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Tahltan Joint Council

Creating a Climate of Support for Aboriginal Entrepreneurs

“Attitude is important when starting a business if you want community acceptance”

Chief Louis Louie  Iskut First Nations

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1. INTRODUCTION

Three First Nations communities formed a partnership with SFU to investigate ways to create a supportive environment for Aboriginal entrepreneurs. This project followed the Western Diversification/Simon Fraser University study (2001) on the information and service needs of Aboriginal entrepreneurs. That study indicated there were many obstacles put in the way of Aboriginal entrepreneurs, and many of those obstacles to business start-up and success were found in their own communities.

The partnership between, the Tahltan Joint Council, the Fort Nelson First Nation, Ktunaxa/Kinbasket Tribal Council, and the SFU Community Economic Development Centre was created to:

- Identify barriers in the way of Aboriginal entrepreneurs
- Look at how other First Nations have attempted to overcome those obstacles
- Work to create an action plan that each of the communities could use to overcome their community obstacles, and
- Provide a tested questionnaire/tool that other First Nations could use to assess the support in their communities for their own entrepreneurs

Following is a summary of the observations of Ray Gerow and John McBride after meeting in each of the Tahltan communities. Also included are:

- The many strengths that were found in the community’s ability to create a supportive environment for entrepreneurs,
- Areas that could be strengthened,
- The themes that might be the basis of an action plan, and
- Many ideas that other First Nations have tried to support their own entrepreneurs.
2. CLIMATE STUDY SUMMARY OF DATA FROM TAHLTAN COMMUNITIES

Introduction to the study process

Due to several unforeseen circumstances happening in the Tahltan territories, the information gathering that was to have taken place by this time has not been completed. The following information is from the perspectives of Ray Gerow and John McBride, both of whom spent time in the communities during the earlier phase of this contract.

Secondly, there was additional data available form the Western Diversification/SFU Gap Study (2001). This study’s findings reinforced previous study findings on barriers to Aboriginal entrepreneurs. There was no reason to expect that the barriers to entrepreneurs in the Tahltan communities were different.

Tahltan entrepreneurs and community members report obstacles to business development:

- It was mentioned that Tahltan people could benefit from hospitality training such as “superhost” so that they could offer better tourism products.
- More training and education are generally needed to equip members with business skills and develop expertise in their particular field of interest.
- Financing is difficult to secure, given the lack of collateral available to First Nations and the distance from the funding agencies.
- One-on-one assistance to support the business planning process and encourage individuals to proceed to the next step is important, but not available.
- Although two community members sit on the BOD for the community futures office in Terrace, it does not appear that much of a presence has been established locally.
- Knowledge about what government support was available for entrepreneurs was limited.
- Seems to be a lack of willingness from the non-Native population to support Native owned business – one comment from a non-native resident in reference to the Iskut general store was “they don’t hire white folks there!”
- Cost of freight is prohibitive when looking at establishing any type of retail outlet.
- General attitude seemed to be that lenders are not willing to lend into this area due to the geographic isolation.
Tahltan entrepreneurs and community member's perspectives on community support:

- Securing family and community support for entrepreneurs and their businesses is very important.
- General attitude was that the Band office could do more to support people who have a dream.
- Most agreed, everyone in this community would be better off economically if members spent their money at businesses owned by other community members.
- It is important to find ways to support individual businesses to build a better economy.
- Some were unsure as to what role Tahltan Native Development Corporation was supposed to play in the community, and whether or not it was there to assist entrepreneurs who wish to start a related business.
- It was mentioned that the community needs to support the existing businesses better, as the more people who buy from the local stores, the lower the prices will become.
- It was also mentioned that due to the isolation factor, many people had no choice but to buy locally, so it is important to ensure that the prices are reasonable.

Entrepreneurs and community members on responsibilities to the community:

The comments made by those interviewed, along with the history of economic development, indicate there is a strong belief that the community is more important than the individual and his/her business. The strength of the culture has proven to be a focus in the many protocols and agreements the Tahltan have signed. It is reasonable to expect there is a commonly understood responsibility to the community.

Elders, Community Members, and Leaders/Administrators perspectives on culture:

As indicated above, the focus on the cultural values in the various plans and protocols is strong. The relative isolation of the Tahltan is probably the main reason the profile of cultural values is apparent.

Infrastructure and programs

The Tahltan Nation Development Corporation has a very clear purpose stated in its mission “Putting a Community to Work”. The TNDC, owned by the two Bands, is dedicated to the following “Founding Principles”

- New economic opportunity in traditional territory,
- Business decision with Tahltan values and vision,
- Significant participation in all new ventures
- Realistic employment from outside development.
• Protect the environment and Taltan way of life,
• Create real jobs and improve existing skills, and
• Long-term stable prosperity.

The TNDC is involved in road construction and maintenance, earthwork and heavy construction, gravel and rock hauling, mine tailings hauling, and commercial, industrial, and residential building construction.

TNDC’s mechanical shop for heavy equipment and transportation units is additional valuable infrastructure. TDNC’s employment is about 70 year around full-time jobs, and 80 – 120 peak construction season jobs in the summer months.

Statsizi Remote Services Corporation, is a wholly-owned subsidiary of TNDC, and provides catering and camp operation services at remote industrial sites.

Arrow-Taltan, a joint venture between Arrow Transport and TNDC, provides ore-haul and other hauling services. Besides their own hydro development, the Taltan already have valuable infrastructure that is bringing jobs and income to the communities.

