

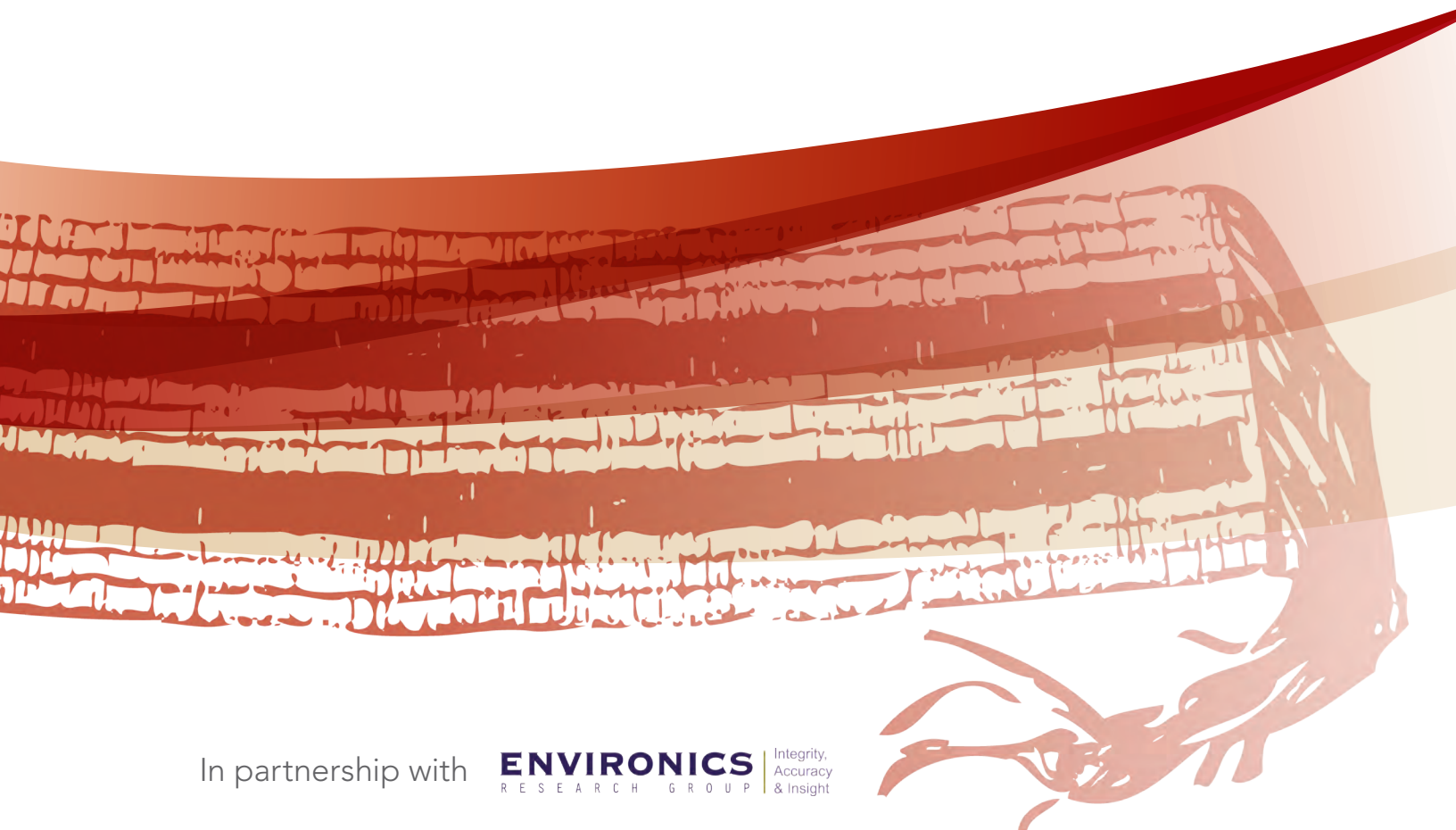
Canadian Council for
ABORIGINAL
BUSINESS



