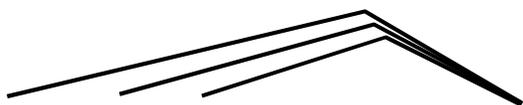


Training for Aboriginal Entrepreneurs

Niche Profile

**Prepared for the Northern Labour Market
Information Clearinghouse**

March, 1999



Northern Labour Market Information Clearinghouse

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Introduction

The number of aboriginal people choosing self-employment and establishing new businesses is growing rapidly across Canada. This growth is particularly strong among young people. As a result, there is a strong potential market for training designed for aboriginal entrepreneurs, a market that the Clearinghouse partner institutions hope to serve. This report identifies the particular training needs of aboriginal entrepreneurs and the issues that colleges will have to address in order to meet those needs.

Many of the general business training needs of aboriginal people match those of any entrepreneur. Most of those contacted for this study, however, put a greater emphasis on basic training needs such as money management and “what it means to run a business”. Flexible program delivery is also an important issue.

Methods

This report is based on published information on aboriginal business and conversations with experts from aboriginal organizations and from government agencies as well as with First Nation and Metis Settlement Economic Development Officers (EDOs). These sources focussed this report on the needs of businesspeople who live, or have grown up, on Indian Reserves or Metis Settlements. These are the most likely groups to have needs that are distinct from those of non-aboriginal entrepreneurs.

Overview

According to Industry Canada, “there are now over 20,000 North American Indians, Metis and Inuit in Canada who have their own businesses” (“Aboriginal Entrepreneurs in Canada: Progress and Prospects” in Industry Canada, *Micro-Economic Monitor* June 1, 1998). Self-employment among aboriginal people in Canada is growing two and one-half times faster than it is among the population as a whole, and two-thirds of that growth is happening west of the Ontario-Manitoba border.

A 1997 study by the Native Investment and Trade Association (NITA) and Growth Strategies International (GSI) looked at aboriginal entrepreneurs across Canada. This study found that:

The average Aboriginal entrepreneur was a male North American Indian with no prior business training and no business plan. This person was the sole owner and sole operator of the business, which was more often based at home. The company

was likely to be achieving a small annual profit, but did not usually have good growth prospects. (Aboriginal Business Canada: Aboriginal Entrepreneurs: Building Economic Independence for the New Millennium, 1998)

Research for this report suggests that the above profile fits entrepreneurs in northern Alberta as well. As well, according to EDOs interviewed, most aboriginal entrepreneurs have roughly a grade 11 education level, though this ranges from less than grade nine to university degrees.

Aboriginal people in northern Alberta operate a wide variety of businesses, including oilfield contracting, custom carpentry, airlines, hotels, computer-aided drafting firms and commodities brokerages. The largest numbers of businesses appear to be in oilfield services, agriculture and retail stores.

Overall, the number of aboriginal entrepreneurs in the Clearinghouse region is impossible to determine accurately, but it is certainly growing. The 1998 Metis Settlements General Council lists 243 businesses on the eight settlements. Unfortunately there is no such listing for First Nations. Most Settlement and First Nation contacts expect to see from three to five new businesses start up in each of their communities in the next year. If true for all aboriginal communities, this would add up to some 150 or so new businesses per year in the region. The number of new aboriginal businesses outside of reserves and settlements is difficult to gauge. Though Apeetogosan (Metis) Development Corp. serves 80 to 100 businesses throughout Alberta in a year, it is unclear how many of them are in the North. Given these estimates, it seems reasonable to suggest that there are several hundred aboriginal-run businesses in northern Alberta.

Many experts predict that the number of new aboriginal businesses per year will grow over the next few years. The fact that young people are more likely to go into business for themselves, combined with the high percentage of aboriginal people who are under 30 years of age supports this prediction. Given the fact that relatively few of these businesspeople have any business training, the potential training market is significant.