3. APPARENT TAILTAN STRENGTHS:

Supportive Community Opinion

There were many comments made community political and economic leaders about the importance of building a community economy, supporting local entrepreneurs, and recognizing the central place of the culture in an economic development strategy. There were many stories of attempts to start up business that was frustrated by the lack of information and support available.

Infrastructure and programs

Impressive progress has already been made by the establishment of:

• Strong and positive connections have already been forged with the major resource industries and parks department in the Taltan territory. These connections have resulted in building human resource capacity and creating job opportunities for the Taltan members. The Taltan experience and sophistication with forming partnerships provides an excellent example to other First Nations.

• Planning processes and documents have been completed that identify important economic development strategies and provide a foundation upon which to carry out these activities in partnership with companies and governments.
These organizations and programs provide the necessary infrastructure to carry out the important employment training and the economic initiatives that will provide job experience and spin off economic opportunities for entrepreneurs. These and other organizations like them, are fundamental building blocks in building a diverse economy.

**Governance**

The single most important factor to building a successful economy is effective and efficient governance. The Tahltan Councils recognize this and appear to be working towards this with a focus on efficiency.

**Economic development opportunity sectors**

The Tahltan have pursued industry sectors that are appropriate for the region and suit the community members. The initiatives taken in forestry, mining services, tourism and road construction, as well as the related training provided, have created a solid foundation on which to build related businesses.

**Existing interest in business start-up**

There are many Tahltan members who have had extensive business experience and success, and who remain ready to start up business given the right opportunity. The entrepreneurial spirit and tradition are very much alive, and are a major strength to the community.
4. Areas that could be strengthened

The following section includes 4 major themes that are potential areas for action planning. Each theme follows up from the data collected and the strengths identified. In section five, each of these four themes includes examples of the kind of actions that other First Nations have taken and actions the Tahltan could choose to take.

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**Theme 1. Supporting Business Start-up and Success**

**Business development and counseling:**

- develop a one-on-one business counseling support for entrepreneurs that identifies important business information, skills, and sources of financing, provides business planning support, and stays in support of the entrepreneur as needed.
- develop a cohort business counseling support group for entrepreneurs, that builds awareness of business realities, provides some business skill development and identifies training programs available.

**Entrepreneurial training and job experience**

- encourage community members to take courses and develop more competencies through apprenticeships in related local industries such as tourism, forestry, mining and road construction.

**Mentors and role models**

- create and orient a network of experienced business people in each community to encourage and counsel business-minded individuals

"BUSINESS IS BUSINESS’ - NORM DAY"
Theme 2. Building capacity to support entrepreneurs.

"I'M LOOKING AT THE SCHOOL AS A BUSINESS ORGANIZATION; GIVING SERVICES TO OUR PEOPLE" THERESA ABOU

Band infrastructure

- clarify to the membership a community plan that identifies a role for local entrepreneurs and private enterprise.
- Write a development policy for Dease Lake, Telegraph Creek, and Iskut that would include standard guidelines to member entrepreneurs and their partners, on development approvals, licensees, taxes, land use, leases, environmental impact requirements, cultural supports and preferential hiring policies.
- train and develop in both bands, employees who are enthusiastic about assisting and supporting local entrepreneurs

Incubator models

- start up and establish a business, then sell it off to members. There is an opportunity for businesses in Telegraph Creek (eg. laundry) and Iskut (eg. Crafts retail outlet) that may be difficult for individuals to initiate.

Theme 3. Financing.

Developing Tribal Council-based financing for business start-up

- create a Tribal Council or Band equity fund
- start-up a peer lending or lending circle among members
- explore ways to develop member equity
Theme 4. Community endorsement and support.

Community education

- through workshops, information meetings and other educational means, raise the awareness in the whole community of a community economic development vision that incorporates a “stop-the-leaks” effort to increase self-reliance
- cultivate a profile of an entrepreneur who is interested in not only the community’s improvement but also the support of the culture through business development
- through workshops, raise the awareness of the vital importance of the community’s support for member business
- when the time is appropriate, start a “Buy Native” program and investigate a local currency to promote loyalty to local business

Community networking

- broaden and strengthen the business and organizational networks, particularly those with the local non-native population, to create new job and business opportunities by including the non-native population in the potential market for the businesses started.
- broaden and strengthen the relationships with all governments, but local Native and non-native governments in particular

Celebrate entrepreneurs

- find ways to award people for business ideas, plans and business start up
5) Options Other First Nations Have Tried for Creating a Supportive Climate for entrepreneurs:

Following are brief descriptions of actions other First Nations have taken to create a supportive environment for their own entrepreneurs. Some have been successful, others are still in the proving stage. They are presented here as a banquet of ideas that may be appropriate for the Tahltan Joint Council, or may not. They may need to be altered to suit the circumstances, or the idea radically changed in order to work. The experiences are listed under the same themes as the previous section.

Theme 1.

Supporting Business Start-up and Success

The cohort business counseling support group of the San Carlos Apache, has developed a workshop approach that can be used to introduce the strategy of how privately-owned business can contribute to the economy by employing members, providing services, and stopping the flow of money out of the community. The workshop also includes business education from ideas to business plans, and familiarizes participants with band or tribal regulations on taxation, licensing, leasing and business approvals.

The Tribe reports that these workshops work when they are informal, and bonds form between students who are the potential entrepreneurs. Also important is having firm community support and involving key community members, mentors, and institutions. Greater progress is realized if the program includes a concrete series of sessions, a well-organized outreach, and there are real life opportunities to manage a business like a catering or a cleaners, that may be owned by the tribe.