Promise and Prosperity

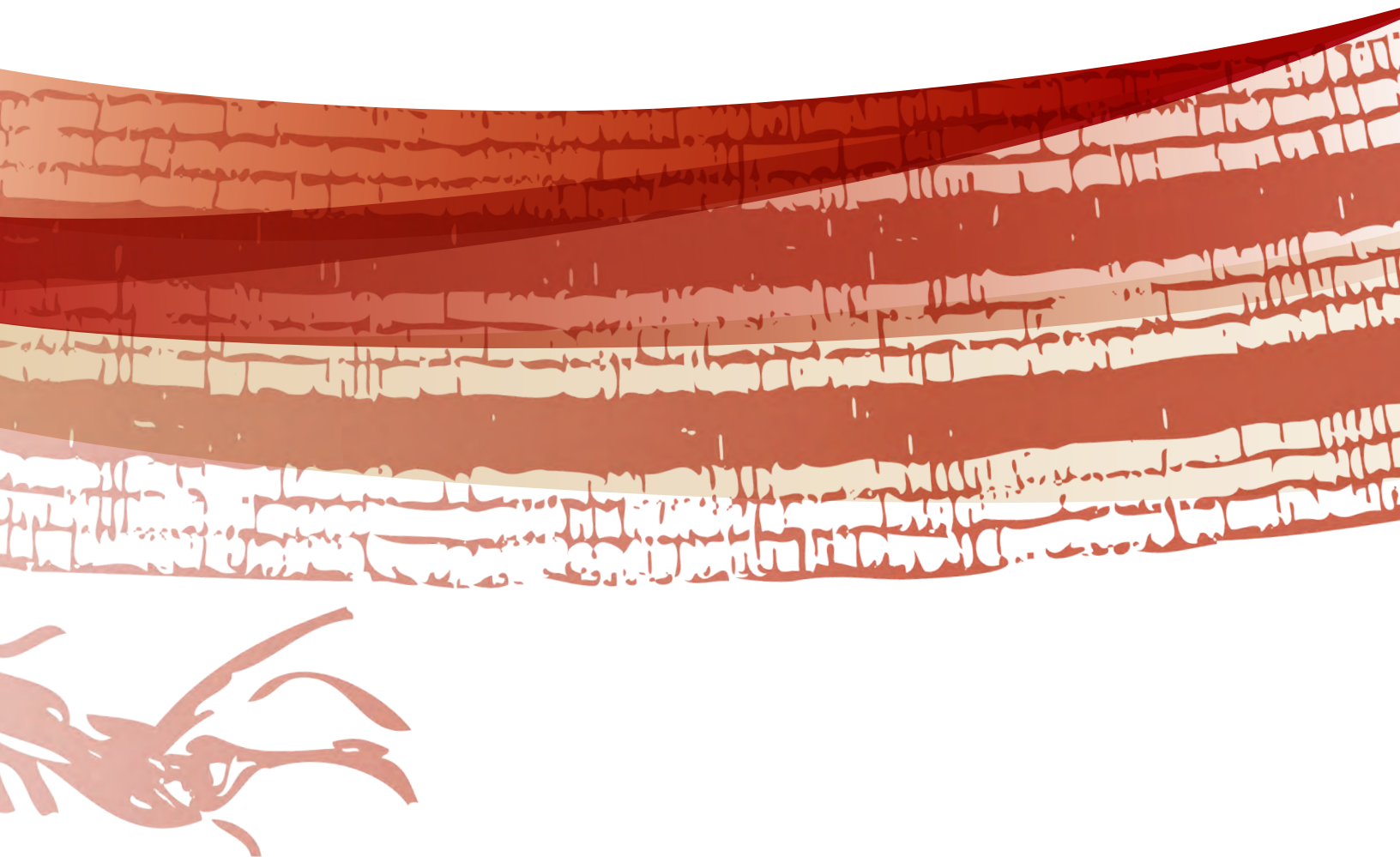
Ontario Aboriginal Business Survey

Research Report Spring 2014



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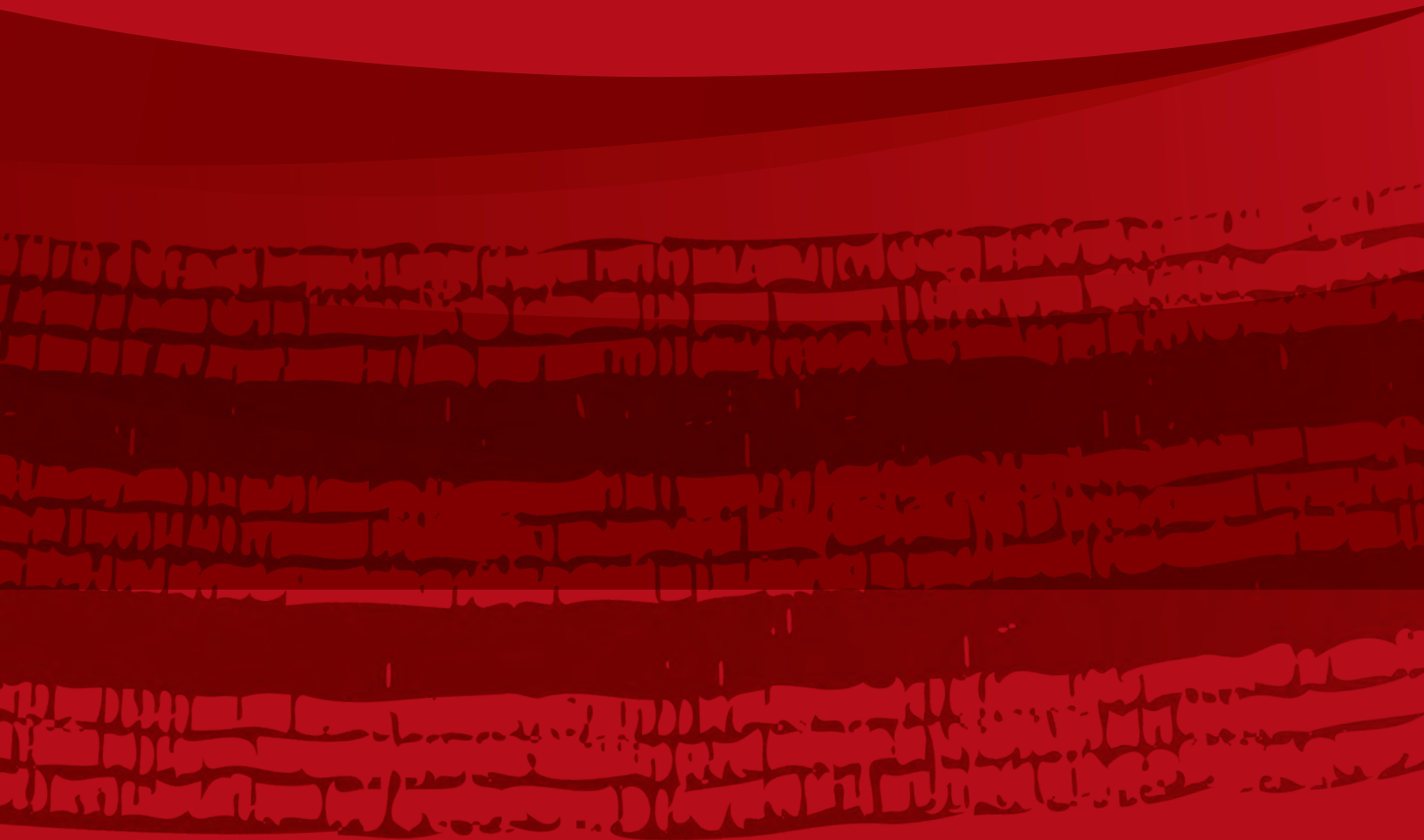
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About CCAB

The Canadian Council for Aboriginal Business (CCAB) was founded in 1984 by a small group of visionary business and community leaders committed to the full participation of Aboriginal people in Canada's economy. A national non-profit organization, CCAB offers knowledge, resources, and programs to both mainstream and Aboriginal-owned member companies that foster economic opportunities for Aboriginal people and businesses across Canada.