Training Needs

The Clearinghouse report, "Training for New Entrepreneurs" (November, 1996) pointed out that while most new entrepreneurs need marketing training, the demand for marketing courses on their own was not large. The same report stressed that the need and demand were strong for short courses that are based on local realities, preferably based on the students' own businesses. Long, theoretical programs have little value in this field. In addition, business training should be available in as many locales as possible. Entrepreneurs are generally too busy to leave their homes and businesses for training. That report recommended that colleges look to combine their training programs with some form of ongoing support for new business-owners, following the example of the Kiwanis Enterprise Centre in Dawson Creek

Most of these points hold true for Aboriginal entrepreneurs as well. Most of those consulted for this study placed a stronger emphasis on the need for more basic skills such as money management and communicating with banks and other businesses. In addition to this, many contacts said that their clients need to learn “what it means to be an entrepreneur”.

One EDO pointed out that saving money and planning ahead are much more likely to be taught to children in non-aboriginal families than in aboriginal families. Others pointed out that many of the people in their communities avoid dealing with banks and other large businesses. As a result, some of them need to start their business training by learning how to look after a bank account. Others may have to learn the basics of credit, or of budgeting. While this does not describe everyone in aboriginal communities, EDOs say that they do deal with many would-be entrepreneurs with good ideas but severely limited experience in money management.

Businesspeople operating wholly or mostly on Settlements or Reserves face challenges beyond those of most entrepreneurs. They need to learn to deal with funding and political issues that entrepreneurs elsewhere do not face. Not owning their houses and land, they cannot use real estate as collateral in order to get loans. They have to find or create other funding options. Many of these people need to learn the basics of equity funding. Further, if they depend on the First Nation or Settlement administration for much of their business they must learn to deal with the political realities of frequent elections (yearly on Metis Settlements).

Many self-employed contractors soon find that their community alone will not support their business. These people often have difficulty making the transition to the broader marketplace. These individuals often need training in issues such as how to bid for contracts and what the technical requirements of their industries are.

EDOs often find that their clients need to learn the interpersonal skills that will help to succeed. Communication skills ranging from public speaking and negotiation to understanding the legal language of contracts are all needs identified in this study.

One commonly expressed need is for some form of ongoing support for new aboriginal business owners. EDOs and others suggest that most new entrepreneurs would benefit from having someone to help them through the first couple of years of operation, to “hold their hand” as they face the day-to-day challenges of operating a business. This is not unlike the successful programs of the Kiwanis Enterprise Centre which see new entrepreneurs through the early years of their businesses. Contacts made several suggestions related to this idea:

- Internships would give potential business owners a chance to see how a business operates on a day-to-day basis and would help them to put their training into practise before starting their own venture
- Related to internships is the idea of mentoring programs that would connect new business owners with an experienced entrepreneur who could keep an eye on them as they make their way through the first couple of years of operation, making sure that they keep their books up to date and helping them avoid “rookie” mistakes.

- In cases where First Nations or Settlements are providing start-up capital for a new business, that funding could be tied to the entrepreneurs progress through training and through the first stages of business. This would make the entrepreneur accountable to the funders from the start and would reward the entrepreneur for completing his or her training and for following sound business procedures.

Available Training

There are currently a wide range of training options available to aboriginal businesspeople in Alberta.

Colleges throughout Alberta offer a wide range of business courses directed toward the general population. In addition, some institutions in southern Alberta offer business training aimed at Aboriginal clients.

Individual training is available from Community Futures Corporations (CFCs), some of which work primarily with aboriginal groups, and from community Economic Development Officers. New aboriginal businesspeople appear to be more likely to look to their community's EDO or to other aboriginal business development bodies than to CFCs generally. EDOs generally provide one-on-one counselling and direct assistance in preparing business plans. In addition, Apeetogosan (Metis) Development Corporation provides one-on-one training and assistance for Metis entrepreneurs throughout Alberta.