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Bishop Reservation Indian Entrepreneurship Program, Bishop California, provides an extensive background in the business and managerial skills which give the prospective entrepreneur the ability to run a successful business. After repeated enthusiastic starts and high dropout rates, more emphasis is currently placed on actual employee management and the use of active, cooperative learning in the classroom. The current plan calls for students to run a real business for the duration of their program, acquiring real management experience.

B. Business development and counseling:
Does the interest already exist; are there people who know about business realities? Are there people who are motivated, have ideas and are ready for business start up support? Do they have access to:

- develop a one-on-one business counseling support for entrepreneurs that identifies

- One-on-one business counseling from someone who is an experienced business person and knows how to counsel for business start up and growth.

- A person who almost everyone is comfortable going to and is located in an office that is as removed as possible from community politics?

- A person who has important business information and skills, knows sources of financing, provides business planning support, and will stay in support of the entrepreneur until the business is well established?
For One-on-one business development support the model provided by The Aboriginal Business Development Centre in Prince George is excellent. It has been successful with its singular mission of providing a service to Aboriginal entrepreneurs. The measure of success used at the Centre is “the complete satisfaction of the client.” The core of their operation is the one-on-one relationship the Small Business Advisors have with their clients. The service they provide is business counseling and connecting the client with the key resource people and agencies they will need, from financing to licensing. Well-qualified and highly motivated staff put the emphasis on empowering their clients and celebrating their successes. They will not do a business plan for the client. They will help in any other way but they state the ownership of the business plan must be claimed by the client.

C. Business training, entrepreneurial training, and job experience

Are there perspective entrepreneurs in your community who need job experience to strengthen a go-to-work habit? Are there others who need business training and job experience? Are there people who need a course on starting up a business, one that produces a business plan and provides "aftercare" to the business once it is up and running? Do they have access to:

- job experience so the individual learns about a particular business or needs a work experience to orient them to the day by day discipline of business life

- A college or an institute near your community, or over the web, that offers courses in bookkeeping, marketing, business incorporation, taxation, and financing?

- Entrepreneurial training that prepares people for business start-up.

- Job experience in dominant local industries such: as resource extraction, tourism and administration.

- Mentors and role models that can offer guidance from their experience and give encouragement to the person who probably lacks confidence
Greyston Bakery in New York City is a non-native example but so magnificent it has to be included. Founded in 1982, Greyston was the brainchild of Zen Buddhist and entrepreneur Bernard Glassman. Born a Jew in Brooklyn, he worked as an aeronautical engineer for McDonnell Douglas before turning to Zen. The company maintains a three-person department, overseen by a social worker, to help employees with problems ranging from landlord-tenant disputes to marital discord. Of the 55 Greystone employees, many are working for the first time or are former substance abusers or convicted criminals. There is an “open hiring” policy... “everyone deserves an opportunity for a job. Period”, says Julius Walls, CEO. First come: first hired. Workers then must prove themselves during a 12 to 16 week tryout. Everyone is responsible for their actions. Walls says, “the welfare system has created a class of people who have been taught to depend on others”. Bakery profits last year were $200,000, all of which go to the Greystone Foundation, which helps the needy. Graystone was recently named the second best bakery in New York!

HETADI Entrepreneur Training MODEL, The program, designed by the Hawaii Entrepreneur Training and Development Institute, and used by the Meadow Lake Tribal Council, and the Department of Mauori Affairs, identifies and trains entrepreneurs, supports their development of a business plan, and provides aftercare for the business.

HETADI tests for the specific expectations it has of those it recruits. The applicant’s motivation and commitment are the highest ranked characteristics of the test. In their pre-business or business plan workshops, held on two consecutive days in a weekend, HETADI wants to select people who:

- can achieve business start-up within the next 3 to 12 months
- have a solid entrepreneurial character
- have a reasonably good business idea that has some known demand in the market
- have some money that is reasonably commensurate with their capital needs

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2 “Fortune” Magazine, July 6 2001 vol. 144, No. 1

3 HETADI/MLTC Entrepreneur Training MODEL “Entrepreneurs are Made, Not Born” “How to Identify and train potential entrepreneurs”, Hawaii Entrepreneur Training and Development Institute, used by the Meadow Lake Tribal Council and the Department of Mauori Affairs.
• whose timing is right; not only are they ready but other elements of time are circumstances are also right.

In the main training, the format is a 4 week residential workshop, held everyday for 28 days, or a weekend Friday night and Saturday, for 2 to 3 months. The central focus of the workshop is the completion of a business plan, but individual counseling with participants is an important part of the workshop.

Follow-up consulting or “aftercare”, is individually designed to fit the needs of the specific types of businesses. HETADI suggest contact once every 2 weeks with clients. This may go on for as much as 8 months, and informally up to 3 years. The support provided may include:

• brokering the business plan to banks
• negotiating leases with landlords
• lining up suppliers and best prices for clients
• introducing clients to key business leaders
• establishing record/bookkeeping systems
• monitoring sales/management styles and decisions
• updating/changing business plans with new circumstances.