Executive Summary



About the 2014 Ontario Aboriginal Business Survey

Aboriginal peoples and communities are increasingly turning to economic development to improve quality of life and build a bright future for their community members. In Ontario alone, there are close to 9,000 First Nations, Métis and Inuit people who have their own businesses, according to the 2006 Census.

While there is considerable data available for Canadian – and Ontario – business owners generally, relatively little is known about Aboriginal entrepreneurs, in terms of who they are, what their experiences have been, and what they need for future growth and success. The Canadian Council for Aboriginal Business (CCAB) embarked on the 2014 Ontario Aboriginal Business Survey, in partnership with the Ontario Ministry of Aboriginal Affairs (MAA), to develop a better understanding of these issues.

This research builds on a national survey of Aboriginal businesses conducted by the CCAB in 2011 entitled *Promise and Prosperity: The Aboriginal Business Survey*, which was conducted with Aboriginal small businesses across Canada.

The CCAB's goal is to widely communicate the findings of this research so it can be used by Aboriginal people, businesses and communities, as well as by the mainstream business community and governments, to develop tools, initiatives and policies that fully realize the potential of Aboriginal business in Canada.

Reports for both the 2014 Ontario Aboriginal Business Survey and *Promise and Prosperity* are available for download at www.ccab.com.

The CCAB thanks the Government of Ontario for providing the funding for this research. Without their generous contribution this initiative would not have been possible.

Research highlights

Aboriginal business owners in Ontario are largely positive about what they have achieved to date and optimistic about their future.

Aboriginal businesses in Ontario tend to be small, typically unincorporated and without employees, and most with sales revenues of \$100,000 or less. Nonetheless, they demonstrate diversity in terms of the markets (local, other parts of Canada and even internationally) and clients (consumers, private sector and governments) that they access.

They are also achieving success, in terms of profitability and growth but also in light of the personal goals they have set for themselves. Three-quarters are confident they will still be running their business in five years time.

Consistent with the findings of the 2011 national Aboriginal Business Survey, the Ontario results also suggest that having a business plan and introducing innovation into a business (through processes or products) is linked to success. While more than six in ten Aboriginal businesses have innovated in the past three years, only one-third report having a business plan in place.

Aboriginal entrepreneurs' experiences running their businesses reveal key risks to future growth: finding qualified workers, access to financing and IT infrastructure. Government and financial institutions are in a strong position to provide needed support in these areas.

One in three Aboriginal businesses in Ontario create jobs for others, and particularly for other Aboriginal people. Among these organizations, attracting and retaining skilled workers is identified as a top obstacle to growth, and the challenge of finding qualified Aboriginal employees increases as firms grow in size.

Access to financing remains a significant barrier to growth. Most Aboriginal-owned businesses in Ontario rely on personal savings not only for start-up financing, but also rank it as a top source of ongoing financing (together with retained earnings). Larger businesses appear to benefit from greater access to loans or lines of credit from financial institutions, while lack of collateral is a barrier, particularly for smaller businesses and younger entrepreneurs.

Internet access is not universal: eight in ten Aboriginal businesses in Ontario have an Internet connection, a proportion that is lower (63%) on-reserves. Most (but not all) of these say their connection is sufficient to do everything they want related to their business, which is primarily marketing, e-commerce and customer relations management. Consistent with the broader trend, younger Aboriginal entrepreneurs are more apt to be using the Internet and social media – meaning these tools will become increasingly important in the Aboriginal business landscape.

Aboriginal business owners in Ontario rely primarily on local contacts, including Aboriginal organizations, for support and advice. There is a strong opportunity for the Ontario government to reach out and engage these businesses, most of whom do not currently use any provincial government programs.

Members of Research Advisory Board

This research was given insightful direction from our research committee, who provided key insight from survey development to data analysis.

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Chief Executive Officer,
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Next Steps

Based upon the findings of the 2014 Ontario Aboriginal Business Survey, CCAB believes the following actions – on the part of governments, financial institutions and Aboriginal entrepreneurs themselves – will help more Aboriginal businesses achieve success.