The Alberta Indian Investment Corporation (AIIC) provides business development workshops as part of its First Nations and Inuit Youth Business Program. These seminars are delivered to First Nations on an as-needed basis. There is no set curriculum for these seminars as yet; the topics discussed are determined by the needs of the communities involved. AIIC may consider working with colleges in order to deliver these programs, although any such arrangement must make it clear that the program and control over its content and delivery, belong to AIIC.

The Spirit of Aboriginal Enterprise website (www.sae.ca) provides a number of web-based resources for aboriginal entrepreneurs as well. These include a "Business Idea Developer", business education courses and a "Resource Locator".

The Banff Centre for Management offers a number of courses aimed at aboriginal business and community leaders. The Banff Centre can be reached at www.banffcentre.ab.ca.

Delivery Issues

To serve this market, colleges must be willing to adapt their services to meet the needs of the aboriginal communities. Once again, simply trying to sell "off-the-shelf" courses that do not fit the needs of aboriginal students will not work. As mentioned above under "Training Needs", issues such as community politics, the maturity of community economies and financing create

business conditions that can differ greatly from those faced by non-aboriginal students. The courses taught to aboriginal entrepreneurs must reflect this. Once again, this may be more true for smaller businesses and those that operate mostly on Reserves or Settlements than for those competing in the broader market.

This adaptability will have to be made evident. One contact said that the colleges have been doing plenty of surveys of aboriginal communities but she has yet to see any action taken based on the results.

The location and the cost of training are both important issues according to most of those contacted for this study. Delivery in aboriginal communities would greatly increase the number of students who are able to attend. In most cases, First Nations or Metis Settlements will pay for training, particularly on a group basis, but all of those contacted were concerned about the rising cost of training programs.

One suggestion was to deliver seminars on a sector-by-sector basis. This would allow for instruction to be directed to the specific needs of retail or heavy equipment or other particular sorts of businesses. Another suggestion was to have actual bank personnel and other businesspeople deliver the training. This would ensure that the training is reality-based.

Many people have found it difficult to gather enough students at one time and place to deliver business training. Active business owners are usually too busy to take time away from their work for training. Those who are thinking about starting businesses are at various levels of preparedness, meaning that training that is appropriate for one person may be too basic for another. As a result, many people and groups focus on providing one-on-one training and support.

One example of an educational program that addresses the question “what does it mean to be an entrepreneur?” is the entrepreneurship camp run annually by the Woodland Cree First Nation and involving several other aboriginal groups. This 10-day camp introduces young people to the many aspects of starting and running a small business. Participants are exposed to instructors from a variety of backgrounds and work in teams to create and market real products.

Recommendations

As with other Clearinghouse reports dealing with the training needs of Aboriginal communities, contacts for this study emphasized the need for colleges to work closely with the communities in order to understand their needs and how to serve them.

Any new program aimed at aboriginal entrepreneurs should provide some form of ongoing support for the new business people. A mentoring program may serve this purpose. Mentors may also provide positive role models for young would-be businesspeople.

The delivery of any program in this area will have to be flexible in order to fit the schedules of as many potential students as possible. Distance education may help to gather enough students at one time to make business courses affordable.

Courses in an aboriginal entrepreneurship program should be strong on real-life examples. Wherever possible, students should learn bookkeeping using their own books or those from similar businesses.

Colleges should involve lending institutions in the delivery of the courses to help students to understand the nature of equity financing and to help both the bankers and the students become more comfortable dealing with each other.

A series of seminars, aimed at entrepreneurs in specific industries, is a promising option for colleges, given the other training options available to aboriginal businesspeople. Such a format would allow for curriculum to reflect the needs of each different industry and could be developed in conjunction with the communities and with other businesses involved. For example, a seminar aimed at heavy equipment operators could bring entrepreneurs together with equipment dealers, bankers and the contractors who hire the operators.

Those whose businesses are poised for growth will need more training in the areas of marketing and other business strategies. Those clients may be well served by the standard courses available.

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