Choctaw Nation of Oklahoma:
Difficulty with the supply of trained labour. Success rate in the non-native colleges is about 15%. So we are going to build a tribally-controlled college. Every Choctaw person in the state of Oklahoma who wants to go to college can go to school. Cayton says Choctaw people are also shy and reticent to approach business assistance people unless they are Choctaw. They can now get assistance through their one-stop business information centre.4

- negotiate apprenticeship and work experience opportunities for members

**Athabasca Innovations Program**

Initially, the program was a three-year project of academic upgrading/life skills training/mining work experience program for adults in the Athabasca region of northern Saskatchewan. It is jointly funded by Canada Employment and Immigration Centre, Saskatchewan Education, Prince Albert Tribal Council, Indian and Northern Affairs Canada, Saskatchewan Indian and Metis Affairs Secretariat, Cigar Lake Mining Corporation and Cameco Corporation.

The goals of the program are:

- to increase the participation of people from the Athabasca region in the mining industry;
- to increase labour force participation among young adults in the region; and,
- to increase the overall education level of the labour pool in the Athabasca region.

Key components of the program are:

- an instructor who provides the academic training
- an indigenous, Dene-speaking program co-ordinator who has experience in treating substance abuse and provides the students with continuity and linkage between the community, classroom, and work experience as well as life skills training and spot throughout the program;
- the co-ordinator also provides linkages for the college personnel and mine personnel with the communities;
The Warm Springs Small Business Development Center provides an opportunity for members to work towards an apprenticeship. The Center arranges for the apprentice to complete hours required for apprenticeship, at work sites on the reservation.

Salish/Kootenai College Tribal Business Assistance Centre incorporates a business development centre within a college business program. The students can take the development of their business as one of the courses that leads to a diploma in business administration. Besides access to the program courses for content and the faculty for advice, there is a Native mentor breakfast club that meets every two weeks to discuss current business opportunities. The college serves a student population of about 1500, half of which are non-native.

Mentors and role models

- create and orient a network of experienced business people to encourage and counsel business-minded individuals

The American Indian Business Leaders (AIBL) have several chapters in the U.S. and are dedicated to encouraging Aboriginal students in their schooling, leadership and business developments. They serve as role models and mentors, provide internship and job placement opportunities for student members, and introducing students/members to business networks. Besides providing training and conferencing opportunities, AIBL programs consistently address the cultural issues related to academic and professional life, significantly increasing the ability of students to succeed in and essentially live within two unique worlds.

Incubator models

- establish “anchor businesses”

Meadow Lake Tribal Council, composed of nine member First Nations,
has established an "anchor" business strategy, around which smaller enterprises can flourish. The main "anchor" business for MLTC is forestry. The forestry operations of trucking, harvesting, loading, road building and maintenance, saw milling and reforestation, are open to private individuals who are band members. Who gets the work depends on which band's territory they are working in. Another "anchor" business is mining, which has associated catering, cleaning and clothing businesses owned and operated by members.

- starting up and establishing a business, then selling it off to members

The strategy at St. Eugene's Mission resort, casino and golf course owned by the Ktunaxa/Kinbasket Tribal Council, in South Eastern British Columbia, is to encourage members to start up businesses that will provide services to the new development. Two businesses options are laundry and security. "If the members don't come forward then there is the option of the resort starting up the business and later selling it off to members" says Helder Ponte, the project's manager.

Besides providing services to the resort, there are opportunities to provide direct services to guests. These include: trail rides, canoeing and kayaking, fly fishing guiding, and visits to archeological sites. Members are being encouraged by the leaders to prepare themselves for these challenges.

A current attitude at Warm Springs, Oregon, is that the tribe should privatize the janitorial work in their 150 buildings, sell their tribal garage, waste management, and print shop operations. "If we start privatizing these functions, in five, ten years from now you'll find a lot of Indian people in business, a lot of retail outlets on the reservation, and a much healthier community. To help them do it we have to create an environment in which smaller businesses will thrive." Ken Smith, Tribal
Administrator.

Kitsaki Development Corporation
Kitsaki is a company owned by the Lac La Ronge Indian Band, grosses $50 million a year and employs 450 people, most of whom are Aboriginal.

Kitsaki offer their truck drivers an opportunity to buy their own rigs, through a wage holdback system, piggybacked with a business grant or loan. Business services officers who work out of the various holding companies of Kitsaki, work with Band members to assist them with business plans. Kitsaki companies direct some or all of their business to Tribe members who already have a business.

Nova Scotia Department of Community Service, who puts up the capital, in partnership with the Regional Co-operative Development Centre, which is made up of the Maritime Credit Union Central and Co-op Atlantic, have cooperated to move community services clients into an employment stream by forming worker co-ops that are attached to established co-ops. In this non-native example, established co-ops were approached who were recognized for their financial strength and management expertise. Out of the 50 approached, 35 joined the program. It was their job to identify opportunities and propose a concept for a subsidiary business to their own. They became a “parent coop” providing management expertise, financial management, and business smarts to the new business. In return the “parent” receives a fee for service (capped at 10% of sales) as well as a percentage of the profits. Workers own 50 to 100% of the new business, depending on who put up the equity. The management contract remains in place until the equity is paid back.
Theme 2.
Is there a infrastructure in the community ready to support business start up and growth?

Band infrastructure

- clarify to the membership within the comprehensive community plan, a role for local entrepreneurs and the infrastructure that will support that role.

*Meadow Lake Tribal Council 20 year plan Executive Summary* outlines how the Nation made up of 5 Cree and 4 Dene Nations, totaling 8500 people have brought two cultures together, requiring patience and leadership. “From Vision to Reality” the plan outlines capacity building goals and specific employment targets over time that are broken down into employment sectors, with the overall goal being parody with the employment rate of the province. Where targets are not met all key people are called together to trouble shoot the shortfall. The MLTC have utilized the medicine wheel as the basis of their perception of the development strategy. They have utilized an Elders’ Council to guide the development, which includes traditional and cultural goals.