1. Develop partnerships.

Building bridges with other larger, successful ventures (Aboriginal or non-Aboriginal) is a key growth strategy for Aboriginal entrepreneurs. Not only can this provide access to much-needed capital, but it is an opportunity to take advantage of other forms of collateral that can flow from partnerships, such as training and experience, mentoring and advice, equipment, physical location or a skilled workforce.

2. Support workforce development.

One area where governments can make a significant contribution to Aboriginal business is in developing programs and policies to help train and retain skilled Aboriginal employees. In addition to directly benefiting Aboriginal businesses, for which workforce development is a major obstacle, a skilled, local labour source will also be of value to companies in the resource sector (e.g., Ring of Fire in northern Ontario).

3. Simplify access to financing.

Financing – where to find it, how to apply for it, and how to meet the necessary requirements – remain obstacles to growth for Aboriginal businesses. Anecdotal evidence suggests that many give up on outside financing and the proportion who rely mostly, if not entirely, on their personal savings seems to support that. Financial institutions who consult with Aboriginal businesses to identify simpler and more effective ways to provide financing will be better positioned to take advantage of this growing business community.

4. Build visible networks.

The opportunity to build stronger Aboriginal business networks was identified in the 2011 national Aboriginal Business Survey, and bears repeating here. Aboriginal entrepreneurs need to know where to turn when they require help, support or advice (for example, about how to develop a business plan). Bringing together Aboriginal businesses, governments and private sector in local or regional networks would be a useful first step in making this type of information more widely available.

Methodology

This report presents the results of a survey conducted with 329 First Nations (on- and off-reserve), Métis and Inuit business owners in Ontario, from September 30 to December 6, 2013.

The research was undertaken as a collaboration between CCAB and Environics Research Group, one of Canada's leading public opinion research firms and the organization that conducted *Promise and Prosperity: The Aboriginal Business Survey* (published in 2011).

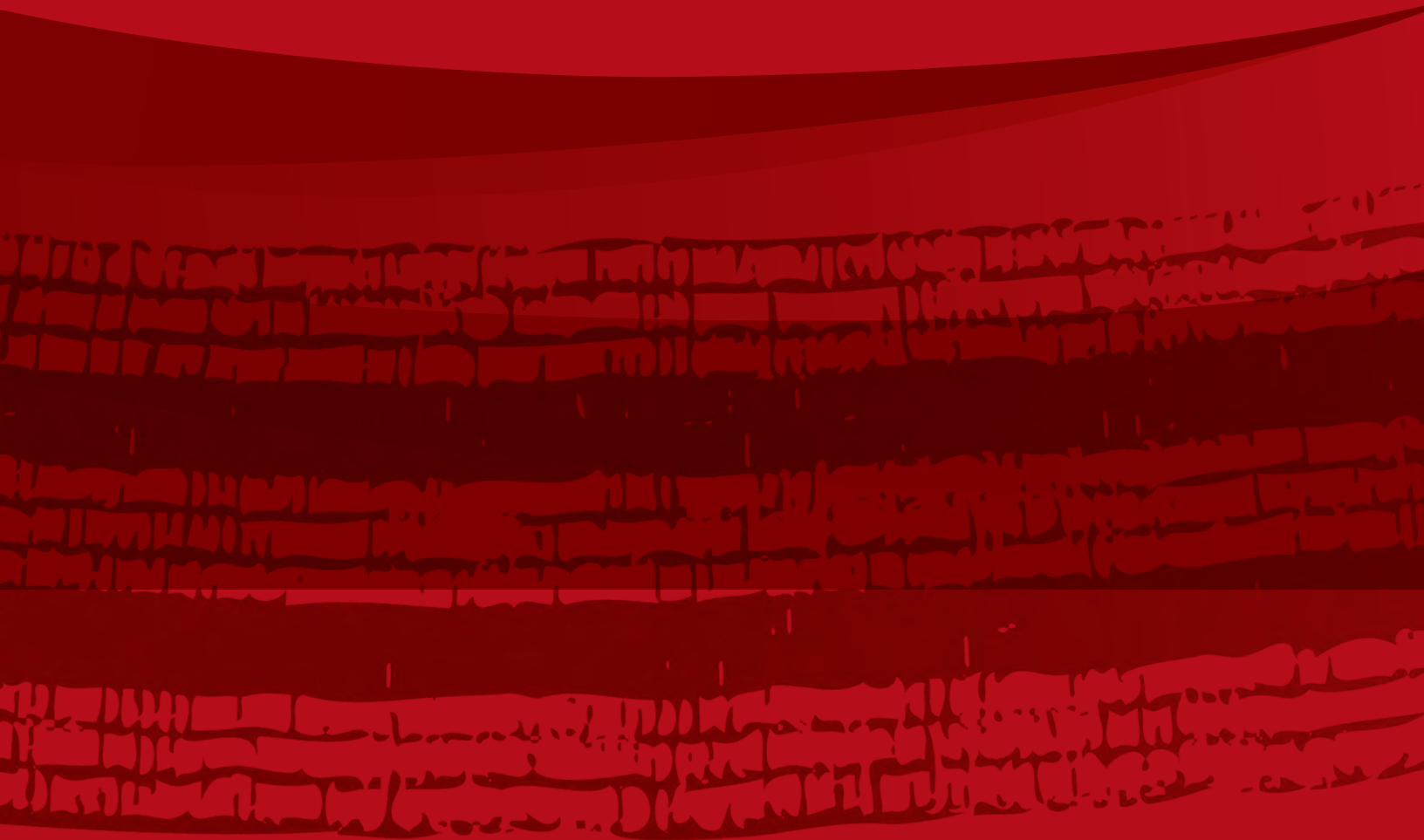
The extended field period allowed for 29 of the interviews to be conducted in-person by CCAB staff at locations throughout Ontario; the remaining 300 interviews were conducted by telephone by Environics.

