples and communities to fully realize the benefits, this report sets out to answer the question: What are the factors that determine whether Aboriginal businesses will succeed or fail? Drawing on common challenges and success factors from the 10 case study businesses, it shows that first and foremost Aboriginal businesses must be competitive with other businesses. This means implementing good leadership, employing sound business practices, and building and maintaining strong relationships and partnerships. Additionally, it shows that success depends on overcoming challenges and seizing opportunities related to being an *Aboriginal* business, including remoteness of location, socio-economic circumstances, legislation, band governance, cultural influences, and cultural perceptions (perceptions others have about Aboriginal cultures). Exhibit 1 illustrates these keys to success as well as the Aboriginal business context.

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**This report looks at the factors that determine whether Aboriginal businesses will succeed or fail.**

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The purpose of this report is threefold—to profile successful Aboriginal businesses, encourage further examples of success, and promote corporate–Aboriginal partnerships. The 10 businesses featured in this report,

<sup>14</sup> Statistics Canada, *Aboriginal Peoples in Canada in 2006*.

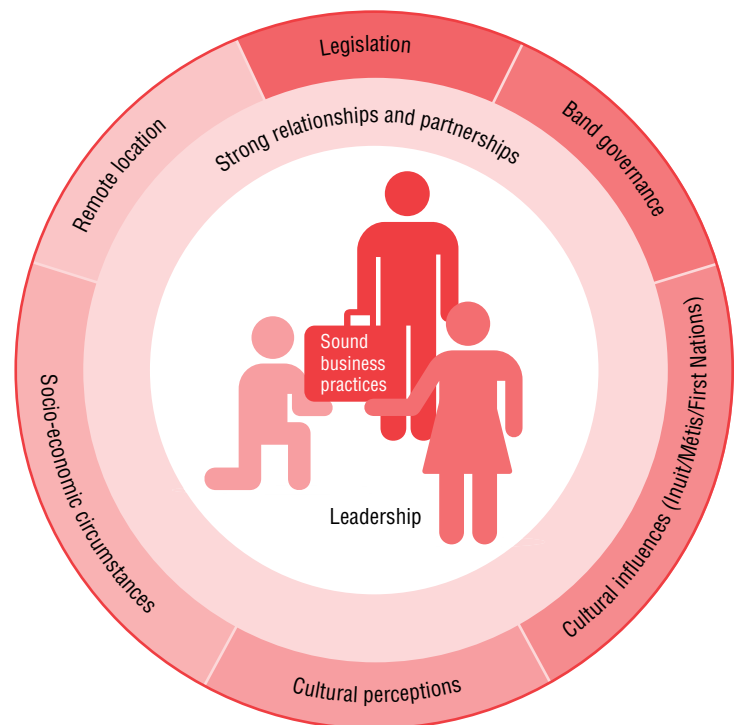
<sup>15</sup> Statistics Canada, “Aboriginal Entrepreneurs Survey.” The survey states that “72% of Aboriginal entrepreneurs reported profits in 2002, and 43% reported an increase in sales revenues from 2001. Sales remained stable for 39% of businesses surveyed . . . nearly two out of three Aboriginal business owners (63%) anticipated growth in the next two years.”

which represent a diverse sample of successful Inuit-, First Nation-, and Métis-owned businesses across the country, are:

1. Arctic Adventures (Baie d’Urfé and Nunavik, Quebec)
2. Big Soul Productions Inc. (Toronto, Ontario)
3. Blackfoot Crossing Historical Park Inc. (Siksika, Alberta)
4. Five Nations Energy Inc. (Attawapiskat, Kashechewan, Fort Albany, and Timmins, Ontario)
5. KAVIK-AXYS Inc. (Inuvik, Northwest Territories)
6. Khewa Native Art Boutique (Wakefield, Quebec)
7. Kitasoo Aqua Farms Ltd. and Kitasoo Seafoods Ltd. (Klemtu, British Columbia)
8. Membertou Corporate Division (Halifax and Sydney, Nova Scotia)
9. *SAY Magazine* (Winnipeg, Manitoba)
10. Tron Power Inc. (Saskatoon and Patuanak, Saskatchewan)

(See Chapter 4 for case studies and a map of where the businesses and communities are located.)

**Exhibit 1**  
Aboriginal Business—Context and Keys to Success



Source: The Conference Board of Canada.

## CHAPTER 2

# Challenges Specific to Aboriginal Businesses

### Chapter Summary

- ◆ Aboriginal businesses face unique challenges and opportunities due to remoteness of location, band governance, socio-economic circumstances, legislation, cultural influences, and cultural perceptions.
- ◆ Aboriginal businesses have some unique advantages which can be shared by the organizations that partner with them, including taxation exemptions and procurement set-asides.
- ◆ Aboriginal businesses face the same challenges as any small or medium-sized business, as well as unique challenges related to limited access to capital, limited access to resources, issues related to band governance (for band-owned businesses), and stereotyping.
- ◆ The businesses featured in this report have found ways to overcome challenges and seize opportunities.

### ABORIGINAL BUSINESSES ENJOY SOME UNIQUE ADVANTAGES

**A** boriginal businesses have some unique advantages. For example, First Nations peoples and bands on reserve are exempt from taxation of property located on reserve<sup>1</sup> and they are generally exempt from taxation of business income if “the actual income-earning activities of the business take place on a reserve.”<sup>2</sup> Band-owned

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- 1 Canadian Legal Information Institute, *Indian Act*, s. 87.  
“Property exempt from taxation  
87. (1) Notwithstanding any other Act of Parliament or any Act of the legislature of a province, but subject to section 83 and section 5 of the *First Nations Fiscal and Statistical Management Act*, the following property is exempt from taxation:  
(a) the interest of an Indian or a band in reserve lands or surrendered lands; and  
(b) the personal property of an Indian or a band situated on a reserve.  
Idem  
(2) No Indian or band is subject to taxation in respect of the ownership, occupation, possession or use of any property mentioned in paragraph (1)(a) or (b) or is otherwise subject to taxation in respect of any such property.”
  - 2 Canada Revenue Agency, “Information for Status Indians.” The Agency continues, “If your business is operated entirely on a reserve, your business income is connected to a reserve and is exempt under section 87 of the *Indian Act*. If your business activities are mostly carried on off a reserve, your business income is taxable because the exemption under section 87 does not apply.”

This section outlines some of the common challenges faced by Aboriginal businesses. However, Inuit, Métis, and First Nations peoples and individuals also face unique challenges due to distinct experiences, legislation, perspectives, and interpretations of culture. For example, First Nations peoples with Indian status living on reserve can face challenges associated with land claims and band governance systems. Métis share some of the challenges faced by First Nations, but have been excluded from some of the rights, such as tax exemptions. In addition, the remoteness and extreme climate of Inuvialuit, Nunavut, Nunavik, and Labrador present a unique set of challenges for Inuit.

It is also important to distinguish between those Aboriginal businesses operating in an urban setting and those in remote locations. For example, while those in urban settings can avoid the challenges related to operating on reserve (band governance, and sometimes remoteness), they do not necessarily have the same support system as a community-based business and often face a more competitive business environment.

corporations (“Incorporated band-empowered entities”) “do not pay GST/HST on goods [or services] bought for use in band management activities . . . or for real property on reserve.”<sup>3</sup>

Income and sales tax exemptions can also apply to business partners of non-incorporated First Nations-owned businesses. Income tax exemptions apply for the share of the partnership’s business that represents activities conducted on reserve.<sup>4</sup> Additionally, both the goods and services tax (GST) and the harmonized sales tax (HST) exemptions apply to partners of First Nations-owned (status Indian) businesses when goods are bought on or delivered to a reserve “by the vendor or the vendor’s

agent.”<sup>5</sup> This provides an incentive for partners, and therefore increased opportunity for business partnership for First Nations-owned businesses.

Aboriginal and treaty rights can allow Aboriginal communities to access capital or commercialize local resources to invest in business. Aboriginal communities can also negotiate Impacts and Benefits Agreements with industry that include provisions for subcontracting to local Aboriginal supplier businesses. Many land claim settlement agreements also include provisions that encourage the development of businesses owned by the respective Aboriginal group. In addition, Aboriginal businesses have advantages with procurement. Government contracts worth over \$5,000, serving “a primarily Aboriginal population,” are set aside for qualified Aboriginal businesses.<sup>6</sup> The government also encourages contractors to joint venture with and subcontract to Aboriginal businesses.<sup>7</sup>

## ABORIGINAL BUSINESSES ALSO FACE DISTINCT CHALLENGES

Despite these advantages, Aboriginal businesses face far greater challenges. The majority of First Nation, Inuit, and Métis businesses face the same challenges as any small or medium-sized enterprise. However, they also face distinct challenges related to being an Aboriginal business, including:

- ◆ limited access to capital, due to the socio-economic circumstances and inability to leverage reserve,<sup>8</sup> Métis, or Inuit settlement land as collateral
- ◆ limited access to resources (human and material), for those remotely located
- ◆ issues related to band governance (primarily, conflict of interest) for band-owned businesses
- ◆ stereotyping

3 Ibid., “Businesses Owned by Indians, Indian Bands, or Band-Empowered Entities.” However, “[s]ection 87 of the *Indian Act* does not apply to corporations or trusts, even if they are owned or controlled by an Indian. A corporation or trust is treated as a separate taxpayer. As such, neither would be considered an Indian for purposes of the exemption.”

4 Ibid. The Agency continues, “If all the partnership’s income-earning activities are carried out on a reserve, all your income from the partnership will be exempt from tax. If one-half of the partnership’s income-earning activities are carried out on a reserve, one-half of your share of the partnership income will be exempt.”

5 Ibid., “Businesses Owned by Indians, Indian Bands, or Band-Empowered Entities.”

6 Indian and Northern Affairs Canada, “Procurement Strategy for Aboriginal Business.”

7 Ibid.

8 Indian and Northern Affairs Canada, “Discussion Paper: Matrimonial Real Property on Reserve.” INAC continues, “Under the Canadian legal system, legal title to Indian reserve land is held by the federal Crown for the use and benefit of specific First Nations through the ‘Bands’ recognized under the *Indian Act*.”

The sections below discuss these common challenges and explore how the businesses featured in this report have overcome them.

### LIMITED ACCESS TO CAPITAL

Accessing capital is among the biggest challenges that Aboriginal businesses face. Aboriginal businesses, like any business, require “seed money” to begin operations; “start-up money” for assets and equipment; “working capital” to maintain operations; and “expansion capital” to acquire additional resources and make investments in new technology and business opportunities as the company grows and prospers.”<sup>9</sup>

Aboriginal entrepreneurs have difficulty accessing capital because of the legacy of socio-economic conditions Aboriginal peoples face and the inability to leverage reserve, Métis, or Inuit settlement land as collateral.

*First Nation entrepreneurs are at a considerable disadvantage when compared with their non-First Nation counterparts—we are simply not on equal footing to compete. We have a political history that prohibits First Nations peoples on reserve from leveraging land as collateral. It hampers significantly our ability to access equity and debt capital.*<sup>10</sup>

—John Kim Bell

9 Industry Canada, *Financing SMEs in Canada*.

10 John Kim Bell is a successful Aboriginal entrepreneur (Bell & Bernard Ltd.) and prior president of the National Aboriginal Achievement Foundation. Phone interview by Ashley Sisco and Nicole Stewart, March 6, 2009.

However, Aboriginal business people are finding ways to seize growing opportunities to overcome these challenges. According to the 2002 Aboriginal Entrepreneurs Survey, the majority (80 per cent) of Aboriginal entrepreneurs require under \$50,000 for start-up funding.<sup>11</sup> Personal savings and commercial bank and credit loans were the most common sources of funding used by Aboriginal entrepreneurs (used by 83 per cent and 51 per cent, respectively) to start their businesses.<sup>12</sup>

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**One of the biggest challenges that Aboriginal entrepreneurs face is accessing capital.**

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### Socio-Economic Circumstances

“Considered together, statistics on Aboriginal health, education, housing, water quality, suicide, and income paint a discouraging picture.”<sup>13</sup> However, the disconcerting socio-economic conditions in which many First Nations, Inuit, and Métis peoples in Canada live cannot be understood in isolation.<sup>14</sup> Common historical themes can be drawn from Aboriginal experience in Canada, including assimilation and culture loss.<sup>15</sup> While “[t]he foundations of a fair and equitable relationship were laid in [the] . . . early interaction” between Aboriginal and non-Aboriginal governments,<sup>16</sup> historically, non-Aboriginal governments have attempted to “[remove] [Aboriginal] social and cultural systems and replace them with Euro-Canadian structures.”<sup>17</sup> This has contributed to socio-economic inequalities that continue to affect Aboriginal peoples today.

Some of the major events that have been particularly harmful include “forced relocations . . . the residential school system . . . [and] the implementation of policies

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11 Statistics Canada, “Aboriginal Entrepreneurs Survey.”

12 Ibid. (Note: Sources of funding were not mutually exclusive.)

13 Sisco and Nelson, *From Vision to Venture*, p. 2.

14 Ibid.

15 Ibid., Appendix D.

16 Royal Commission on Aboriginal Peoples, *Highlights From the Report of the Royal Commission on Aboriginal Peoples*.

17 Sisco and Nelson, *Closing the Gap*, p. 13.

prohibiting the practice of Aboriginal cultural activities.”<sup>18</sup> In his 2008 apology for the Indian and residential school experience, Prime Minister Stephen Harper stated that:

Two primary objectives of the residential schools system were to remove and isolate children from the influence of their homes, families, traditions and cultures, and to assimilate them into the dominant culture. These objectives were based on the assumption [A]boriginal cultures and spiritual beliefs were inferior and unequal.<sup>19</sup>

“All these historical events have had significant psycho-social, and consequently, economic effects on the Aboriginal population.”<sup>20</sup>

The “considerable wealth disparity between the Aboriginal and non-Aboriginal populations in Canada (with non-Aboriginal people generally enjoying better economic circumstances),” and the corresponding gap in the means to access capital, has placed Aboriginal businesses at a considerable disadvantage.<sup>21</sup> They are limited in their ability to contribute personal funds, which threatens business viability because most Aboriginal businesses use personal funds to acquire assets and equipment necessary to their sustainability.<sup>22</sup> Further, eligibility for other sources (such as government programs and lending agencies) often requires applicants to leverage or contribute personal funds. And, all things being equal, other businesses are more willing to partner with Aboriginal businesses that can contribute some personal funding.

### **The Inability to Leverage Reserve, Métis, or Inuit Settlement Land as Collateral**

The inability to leverage land as collateral represents a major barrier to accessing a business loan for many Aboriginal entrepreneurs who own businesses on reserve or within Inuit or Métis settlement areas.

Legislation related to reserve, Métis, and Inuit settlement land ownership also hinders infrastructure development. Not only does this legislation make it difficult for Aboriginal businesses based on reserve or settlement lands to access the necessary capital to develop infrastructure, but it also deters investors.

Garry Parenteau, Federal Liaison, Métis Settlements General Council, told the Conference Board “existing businesses are hindered by not having the leasehold space available as investors will not consider building infrastructure if there is no method to recoup the capital costs.”<sup>23</sup>

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### **The inability to leverage land as collateral is a major barrier for many Aboriginal entrepreneurs.**

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Parenteau explained that this results in a high degree of slippage of Métis Settlements beneficiaries’ incomes to the surrounding towns and cities that provide supplies and services.<sup>24</sup> Economic development within Métis communities is inhibited by this reduction in the local exchange of currency.<sup>25</sup> In addition, the inability to access capital for mortgages to finance homes due to this legislation means many Métis communities cannot capitalize on housing as a local stimulus (in terms of the purchase of both labour and supplies).<sup>26</sup>

### **Accessing Capital**

There are resources and strategies that Aboriginal business owners can use to access capital. Government departments and agencies have programs in place that offer funding to Aboriginal entrepreneurs. The major banks as well as many credit union and lending agencies have Aboriginal funding programs that take into consideration these and other challenges Aboriginal businesses face—they offer residential mortgages and other products that consider taxation and legal implications for First Nations, Métis, and Inuit people.

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18 Sisco and Nelson, *From Vision to Venture*, Appendix D.

19 CBC News, “Prime Minister Stephen Harper’s Statement of Apology.”

20 Sisco and Nelson, *From Vision to Venture*, Appendix D.

21 Ibid.

22 Statistics Canada, “Aboriginal Entrepreneurs Survey.”

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23 Garry Parenteau, Federal Liaison, Ottawa Office, Métis Settlements General Council. Phone conversation, August 11, 2009.

24 Ibid.

25 Ibid.

26 Ibid.

(See Appendix D.) In addition, some businesses have developed innovative strategies to address challenges related to limited access to capital, such as using the band, band members, and ministers as guarantors. For example, Caisse Populaire Kahnawake has implemented a trustee agreement, which allows community members to secure loans against other community members, who act as third-party trustees.<sup>27</sup> Ministerial Loan Guarantees (MLGs) “provide loan security required by Lenders financing housing loans on reserve,”<sup>28</sup> and the On Reserve Home Ownership Loan Insurance Pilot Product Without Ministerial Loan Guarantee (MLG) helps First Nations peoples to obtain a mortgage on reserve without a ministerial guarantee—“security is replaced by a trust agreement between CMHC, the First Nation and Trustees.”<sup>29</sup>

Aboriginal businesses can also address this issue by partnering with industry and using contracts as security for loans. For example, Parenteau told the Conference Board the Métis settlement communities in Alberta use contracts with oil and gas companies to secure business loans that do not include structural buildings, but rather numerous types of construction equipment.<sup>30</sup> Partnering off reserve or settlement is another strategy to address legislative issues related to land; however, it can encourage slippage from local economies.