*The Warm Springs Economic Development Corporation’s plan is to have a business community on the reservation where a variety of tribal member businesses provide foods and services to the reservation communities and visitors. This is an attempt to stop the flow of money out of the community. A majority of the employees are required to be local tribal members. The businesses must have an appearance that reflects our peoples character. The Native owned businesses already in the Tribal-owned shopping plaza include: restaurants, automotive shop, sports clothing, fly fishing shop, businesses services, grocery market, rafting, and thrift store.*
For Mingan, an Aboriginal community in Quebec, “what is essential in the creation of community enterprises is an identification with the community and the desire to participate in its development. The community entrepreneur makes this concern a vital element and his choice often corresponds to a desire to preserve Native character while modernizing it. The collective enterprise then becomes a vehicle for preserving its special character and fighting against assimilation into White culture. The other distinctive aspect of business in Mingan, is its family basis. Businesses are owned by extended families, and when one person succeeds another in taking over a developed family enterprise or expands an existing business to add another item for sale or offer a different service, the family acts as a motivating factor. The family environment, is the main source of inspiration. Family businesses preserve the heritage, provide solidarity when faced with adversity, assist during start-up, and include profit sharing.

• Produce an economic development support strategy

Oglala Nation requested from the Harvard Project on American Indina Economic Development, an economic development strategy for the Oglala Nation”, which was completed by Andrew Aoki and Dan Chatman. The strategy included the following:

Strategy:
• foster family/individual entrepreneurship
• support district-led community development
• build a better business climate

Policies:
• build consensus through credibility
• develop reservation infrastructure and public services
• remove barriers to investment
• become a source of information and technical assistance

Action Items:

• reallocate resources toward the development of infrastructure
• fund local feedback meetings on policy implementation
• adopt a commercial code: sets parameters on the enforceability of contracts and the process of commercial transactions, sets the “rules of the game” for business.
• write and produce business information materials

• complete a development policy that would include standard guidelines to member entrepreneurs and their partners, on development approvals, licensees, taxes, land use, leases, environmental impact requirements, cultural supports and preferential hiring policies.

_The Cheyenne River Sioux_ adopted in 1997, a “Uniform Commercial Code” of 64 pages that deals with contract law, repossession of goods from reserve, and the enforcement of the Code by the tribal court.⁶

• encouragement from leaders to get involved in a specific venture the band expects private enterprise to undertake

• train and develop band level employees to enthusiastically assist and support local entrepreneurs

• strengthen the supports for start up and aftercare of businesses.

_Warm Springs Oregon Small Business Development Center_, assists the business person with the approval process by gathering people from each Tribal department involved to consider requests, and alert the person to what will work and what will not be accepted by the committee.

_First Citizen’s Fund: “aftercare”_
_In 1969 the Province of BC established a $25 million perpetual fund with the interest earned set aside to be utilized for various purposes. The_

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⁶ Empowerment Zone Office - Telly Plume, Director Terry Albers, development officer 605-455-1570. The “commercial code” can be found at the Cheyenne River Sioux website.
program has evolved over the years to where it is today - a loan program with a 40% grant portion, administered by Aboriginal Financial Institutions. What makes this program really unique is the built in aftercare provision. Loan clients pay a 2% fee on top of their initial loan amount, and this fee goes into a communal pot that is available to all clients for aftercare services. By making this service available for the life of the loan, at no further cost to the borrower, the program ensures that all available resources are made available to the entrepreneur to assist with the viability of the business.

Mondragon Co-ops, Spain
This town in the Basque region of Spain has been recognized by the United Nations for its success in developing co-op businesses of many kinds. Their claim to fame is that they have yet to have a business that failed. This has been achieved by their dedication to planning, their thorough training of entrepreneurs, financing through their own credit union, a dedication to research and development, and the provision of professional support services offered to the new businesses.

Their mission statement: “it is a social-economic experiment in the business world, to produce goods and services, using democratic methods of governing and management, and the distribution of wealth for the benefit of the co-op members and the community, as a measure of solidarity.

Enterprise Creation Principles:

- There is an obligation to reinvest and expand to create jobs for those who do not have jobs.
- Mondragon believes in starting new enterprises but says the real job is to keep them operating. The question of maintenance is important. (in the U.S. half the businesses are expected to fail in the first 5 years)
- The Entrepreneurial Division has a threefold function: a) developing new co-ops, b) providing technical consulting assistance, and c) auditing and monitoring the financial operations. Two thirds of the costs of this service are
born by the business.
- Research and training are a central focus.

- create an elders’ council to advise on economic development problems

Meadow Lake Tribal Council has initiated an Elders’ Council, made up of 24 elders. Each of the 9 First Nations chief and councils appoint 2 elders, one Cree and one Dene, to an advisory council that meets 4 times each year. In addition, 6 spiritual elders sit on the council. William Ratfoot, the elder liaison person, says, “the council would deal with any problems that have come up, including economic development issues. They make recommendations to the Tribal Council.”

Theme 3.

Is there adequate financing available?