Qualified respondents were located through various databases and organizations, and a referral approach was used to augment the sample. The data are statistically weighted by identity group, business size and type to ensure the final sample accurately reflects the Aboriginal self-employed population according to most recently available Census data (2006).

In this report, results are expressed as percentages unless otherwise noted.



Profile of Aboriginal Businesses in Ontario



Business Characteristics

Aboriginal businesses in Ontario tend to be quite small: the majority are unincorporated and have no employees. Nonetheless, they are evident across the full range of industries (primary, secondary and services). Overall, the majority are located off-reserve.

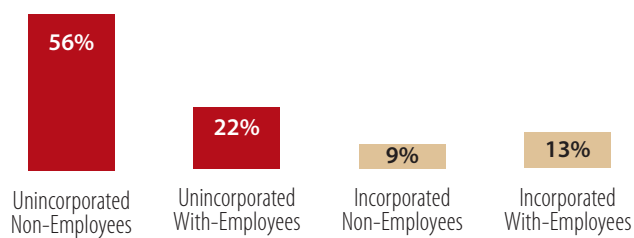
Size and corporate structure. The survey sample was designed to match the population of Aboriginal business owners in Ontario by size (number of employees) and corporate structure, according to the most readily available Census data (2006).

Most Aboriginal businesses in Ontario (78%) are unincorporated, operating as either a sole proprietorship (67%) or a partnership (11%), while two in ten (22%) are incorporated under a federal or provincial charter. Moreover, most Aboriginal businesses in Ontario (65%) are run by their owner without additional employees. (Q.2b & Q.3)

Location. Two-thirds (65%) of First Nations business owners in Ontario say their business is located on a reserve, while this is the case for only one percent of Métis businesses (Inuit businesses were not asked this question). Overall then, a majority (61%) of Aboriginal businesses are located off-reserve (compared to 39% on-reserve). (Q.12)

Industry Aboriginal businesses in Ontario are evident in all industry sectors. They are most prominent in the service sectors (62% in professional, scientific & technical, education, health & social, arts, entertainment, accommodation, food or cultural industries), followed by secondary sectors (22% in retail or wholesale trade, manufacturing or transportation). Smaller proportions operate in construction (9%) or primary sectors (7% in agriculture, forestry, fishing & hunting, mining, and oil & gas extraction). (Q.6)