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27 Sisco and Nelson, *From Vision to Venture*, p. 20. The authors continue, “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.”

28 Indian and Northern Affairs Canada, “Ministerial Loan Guarantees for First Nation Housing Projects/Individual Homeownership.”

29 Canada Mortgage and Housing Corporation, “On Reserve Home Ownership Loan Insurance Pilot Product Without Ministerial Loan Guarantee (MLG).” CMHC continues, “This new non-subsidized product for the purchase, construction or renovation of a home on-reserve is offered to qualifying First Nation communities on a pilot basis. It will allow eligible First Nations to facilitate insured mortgage financing for qualifying band members without a Ministerial Loan Guarantee (MLG).”

30 Garry Parenteau, Federal Liaison, Ottawa Office, Métis Settlements General Council. Phone conversation, August 11, 2009.

## LIMITED ACCESS TO RESOURCES

Aboriginal businesses based in rural or remote communities are often limited in their access to resources, including expertise, goods and services, and the market.

### Accessing Expertise

Accessing expertise is a major challenge for Aboriginal business owners; only one in four Aboriginal entrepreneurs surveyed in 2002 had taken college or university business training courses.<sup>31</sup> In remote Aboriginal communities especially, there is often a need for business- and industry-specific skills.<sup>32</sup> However, a shortage of local educational institutions and job opportunities make it difficult for community members to build local expertise. Without the right expertise, it is difficult for businesses to succeed and, thus, to provide employment and development opportunities. These factors reinforce each other, forming a self-perpetuating cycle of skill shortages.

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### Employees hired from outside the community are often expected to train someone local to eventually take over.

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While it is important to be responsive to market demands, this must be balanced with local capacity to fill such demands. Often, businesses focus too greatly on what customers want and fail to consider whether this capacity is locally available. To address local skill shortages, remotely located Aboriginal businesses often hire people from outside the community who have the required skills and expertise or develop them among community members.

Aboriginal businesses frequently hire from outside the community (commonly referred to as the “South hire” approach in Northern communities). In many cases, these employees are expected to have a dual role—filling

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31 Statistics Canada, “Aboriginal Entrepreneurs Survey.”

32 In the winter of 2009, The Conference Board of Canada conducted interviews with over 20 Aboriginal relations executives and experts from corporate Canada and government. The objective of the interviews was to learn about their experiences with and glean their views on Aboriginal business in Canada.

their position and training someone local to eventually take over. South hires are brought in to build business capacity among other staff, but they often build capacity among community members as well. President of Tron Power, Jim Elliot; Chief Executive Officer of Membertou Corporate Division, Jeff Slivocka; and General Manager of Kitasoo Aqua Farms, Larry Greba, were all South hires, hired externally to build local business- and industry-specific capacity. Some Aboriginal businesses recruit community or band members who have left to pursue education or employment outside the community. This strategy has been key to the success of Membertou Corporate Division.

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**Training helps build capacity within the local workforce, which can be leveraged for future projects.**

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Successful Aboriginal businesses often take advantage of formal training and development programs available through government, banks, and lending institutions that help build expertise, business, and financial management capacity through courses as well as scholarships and bursaries. (See Appendix D.) KAVIK-AXYS, in conjunction with some of its industry clients, trains local people for projects. While the costs for such training may not be recouped during a specific project, the training helps build capacity within the local workforce, which can be leveraged for future projects.

Education gaps are pervasive in remote communities, partly because local people seldom want to leave their communities to pursue education. This means it is especially important to develop and enhance local or correspondence education and training venues. KAVIK-AXYS is working toward developing a partnership with Inuvik-based Aurora College to provide accreditation for environmental technicians who are trained through the company. Other models include partnerships formed between colleges and training institutions with universities and online learning programs.

Membertou recognizes its obligation to deliver a diversified range of training and job opportunities for its band membership. The company recently partnered with

NATSCO (an Aamjiwnaang First Nation construction company, based in Sarnia, Ontario) to create a new company, NATSCO Energy Services Group, that pursues domestic and international energy projects. Key to this relationship is the willingness of NATSCO's founder, Aamjiwnaang First Nation member Doug Henry, to inspire and mentor Membertou youth toward careers in industrial construction. Membertou partners with universities and community colleges to develop specialized programs that promote diversified career choices and opportunities for Aboriginal youth in the region.

There is also a need for better communication among educational and training institutions, job placement agencies, and employers to ensure that the institutions and agencies can better prepare Aboriginal job candidates. There are agencies that help facilitate these relationships. For example, the Aboriginal Human Resource Council connects Aboriginal job candidates, employers, and other supporting institutions.<sup>33</sup>

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**Businesses in remote locations encounter challenges related to accessing their potential clients.**

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**Accessing Goods and Services**

Businesses in remote communities are also often limited in the goods and services that they can provide. Importing materials and exporting products can be logistically challenging and costly. Community-based businesses can leverage local resources, skills, and knowledge to find a product or service that suits their community's location. The Kitasoo and Xai'xais peoples of Klemtu have traditionally subsisted off the local salmon. Therefore, the development of fish farming came naturally to them. Kitasoo Aqua Farms and Kitasoo Seafoods have also leveraged this resource to build partnerships.

**Accessing the Market**

Remotely located businesses also encounter challenges related to accessing the market. A business that depends on plenty of through or pedestrian traffic may not attract enough customers to succeed in a remote location.

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33 Aboriginal Human Resource Council, Inclusion Network.

Membertou, Tron Power, and Arctic Adventures have established offices in Halifax, Saskatoon, and Baie d’Urfé, respectively. These offices allow them to market to potential partners and clients outside their communities.

While community-based businesses can be restricted in the services and products they provide, there are ways for them to reach out to clientele outside the community, or become more market accessible, without relocating. Membertou Corporate Division plans to reach out to customers by building a road that runs through Sydney and connects with the Trans-Canada highway. Membertou Chief Financial Officer Mike McIntyre said this will make Membertou the hub of Sydney and more accessible for the approximately 10,000 vehicles that pass by Sydney daily using this highway. Central to this development is the construction of a business centre that will lease commercial and retail premises to Aboriginal and non-Aboriginal businesses. The business plaza will also provide prime incubator spaces for Aboriginal entrepreneurs to capitalize on through traffic. Another company, KAVIK-AXYS, plans to relocate its office more centrally within Inuvik as well.

### **BAND GOVERNANCE**

Bands are often the best avenue for local economic development because of government transfers and additional revenues accrued through the development of local resources that are entrusted to them. However, when the band council is also the board of directors, band governance can pose certain challenges for band-owned businesses related to political instability, leadership disputes, and conflict of interest.

There is a relatively high turnover rate of chiefs and band council members in many Aboriginal communities, partly due to the “two year term prescribed by the *Indian Act*.”<sup>34</sup> Most First Nations communities have three-year terms (41 per cent), followed by two- (28 per cent), four- (26 per cent), and five-year (5 per cent) terms.<sup>35</sup> While a new chief and council can bring new and diverse perspectives, too frequent a turnover can be detrimental

to businesses. The bottom line can be affected by periods of adjustment that come with organizational change, and overhead costs can increase, as employees adjust to the new leadership and direction. According to the National Centre for First Nations Governance, “Short terms and a constant turnover in elected officials means leaders never gain the experience or have enough time to deal with these issues properly. As well frequent elections are costly and disruptive.”<sup>36</sup> Membertou partly attributes its success to political stability. Chief Terrance Paul has been chief of Membertou for 26 years and has led his community to be very successful.

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### **Too frequent a turnover of chiefs and band council members can be detrimental to Aboriginal businesses.**

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To address these issues, some First Nations communities (approximately 275 First Nations out of 650 in total)<sup>37</sup> elect or select band chief and council in accordance with custom.<sup>38</sup> Custom code electoral systems sometimes result in leadership disputes; hereditary and elected chiefs are common governance bodies that often co-exist in First Nations communities. However, this can sometimes lead to disputes in the community over which leadership is legitimate. For example, the Algonquin community of Barriere Lake in Quebec, the Cree community of Lubicon Lake in Alberta, and the Anishnabe community of Roseau River in Manitoba are currently divided in their support for competing chiefs.<sup>39</sup> Competing leadership can stall the development of business partnerships with industry. Additionally, for existing band-owned businesses, it can translate into ambiguity around who is the president and chief executive officer (sometimes the chief) as well as who are the board of directors (sometimes the council).

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34 National Centre for First Nations Governance, *Custom Code Election Template Fact Sheets*.

35 Ibid., “Elements of a Custom Election Code.”

36 Ibid., *Custom Code Election Template Fact Sheets*.

37 British Columbia Association of Aboriginal Friendship Centres, “The Corbirere Decision.”

38 Indian and Northern Affairs Canada, “Words First.”

39 Ibid., “Algonquins of Barriere Lake”; Stolte, “Who’s the Chief of Lubicon Lake?”; *Winnipeg Free Press*, “Two Men Claim to be New Chief at Roseau River First Nation.”



Band-owned businesses that use their band council as the board of directors are expected to act in the best interest of the business and the community. However, the long-term sustainability of the business can be compromised when decisions are made in the interest of the short-term appeasement of band members. For example, it becomes difficult to make a case to band members that their money is better invested in a business for long-term gain when there is a need for basic infrastructure, social programs, health care, etc. For successful band-owned businesses that make decisions to prioritize their bottom line, the challenge is explaining these decisions to band members who see other needs in the community that may seem to require more immediate attention. Without the community's support, they risk losing their position, which can degrade the quality of leadership and perpetuate political instability. Community-based Aboriginal businesses must balance community support with business interests. This balanced approach can be achieved by clearly communicating with the community about how taking an approach that prioritizes business interests might be more beneficial for the community in the long term.

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### **Community-based Aboriginal businesses must balance community support with business interests.**

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Band-owned businesses in remote locations and/or small communities, where many people are related in some way, often face conflict of interest with respect to hiring practices. Job shortages are common among First Nations communities and “Band jobs are sometimes the only ones available, and almost always the highest paid, which puts chiefs under a great deal of pressure to spread them to friends and family first.”<sup>40</sup> According to Don Sandberg, member of Manitoba's Norway House First Nation and Aboriginal Policy Fellow at the Winnipeg-based Frontier Centre for Public Policy, “The one with the most relatives usually wins, because he's the one who's going to hand out money to the relatives.”<sup>41</sup>

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40 Libin, “Rethinking the Reserve—Problems of Governance.”

41 Ibid.

Although hiring friends or relatives presents a conflict of interest, it is not necessarily a problem when the relatives hired are the most qualified candidates. The *First Nations Governance Act* stipulates that “An administration of government code must include rules . . . respecting conflicts of interest of members of the council and employees of the band.”<sup>42</sup> However, these rules are often not enforced or adhered to in practice. Some custom codes require that band employees elected as chief or councillor resign from their jobs, others require they apply for and receive an unpaid leave of absence prior to running or if elected.<sup>43</sup> While some custom codes include provisions to address this type of conflict of interest, “some communities actively encourage their employees to run for office because of their knowledge and expertise.”<sup>44</sup> This type of conflict of interest can also pose a challenge for Métis and Inuit communities-based businesses.

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### **Stereotypes and misconceptions about Aboriginal culture present a major challenge to Aboriginal businesses.**

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Conflict of interest policies and practices can help to ensure that new employees are the most qualified for the position. Membertou Corporate Division has set up a management team with representatives from all of its businesses to address operational issues. As a part of its International Standards Organization (ISO) program, Membertou has strict policies, including a conflict of interest policy that requires a panel of three unrelated persons to interview a job candidate who is related to an employee. Major conflicts that affect the community are raised with the band council.

### **STEREOTYPING**

Stereotyping is a major challenge faced by Aboriginal businesses. In 2003, almost half (46 per cent) of off-reserve Aboriginal respondents to an Ekos survey reported that they have been “a victim of racism or dis-

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42 House of Commons, *Bill C-7. First Nations Governance Act*.

43 National Centre for First Nations Governance, *Custom Code Election Template Fact Sheets*.

44 Ibid.

crimination at least once over the previous two years.”<sup>45</sup> In addition, more than half of Canadian respondents to a 2002 Ipsos Reid survey reported that “racism separates Aboriginal peoples from the rest of society” and “Aboriginal peoples are discriminated against by other Canadians” (61 per cent and 59 per cent, respectively).<sup>46</sup>

According to the President and CEO of the Aboriginal Human Resource Council, Kelly Lendsay, stereotyping of Aboriginal peoples often takes the form of “microinequities” or subtle forms of racism. Microinequity expert with MIT, Mary P. Rowe, states that “Microinequities occur wherever people are perceived to be different.” She explains while “These mechanisms of prejudice against persons of difference are usually small in nature, [they are] not trivial in effect.”<sup>47</sup> Especially taken together, they can result in the exclusion or limitation of Aboriginal peoples from certain opportunities.<sup>48</sup>

There are many societal misconceptions about Aboriginal peoples that can be damaging to Aboriginal businesses. Stereotypes about First Nations, Inuit, and Métis peoples in Canada can be grouped into three main archetypes identified in the *Report of the Royal Commission on Aboriginal Peoples*: the “pathetic victims,” the “angry warriors,” and the “noble environmentalists.”<sup>49</sup> Examples of these archetypal characters include “The wise elder (*Little Big Man*); the drunk (*Tom Sawyer*); the Indian

princess (*Pocahontas*); the loyal sidekick (*Tonto*).”<sup>50</sup> Ultimately, they portray Aboriginal peoples as either too violent or passive.<sup>51</sup> These stereotypes and the larger misconception that Aboriginal culture is irreconcilable with (as opposed to complementary to) good business practices represent a major barrier to success for Aboriginal businesses. When upheld by banks, other businesses, and customers, they inhibit the acquisition of funding, the development of partnerships, and sales.

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**Subtle forms of racism can result in the exclusion of Aboriginal peoples from certain opportunities.**

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Establishing trust and credibility is always a challenge for *SAY Magazine* because the company is too often painted with the same brush as other Aboriginal publications companies that have not withstood the test of time. In the seven years since *SAY Magazine*’s inception, three other Aboriginal magazines have ceased publication. As a result, potential partners are sometimes hesitant. Jack Royal, Blackfoot Crossing General Manager and President, feels that it is important that each of his staff members is especially knowledgeable and professional to dispel common misconceptions about Aboriginal businesses.

*SAY Magazine* and Big Soul Productions (APTN and other media) are in the business of dispelling these negative stereotypes about Aboriginal peoples and promoting examples of Aboriginal achievements and successes. Many of the businesses featured in this report even channel these stereotypes as motivation to succeed—to prove them wrong.

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45 Department of Canadian Heritage, *Canada’s Action Plan Against Racism*, p. 5.

46 Ibid.

47 Hinton, *Microinequities: When Small Sights Lead to Huge Problems in the Workplace*.

48 Ibid.

49 Harding, “The Media, Aboriginal People and Common Sense,” p. 313.

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50 Media Awareness Network, “Common Portrayals of Aboriginal People.”

51 Ibid.

## CHAPTER 3

# Keys to Success—Leadership, Sound Business Practices, and Strong Relationships and Partnerships

### Chapter Summary

- ◆ Leadership is key to the success of any Aboriginal business. The Aboriginal business leaders featured in this report demonstrate classic leadership traits and are also highly collaborative and community focused in their leadership style.
- ◆ Successful Aboriginal businesses must be competitive like any other; sound business practices are essential.
- ◆ Strong relationships and partnerships help Aboriginal businesses gain access to capital, reach out to clientele/market, build expertise, gain access to new resources, and build new relationships.
- ◆ Corporations are looking for Aboriginal business partners that have strong business knowledge, capacity, community support, and stable governance. They want partnerships that feature active participation, shared objectives, trust and goodwill, and clear communication.

**T**he argument has been made that the success of an Aboriginal business is a matter of chance. Those located on an oilfield or by a major metropolitan economy will be successful and those located on a remote reserve without resources to

leverage will fail. However, too often neighbouring communities with the same socio-economic circumstances—location, human capital, resources—experience very different degrees of success. This begs the question—all things being equal, why do some Aboriginal businesses thrive while others fail?

There are many factors that are crucial to the success of Aboriginal-owned businesses. Some of these factors—such as limited access to capital, limited access to resources, remoteness of location, band governance, and stereotyping—are a matter of circumstance and cannot be changed, only optimized, by the business. However, there are other factors businesses have control over, and these are the most critical to business success.

The next section of this report will discuss why leadership, sound business practices, and the ability to build relationships and partnerships are the three top determinants of success for an Aboriginal business.

### LEADERSHIP

Behind every successful Aboriginal business is strong leadership. Leadership—at all levels—has been the driver at every junction of our featured businesses' journeys, from their conception, through their start-up phase, and into their maturity.