- create a Tribal Council or Band loan fund

The Lakota Fund First Nations Financial Project, is a result of the Oglala Sioux Tribe have seen numerous federal economic development efforts come and go, leaving little or no positive impact on the reservation. It is doubtful, they claim, that even large increases in federal loan programs could successfully promote economic growth. Why? Key omissions in government business development and lending programs fail to provide a way of strengthening local managerial and technical capacities. If a viable small business sector is to be created and sustained on the reservation, that access to capital and technical assistance are essential.

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7 The Lakota Fund First Nations Financial Project, vol 1 #4, also in Appendix C in "Building Entrepreneurship at Bishop.
The Lakota fund will be capitalized by contributions from a variety of private sector sources; no government monies will be used to capitalize the Fund. Grants, gifts, and loans will be sought from a variety of institutions such as banks, insurance companies, corporations, utilities, foundations, individuals, etc. The Fund will be in a position to provide financing at below market rates since many of the lenders do not expect the Fund to return a profit on their investment.

The Fund will be a separate entity without interference from the Tribal Government and will not have a policy-making or operational involvement in the Fund. The Fund will assist business people with preparing realistic and viable business plans as well as in implementing the plan once financing is obtained.

The guiding principles in the plan are:
1. technical assistance and training must be linked to financing by an enforceable contract between the Lakota Fund and the business.
2. that there be a clear understanding of the assistance available and how it would be used
3. A full-time staff person is responsible for overseeing the technical assistance (TA) function. The staff person will also serve as a coordinator to connect the business person with appropriate TA providers.
4. that there be TA follow-up by the Lakota fund on all businesses
5. There will be the provision of services such as bookkeeping and accounting on a fee for service basis available.
6. There will be a close working relationship (monitoring) between the TA staff person and the business that will enable the TA staff person to play an early warning role should there be trouble.

The Lakota Fund, with an annual operating budget of roughly $270,000 supports five staff who oversee the Circle Lending and Small Business programs. It is the lending vehicle that is essential if a healthy economy is to become a reality on the Pine Ridge Reservation.

The “Informal Sector” has never been taken seriously. It is a sector operating within the overall economic scheme and can best be described as a network of self-owned micro economic enterprises or small scale informal

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8 Harvard Project paper on Bishop Reservation, Appendix 1, p 35.
businesses. It is a dynamic system that operates whether the unemployment rate is high or low. Small scale informal sector business may be characterized as being viable and pervasive throughout the community. It is a network of self-employed individuals who produce goods and services for the benefit of the community as a whole. These micro enterprises are all interrelated. The system contains horizontally and vertically integrated linkages that form the backbone of reservation economy. Each link in the system affects every other link and in a larger sense, the entire reservation. A deer hunter may sell or trade the tanned hide to a person who produces handcrafted items. The crafter may then sell or consign the finished product to a curio shop that caters to the tourist trade. This is one example of linkaging within the system.

- create a Tribal stock purchase plan

_Bishop Reservation Equity Injection Program_ assists entrepreneurs to come up with the necessary capital through the following formula: commercial bank loan, 60-80% of capital, entrepreneur contributes 5-10% as equity, tribe purchases stock for remaining equity, but is not liable for debt. The stock is bought back by the owner in 5-7 years. In the meantime, BPDC provides ongoing counseling aid. Profits are reinvested in future entrepreneurship programs.

- establish a lending circle program

_Community Futures Development Corporation of the Central Interior First Nations_, has spawned 32 lending circles. Each circle must be 5 or more people and preferably include an elder. The circle must raise $1000 on its own, determine who they expect to loan to, for what purpose, and at what interest rate, before they can receive a $4,000 loan from Central Interior. Each circle comes up with their own development policies and guidelines. In the first 12 month period, there is no interest paid on the $4,000. In the 2nd 12 month period, they pay 25% of prime, and in each of the 12 month periods following, an additional 25% of prime is added on. The character of each lending circle is different says Gerri Collins of CFDC - CIFN. Some are family-based, while others stipulate their members be fully employed, over 25 years of age, and only lend to those
under 25 years. One circle which has lent over $300,000 and has reserves of $58,000, has become the chief lender in its small community.

- seek long-term partnerships with funding bodies

**Nuu Chah Nulth Economic Development Corporation**, on Vancouver Island, B.C., incorporates several formal funding partners within its organization. Included are the following: Community Futures Development Corporation funded through Western Diversification, Aboriginal Business Canada sponsored by Industry Canada, the federal Department of Fisheries and Oceans, Province of British Columbia - First Citizen’s Fund, and they are a National Aboriginal Capital Corporation. Along with its own source of business funds, the NEDC is able to steer entrepreneurs towards the best fund or combination of funds to serve their unique business needs. By doing so, they can achieve the financial needs of the business and minimize the amount that needs to be repaid.

- explore developing member equity

Ray Gerow, while employed with the **Burns Lake Native Development Corporation**, currently with the Aboriginal Business Development Centre, developed a financing model for an Aboriginal-owned trucking company that gives company drivers an opportunity to build up personal equity so that they can ultimately buy out the truck they are driving and become an owner-operator. The company would provide business training to ensure that the individual is familiar with all aspects of managing his/her own business. This company would continue to act as an administrative overseer of the owner-operator and would use their band’s political and industry connections to find on-going work for the trucks.

**Kitsaki Development Corporation** is a company owned by the Lac La Ronge Indian Band, grosses $50 million a year and employs 450 people, most of whom are Aboriginal. Kitsaki offer their truck drivers an
opportunity to buy their own rigs, through a wage holdback system, piggybacked with a business grant or loan. Business services officers who work out of the various holding companies of Kitsaki, work with Band members to assist them with business plans. Kitsaki companies direct some or all of their business to Tribe members who already have a business.\(^9\)

- develop partnerships (larger businesses) that will provide funding

*Tsleil-Waututh Nation*, within the metropolitan area of Vancouver, has partnered with developer Abbey Woods on residential housing and other building projects on their reserve. The expertise and reputation of the development firm assisted the Nation in securing the necessary financing.