This report defines leadership in accordance with The Niagara Institute’s definition, “a blend of inspiration, empowerment, interpersonal skills, practical intelligence, technical knowledge and ability to communicate a vision to others in a way that achieves results.”<sup>1</sup>

## VISION AND EXECUTION: A WINNING COMBINATION

### *Vision without execution is hallucination.*

—Prem Benimadhu quoting Thomas Edison

The Aboriginal businesses featured in this report have achieved success through a combination of strong vision and hard work. Vision and execution are not independently effective; rather, they are a winning combination. A strong vision that is not realized can be a waste of time and the realization of a weak vision can be detrimental. However, the execution of a strong vision is a head start to business success.

While many businesses have a strong vision, the true test of leadership is in the ability to execute and realize this vision. The leadership for each one of the businesses featured in this report has come up with a plan and delivered on it.

## BUSINESS LEADERSHIP QUALITIES AND ATTRIBUTES

Drawing on examples from the featured businesses in this report, the following section will outline the essential attributes and qualities of business leaders—expert communicator and negotiator, inspirational and passionate, genuine and acts with integrity, courageous, embraces continuous learning, strategic thinker, and results oriented.

Collectively, these qualities frame the “ideal” business leader. The leaders of our featured Aboriginal businesses hold many of these qualities in abundance, but most importantly they draw on the strengths of others on their team—throughout all levels of the organization—to compensate for their limitations.

There is no hierarchy of importance for these qualities, as all play an integral role and are interrelated. For example, a leader’s ability to get things done is often dependent on her or his strategic planning, courage, and communication skills. Similarly, those leaders who are passionate and inspiring are often also genuine and strong communicators.

### 1. Expert Communicator and Negotiator

The abilities to communicate, listen, and negotiate are essential leadership qualities. Leaders need to be able to clearly articulate their ideas and vision, inspire others to work toward common goals, and build relationships, both within their teams and with external clients, funders, and partners. Strong negotiation skills are especially important to Aboriginal businesses that provide services to or partner with other Aboriginal businesses, governments, or corporations. Multi-stakeholder negotiations require leaders who can communicate and negotiate with self-confidence and diplomacy, balancing business acumen with local values and customs.

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### **Leaders that are passionate can help to inspire employees and entice prospective business partners.**

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Tron Power partners with several First Nations bands and mining companies. The leaders’ strong communication and negotiation skills allow them to develop mutually beneficial negotiations that are sustainable and profitable. They have brought together several other Aboriginal communities in northern Saskatchewan with Thyssen Mining Construction of Canada to create a development opportunity that benefits them all.

### 2. Inspirational and Passionate

Leaders that are passionate help inspire and engage their employees. They can also use their passion to entice prospective business partners. All of the business leaders interviewed for this report were passionate about their businesses and inspirational to their staff.

There is an undeniable positive energy among the employees of Big Soul Productions. In interviews with staff, it was apparent they are engaged and happy

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1 Benimadhu and Gibson, *Leadership for Tomorrow*, p. 2.

with the work they are doing. Big Soul's staff attribute a large part of their success to their President Laura Milliken's infectious passion and energy. President of Khewa Native Art Boutique Nathalie Coutou's passion was evident from the moment she began to discuss her business. Coutou's energy has spread among her staff, many of whom come into work on their own time.

### 3. Genuine and Acts With Integrity

Leaders need to be genuine and act with integrity. The Aboriginal businesses we spoke with placed a strong emphasis on the trust they built with staff, clients, partners, and communities. Genuine and trusted leadership is especially important for First Nations community-owned businesses, such as Blackfoot Crossing Historical Park, where the band runs the business on behalf of the community (in this case, the Siksika First Nation). It is important to both Blackfoot Crossing's Chairman of the Board, Jason Doore, and President and General Manager, Jack Royal, that they are trusted by the Siksika community to run a successful business. They make decisions that take into consideration the fact that their success or failure will have an effect on the community's socio-economic well-being.

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**Some Aboriginal businesses must consider the fact that their success or failure will affect their community.**

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### 4. Courageous

Courage is another important leadership quality. This includes the ability to take calculated risks as well as the ability to make unpopular decisions that are right for the business. All of the businesses featured in this report took calculated risks in the start-up phase and some took further risks when it was critical to change directions. For example, when the salmon population declined, Kitsoo had to decide whether to shut down or venture into fish farming, which was under the scrutiny of environmentalists at the time. The calculated risk Kitsoo's leadership took in pursuing fish farming has proven to be a good one. The community-owned businesses featured in this report depend on their leadership making the best decision for the business and ultimately for the community, even when it may not be supported by the community.

### 5. Embraces Continuous Learning

The ability and desire to build knowledge and stay up-to-date are important leadership qualities. Today's world is one of constant technological innovation, where ideas from across the globe are spread instantaneously. James Kinistino from Big Soul Productions places a strong emphasis on continuous learning. He started his career at Big Soul as a grip, assisting a cameraman, but by taking a hold of any chance to learn and develop new skills he has become vice-president. He advises fellow entrepreneurs to partake in any learning opportunities they can—attending conferences, taking courses, and learning on the job.

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**Leaders must balance short-term gains and losses with long-term sustainability and growth.**

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### 6. Strategic Thinker

Leaders must be able to think strategically and long term. They need to be flexible and adaptable. Planning is an integral part of strategic thinking. It requires setting goals, checking progress, and adjusting plans as necessary. Leaders need to balance short-term gains and losses with long-term sustainability and growth. All of the Aboriginal business leaders we met possessed this quality or made sure they had someone to support them in this area. Owner of KAVIK Holdings Group of Companies Frank Hansen and senior manager of AXYS Environmental Consulting Ltd. (now Stantec), biologist, and long-time resident of Inuvik Michael Fabijan strategically partnered together to pair local knowledge with environmental scientific expertise. They foresaw that increased industry interest in Inuvik, combined with the regulatory requirements under the *Inuvialuit Final Agreement*, would mean that there would be an escalating need for locally based skills in environmental assessment, planning, and permitting.

### 7. Results Oriented

A good leader gets results. This is especially important for Aboriginal businesses, which are usually small or medium-sized. Larger organizations often have the financial reserves to sustain themselves if a project falls behind schedule or a contract falls through. Smaller businesses do not usually have this luxury. A leader's ability

to deliver—to motivate his or her staff to deliver—is crucial to the success of an Aboriginal business. All the featured businesses set goals and measure their success based on these results.

### ABORIGINAL LEADERSHIP

Some people feel that the attributes of good business leaders are universal. Others feel that Aboriginal business leadership includes some distinct elements related to traditional Aboriginal leadership philosophies. Many of the Aboriginal business leaders featured in this report walk in two worlds, demonstrating leadership styles that marry universal leadership attributes with traditional Aboriginal leadership styles.

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**Many believe that collaborative, or shared, leadership is very much the way of the future.**

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As discussed throughout this report, Inuit-, Métis-, and First Nations-owned businesses often face unique circumstances related to remoteness of location, socio-economic circumstances, legislation, band governance, cultural influences, and cultural perceptions (perceptions others have about Aboriginal cultures). The degree to which Aboriginal businesses are affected by these challenges and opportunities varies, as demonstrated by the businesses featured in this report. In addition to the leadership traits mentioned in the previous section, we found that the business leaders featured in this report were also collaborative and community focused.

#### Collaborative

When everybody buys into an idea, when everybody sees a vision . . . they've had input into it, they're attached to it mentally, emotionally, spiritually, and physically when they feel it's part of their vision too, it's a much more powerful, powerful way to move things forward than it is when you have one person saying okay, this is what I've decided and you're going to buy into it whether you like it or not, get on board like that. I find that it doesn't work as well.<sup>2</sup>

Many believe collaborative leadership is very much the way of the future. A 2008 IBM study surveyed over 750 CEOs internationally who “identified collaboration as a key tenet to fostering innovation and growth.”<sup>3</sup> It is also a common approach among successful Aboriginal business leaders. Collaborative leadership creates a safe and secure work environment in which employees are encouraged to be innovative, conflict is defused,<sup>4</sup> and everyone is engaged in executing the vision. A shared leadership also harnesses a diversity of perspectives that enrich decision making and encourage both leadership transfer and knowledge transfer among employees. “If future leaders have the wisdom to learn from the experience of present leaders, and if present leaders have the wisdom to learn new competencies from future leaders, they can share in a way that benefits the organization.”<sup>5</sup> Collaborative leadership leverages the strengths of all employees.

All of the businesses featured in this report are collaborative in some way—whether internally, with other businesses, with neighbouring communities, or within their own communities. Our partnerships section will elaborate on many of these relationships.

#### Community Focused

Aboriginal leadership is about meeting the needs of the entire community, about connecting with one's past and having a deeper appreciation that the actions of the leader will have an impact for seven generations in the future. . . . “It's not about feeding your ego, it's not about yourself, it's about your community and how you can serve your community, it's a place of service.”<sup>6</sup>

Aboriginal business leadership tends to be very community focused, especially in those businesses that are owned by a First Nation community or located in an Aboriginal community. This community focus deeply ingrained in Aboriginal cultures parallels a growing trend in business toward corporate social responsibility,

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2 Julien, “Songs From the Circle.”

3 IBM, “Unlocking the DNA of an Adaptable Workforce,” p. 12.

4 Abele, “Characteristics of a Great Collaborative Leader.”

5 Goldsmith and Walt, “Future Leaders.”

6 Julien, “Songs From the Circle.”

community investment, and corporate citizenship. The business leaders featured in this report were especially concerned with the impact their businesses are having on the Aboriginal communities in which they are based and/or the Aboriginal community at large. This manifests itself in a social return on investment to the community, either directly through the redistribution of wealth or indirectly through the product or service provided.

While the larger business community struggles with “community investment” or “corporate social responsibility,” Aboriginal businesses often struggle to be able to give back. As Six Nations of the Grand River Mohawk Scott Smith put it, “For many Native people, the problem isn’t giving something back to the community after a long career, it’s simply getting started in the first place.”<sup>7</sup>

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### **The entrepreneurs featured were especially concerned with the impact they are having on their communities.**

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For many of the businesses featured in this report, the financial return is a means to an end. By creating jobs and wealth in the community, they improve social outcomes. Tron Power, along with the other businesses owned by the English River First Nation, is the cornerstone of economic development for its community.

## **SOUND BUSINESS PRACTICES**

The economic downturn has seen the collapse of many companies once considered indestructible. While there are many factors that contributed to both Chrysler’s and General Motors’ need to declare bankruptcy, the bottom line is that they failed to remain competitive. In tough economic times, small and medium-sized enterprises that often have limited reserves need to be especially

competitive to survive. For Aboriginal businesses, most of which are small and medium-sized, the economic downturn represents a true test to their resiliency.

Notwithstanding growth, sustainability is a major challenge for small and medium-sized businesses. Forty per cent of new businesses fail within two years.<sup>8</sup> Often, these failures can be attributed to poor management (leadership) and poor planning (business practices). Smaller businesses cannot independently control the economic climate, nor can Aboriginal businesses eliminate the unique challenges they face. They can, however, equip themselves with the tools to weather the storm.

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### **Sound business practices are the fuel that allows the business to compete successfully with others.**

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To be successful, an Aboriginal business must first and foremost be competitive like any other.<sup>9</sup> Good leaders ensure that sound business practices are adopted and implemented. Using the auto theme, one might say that leadership is the driver, the business is the vehicle, and sound business practices are the fuel that allows the vehicle to keep pace with others (compete), and thus remain on the road (sustain itself) and move forward (grow) to reach a particular destination (achieve goals). Central to the success of the businesses featured in this report is their leaderships’ understanding of the importance of planning and their utilization of all available resources in the planning process.

While there is no such thing as a “sure thing” in the business world, there are certain steps that businesses can take to reach their full potential. Drawing from the case studies, the following section will outline the basic steps that any entrepreneur planning to build a business would be wise to implement.

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7 Canadian Council for Aboriginal Business, “Programs.” The Council continues, “Scott Smith, Mohawk from Six Nations of the Grand River, President, Proshred Inc., helped by CCAB Brain Trust, 1984.”

8 Baldwin et al., “Failure Rates for New Canadian Firms,” p. 9.

9 In February 2009, The Conference Board of Canada conducted interviews with over 20 Aboriginal relations executives and experts from corporate Canada and government. When asked “What makes an Aboriginal business successful?” the overwhelming response was that like with any business, first and foremost it must be competitive.

### FILLING THE VOID

The first step any entrepreneur should take is to determine whether there is a need or desire for the product or service that he or she wants to provide. An assessment of what will differentiate his or her product or service from those of competitors should follow. A unique product will help a new business compete with established ones. Ideally, an entrepreneur would develop an idea, conduct market research to determine its viability, and, if proven viable, proceed to the planning stage.

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#### **Many community-based businesses are limited, by their location, in the products or services they can offer.**

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That being said, there is no one-size-fits-all model. Sometimes, one stumbles onto a great business idea. In other cases, an entrepreneur foresees a trend. The English River First Nation was not the original owner of Tron Power Inc.—the English River First Nation purchased it in anticipation of the growing interest in northern development. Now it is perfectly poised to take advantage of the business opportunities that arise as organizations look for northern-based partners. In the end, what matters most is that people will want to use the product or service.

Often, community-based businesses, many of which are owned by a First Nation community, are limited by their location in terms of the product or service they can offer. Limited access to human and material resources as well as to the market can present major barriers. When relocation is not feasible or favoured, leveraging the location is a good alternative. For example, Blackfoot Crossing Historical Park has leveraged its cultural history to establish a community-based tourism business. This allows it to provide a product that is truly unique to the Siksika First Nation.

### PROPER PLANNING

Once an entrepreneur has established that there is a desire for his or her product, the next step is to start planning. Some of the very best ideas are not realized due to poor planning. An integral component to this process, and almost always a prerequisite for accessing funding or loans, is designing a sound business plan. The

planning stage involves conducting a market analysis; developing a human resources strategy, which considers which expertise and skills will be required as well as where they can be found; establishing short- and long-term goals and financial targets; creating a growth strategy; and financial planning, including a cost benefit analysis and sources for start-up capital.

In 2002, only “one in five [Aboriginal] business owners had a written business plan to achieve their goals.”<sup>10</sup> Creating a strong business plan can be difficult even for business-minded people. Laura Milliken of Big Soul Productions was forthcoming in admitting that she is not a “numbers” person, so when she needed to create her first business plan she sought help. While she is heavily involved in the planning process for her company, she relies on the business expertise of others as well. This allows Milliken to focus on her strengths—developing new ideas and marketing. There are many resources available to assist prospective business owners, particularly Aboriginal entrepreneurs, in business planning. (See Appendix D.)

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#### **Marketing is critical to building clientele and establishing a good brand and reputation.**

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### THE POWER OF MARKETING

With a strong vision and well-researched and thought-out business plan comes the next stage of the process: marketing. A business marketing strategy is an essential component of the business plan; its importance cannot be overemphasized. Marketing is critical to building clientele and establishing a good brand and reputation.

It is important that marketing efforts be directed at a business’ target clientele. Now more than ever, the Internet and websites are important, if not necessary, marketing media. Prospective clients expect businesses to have websites. Businesses without websites or with websites that are difficult to navigate or lean in content run the strong risk of losing business to a more technologically savvy competitor.

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10 Statistics Canada, “Aboriginal Entrepreneurs Survey.”



## UP AND RUNNING AND CONSTANTLY EVOLVING

There are many businesses that do everything right in the start-up phase—they have a great customer value proposition, a well-researched business plan, proper financing, tireless marketing—yet they do not sustain themselves past the start-up phase. Businesses need to constantly adapt and evolve with the marketplace. In the 1950s, W. Edwards Deming created a model<sup>11</sup> for businesses to follow to ensure that they are always providing the products and services that clients are looking for. The model emphasizes the importance of planning, checking progress, adapting plans, and taking action to keep a business alive and well.

There are four stages to the Deming model:

- ◆ “PLAN: Design or revise business process components to improve results
- ◆ DO: Implement the plan and measure its performance
- ◆ CHECK: Assess the measurements and report the results to decision makers
- ◆ ACT: Decide on changes needed to improve the process”<sup>12</sup>

Arctic Adventures is constantly revising and adapting its plans in accordance with the market. It currently offers two different types of outfitting packages—one with a one-to-four and the other with a one-to-two guide per hunter ratio. In order to remain competitive with other outfitters that offer mid-range options, Arctic Adventures is planning to offer a one-to-three ratio at a mid price point.

## BASIC BUSINESS SENSE

While the steps and processes involved in creating a successful business might be considered basic business sense, they are not necessarily common sense. Too often businesses do not follow these steps and fail as a result. Almost anyone can start a business, but even the most driven and dedicated leadership cannot sustain a business without the proper foundation. The careful planning and foresight provided by their strong leadership is what

divides the successful businesses featured in this report from the vast majority of small and medium-sized businesses—both Aboriginal and non-Aboriginal—that have failed.

## STRONG RELATIONSHIPS AND PARTNERSHIPS

Building strong business relationships and partnerships are key to the success of any business. They are especially important to Aboriginal businesses that are located in remote communities and those that have limited access to material and human resources.

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### Corporate partners are looking for Aboriginal businesses that can actively participate in the partnership.

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Business relationships can be an effective tool for Aboriginal businesses to build capacity and overcome barriers. Aboriginal businesses often build relationships and partnerships with financial institutions, governments, and businesses (both Aboriginal- and non-Aboriginal-owned), as well as with training and educational institutions. Successful Aboriginal businesses leverage these relationships to:

- ◆ gain access to capital
- ◆ reach out to clientele/market
- ◆ build expertise (business in general or skills-specific)
- ◆ gain access to new resources (human and material)
- ◆ build new relationships

Equity investment and profit sharing with business partners is a new and growing trend that is emerging from corporate–Aboriginal relations, especially in the primary industries. Corporate partners are looking for Aboriginal businesses that have the start-up capital and business expertise to actively participate in the partnership. Aboriginal businesses stand to benefit greatly from these partnerships, by taking control of their resources, gaining expertise, improving their network, and leveraging their business investment to gain access to new capital.

11 Arveson, “The Deming Cycle.”

12 Ibid.

Another common type of business relationship is the subcontracting model, where an Aboriginal business provides a service to another organization. These relationships are especially common but not exclusive to situations in which a non-Aboriginal-owned business is conducting an activity on or affecting Aboriginal land. In such cases, subcontracting often emerges as part of an Impacts and Benefits Agreement. Other Aboriginal businesses, such as Tron Power, run contracting businesses based on the demand for services. For example, Cameco partners with Tron Power to contract local Aboriginal peoples for construction work. Cameco gains access to the local workforce, and the local workforce gains access to employment opportunities. The subcontracting relationship between Five Nations Energy and SNC-Lavalin exemplifies the reverse model. Five Nations hired SNC-Lavalin to conduct environmental and feasibility studies for the development of its transmission lines. In this case, Five Nations is drawing on SNC-Lavalin's expertise in the area.

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**Aboriginal peoples have a considerable stake in resource development.**

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Aboriginal businesses also form partnerships to market to and reach clientele. Marketing is especially important to the Director of Arctic Adventures, Stephen Ashton, whose business is competing with several other outfitters in the North. He has built strong relationships with Tourism Quebec and the Quebec Outfitters Federation. Through these partnerships, he is able to access new markets and acquire funding for marketing materials. Both *SAY Magazine* and Big Soul Productions strategically partner with the Aboriginal Peoples Television Network. These subcontracting relationships are also based on their mutual desire to increase and market Aboriginal content.

By partnering with other Aboriginal communities and businesses, Aboriginal businesses can pool their resources and create economies of scale. The cooperative model, a framework that brings communities together for economic development initiatives, is one example. Arctic Adventures operates successfully under this model. "Treaty Economy" is another model in which Aboriginal communities and/or businesses pool their resources to compete on equal

footing with larger businesses.<sup>13</sup> Five Nations Energy is owned by the three Aboriginal communities that pooled their resources for the initial investment. Membertou is planning on partnering with a neighbouring community that has been very successful in its business endeavours.

**GROWING OPPORTUNITY FOR CORPORATE-ABORIGINAL PARTNERSHIPS**

Many Aboriginal communities and businesses partner with corporations to achieve sustainability and growth. The culmination of three key trends—evolving jurisprudence, the increasing competitiveness of Aboriginal businesses, and building trust—has created growing opportunity for corporate-Aboriginal partnerships.

**Evolving Jurisprudence**

Established and asserted Aboriginal rights to resource-rich land, combined with evolving jurisprudence, means that Aboriginal peoples have a considerable stake in resource development. The legal duty to consult and accommodate any Aboriginal communities that have an asserted or established right to land affected by development activities encourages governments, private sector companies, and Aboriginal communities to work together to achieve mutually beneficial economic development.<sup>14</sup> As a result, corporate-Aboriginal partnerships will become increasingly necessary (and advantageous), as companies endeavour to extract resources on or affecting Aboriginal lands.

During the early planning stages, companies often negotiate Impacts and Benefits Agreements with the Aboriginal groups affected. These agreements contain provisions for minimizing negative impacts (such as environmental and cultural degradation) and maximizing benefits (job creation, equity investment, procurement for Aboriginal businesses, etc.). Beyond quotas set out in these provisions or a sense of due diligence,

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13 Jeff Slivocka, President of Membertou, provides the following definition for Treaty Economy: "An economy that is built upon commercial/business undertakings Aboriginal to Aboriginal. It involves ethical business practices that incorporate or rely upon traditional values."

14 Kyle, "The Duty to Consult." In 2004, the Haida and Taku river decisions set out the basic principles for the duty to consult and accommodate with Aboriginal groups when conducting activities affecting land to which they have an asserted or established right.

companies understand the competitive advantage they gain by employing local Aboriginal peoples. KAVIK-AXYS has capitalized on industry's increased interest in Inuvik, by leveraging provisions under the *Inuvialuit Final Agreement* that place Inuvialuit business on a competitive footing with similar business in larger urban centres, often in southern Canada.

### **Increasing Competitiveness of Aboriginal Businesses**

Undoubtedly, access to resources on Aboriginal land and the return on developing an image as a good corporate citizen drive non-Aboriginal businesses to partner with Aboriginal businesses. However, the economic impetus for corporate-Aboriginal partnerships ultimately boils down to the bottom line. Aboriginal businesses are becoming more appealing business because it makes good business sense.

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### **Many Canadian banks now have programs that address the challenges specific to Aboriginal peoples.**

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Aboriginal businesses are becoming increasingly more competitive, in large part, as they become more engaged with the larger market economy in Canada and as they find ways to overcome challenges specific to being an Aboriginal business. This report and the larger series have shown that successful Aboriginal businesses are those that can compete with any business. The businesses featured in this report fit this mold. They also demonstrate how Aboriginal businesses are innovating to overcome the unique challenges they face. Canada sees the return on investing in Aboriginal businesses, and has worked to develop programs that help address one of the major challenges affecting Aboriginal businesses—access to capital.

Many Canadian banks now have Aboriginal banking programs that take into consideration and serve to address the challenges specific to Aboriginal peoples, most notably limited access to capital. (See Appendix D.) As well, government agencies such as Aboriginal Business Canada, Indian and Northern Affairs Canada, and Industry Canada provide start-up funding for Aboriginal businesses.

Credit and lending agencies are becoming more responsive to the unique needs of Aboriginal business people. In addition, credit and lending agencies geared specifically toward providing services to Aboriginal peoples are growing in number.

New sources of funding are also emerging to help Aboriginal peoples to access capital. Paul Martin's \$50 million Capital for Aboriginal Prosperity and Entrepreneurship (CAPE) Fund was launched in 2009 to provide Aboriginal businesses and entrepreneurs with the support they need to be successful.<sup>15</sup>

#### **Eligibility for Capital for Aboriginal Prosperity and Entrepreneurship (CAPE) Fund**

Eligibility is based on the investment committee's judgment of whether the candidate meets the following criteria:

- ◆ "long-term economic sustainability,"
- ◆ "a clear and defined market opportunity,"
- ◆ "an articulate, realistic and complete business plan,"
- ◆ "an appropriate return on [CAPE's] investment," and
- ◆ "the potential to sell ownership and transfer management to Aboriginal entrepreneurs or communities within a reasonable amount of time."<sup>1</sup>

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1 Stewart, "Paul Martin Launches \$50 Million Aboriginal Business Fund."

### **Building Trust**

In the past few years, there has been a paradigm shift in the state of Aboriginal relations in Canada. This has been characterized by a movement from conflict and confrontation to trust building and reconciliation. Certainly, conflict and confrontation still exist; however, there is also a sense of trust building between Aboriginal peoples and the Canadian government as well as non-Aboriginal peoples at large.

What has often been referred to in the Aboriginal community as the "seventh generation" of Aboriginal people has led a movement of cultural revitalization,

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15 Stewart, "Paul Martin Launches \$50 Million Aboriginal Business Fund."

traditionalism, and the reassertion of Aboriginal rights over the past few decades. Their call to action has resulted in some progress, as the Canadian government works to rebuild trust with the Aboriginal population. In accordance with the Anishnabe Seven Fires Prophecy (and other similar prophecies among Aboriginal groups in Canada), this is a time of transition out of which two possibilities may emerge—reconciliation or destruction. “Only when Aboriginal and non-Aboriginal peoples work together to reconcile with their pasts, will the eighth and final fire be lit and they become united as one mighty Nation.”<sup>16</sup>

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**Aboriginal relations executives and experts told us what they look for in an Aboriginal business partner.**

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This sentiment of reconciliation has been echoed by the Government of Canada. June 11 is now celebrated as National Reconciliation Day, in commemoration of Prime Minister Stephen Harper’s apology to residential school survivors on June 11, 2008.<sup>17</sup> This apology was an important step for the government to take in building trust with Aboriginal peoples. Since 2007, the Government of Canada has been issuing Common Experience Payments to former residential school students, of \$10,000 for the initial year, and \$3,000 for every additional or partial school year thereafter, as well as Independent Assessment Processes for cases of extreme abuse.<sup>18</sup> It also convened a Truth and

Reconciliation Commission in June 2008.<sup>19</sup> “The aim of the TRC is to guide and inspire Aboriginal peoples and Canadians in a process of reconciliation and renewed relationships that are based on mutual understanding and respect.”<sup>20</sup>

**KEYS TO SUCCESSFUL CORPORATE–ABORIGINAL PARTNERSHIPS**

Aboriginal relations executives and experts interviewed by the Conference Board in 2009 were asked about what they look for in an Aboriginal business partner and/or partnership. The common features are listed below.

**1. Strong business knowledge, capacity, and active participation**

Partnerships are a two-way street. Corporations are looking for Aboriginal business partners that have an understanding of business, enabling them to actively participate. A lack of business knowledge is more common in remote communities where there is a limited access to the competitive business world; thus, business experience and expertise are lacking. Business capacity and knowledge can be built through experience, education, and training. Many Aboriginal businesses hire experts from outside the community to build capacity. These “South hires” are brought in to share their expertise, build business capacity, and train other employees to fill their positions.

**2. Clear communication**

Clear communication is key to any strong partnership. Each party’s objectives and expectations must be clearly articulated in the beginning, and ongoing communication

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16 Victoria Lynn Tenasco-Commanda, great-granddaughter of Algonquin Elder grandfather William Commanda of Kitigan Zibi Anishinabeg. He holds the Seven Fires Prophecy Wampum Belt (along with two others).

17 *Wawatay News*, “AFN Announces National Day of Reconciliation June 11.”

18 Indian and Northern Affairs Canada, “Common Experience Payments.” In February 2009, 72,274 payments had been processed and 20,134 were still being processed.

19 CBC News, “FAQs: Truth and Reconciliation Commission.” The Commission’s \$60 million budget was dedicated to creating an historical record of the schools and a publicly available report containing recommendations for government action with respect to the legacy of the schools; establishing a research centre for residential schools; hosting seven regional events in Canada about the impacts of the schools, and supporting community-designed events; and contributing to a commemoration initiative that will help fund activities that honour former residential school students.

20 Indian Residential Schools Truth and Reconciliation Commission, “Appointment of New Chairperson and Commissioners of the Indian Residential Schools Truth and Reconciliation Commission.”

is necessary to ensure each party's objectives and expectations are being met. Clear communication is especially important in partnerships where there are multiple stakeholders. It is also important that protocol be clearly communicated. Corporate partners are sometimes confused about which Aboriginal business or community representatives they need to address (e.g., Chief and council, negotiator, community members) when they are considering entering a partnership. When protocol for both parties is not clearly communicated, trust can be broken, community or business partner support can be lost, both or either party can incur unnecessary costs, and time can be wasted.

### 3. Trust and goodwill

Trust and goodwill are the foundations of a solid partnership. Sometimes, partnerships that develop following land disputes are hindered by animosity and distrust between partners. In other cases, past experiences can inform current relationships. For example, if an Aboriginal business or community has been treated unfairly by a corporation or if an Aboriginal business or community has failed to actively participate as a partner with a corporation, trust may be more difficult to build. Building trust is an ongoing process, and both partners need to show goodwill to make the most of their partnership.

### 4. Shared objectives

While a diversity of perspectives enriches corporate performance and increases innovation,<sup>21</sup> it can equally become a challenge when the objectives are not shared. Without shared objectives, there is a lack of clear

direction that inhibits the business partnership from moving forward, which ultimately slows the growth of the shared venture.

### 5. Good and stable business governance

As aforementioned, First Nations community-owned businesses are especially susceptible to problems related to conflict of interest. Often, Chief and council are board members for the business, and they must walk the fine line between their roles as business leaders and community leaders. As elected officials, the Chief and council are responsible to their community, and problems can arise when community members, especially influential ones, do not support the business or the way it is run.

Corporations want a partner that prioritizes business interests above political interests. They also want Aboriginal business partners with stable governance. Corporations are wary of building partnerships with businesses that have a high board council turnover rate. A change in First Nations community leadership, and therefore Aboriginal business leadership, may mean a change in objectives. This can potentially disrupt the shared objectives with the corporate partner.

### 6. Community support

Businesses that are culturally responsive to the community and its objectives tend to be more successful and, therefore, make more attractive partners. Without community support, community-based businesses are less likely to thrive. Corporations are apprehensive to partner with Aboriginal businesses that do not have the support of their communities because conflicting community objectives can threaten the business viability.

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21 Krywulak and Sisco, *The Value of Diverse Leadership*. The authors continue, "When leadership is diverse, the range of talents and perspectives broadens—bringing a wider array of knowledge, skills, and experiences to an organization. Diverse leaders bring fresh perspectives, market knowledge, creative thinking, and capacity for risk-taking ('know-how'), and often attract new investors and skilled workers ('know-who'). Ultimately, their contribution is to improve the financial performance and effectiveness of the organizations they lead, and to strengthen the communities in which they are active."

## CHAPTER 4

# Case Studies

### Chapter Summary

- ◆ The 10 Aboriginal businesses featured in these case studies demonstrate that leadership, sound business practices, and strong relationships and partnerships are key to business success.
- ◆ The Aboriginal businesses featured in this report are a diverse group, representing different sectors, from across Canada.
- ◆ All 10 businesses have found ways to overcome challenges and seize opportunities.

The following case studies feature examples of successful Aboriginal businesses across Canada. The Conference Board of Canada used the following criteria to define “successful Aboriginal business”:

1. They are majority Aboriginal-owned (and preferably operated).
2. They have demonstrated a growth of profits over a substantial period of time.
3. They have created jobs for Aboriginal peoples.
4. They have contributed to the social well-being of an Aboriginal community or the Aboriginal community at large (e.g., through social investment, charity, job creation).

### ARCTIC ADVENTURES—MAKING THE LOCAL ECONOMY THEIR BUSINESS

**Key contact:** Stephen Ashton, Director of Tourism

**About:** Inuit-owned professional outfitting in Nunavik, Arctic Quebec

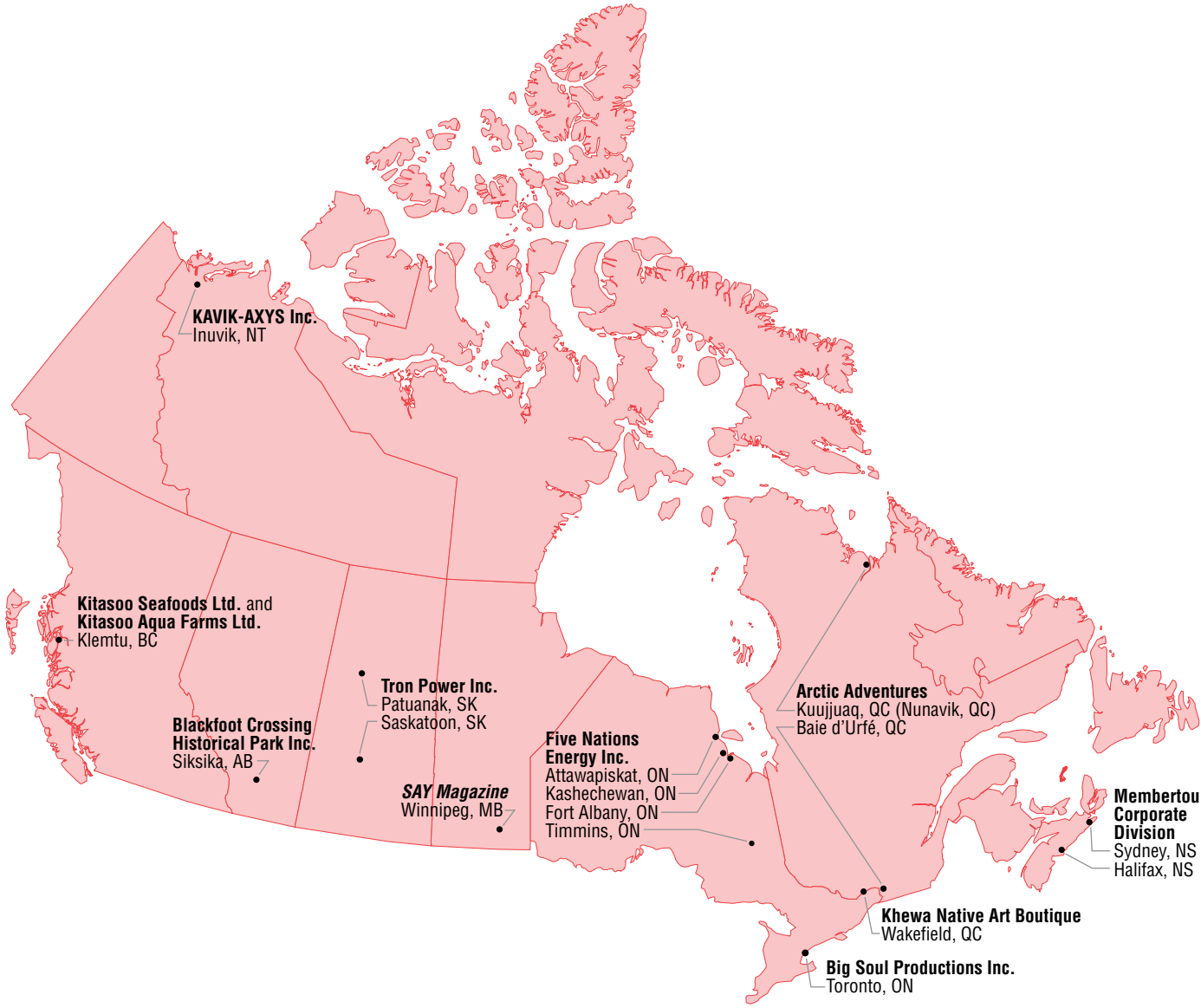
### LA FEDERATION DES CO-OPERATIVES DU NOUVEAU QUEBEC

In the early 1950s, communities in Nunavik were reliant on external suppliers for basic necessities, such as food. The community members felt the products supplied did not support local needs. There were also few venues through which community members could sell their goods outside of Nunavik and they felt the existing venues did not provide a fair price for their work.