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**Theme 4.**
**Do you have community endorsement and support?**

- Creating a community economic development vision

*Michael Clements, General Manager of Business and Economic Development - Warm Springs*

says, “Our dream is to have a business community on the reservation where a variety of tribal member businesses provide goods and services to the reservation communities and visitors. The businesses will be employing a majority of the local tribal member workforce and have an appearance that reflects our peoples character.

This dream is yet to be fulfilled. Despite building a small business plaza where rents are subsidized by the Tribe, only a restaurant has been able to make a go of it. Drive by highway traffic has not stopped, nor have the

reservation locals patronized the businesses. Efforts have been made with buy local campaigns but it hasn’t been enough to pull locals away from the more competitive pricing and fancier outlets.

- the vital role to be played by entrepreneurs

The Oglala Sioux have found that the centralized tribal council business initiatives have failed at a very high rate. When they revisited their traditional political structure, unlike the tribal council structure dictated to them by the Department of Indian Affairs, they decided to go back to a family-based business strategy. This has resulted in successfully run businesses.

- the importance of building an economy to achieving self-reliance

"Building an Economy in Aboriginal Communities" is a workshop that John McBride and Ray Gerow have conducted. This workshop is intended for communities that are interested in raising an awareness of the how people can work together to support community businesses, stop the leakage of money out, and build the wealth and standard of living in the community.

At the end of the workshop the participants will have:

1. A vision of a healthy economy and a healthy community
2. A clear idea how leakage from the community keeps the community poor
3. A view of the role played by private business
4. An understanding of what building blocks make up a growing economy
5. A knowledge of what role culture plays in economic development
6. An understanding of the importance of the community’s support for the entrepreneur and the entrepreneur’s support of the community.
7. The importance of an economic vision and strategy
8. What can communities do, what have other First Nations done, and
9. How to take action.
The Osoyoos Indian Band, is located in the Okanagan Valley in southern B.C. The Band chose the route of developing its own businesses instead of relying on non-band owned businesses to employ and develop its people. The OIB developed a comprehensive plan and implemented the specific pieces as they could. They choose to go with industries that have proven successful in their region: tourism, agriculture, retirement housing, and construction. The Band is involved in the following businesses: camp ground, golf course, convenience store, silviculture, all aspects of construction from the sand and gravel, trucking, ready-mix, sawmilling, to retirement housing construction.

Recently, they have gone from leasing land for a vineyard, to growing their own grapes. They have formed a partnership with a large wine producer and are planning a joint venture to build their own winery. There is also a plan for a $25 million resort, complete with golf course, hotel, marina, and desert heritage and interpretive centre. These businesses, which are now amalgamated under the umbrella of the Osoyoos Indian Band Development Corporation, have an annual budget that exceeds $10 million. Profits from the businesses go to supporting social and educational programs.

- the vital importance of the community’s support for member businesses

The Warm Springs Development Corporation tells their new entrepreneurs that business success in the community relies on family support, and the attitude and personality of the business person. Sometimes they go door to door to sell their business product or service. They are commonly asked to identify what they are doing for the resident and the community.

Tribe encourages or requires: employees of these businesses to be tribal members or other related by marriage Indians

- broaden and strengthen the business and organizational networks to create new job and business opportunities.
Inter-Community Conferences
A day and a half workshop, sponsored by Indian and Northern Affairs Canada (B.C.) and hosted by The Aboriginal Business Development Centre in Prince George, was held on the theme of building relationships with non-Aboriginal neighbors. The strategy was to build understanding by showcasing the richness of Aboriginal culture and the inherent spiritual, creative and nurturing capacity of Aboriginal people. The workshops focused on the barriers to business start-ups experienced by Aboriginal entrepreneurs. Also discussed were the topics: “Dynamics of a Joint Venture”, “Taxation” and “Separating Roles within Business & Politics”. This workshop received much praise from the participants, and even two years later the ABDC is still realizing the benefits.

In a similar, but on-going program, the Wet'suwet'en Hereditary Chiefs Office is planning for 2002, on holding regularly scheduled meetings with the nearby town council of Smithers, B.C.

- broaden and strengthen the relationships with other governments and institutions

The Tahltan of North West British Columbia, have become experts in forming partnerships with the mining industry. From the low of a road block in 1997, “things changed when we sat down face to face”, says Chief Yvonne Tashoots. “Its like anything in life...there are times when you have to compromise and there are times when you have to remind yourself that first and foremost you’re there to get the best deal for the people, not the company”. For North America Metals, the Tahltan provided everything from gate security to maintenance for the 150 kilometer-long access road. The training the Tahltans received as part of the deal allowed them to find other full-time employment and build a new community hall. At the Eskay Creek mine, one in three workers are Tahltan. Through the Tahltan Native Development Corporation, the Tahltan build and maintain local roads, provide catering services to the two major mines in the area, and haul ore, cement and gravel.