These difficult conditions created the impetus for the cooperative movement, which began in the mid-1950s. The first five cooperatives to service their communities formed La Fédération des Co-operatives du Nouveau Quebec (FCNQ) in 1967; there are now 14 member communities.

The FCNQ saw an opportunity to develop the tourism industry in northern Quebec. While camps had been in operation since at least 1969, they were officially incorporated into the FCNQ and became Arctic Adventures in 1972.

Locations of the 10 Aboriginal Businesses Featured in This Report



Source: The Conference Board of Canada.

Arctic Adventures is governed within the cooperative governance system. Each cooperative has an elected official who sits on the board of directors for the FCNQ; the board in turn elects its executive. They, along with the managers of their co-ops, direct where the FCNQ puts its resources.

While Arctic Adventures is part of the Federation and is therefore supported financially by all the co-ops, it provides services only to three of them: Kuujuaq, Purvirnituk, and Kangiqsualijjaq. Each of these three co-ops absorbs the loss or profit from its outfitting operations.

### EVOLVING BUSINESS MODEL

Arctic Adventures' long-term profitability and sustainability are important to its director, Stephen Ashton. The company is constantly adjusting its business model and product—identifying and addressing key challenges as well as opportunities—in response to the changing market.

When the company realized that light tackle (spinning) fishing could be a hard sell to clients outside of Canada, they diversified into fly fishing as well. According to Ashton, “Fly fishermen are part of a growing upscale market that spends more on their equipment and clothing and have been travelling more to enjoy their passion.” Between 1995 and 1998, the caribou migrations shifted and the company was forced to relocate a number of hunting camps. While it took a loss on several abandoned sites, which included landing strips, they realized survival depended on the move.

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**Arctic Adventures has built its reputation based on hospitality, service, and professionalism.**

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### BUILDING RELATIONSHIPS FOR SUCCESS

Arctic Adventures is celebrating 40 years of successful outfitting this year. The company employs three full-time staff out of its Baie d’Urfé (Island of Montréal) office and one additional person in the summer. During the operational period, from early July to the end of September, it employs 36 people (22 of whom are Inuit) at the various camps. Ashton told the Conference Board that each of the 14 member cooperatives of the FCNQ located in Nunavik made a profit in 2008. Arctic Adventures had \$1.2 million in sales and \$1.9 million in assets in 2008. One of its largest accomplishments has been building a reputation based on hospitality, service, and professionalism.

Building and maintaining relationships is extremely important to Arctic Adventures' success. Ashton works with Tourism Quebec, the Quebec Outfitters Federation, Economic Development Canada, and the Kativik regional government to market and access funding for future

development. He also emphasized the importance of the relationships between the Inuit guides and South hire managers, who work together in the camps, sometimes for many years. The senior management at Arctic Adventures and the FCNQ also values its relationships with employees, a testament to which might be its low turnover rate. Ashton also told the Conference Board that by working together, the FCNQ businesses are able to cut costs and increase profitability for all the co-ops.

Arctic Adventures is often featured on the Outdoor Channel, and The Sportsmen’s Channel in the United States. Its hunting and fishing camps have been aired on Wild TV and the Global Network in Canada. The company has been featured in *American Hunter* and *Fly Fisherman* magazines, and by Safari Club International, as well as The North American Hunting Club.

### SEIZING OPPORTUNITIES

Aware of the increasing interest in sustainable eco-tourism, Arctic Adventures, in conjunction with the FCNQ, is looking to launch a new business—“Inuit Adventures.” Inuit Adventures will provide tourists with vacation packages in Nunavik that include activities such as dog sledding, hiking, and the opportunity to view and experience the Inuit culture first hand. As Arctic Adventures is able to operate only a few months out of the year, in the peak hunting and fishing seasons, Inuit Adventures will be able to benefit from the facilities already established by its sister company.

### BIG SOUL PRODUCTIONS INC.— SHOWCASING ABORIGINAL TALENT

**Key contact:** Laura Milliken, President

**About:** Big Soul Productions Inc. is an Aboriginal-owned production company that “continues to create, develop and produce programming to showcase established and emerging Aboriginal talent from the Aboriginal arts community.”<sup>1</sup>

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1 Big Soul Productions.



## HUMBLE BEGINNINGS

Laura Milliken had always known that she wanted to run her own business. When she met Jennifer Podemski on the set of the Aboriginal Achievement Awards in 1999, they hatched an idea to launch their own show, *The Seventh Generation*. They established Big Soul Productions in 1999 and set out across the country to film the show. While travelling to various communities, their vision evolved as they realized there was both a need and desire for more Aboriginal content in film and on television.<sup>2</sup> Milliken became the official sole proprietor in 2005, changing the name to Big Soul Productions Inc.

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### **Big Soul attributes much of its success to its ability to build strong relationships and partnerships.**

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Big Soul Productions Inc. is a 100 per cent Aboriginal-owned film and television production company. It produces shows such as the Gemini-nominated *Moccasin Flats* and the animation series *By the Rapids*, both of which can be seen on the Aboriginal Peoples Television Network (APTN). It also offers a variety of other media services, including editing and marketing/promotional services. Located in Toronto, Big Soul's core operation has seven full-time staff, five of whom are Aboriginal. When producing a show, its animation studio employs 28 people, five of whom are Aboriginal.

## ENGAGING AND IMPASSIONING STAFF

When asked to describe what makes Big Soul Productions Inc. so successful, nearly every staff member interviewed pointed to Milliken's enthusiasm, energy, and drive. As one staff member explained, broadcast executives are interested in more than just good ideas, they are interested in passion—Laura Milliken embodies this passion.

Employees also attributed much of their success to their ability to build strong relationships and partnerships. Big Soul places a strong emphasis on delivering a high-quality product in a short period of time, which further strengthens relationships with clients.

One of the major benefits of working at Big Soul Productions Inc. is the ability to give back to the community, while being part of a successful business. Much of the content produced by Big Soul Productions Inc. serves to educate others about Aboriginal peoples and highlight their achievements. The company prides itself on its *Project One Generation* workshops, which give Aboriginal youth the opportunity to produce public service announcements that deal with social issues affecting them.

Vice-President at Big Soul, James Kinistino, was previously a corrections officer working with young offenders. He felt the work that Milliken and Podemski were doing to promote positive role models for Aboriginal youth through *The Seventh Generation* was important. Kinistino started out working as a grip, setting up for the cameraman. Not long after, he became the cameraman and has since been an integral part of the company. With up to only seven full-time staff at any given time, Big Soul Productions' employees are often taking on multiple tasks, ranging from writing and producing to providing technical expertise and marketing. Part of what he enjoys about working at Big Soul is the opportunity to continuously learn and develop.

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### **Employees are able to give back to the community, while being part of a successful business.**

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## ACHIEVING MAJOR MILESTONES

Big Soul celebrated its 10-year anniversary in August 2009. It has achieved many milestones along the way, including the completion of 39 episodes of *The Seventh Generation* on a very tight budget, winning many awards and nominations, and the establishment of its animation studio.

In 2009, Big Soul generated its biggest revenues to date at \$1,491,677, up from \$774,980 in 2008. Interim figures for total assets in 2009 were \$655,572, up from \$153,785 in 2008. It also made the top 100 of *Play Back Magazine's* list of top production companies in

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2 Ibid.

Canada, which ranks production companies according to their revenues. This is a major accomplishment for Big Soul—as Milliken explains, “it means that we are now part of the mainstream independent production companies in Canada.”

### MOVING TOWARD MAINSTREAM

While producing Aboriginal content is important to Milliken, she would like to diversify and reach out to non-Aboriginal audiences as well. A major achievement in this regard is CBC’s agreement to purchase and broadcast its animation feature “Coyote Solstice” this Christmas. This is the first time that one of its programs will be broadcast by a major mainstream network. The company is also discussing the sale of the show internationally. Big Soul is constantly looking to the future and coming up with new ideas. In the near future, it plans to continue building on its current successes and would like to produce a full-length feature film.

## BLACKFOOT CROSSING HISTORICAL PARK INC.—CAPITALIZING ON CULTURAL REVITALIZATION

**Key contacts:** Jack Royal, President and General Manager and Jason Doore, Chairman of the Board

**About:** “Blackfoot Crossing Historical Park is a world-renowned cultural, educational, and entertainment centre built for the promotion and preservation of the Siksika Nation Peoples’ Language, Culture, and Traditions.”<sup>3</sup>

### THIRTY YEARS IN THE MAKING

Although Blackfoot Crossing Historical Park officially opened in July 2007, the idea behind it had been in the works for over 30 years. The Siksika First Nation had always known that it wanted to do something to recognize and commemorate the historic location where the treaty negotiations for Treaty Number 7 took place. The Treaty, signed by Chief Crowfoot in 1877, helped ensure peace between the Siksika First Nation and the

Government of Canada. Blackfoot Crossing is already a National Historic Site and is being recommended for a World Heritage Site. It lists Prince Charles among its many visitors.

### THE ULTIMATE CULTURAL EXPERIENCE

Blackfoot Crossing Historical Park is both a business venue and tourist destination. It has the facilities to host conferences and events, as well as educational and cultural programs and courses. The impressive site houses an historical museum, library, restaurant, gift store, archeological dig site, theatre with performances, and a tipi village where guests can spend the night. Blackfoot Crossing is owned by the Siksika First Nation band.

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### Blackfoot Crossing’s president and general manager aims to break down stereotypes of Aboriginal businesses.

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The Siksika First Nation created Blackfoot Crossing Historical Park to preserve and strengthen its culture as well as to educate the Siksika and others about their culture and history. It is also intended to promote the Siksika First Nation territory as a tourist destination, encourage economic development, and strengthen socio-political relations with industry and government in its region.

All of Blackfoot Crossing’s 32 employees are First Nations, 31 of whom are from the Siksika First Nation. Customer service skills are essential among staff, explains the President and General Manager, Jack Royal. He aims to break down stereotypes surrounding Aboriginal-owned businesses and wants anyone visiting the museum to walk away feeling impressed by the experience. He encourages his staff to build their knowledge of the Siksika culture and history in order to be able to educate visiting guests.

### PROPER RESEARCH AND PLANNING

Planning has been an integral part of Blackfoot Crossing’s success. When it made the decision to execute its vision for the historical park, the company revisited its past plans.

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3 Blackfoot Crossing Historical Park.

Noting that the initial business plan from the mid-1990s was fragmented and no longer relevant, it spent a year and a half doing market research, planning, and speaking with industry experts.

While happy to receive business from across Canada and the world, its market research showed that Calgary and the surrounding region was its target clientele. The company markets accordingly and has built partnerships with organizations that promote tourism in the region.

### GIVING BACK

In July 2009, Blackfoot Crossing celebrated its second anniversary. The company met its financial targets in its first year of operation (July 2007–July 2008), with approximately 30,000 paying visitors. It currently holds over \$24.1 million in assets.

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**The company spent a year and a half doing market research, planning, and speaking with industry experts.**

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In addition to a good bottom line, community investment is important. Perhaps most rewarding is that the facilities and the programs it offers have given local children and youth a better understanding and appreciation of their culture and history. The museum has provided the opportunity to repatriate many of the Siksika First Nation band's ancestral cultural entities that previously had nowhere to be stored. It also offers free admission to many groups, including community members, Elders, and many charitable or not-for-profit organizations.

### LOOKING FORWARD

In the short term, Blackfoot Crossing will continue to expand and improve on the products and services it already has in place. The company would eventually like to build additional accommodations (either a hotel or cottages) for guests.

## FIVE NATIONS ENERGY INC.— LEVERAGING RELATIONSHIPS

**Key contact:** Ed Chilton, Treasurer

**About:** Five Nations Energy Inc. is a non-profit corporation, owned equally by Attawapiskat Power Corporation, Kashechewan Power Corporation, and Fort Albany Power Corporation, each of which is owned by its respective First Nation.

### COMMUNITIES IN CRISIS

Before 1997, the First Nations communities of Attawapiskat, Kashechewan, and Fort Albany were experiencing an energy crisis. There were chronic energy shortages and the community had to put infrastructure development on hold (including much-needed housing and schools) because it did not have enough energy capacity. The diesel system they were using at the time was unreliable, bad for the environment (it often resulted in spills and noise pollution), and expensive to maintain.

### LEVERAGING RELATIONSHIPS

In 1985, the Ministry of Northern Development Mines and the Nishnawbe Aski Nation commissioned a feasibility study to determine whether running a transmission line from Moosonee northward along the west coast of James Bay to Attawapiskat was an option. The Mushkegowuk Chiefs approached Ontario Hydro about the project. When Ontario Hydro would not commit, they decided to do it themselves.

The Mushkegowuk Chiefs—representing the communities of Attawapiskat, Kashechewan, and Fort Albany—contracted SNC-Lavalin to engineer, procure, and manage the construction of the transmission line. SNC carried out a feasibility and environmental impacts study, and the Mushkegowuk leadership made the decision to proceed. The communities received funding from Indian and Northern Affairs Canada, Aboriginal Business Canada, the Northern Ontario Heritage

Fund Corporation, Bank of Montreal, Pacific & Western Bank, and SNC-Lavalin Capital. They also sold some assets to Hydro One Networks to complete the financing. The business plan was developed to accommodate the community's needs as well as those of the province with respect to transmission lines.

In 1997, Five Nations Energy became incorporated as a non-share, non-capital corporation owned by the Attawapiskat, Kashechewan, and Fort Albany communities and run by their respective local distribution companies. The local distribution companies are set up as the owners to ensure that should Five Nations Energy fail, the First Nations communities are not liable.

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**Five Nations Energy hired experts in the energy transmission field and participated in industry reform.**

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Five Nations Energy's board of directors has eight members appointed by five communities—two from Attawapiskat, two from Kashechewan, two from Fort Albany, one from Moose Cree, and one from Taykwa Tagamou. While Moose Cree and Taykwa Tagamou are not shareholders in the company, they have representation on the company's board of directors because they are affected by its operations.

**OVERCOMING CHALLENGES**

In the beginning, the communities had no experience or expertise in energy transmission. The market was constantly changing and they were viewed as high risk by financiers because they had no collateral. In response, they hired experts in this field and participated in industry reform. They also relied on community leadership to champion the project. Five Nations Energy persevered, and was able to overcome these challenges. It developed partnerships with business and financial advisors (E & Y, Russ Cooper Company) and SNC-Lavalin. In the face of prejudice about the ability of First Nations to administer

finances properly, Five Nations Energy ensured everything was done properly, on time, and in a fiscally responsible manner.

**REALIZING SUCCESS**

Five Nations Energy currently has \$58 million in assets and stands to acquire another \$37 million in the fall of 2009, giving it a total of \$95 million in assets. Five Nations Energy receives an average of \$5.2 million annually in royalties from the transmission pool in Ontario. The Corporation awards \$2,000 in annual scholarships to students from each of its three member communities (Kashechewan, Attawapiskat, and Fort Albany) as well as to students in Moose Cree First Nation (located in Moose Factory), Taykwa Tagamou First Nation, and the high school located in the town of Moosonee. It also donates to programs for youth, Elders, and women and supports sports (such as the Aboriginal games), conferences, and cultural activities and events. The company currently has four employees, three of whom are local First Nations people.

**THE WAY FORWARD**

In the short to medium term, Five Nations Energy has two key focuses—upgrading its transmission lines and developing local human capital. It will be twinning its lines to deliver enough energy to accommodate the De Beers Victor Project mine. De Beers is covering the cost of this \$37 million upgrade. It is also focused on upgrading its system to match the standard of others in the province, to the tune of \$1 million. First Nations Energy is also investing \$11 million in installing 24 fibre optic strands from Moosonee to Attawapiskat. Twelve of these strands will be used to monitor the Corporation's transmission lines in real time in order to address physical threats such as ice jams. The other 12 will be leased to the Western James Bay Telecommunication Network. Five Nations Energy will also be developing staff in the communities to work for the local distribution companies as linemen. In the long term, Five Nations Energy is prepared to assist the communities in the development

of potential hydroelectric generation within the Mushkegowuk territory, should the communities be willing to undertake these potential projects.

## KAVIK-AXYS INC.—THE “ONE-STOP SHOP IN INUVIK FOR ENVIRONMENTAL PERMITTING AND ASSESSMENT”

**Key contact:** Michael Fabijan, Vice-President and General Manager

**About:** Inuvialuit-owned KAVIK-AXYS is recognized as one of the leading environmental impact assessment and protection planning companies in northern Canada. It provides a variety of services, including community consultation, regulatory applications, environmental assessments and planning, terrestrial and marine field studies and monitoring, informatics, traditional knowledge studies, and more. KAVIK-AXYS has also formed partnerships with Aboriginal organizations or individuals in the Gwich'in and Sahtu Settlement Areas to offer similar services in those regions.

### BALANCING LOCAL KNOWLEDGE WITH BUSINESS OPPORTUNITIES

Inuvik has seen growing opportunity for economic development over the past four decades with several major pulses of industrial activity, particularly in the oil and gas sector. This industrial interest in the Mackenzie Delta region and Beaufort Sea has led to a greater need for environmental impact assessment, planning, and permitting—requiring both local and environmental science expertise—for activities conducted on or affecting Inuvialuit lands.

Within the Inuvialuit Settlement Region, Impacts and Benefits Agreements adhere to one of the principles of the 1984 *Inuvialuit Final Agreement* “to enable Inuvialuit to be equal and meaningful participants in the northern and national economy and society.”<sup>4</sup> This means ensuring that Inuvialuit businesses can compete on an equal footing with other companies operating in the Inuvialuit Settlement Region.

Recognizing the needs of industry and government for environmental services, in combination with the opportunities offered under the *Inuvialuit Final Agreement*, Frank Hansen, owner of the KAVIK Holdings Group of Companies, and Michael Fabijan, Senior Manager of AXYS Environmental Consulting Ltd. (now Stantec), entered into a joint venture as KAVIK-AXYS in 2000. At the time, KAVIK-AXYS became one of only three Inuvialuit businesses that provided environmental services. The combination of their skills provided a broad base of experience in local ecological and traditional knowledge and community engagement, as well as environmental sciences, planning, and regulatory approvals and permitting.<sup>5</sup>

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**Michael Fabijan says the company takes on about two projects every year that build community capacity.**

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### BUILDING COMMUNITY CAPACITY

While the founding team at KAVIK-AXYS had the necessary experience and expertise to meet the evolving needs of its industry and government clients, one of the major challenges and priorities for KAVIK-AXYS has been building community capacity. Green explained that encouraging Aboriginal youth to view environmental science as a career path is difficult because Aboriginal recruitment efforts are often geared toward other occupations and professions, including construction, industrial services, engineering, administration, and medicine.

Fabijan said that KAVIK-AXYS takes on about two projects every year that provide little direct financial return on investment to the company or its clients, but that build community capacity it can leverage for future

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5 President Frank Hansen brings not only his local knowledge and contacts as an Inuvialuk, but also experience as owner of the KAVIK Holdings Group of Companies. Vice-President and General Manager, Michael Fabijan, has over 22 years of experience “in the environmental and public consultation fields in northern Canada and other areas of Canada, and has been working in the Arctic since 1979, and with Inuvialuit since 1987.” Senior Vice-President and Director, Jeff Green, has over 25 years of experience in “field research and projects in northern Canada.” Andrea Hansen recently joined the company after completing her degree in English. In addition to her local knowledge from growing up in the community, she has worked for the National Aboriginal Achievement Foundation promoting career development of Aboriginal youth.

4 Inuvialuit Regional Corporation, *The Western Arctic Claim*, p. 5.

projects. Over the past 10 years, the company in partnership with several of its industry clients has trained local Inuvialuit on a project-to-project basis. This year, KAVIK-AXYS and two of its oil and gas clients trained 25 local people, 20 of whom were directly employed for the duration of two concurrent projects. The costs of training someone local are more than offset by the advantage of being able to access local talent for future projects. Training and employment in environmental services also provides Aboriginal role models that are important to encouraging young Inuvialuit and other Aboriginal youth to enter this career field.

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**To address the education gap in the community, KAVIK-AXYS is partnering with Aurora College.**

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While there may be a growing local skilled population, with companies and government increasingly recognizing the value of local skill sets, there remains a significant shortage of Aboriginal people with a two-year technical diploma or four-year bachelor's degree in environmental and social sciences. This gap represents a barrier to hiring local people for more advanced technical and management positions in the company. Most of the positions that do not require advanced education are seasonal because KAVIK-AXYS work is project-based and the fieldwork takes place on a seasonal basis, making it difficult for the company to hire trainees full time. To address the education gap, KAVIK-AXYS is developing a partnership with Aurora College that will provide accreditation for local people who complete specific training through KAVIK-AXYS. Aurora College may also begin to offer such training itself.

**MEASURING SUCCESS**

KAVIK-AXYS Inc. has created jobs for local Inuvialuit and wealth within the Inuvialuit Settlement Region. The company has 2009 projected revenues of over \$8 million.

Since its establishment, KAVIK-AXYS has provided environmental services to all of the major industrial proponents in the Inuvialuit Settlement Region, as well

as the territorial and federal governments and Inuvialuit organizations. KAVIK-AXYS is considered one of the most successful environmental firms in the region. Its work and training programs have been featured in the *Inuvik Drum* and *Oil and Gas Magazine*. Its regulatory submissions and associated technical work have also been used by permitting agencies as good examples of submissions that fully meet the requirements of the agencies for these types of applications. Such recognition has helped attract new clients, while also ensuring return clients. In the past, balancing a sufficient workforce with enough business to compensate that workforce has been a major challenge for KAVIK-AXYS. However, with more multi-year contracts, the company has been able to expand the number of full-time and part-time employees.

Giving back to the community, particularly to youth, is a part of the common vision for Frank Hansen, his daughter Andrea, Fabijan, and Green. With the company's financial success, it has been able to redistribute some of its revenues back into the community and support local sports and recreation, cultural, educational, and other social initiatives.

**GOING FORWARD**

Through planning and project delivery, KAVIK-AXYS will continue to meet the evolving needs of its clients for environmental services. With the recent acquisition of AXYS by Stantec, KAVIK-AXYS is looking to expand its service areas into engineering, water and waste treatment, architecture, and green building design.

Andrea Hansen, who recently returned to Inuvik to join KAVIK-AXYS after spending 10 years in southern Canada, is now leading a range of social and cultural studies and community engagement work. As part of the long-term succession plan for the firm, she is also assuming a greater role in the day-to-day management of the company.

KAVIK-AXYS is also planning to relocate its office more centrally within Inuvik and is working toward increasing staff in its Inuvik and Calgary offices.

## **KHEWA NATIVE ART BOUTIQUE—MAKING A BUSINESS OUT OF ABORIGINAL ART**

**Key contact:** Nathalie Coutou, Owner and Chief Executive Officer

**About:** Boutique that specializes in Aboriginal arts and crafts

### **POSITIONING THE BUSINESS PLAN**

When Chief Executive Officer Nathalie Coutou incorporated Khewa Native Art Boutique in 1999, she was ready to do business. However, her loan application for \$56,000 fell through. The lending organization rejected it on the basis that it felt there was no money to be made in selling Aboriginal art. “If you want to see Aboriginal art, you go to a museum. If you want to purchase it, you go to a souvenir shop,” Coutou remembers the lending institution explaining. While some entrepreneurs would have given up, the perspective of her lender only served to strengthen Coutou’s resolve that there was a lack of knowledge and appreciation about Aboriginal art and culture and that her store would provide a great opportunity for her to educate people.

### **LEVERAGING RELATIONSHIPS**

Coutou turned to a women’s business group, Option Femmes Emploi, for assistance, which then referred her to the Centre of Local Development (CLD des collines). With its assistance, she redesigned her business plan, this time asking for \$250,000 to renovate a heritage building in Wakefield, Quebec. Her new loan application was approved. Coutou started renovating the building, appreciating the irony of being given money to save a 100-year-old building after being denied the funds to help promote a much older culture for one-fifth the cost.

### **FROM GRAND OPENING TO GROWTH**

Khewa Native Art Boutique Inc. opened in the restored heritage building in September 2001. The boutique carries Native art from all over North America. There is a wide variety of products, ranging from paintings and carvings to jewellery and collectibles. For Coutou, Khewa is more than just a store—it is a centre where people can come to learn about Aboriginal culture.

Khewa Native Art Boutique is diversifying as it grows. Some of her employees have their own line of products that they sell in the store, including scented soaps and other bath and body products. Recently, a naturopathic clinic, Center 4 Directions, has been opened in the back of the store.

### **OVERCOMING CHALLENGES**

Coutou told the Conference Board she has found it challenging to balance her business with her desire to share and promote Aboriginal culture. She also faces other challenges. For example, Coutou’s business is heavily dependent on tourism in Wakefield. Last year, the steam train, an attraction that brings 50,000 people from Ottawa–Gatineau every year, was temporarily shut down. This made business slow for Khewa. To overcome this challenge, Khewa began accessing the corporate gift market.

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**The success of Khewa is partly measured on the level of interest it is able to generate in Aboriginal culture.**

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During the off-season, through Khewa Coutou works as a consultant for various museums in the national capital region. She is also an accomplished artist and sells her work at Khewa, which helps with the profit margin.

### **MEASURING PERFORMANCE**

Khewa earned \$130,000 in revenues in 2008. However, Coutou measures the success of Khewa not only on financial performance but also on the level of interest it is able to generate in Aboriginal culture. Coutou personally greets every customer and shares stories with them about both her life and the artwork she sells. Khewa won the prestigious Ovation Award for tourism services by Outaouais Tourism in 2007.

From its original opening in 2001 to 2007, Khewa has generated 15 per cent growth every year. In 2008, revenues grew 32 per cent. Coutou told the Conference Board this is “due to Khewa’s commitment to represent a culture that is alive today, from authentic traditional items to contemporary artwork and the need of our society to reconnect with authenticity.”

## GIVING BACK

In addition to promoting Aboriginal art, history, and culture through her store, Coutou supports other social initiatives through her business. For example, she founded the Wakefield Harvest Festival, which occurs every fall and is now entering its seventh year. The festival is growing every year and brings together artisans and farmers from around the greater Outaouais region<sup>6</sup>. Business sustainability is important to Coutou. Through her business, she is able to support her family while doing something she loves.

## KITASOO AQUA FARMS LTD. AND KITASOO SEAFOODS LTD.—LEVERAGING LOCAL RESOURCES

**Key contacts:** Larry Greba, General Manager, Kitsoo Aqua Farms and Ben Robinson, General Manager, Kitsoo Seafoods

**About:** Kitsoo Aqua Farms and Kitsoo Seafoods are owned by the Xai'xais/Kitsoo band of Klemtu. Kitsoo Aqua Farms Ltd. is a salmon-farming operation and Kitsoo Seafoods Ltd. is a fish-processing plant. Klemtu is one of the most remote and isolated communities on the west coast of Canada.

## CREATING JOBS

Before the establishment of Kitsoo Aqua Farms and Kitsoo Seafoods, the community of Klemtu was in dire need of economic development and job creation. In the 1970s and 1980s, unemployment rates were in the 80 per cent range. Many youth supported themselves through social assistance, due to a lack of job opportunities. A sense of futility about the future contributed to social issues. Today, the community is healthier and happier. Greater job options for youth have led to a higher community retention rate, with 400 out of its 500 band members living on reserve. The current unemployment rate (42 per cent) is almost half of what it was, with job opportunities available to anyone who wants to work in Klemtu.

6 Outaouais Tourism. Outaouais Tourism describes the geographical area as the southwestern part of Quebec, bounded by the Abitibi-Témiscamingue, the Laurentians and the City of Ottawa, Canada's capital.

## FISHING FOR A SOLUTION

Salmon was traditionally a primary food staple for the Kitsoo people of Klemtu. They began leveraging this local resource commercially in the early 1900s, with the arrival of fish-purchasing and -processing companies from the South. The local salmon stocks started to decline in the 1960s; by the 1970s the processing companies had disappeared and by the early 1990s the local salmon fisheries were not viable from a small business perspective. The Kitsoo have had some access to herring fisheries, which remained viable up until 2004. However, Larry Greba told the Conference Board that “decades of government allocation policies have limited other local fishing opportunities.” He explained that “the Kitsoo have had access to less than 5 per cent of the rich non-salmon fish stocks in their 6,000-square-kilometre traditional territory, even though they are the only permanent residents.”

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**The job options the company offers to youth have led to a higher retention of band members in Klemtu.**

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Recognizing the decline in the local salmon stock in the late 1980s, Percy Starr and Greba advocated “salmon farming as an option to wild harvesting [for the community.] The band sold [its] large commercial salmon vessel and fishing licence and developed a 100-ton salmon farm. Klemtu designed and built its own farm, and processed and marketed its own product. The enterprise began on a pilot scale with a significant emphasis on training. Despite significant commercial success, by 1993 the writing was on the wall: ‘go big or get out.’ Consolidation was occurring in the industry as prices for salmon began to drop [worldwide with increased production.]”<sup>7</sup>

In 1998, Kitsoo Aqua Farms partnered with Marine Harvest Canada (then Nutreco) “to develop salmon farming using a development model based on sustainability that worked for both parties. An important factor in the decision to enter into the agreement with Marine

7 Larry Greba, “Creating Opportunity, Realizing Success,” p. 33.



Harvest was [the company's] commitment to a 'triple bottom line,' placing equal emphasis on social, economic, and environmental sustainability."<sup>8</sup>

### **DEVELOPING GOOD RELATIONS WITH ENVIRONMENTALISTS**

According to Greba, the need for a fish farm became increasingly more obvious when the local salmon population, once abundant, declined significantly. However, salmon farming was the object of a great deal of cynicism at this time. A body of research produced by several environmental organizations deemed the industry environmentally damaging. In addition, well-known environmentalists, such as David Suzuki, were outspoken about their opposition to it. This made it challenging to sell the opportunity to the community as well as to funders, partners, and clients.

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#### **Percy Starr's goal since 1980 has been to employ one person from every Klemtu household.**

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According to Greba, once larger-scale farming began in 1999, Kitsoo Aqua Farms turned to its own community marine research organization, the Kitsoo Fisheries Program, to research environmental issues that were of concern to the community and the aquaculture critics. The Kitsoo Fisheries Program, in turn, began collaborating with some of the salmon farm research groups, mostly in academic institutions. It also partnered with environmentalists and developed a good rapport. This helped the company to ally with its biggest critics and build a good reputation with customers. According to Greba, "After 11 years of larger-scale farming with Marine Harvest Canada, Kitsoo is systematically proving the industry is viable and environmentally sustainable."

### **REALIZING SUCCESS**

Today, Klemtu community members are happier and healthier and have one of the biggest retention rates of all coastal bands (525 in band list and over 425 in Klemtu).

Ben Robinson, General Manager, Kitsoo Seafoods, said this is largely due to the greater number of job opportunities created by businesses such as Kitsoo Aqua Farms and Kitsoo Seafoods in the community. They employ approximately 60 people, who are paid about \$2,500 monthly. This has inspired others to work. Today, almost 60 per cent of community members are employed. And they have more diverse job opportunities. In addition to the many other service-level jobs with the band office, store, school, and public works, they can work for the seafood plant, the salmon farm, the harvest and transport vessel, or newly developed businesses in tourism and forestry.

### **CHALLENGES**

Kitsoo Aqua Farms and Kitsoo Seafoods face their fair share of challenges. According to Greba, constant expansion and upgrading to maintain government permits at the farmed salmon-processing plant require large annual capital injections to support the ongoing operations and employment. Kitsoo has a diversity of profitable businesses in the community that have been created and managed by the Kitsoo Development Corporation, which support the call for capital.

Transportation of goods, services, and people is another major challenge for Kitsoo. Most farmed salmon is sent down to the Pacific seaboard, but the provincial ferry system does not stop by Klemtu often enough to support normal business trade. Kitsoo has worked with its partners to be innovative and uses private barging services to support the local processing. Despite these challenges, Kitsoo sustains itself with self-determination and ingenuity.

### **THE WAY FORWARD**

The Kitsoo band council and its long-time band Manager Percy Starr's goal since 1980 has been to employ one person from every Klemtu household. This goal has now been surpassed and almost doubled. It is building infrastructure for tourism, and hopes to profit from accommodation as well. In the short term, Kitsoo Development Corporation is focusing on developing its hotel—Spirit Bear Lodge. Currently, the lodge generates \$200,000 in revenue. In 2001, it put together packaged

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8 Larry Greba, "Creating Opportunity, Realizing Success," p. 33.

four- and seven-day bear-viewing tours under the business Spirit Bear Adventures. Greba told the Conference Board that clients come from around the world, especially the United Kingdom. Kitsoo believes that this significant business opportunity will add to the continued diversity of jobs and opportunities available to the Kitsoo/Xai'xais people.