The Choctaw, under the leadership of Director of Economic Development Charles Cayton, have assisted both Choctaw and non-Native people in the Oklahoma communities they work in. “There is very little reservation land and most of the 35 - 40,000 Choctaws live off reservation... We look at ways
we can use our assets to benefit the whole community, not just Choctaw. Its Choctaw first, but we want to help the whole community so that everybody’s life is better. " (page 78) They work with the counties and the state to improve roads and deliver economic development assistance to both Native and non-Native people"

Creating a partnership with an educational institution is more than sending your students off to enroll in existing courses. Tim McTiernan, president, Canadore College, North Bay, says, educational institutions provide more than basic foundation skills for learners and the skills that allow people to acquire jobs in local and regional economies. The client of colleges are not just students, but also communities. Colleges need to work to align themselves with the local community’s economic development strategy, and ensure they are not taking over ownership of initiatives that belong at the community level. Building a partnership between the community, the college, and the key businesses in the region is a long term strategy but one that integrates training, job placements and community goals. 

- Celebrate entrepreneurs

**Student Venture Incentive Program**, of the Burns Lake Native Development Corporation, provides ten awards of up to $200 each, to five Aboriginal and 5 non-aboriginal students for the best business plans. This program which has been running for 10 years, encourages grade 7 to 12 students to implement a business idea and report back at the end of the summer. The most successful business is then awarded an additional $100. The program has encouraged the high school students to get some real business experience.


10 “Building Competitive City Regions in the Knowlde Edge Economy: the power of business-community-educator partnerships”, Tim McTiernan, President, Canadore College, North Bay. conference proceedings, Canadian Urban Institute, Mississauga: April 2000
All Nations Trust, of Kamloops B.C., have initiated a series of awards to recognize outstanding achievement in business and in the community. Awards are given to Aboriginal Youth, Aboriginal Leadership, an Elders award, and an award given to the best community-based business, and to the most successful entrepreneur. Along with the award a press release is issued. The award of a plaque or a picture serves as recognition of that individual’s or business’s contribution to the community. The awards also serve to identify role models for Aboriginal young people.

Aboriginal Business Development Centre located in Prince George B.C., and the Prince George - Nechako Aboriginal Employment and Training Association, offers a 3 step award for the best business plans for Aboriginal youth (aged 15 to 29). Keith Henry, who coordinates the program, says when the market research on their business idea is complete, they receive $150. When the business plan is finished $250 is awarded, and when and if the business opens, an additional $1500 is given to the student, for a total of $1900. The program was a pilot last year and is expected to be repeated this coming year. Some thought will be given to providing an option for the students. If they don’t chose to utilize the money in the start-up of their business, they are able to use the last $1500 for tuition in a post-secondary program. Despite a late start last year, 8 students participated and one started up a business.

Appendix

history of barriers to Aboriginal entrepreneurs

The difficulties encountered by Aboriginal entrepreneurs in B.C. were documented in the WED/SFU Gap Study (Jan. 2001). Those obstacles were:

1. difficulty finding business support information on specific topics
2. once businesses started, funding agencies and service providers ignored their continuing needs.
3. Aboriginal entrepreneurs are “not-in-the-loop” - not connected to business circles - and therefore miss out on important information.
4. There is a need to build capacity among service provider workers
5. web-based service delivery has many obstacles and few shortcuts to improved information services for man Aboriginal entrepreneurs.
6. There needs to be increased sensitivity to and support of under-served areas, the East Kootenays being one such region.
7. There is a need for more sensitivity towards Aboriginal culture and the unique challenges faced by Aboriginal entrepreneurs needs to be recognized and strengthened.
8. Co-operation and co-ordination between service providers, between government agencies, and between providers and government agencies is fragmented and inadequate.

recommendations of the SFU/Western Diversification study:

The corresponding recommendations that came out of that study were:

1. Improve awareness and distribution of existing business information tools, and develop and modify additional tools.

2. Improve services for businesses after they have been established ("after care"), preferably on a continuing basis throughout the life of the business.

3. Develop vehicles and processes that will facilitate formal and informal business networks at local and regional levels.

4. Invest in building capacity of service provider personnel to ensure quality service.

5. Enhance web-based services to Aboriginal entrepreneurs and their capacity to access such services.

6. extend business information services to those in more remote and under-served areas...through consultation, networking, funding and information products and services tailored to their unique needs. (Kootenays was identified as one such area)

7. Promote greater understanding of and more cultural sensitivity towards Aboriginal entrepreneurs...through workshops for service providers, and promoting networking between Aboriginal and non-Aboriginal entrepreneurs and organizations.

8. Foster co-ordination and co-operation among government and service agencies through a BC Economic Development Working Group to oversee the development of an Aboriginal Economic Development Strategy for B.C. and facilitate regular, regional consultation on priorities, programs and funding.
ACTION IDEAS

Suggested Priority Issues the Tahltan Joint Council may wish to Undertake

1. Build stronger links to TRICORP and 16/37 Community Futures to secure better communications and maximize the opportunities for financing.

2. Build stronger bonds between Tahltan communities, and strengthen networks with the non-native communities, to increase the numbers of consumers available for Native products and services.

3. Develop Band lending capacity by introducing peer lending and a Band equity fund.

4. Plan a workshop series for the Tahltan population that would develop the ideas of building an economy and “plugging the leaks”.

5. Write a business development policy that would guide the member entrepreneurs on development approvals, licensees, taxes, use of traditional lands, leases, environmental impact requirements, cultural supports and preferential hiring policies.

6. Develop the capacity within the Tahltan Bands to offer business information and support services for business start-up.

7. Create a network of experienced business people, including non-native local residents, to mentor those interested in business start-up.