## **MEMBERTOU CORPORATE DIVISION— A COMPETITIVE BUSINESS THAT IS, BY THE WAY, ABORIGINAL**

**Key contact:** Jeff Slivocka, Chief Executive Officer

**About:** Membertou Corporate Division is a band-owned business and the economic development wing for the Membertou Mi'kmaq community. It owns and operates several businesses on behalf of its community.

### **A GOOD PROBLEM IN THE MAKING**

Today, the Membertou Mi'kmaq community, located in downtown Sydney, Nova Scotia, is industrious and healthy. Membertou Chief Terrance Paul has been quoted as saying “We have a good problem . . . too many jobs!” However, this was not always the case. In 1995, Membertou band “had a \$1 million deficit and only 37 employees.”<sup>9</sup>

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### **Membertou consults the chief and band council on all partnerships, business decisions, and major contracts.**

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Chief Paul, with the help of the band council, brought back and hired band members who had initially left the reserve to pursue education and employment.<sup>10</sup> In 2000, Membertou Corporate Division was established in Halifax, with a goal of assuming a more aggressive role in the marketplace and generating more revenue.<sup>11</sup> The company became ISO 9000 certified in 2001.<sup>12</sup>

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9 Membertou Corporate Division.

10 Ibid.

11 Ibid.

12 Ibid.

## **ABOUT MEMBERTOU**

Membertou Corporate Division operates Membertou Insurance Brokers, the Membertou Trade and Convention Centre, Membertou Aboriginal Business Services, Membertou Quality Management Services, Membertou Geomatics Consultants, Membertou Data Centre, C-99 FM (Membertou Radio), and First Fishermen Seafoods. It operates NATSCO Energy Services Group in partnership with another Aboriginal-owned company. The division has grown to operate several subsidiary businesses as well, involved in renewable and non-renewable energy development, commercial real estate development, and promoting a “Treaty Economy” approach to business development with other First Nations/Native American organizations.

Membertou Corporate Division is 100 per cent owned by members of the Membertou Mi'kmaq band. The Division is led by Chief Executive Officer Jeff Slivocka, who has a small team of business development officers with a broad range of personal and professional experience to help evaluate opportunities and pursue those selected. An executive management committee oversees Membertou's business activities and frequent written reports are provided to Chief Paul and council. Council is consulted on all partnerships, new business decisions, major contracts, and similar important issues.

## **REALIZING SUCCESS**

Today, Membertou has a surplus of about \$3,372,552 and approximately 600 employees. At 95 per cent, the employment rate is higher than the national one (91 per cent).<sup>13</sup> The Chief Financial Officer for Membertou, Mike McIntyre, told the Conference Board its total revenues had increased 9 per cent—from \$39,988,282 in 2008 to \$43,635,368 in 2009. And total assets increased from \$7,277,414 in 2008 to \$43,860,219 in 2009.

Slivocka noted that Membertou has also seen a strong social return on investment in the form of job and wealth creation. As well, revenue is redistributed directly to various social initiatives through the Membertou finance division, including the Membertou youth centre, Membertou heritage site, and other initiatives.

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13 Statistics Canada, “Latest Release From the Labour Force Survey.”

According to Jon Corston, General Manager, Membertou Aboriginal Business Development Services, next to turning the community around, establishing the Membertou brand has been the greatest achievement. Membertou has achieved a stellar reputation with industry and government as a trustworthy business that does quality work. While it was initially approached to enter business partnerships primarily because of its access to resources on band-owned land, Membertou is now being looked to for expertise and guidance. The resource-rich Apache groups recently approached Membertou for advice on industry.

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**CFO Mike McIntyre says the company wants to shift from infrastructure development to revenue generation.**

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According to Jason Googoo, General Manager of Membertou Geomatics Division, much of Membertou's success can be attributed to its good, stable leadership. Chief Paul is in his 23rd year as Chief, and band councillors are in office on average for 10 or 12 years. Googoo added that another key to Membertou's success has been the leadership's faith in staff members, which has served as a source of inspiration and led to better employee performance. Sound business practices, such as achieving ISO certification, have contributed to the company's success as well.

**A FUTURE FOCUS ON TREATY ECONOMY, ENERGY, AND REAL ESTATE DEVELOPMENT**

Chief Paul is a strong advocate for Treaty Economy businesses. Membertou looks for opportunities that will strengthen Mi'kmaq businesses, organizations, and communities. It seeks opportunities where Aboriginal businesses are absent and is willing to look at partnering with other First Nations to promote Treaty Economy opportunities. For example, Membertou has played an important role in the creation of New Sky Insurance, a national Aboriginal insurance brokerage network focused on Aboriginal communities, organizations, businesses, and people.

Membertou is also seeking business opportunities in energy development, in particular renewable energy projects. It is building relationships with European and U.S. engineering as well as renewable energy companies.

Together, they manufacture renewable energy equipment. They also construct, commission, and maintain wind, biomass, solar, and ocean projects throughout North America. Membertou is also exploring extraction of coal bed methane in Cape Breton with regional and international partners, including international energy companies. Slivocka stated that "studies indicate there is a major energy field in the area surrounding Membertou that has significant reserves and that will be exploited during the next decades."

Energy, in particular renewable energy, is a "future-focused" business opportunity in which First Nations have enormous competitive advantages. Slivocka told the Conference Board:

Energy projects ought to be treated by First Nations as "Treaty Economy" opportunities that can bring a range of significant economic development opportunities. First Nations must approach energy development earnestly, otherwise significant economic development opportunities will be lost.

Membertou plans to acquire and develop local real estate. Soon, it hopes to begin construction on a connector road that will link the Trans-Canada highway to Membertou. This will allow Membertou to capitalize on the estimated 10,000 vehicles that pass along the highway every day, significantly increasing traffic, and thus, business for Membertou.<sup>14</sup> The new road will make Membertou a new hub in Sydney. It will also provide a quick and easy way to reach the hospital from the other side of town; what is currently a 25-minute drive will take a maximum of 5 minutes.

Membertou is already planning the development of a business centre along the connector road to take advantage of through traffic and provide ideal business incubation sites for Aboriginal entrepreneurs. The company is also exploring the idea of developing a new hotel, arena, and school. Chief Financial Officer Mike McIntyre said they want to shift focus from infrastructure development to revenue-generating/wealth creation projects. Another

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<sup>14</sup> This estimate was provided by Mike McIntyre, CFO of Membertou Corporate Division.

short-term focus will be training and developing community members. Local youth will be recruited to work at the business centre through a summer job placement program. This aligns with their longer-term succession and business continuity planning.

In the long term, the company would like to develop a wide range of business opportunities outside of Sydney. Halifax, Calgary, and Toronto are prospects. Membertou is also looking at business opportunities in Europe and the U.S.

### **SAY MAGAZINE—MAKING ABORIGINAL PEOPLES “AUTHORS OF THEIR OWN DESTINIES”**

**Key contact:** Leslie Lounsbury, President and Chief Executive Officer

**About:** Lifestyle magazine for Indigenous peoples

#### **DISPELLING STEREOTYPES AND CELEBRATING ABORIGINAL ACHIEVEMENTS**

In 1995, Leslie Lounsbury was sick and tired of hearing negative things about Aboriginal children, communities, and families. She wanted to share positive stories about Aboriginal peoples with the world, but there was no venue to publish them.

When Lounsbury incorporated Spirit of Aboriginal Youth Enterprises in 2002, she set out to dispel these harmful stereotypes and promote positive stories about Aboriginal peoples. As opposed to hiring professional writers, Lounsbury allows those she features to tell their own stories—making them “authors of their own destinies.”

Accessing finance capital and selling both the Aboriginal community and corporate Canada on *SAY Magazine* proved difficult. Lounsbury was initially told she would never find positive stories. However, now there are too many submissions to publish.

#### **DOING YOUR HOMEWORK AND WORKING HARD**

Before incorporating Spirit of Aboriginal Youth Enterprises, Lounsbury already had seven years of experience conducting market research on her target audience, partners, and business plan. The first questions she set out to answer were, “Is there a need for my product?” and “Will people pay to have this need met?” Her experience teaching marketing courses assisted her with this process.

She brought her extensive background in publishing as well as in business and financial management to *SAY Magazine*. In her 33 years of experience working for the government, she was the provincial manager for a young entrepreneur grant program, managed a Manitoba career tabloid, and was one of the editors of *Canada Prospects*, an annual national career tabloid. Lounsbury was also president of one of the larger Manitoba credit unions and chair of the Manitoba Credit Union Deposit Insurance Corporation.

Start-up funds for *SAY Magazine* came from Lounsbury personally and Westoba Credit Union in Manitoba. Aboriginal Business Canada also provided start-up funds. Lounsbury had an edge because she had worked as a program coordinator for years. She knew how to write proposals for artist and business grants. Hard work was first and foremost among *SAY Magazine*’s keys to success. Lounsbury worked 10 to 12 hours a day, six to seven days a week in the start-up years of SAY.

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**Leslie Lounsbury set out to dispel harmful stereotypes and promote positive stories about Aboriginal peoples.**

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#### **RESPONDING TO THE MARKET**

Originally, the magazine was geared toward Canadian Aboriginal youth, aged 13 to 30. However, in response to market research, Lounsbury refocused her product to capitalize on the full breadth of interest. *SAY Magazine* was transformed into a lifestyle magazine for Aboriginal peoples aged 10 to 100 and a U.S. *SAY Magazine* for American Indians was developed.

## MEASURING SUCCESS

Establishing trust and credibility has been one of *SAY Magazine's* biggest accomplishments. In the seven years since its incorporation, three other Aboriginal magazines have ceased publication. Lounsbury had to work hard to ensure her company was not painted with the same brush.

*SAY Magazine's* financial performance and successful partnerships are testaments to the fact that it has built trust with customers and potential partners. In its inaugural year, 2002, Spirit of Aboriginal Youth Enterprises released two *SAY Magazine* publications; in 2008, it released 12. Revenues increased by 20 per cent from 2007 to 2008. In addition, *SAY Magazine* maintains ongoing partnerships with various organizations, including Aboriginal Peoples Television Network and Indian Country Today.

However, the most important measure of success for Lounsbury has been the positive impact her magazine has had in the Aboriginal community. Aboriginal awareness has increased significantly. Seven years ago, there may have been 200 national Aboriginal events of importance; today, there are more than 2,000 according to Lounsbury. Some of her most rewarding moments come when she receives letters about how her magazine has touched someone's life or from working with staff members who are engaged and passionate about making a difference. *SAY Magazine* has won awards from the Native American Journalists Association and been nominated for the Manitoba Magazine Maggies Awards.

## MAKING SAY THE BIGGEST ABORIGINAL LIFESTYLE MAGAZINE

In the short term, Lounsbury is focusing on managing *SAY Magazine's* growth both financially and in terms of human resources. She also wants to maintain or increase penetration of the Canadian market. Within five years, Lounsbury would like to develop a more specialized product, publish programs and guides, increase cash flow, and increase recognition of *SAY Magazine's* brand, especially in the mainstream market. In the long term, she would like to increase publications in the U.S. Her goal is to make *SAY Magazine* the biggest lifestyle magazine in the world for Aboriginal peoples.

## TRON POWER INC.—PROMOTING NORTHERN PARTICIPATION AND THE SPIRIT OF COOPERATION

**Key contacts:** Jim Elliot, President and Chief Ralph Paul, Chief of the English River First Nation

**About:** Tron Power Inc. is a general contractor that describes its mission as “total customer satisfaction. We believe the achievement of this mission comes from our commitment to quality workmanship, reliable service, cost effectiveness, investment in training and apprenticeship, northern participation and the spirit of cooperation. We will accept no less.”<sup>15</sup>

### BRINGING BACK EXPERTISE

While Tron Power is currently a thriving business with assets surpassing \$10 million and an average of \$21 million in annual project revenues over the past three years, it has gone through some turbulent times. In 2001, the business was close to falling into bankruptcy due in part to a lack of competitive business expertise and experience within the First Nation.<sup>16</sup> The Chief and council at that time knew that they needed to take action. After a discussion with the members of their First Nation, they decided to bring back the knowledge and expertise of Jim Elliot, Jonathon Louie, and Al Riddell, who had all been involved in the company prior to its purchase by the First Nation.<sup>17</sup>

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**Tron Power has gone through some turbulent times, but it is currently a thriving business.**

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### ABOUT TRON POWER

Tron Power Inc. was established in 1997, when the English River First Nation acquired Tron Power Ltd. through its development corporation, Des Nedhe Development Inc.<sup>18</sup> Tron Power Inc. provides contracting

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15 Tron Power Inc.

16 Tron Power Inc., “An English River First Nation Company,” p. 3.

17 Ibid., p. 3

18 Tron Power Inc.

services to northern industry; its head office is in Patuanak, northern Saskatchewan. It also has a satellite office in Saskatoon. Tron Power employs on average about 80 hourly staff. Over half are Aboriginal.

Jim Elliot, President of Tron Power Inc. reports to a board of directors from the Des Nedhe Development Inc., which in turn reports to the English River First Nation. Elliot also oversees several other businesses managed by Des Nedhe Development, including English River Enterprises and Mudjatic J.V.

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**Not only does Tron Power fuel the community's economy, but it also promotes social initiatives in the community.**

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### **OVERCOMING BAND-OWNED BUSINESS GOVERNANCE CHALLENGES**

One major challenge has been conflict of interest in the company's governance structure. While Tron Power's board of directors is making progress in balancing its roles as board and Chief and council, it has faced a steep learning curve. The Chief and council need to be responsive to the demands of their community (also owners of Tron), while ensuring that Tron is running effectively—sometimes these roles conflict. Additionally, they are not equipped with the same amount of business expertise as Jim Elliot and his executive team. A fiscally healthy Tron Power benefits the entire community, and the business invests a lot of time and effort in ensuring that the community understands this message.

### **REACHING OUT AND MEASURING SUCCESS**

Today, Tron Power is one of the leading contractors in northern Saskatchewan. It has partnered with large businesses, such as Cameco and Alliance Energy, and also

partners with other Aboriginal groups. Mudjatic Thyssen Mining Joint Ventures is among its most successful joint ventures; it was formed by Tron, Thyssen Mining Construction of Canada, and several other northern Saskatchewan First Nations. Tron Power values having a voice with the province and other businesses in development activities in northern Saskatchewan.

The success and sustainability of the English River First Nation community is very important to Tron Power. Not only does Tron Power fuel the community's economy, but it also promotes social initiatives in the community. Through its outreach programs, employees visit local high schools to explain what the company does and to encourage youth to pursue careers in business and science. The students who graduate from the apprenticeship program are another measure of its success. Tron Power will have two employees who have successfully completed their journeyman status through this program by the end of this year, and another one by the end of next June. Tron Power also tries to give back to the community whenever possible. It organizes events such as a celebration on Treaty Day and has recently opened a youth centre.

### **BUILDING CAPACITY**

The goal of Tron Power's management—both Jim Elliot and the Chief and council—is to develop the expertise within the First Nation so that they can eventually run the business on their own. They are doing this by educating the community about what they do and by providing employment opportunities. Their hope is that as more industries enter the North, the English River First Nation as well as other Aboriginal communities will have the skills and expertise necessary to fully leverage the opportunities that come with new development.

## CHAPTER 5

# Conclusion

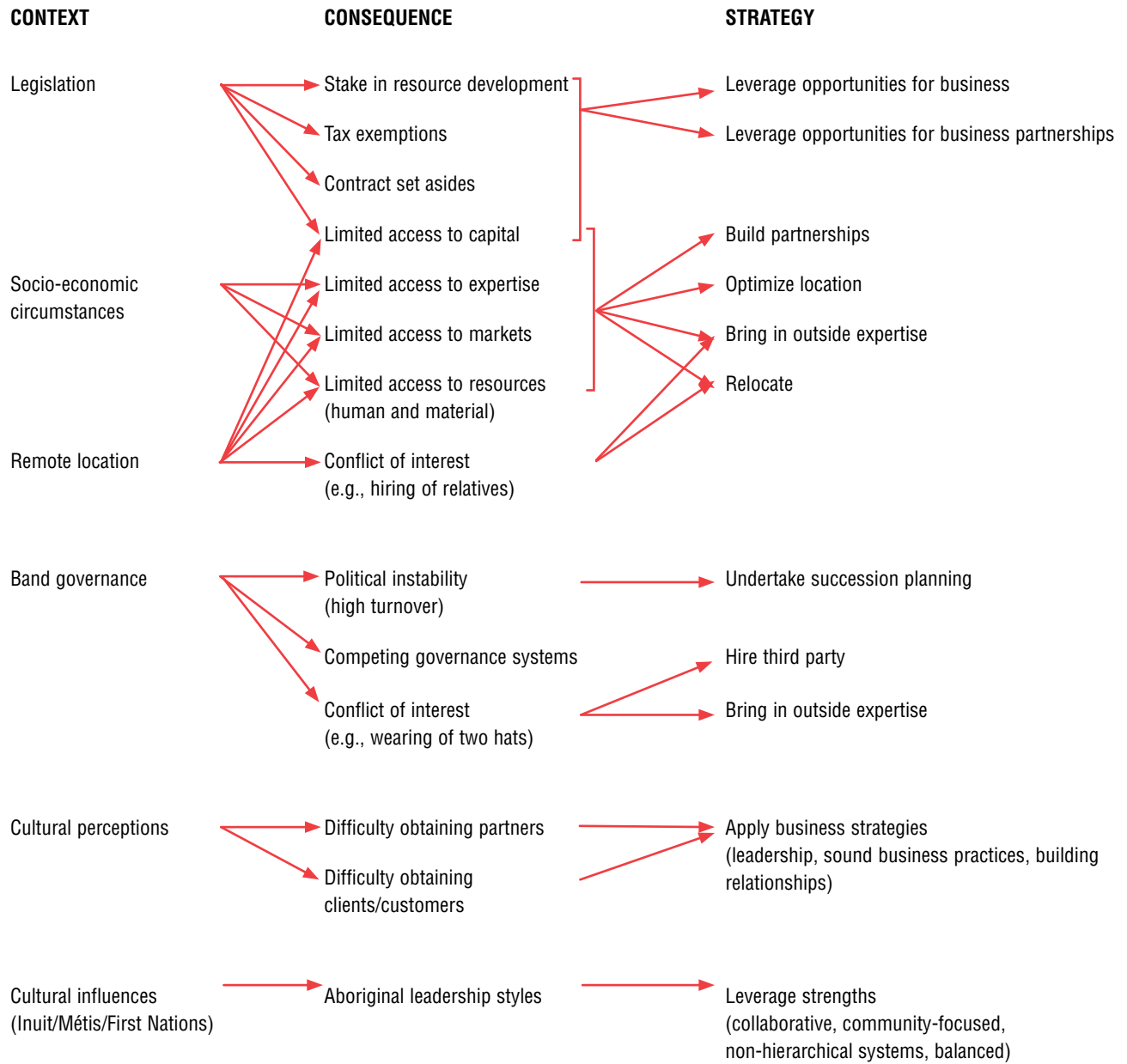
### Chapter Summary

- ◆ Many First Nation, Inuit, and Métis businesses across Canada are thriving.
- ◆ This report outlines strategies to leverage opportunities and overcome challenges based on the experiences of the 10 featured businesses.

**A** boriginal business is a growing industry in Canada that is helping to create jobs and wealth for Aboriginal peoples across Canada. Many First Nation-, Inuit-, and Métis-owned businesses are thriving. However, others, sometimes in neighbouring

communities, are not realizing their potential. The 10 diverse businesses featured in this report—representing different industries, regions, cultural groups, and business phases—share common challenges and success factors. Leadership, sound business practices, and solid relationships and partnerships are key to the success of any business. This report provides many examples of how First Nations, Inuit, and Métis peoples can address limited access to capital, limited access to resources, issues related to band governance, and stereotyping, in order to sustain and grow. Aboriginal entrepreneurs can use the guide on the following page, which synthesizes common challenges and lessons learned for the businesses featured in this report, to start, build, and maintain successful businesses. (See Exhibit 2.)

**Exhibit 2**  
 Aboriginal Business Guide: Tool for Aboriginal Entrepreneurs



Source: The Conference Board of Canada.



## APPENDIX A

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## APPENDIX B

# Research Methodology

The research methodology was participatory, action oriented, and adhered to the overarching principle of respect for the Aboriginal participants and communities that took part in this study.

### RESEARCH OBJECTIVES

The research objectives for this project include:

1. increasing profile for the successful Aboriginal businesses featured in this report
2. raising awareness about the challenges and lessons learned as well as keys to successful Aboriginal business development to mitigate failures and encourage other examples of success
3. raising awareness about the keys to successful corporate–Aboriginal business partnerships to encourage other examples of success

### RESEARCH METHODS

A number of research methods were used, including a literature review, site visits, interviews, and case study development and analysis. Four phases of data collection and analysis were implemented, as outlined below.

### PHASE ONE—LITERATURE REVIEW

The first phase entailed a review of literature on the following:

- ♦ Aboriginal and non-Aboriginal business development (especially small and medium-sized enterprises)
- ♦ trends in Aboriginal business
- ♦ Aboriginal demographics and socio-economic indicators
- ♦ resources for Aboriginal businesses
- ♦ corporate–Aboriginal partnerships
- ♦ social and economic challenges facing Aboriginal communities
- ♦ 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 in Appendix A.

### PHASE TWO—CASE STUDY SELECTION

The second phase of this project involved the identification of 10 successful Aboriginal businesses. The businesses were selected based on consultation with the project advisory board, members of our Council on Corporate Aboriginal Relations, and other experts in the field.

This report profiles the following 10 successful Aboriginal businesses:

1. Arctic Adventures (Baie d'Urfé and Nunavik, Quebec)
2. Big Soul Productions Inc. (Toronto, Ontario)
3. Blackfoot Crossing Historical Park Inc. (Siksika, Alberta)
4. Five Nations Energy Inc. (Attawapiskat, Kashechewan, Fort Albany, and Timmins, Ontario)
5. KAVIK-AXYS Inc. (Inuvik, Northwest Territories)
6. Khewa Native Art Boutique (Wakefield, Quebec)
7. Kitasoo Aqua Farms Ltd. and Kitasoo Seafoods Ltd. (Klemtu, British Columbia)
8. Membertou Corporate Division (Halifax and Sydney, Nova Scotia)
9. *SAY Magazine* (Winnipeg, Manitoba)
10. Tron Power Inc. (Saskatoon and Patuanak, Saskatchewan)

The Conference Board of Canada developed the following criteria to define “successful Aboriginal businesses,” in the context of this project:

1. They are majority Aboriginal-owned (and preferably operated).
2. They have demonstrated a growth of profits over a substantial period of time.
3. They have created jobs for Aboriginal peoples.
4. They have contributed to the social well-being of an Aboriginal community or the Aboriginal community at large (e.g., through social investment, charity, job creation).

Ten businesses were selected, representing Inuit, Métis, and First Nations communities, both male and female business leaders, and the following regions of Canada:

1. Northern (Nunavut, Northwest Territories, and/or Yukon Territory)
2. Eastern (Newfoundland and Labrador, New Brunswick, Nova Scotia, and/or Prince Edward Island)
3. East Central (Quebec)
4. Central (Ontario)
5. Prairies (Alberta, Saskatchewan, and/or Manitoba)
6. Western (British Columbia)

## PHASE THREE—INTERVIEWS AND SITE VISITS

The third phase of this project involved conducting over 35 interviews. Participants included representatives of the businesses and communities profiled, corporate-Aboriginal executives, and other experts on Aboriginal business.

It also involved conducting site visits to the communities/cities in which the featured businesses are located (Klemtu, British Columbia; Siksika, Alberta; Saskatoon, Saskatchewan; Winnipeg, Manitoba; Attawapiskat, Kashechewan, Fort Albany, Timmins, and Toronto, Ontario; Baie d'Urfé and Wakefield, Quebec; Halifax Membertou, and Sydney, Nova Scotia; and Inuvik, Northwest Territories).

## PHASE FOUR—DATA ANALYSIS

The final phase of this project involved an analysis of the data collected from literature, interviews, and case studies. A matrix was developed with common challenges and strategies to overcome these challenges as well as success factors identified.

## APPENDIX C

# Statistical Information and Terminology

### NOTE ON STATISTICAL INFORMATION

Note that statistical information about Inuit, Métis, and First Nations peoples lacks historical comparability, due to:

- ♦ “legislative changes such as the amendment to the *Indian Act* of Canada known as Bill C-31, in 1985, and changes in the social environment resulting from legal milestones such as the Powley case and their impact on reporting changes related to Aboriginal self-identification[;] . . .
- ♦ population missed in incompletely enumerated Indian reserves and settlements;
- ♦ undercoverage of the population in participating reserves and settlements and undercoverage of the off reserve Aboriginal population; [and]
- ♦ changes in the format and wording of the questions.”<sup>1</sup>

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1 Statistics Canada, “Aboriginal Peoples Technical Report.”

### TERMINOLOGY

This research report features and focuses on a diverse population—Inuit, Métis, and First Nations peoples from various urban, rural, and remote regions across Canada. “These are three separate peoples with unique heritages, languages, cultural practices, and spiritual beliefs.”<sup>2</sup> What follows is a glossary of terms that will help to clarify which specific population groupings are referred to in different incidences throughout the report.

**Aboriginal people(s):** Aboriginal peoples include the Inuit, Métis, and First Nations peoples of Canada.<sup>3</sup>

**First Nations people(s):** This term describes Aboriginal peoples in Canada who are neither Inuit nor Métis. It generally includes status and non-status (as defined by the *Indian Act*).<sup>4</sup>

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2 Indian and Northern Affairs Canada, “Terminology.”

3 Royal Commission on Aboriginal Peoples, “Looking Forward, Looking Back.” Based largely on section 35(2) of the *Constitution Act* of 1982, the *Report of the Royal Commission on Aboriginal Peoples* defines “Aboriginal peoples” as “the indigenous inhabitants of Canada,” which include Inuit, First Nations, and Métis people.

4 National Aboriginal Health Organization, “Terminology of First Nations, Native, Aboriginal and Métis.”



**Inuit:** The Inuit are the Indigenous people of the sub-Arctic and Arctic in Canada who are not First Nation or Métis. In English, this Inuktitut term translates to “the people.”<sup>5</sup>

**Métis:** Beyond self-identification, there are two competing definitions for Métis. The Powley decision set out the legal definition for Métis, according to three criteria. “The individual must:

1. identify as a Métis person;
2. be a member of a present-day Métis community; and
3. have ties to a historic Métis community.”<sup>6</sup>

The definition for Métis adopted by the Métis National Council is “a person who self-identifies as Métis, is of historic Métis Nation Ancestry, is distinct from other Aboriginal peoples and is accepted by the Métis Nation.”<sup>7</sup>

5 Ibid.

6 Indian and Northern Affairs Canada, “The Powley Decision.” INAC continues, “The Supreme Court of Canada decision in *R. v. Powley* [2003] 2 S.C.R., confirmed that Métis have an Aboriginal right to hunt for food as recognized under section 35 of the *Constitution Act*, 1982. This case . . . confirmed the existence of Métis Aboriginal rights . . . To establish their Aboriginal rights, Métis individuals or groups must demonstrate that they meet the legal tests set out in the Powley decision.”

“Further to the third criterion, to be considered a ‘historic rights bearing community’ it must be proven that a mixed-ancestry group of Indian-European or Inuit-European people:

- a. formed a ‘distinctive’ collective social identity;
- b. lived together in the same geographic area; and,
- c. shared a common way of life.”

7 Métis National Council, “National Definition of Métis.”

### Further Information on Status, Membership, and Aboriginal Identity

**Indian status:** Indian status depends on a system based on blood quantum.

- ◆ *Status Indians* “are entitled to have their names included on the Indian Register, an official list maintained by the federal government. Certain criteria determine who can be registered as a Status Indian. Only Status Indians are recognized as Indians under the Indian Act and are entitled to certain rights and benefits under the law.”<sup>1</sup>
- ◆ *Non-Status Indians* “are people who consider themselves . . . members of a First Nation but whom the Government of Canada does not recognize as Indians under the Indian Act, either because they are unable to prove their Indian status or have lost their status rights.”<sup>2</sup>

**Treaty Indians:** “Treaty Indians are descendants of Indians who signed treaties with Canada and who have a contemporary connection with a treaty band.”<sup>3</sup>

**Note on Inuit and Métis people:** Métis and Inuit are not recognized under the *Indian Act*. Only First Nations (status and non-status Indians) are governed by this Act. However, all groups are recognized as Aboriginal peoples under the *Constitution Act of 1982*.<sup>4</sup>

1 National Aboriginal Health Organization, “Terminology of First Nations, Native, Aboriginal and Métis.”

2 Ibid.

3 Ibid.

4 Ibid.

### Aboriginal Rights

“Rights that some Aboriginal peoples of Canada hold as a result of their ancestors’ long-standing use and occupancy of the land. The rights of certain Aboriginal peoples to hunt, trap and fish on ancestral lands are examples of Aboriginal rights. Aboriginal rights vary from group to group depending on the customs, practices and traditions that have formed part of their distinctive cultures.”<sup>1</sup>

1 Indian and Northern Affairs Canada, “Terminology.”

## APPENDIX D

# Aboriginal Business Resources

### RESOURCES FOR ABORIGINAL ENTREPRENEURS

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](http://www.ainc-inac.gc.ca/ps/abc/index-eng.asp)

#### **Aboriginal Business Service Network (ABSN)**

[www.entreprisescanada.gc.ca/servlet/ContentServer?cid=1090554776412&lang=en&pagename=CBSC\\_ON%2Fdisplay&c=Services](http://www.entreprisescanada.gc.ca/servlet/ContentServer?cid=1090554776412&lang=en&pagename=CBSC_ON%2Fdisplay&c=Services)

#### **Aboriginal Canada Portal**

<http://www.aboriginalcanada.gc.ca/acp/site.nsf/en/ao20003.html>

#### **Aboriginal Entrepreneur (Business Development Canada)**

[www.bdc.ca/en/i\\_am/aboriginal\\_entrepreneur/default.htm](http://www.bdc.ca/en/i_am/aboriginal_entrepreneur/default.htm)

#### **Aboriginal Funding Tool**

[www.aboriginalcanada.gc.ca/acp/apps/fundingtool.nsf/index\\_en.html](http://www.aboriginalcanada.gc.ca/acp/apps/fundingtool.nsf/index_en.html)

#### **Aboriginal Job Centre**

<http://www.aboriginalcanada.gc.ca/abdt/apps/aboriginalemloyment.nsf/pEmployerHomeEn?OpenPage>

#### **Canadian Aboriginal and Minority Supplier Council**

<http://www.camsc.ca/>

#### **Canada Business**

<http://www.canadabusiness.ca/gol/cbec/site.nsf/en/aboriginal-autochtones.html>

#### **Canada Business Government Programs**

[http://canadabusiness.gc.ca/servlet/ContentServer?cid=1184866884712&pagename=CBSC\\_FE/CBSC\\_WebPage/CBSC\\_WebPage\\_Temp&lang=en&c=CBSC\\_WebPage](http://canadabusiness.gc.ca/servlet/ContentServer?cid=1184866884712&pagename=CBSC_FE/CBSC_WebPage/CBSC_WebPage_Temp&lang=en&c=CBSC_WebPage)

#### **Canada Small Business Financing Program**

<http://www.ic.gc.ca/eic/site/csbf-pfpec.nsf/eng/Home>

#### **Canadian Council for Aboriginal Business**

[www.ccab.com/](http://www.ccab.com/)

#### **Community Economic Development Program**

<http://www.ainc-inac.gc.ca/ece/ep/ced/index-eng.asp>

**Community Economic Opportunities Program**

<http://www.ainc-inac.gc.ca/ecd/ep/ceof/index-eng.asp>

**Community Futures Development Corporations**

[www.communityfutures.ca/](http://www.communityfutures.ca/)

**Indian Business Corporation**

[www.indianbc.ca/](http://www.indianbc.ca/)

**National Aboriginal Capital Corporation Association**

[www.nacca.net](http://www.nacca.net)

**Native Investment and Trade Association**

[http://www.native-invest-trade.com/index\\_basic.shtml](http://www.native-invest-trade.com/index_basic.shtml)

**Procurement Strategy for Aboriginal Business (INAC)**

<http://www.ainc-inac.gc.ca/ecd/ab/psa/index-eng.asp>

**Public Sector Aboriginal Business Association**

<http://www.psaba.com/index.html>

## ABORIGINAL BANKING PROGRAMS

Aboriginal programs offered through Canada's banks:

**Bank:** Bank of Montreal (BMO)

**Aboriginal banking program:**

[www4.bmo.com/aboriginalbanking/0,4442,35649\\_975748,00.html?pChannelId=244704](http://www4.bmo.com/aboriginalbanking/0,4442,35649_975748,00.html?pChannelId=244704)

**Bank:** Canadian Imperial Bank of Commerce (CIBC)

**Aboriginal banking program:**

[www.cibc.com/ca/small-business/aboriginal/index.html](http://www.cibc.com/ca/small-business/aboriginal/index.html)

**Bank:** First Nations Bank of Canada (an affiliate of TD Canada Trust)

**Aboriginal banking program:**

[www.firstnationsbank.com/index.jsp](http://www.firstnationsbank.com/index.jsp)

**Bank:** Royal Bank of Canada (RBC)

**Aboriginal banking program:**

[www.rbcroyalbank.com/RBC:R6M@yI71JsUAJfCUD64/aboriginal/rr\\_chall.html](http://www.rbcroyalbank.com/RBC:R6M@yI71JsUAJfCUD64/aboriginal/rr_chall.html)

**Bank:** Scotiabank

**Aboriginal banking program:**

[www.scotiabank.com/cda/content/0,1608,CID338\\_LIDen,00.html](http://www.scotiabank.com/cda/content/0,1608,CID338_LIDen,00.html)

## APPENDIX E

# Related Reports 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.

### **From Vision to Venture: An Account of Five Successful Aboriginal Businesses**

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.

### **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.

### **Community-Based Learning Opportunities for Aboriginal People, 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 people 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 their high unemployment and their dependence on government. They are doing that 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.

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