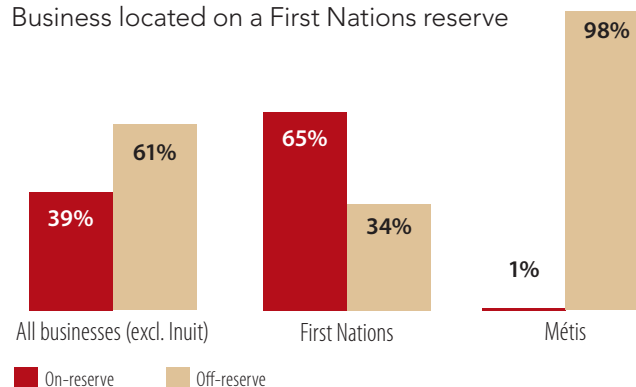
Business size and corporate structure



Q. Do you have any employees other than yourself?

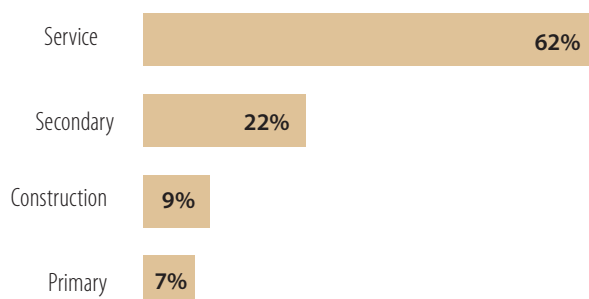
Q. Is the business a sole proprietorship, partnership or corporation that is incorporated under a federal or provincial charter?

Business located on a First Nations reserve



Q. Is this business located on a First Nations reserve or not?
Subsample: All businesses excluding Inuk businesses

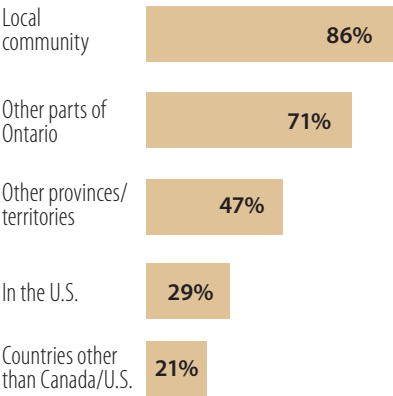
Industry



Q. In what industry or sector does your business operate?

¹ To qualify for the survey, businesses that are not a sole proprietorship must be majority-owned by Aboriginal persons, but not a community-owned business.

Location of clients



Q. In the past year, in which of the following places did your business have clients?

Markets

Most Aboriginal-owned businesses in Ontario focus on local markets to sell their goods and services, with a small group that operates outside Canada.

Geographical distribution of sales. Aboriginal business owners in Ontario are most likely to have clients in their own community or within the province, but about half have clients in other parts of Canada, and smaller proportions operate internationally.

When asked in which of a list of geographical areas their business has clients, most Aboriginal small business owners say that they have clients in their local community (86%) and in other parts of Ontario (71%). (Q.13)

A sizable proportion of Aboriginal business owners have also cast their sights further afield. Almost half (47%) have clients elsewhere in Canada, three in ten (29%) have clients in the U.S., and two in ten (21%) have clients in countries other than Canada and the U.S.

Local clients are the most common source of business for all segments of the Aboriginal business population in Ontario, but particularly for businesses with lower sales revenues (92% under \$100K). Métis businesses (and thus off-reserve businesses), as well as businesses with revenues of \$500K+, are more likely than others to have clients in other parts of Canada.

The secondary and service sectors are more active outside Ontario and in U.S. and international markets. Women entrepreneurs are also more likely than men to say they have accessed international markets other than the U.S.

Type of client or customer. Aboriginal small business owners have a fairly diverse customer base. They are most likely to supply goods or services to private sector businesses (71%) and consumers (68%). Between three and four in ten each supply Aboriginal governments (39%) or the federal government (37%), while slightly fewer supply municipal governments (29%) or the Ontario government (28%). (Q.14)

Larger businesses (i.e., those that are incorporated with employees and/or those with annual revenues of \$500K+) have the most diverse clientele, being more likely than others to supply to private sector businesses and federal, Ontario and municipal governments.

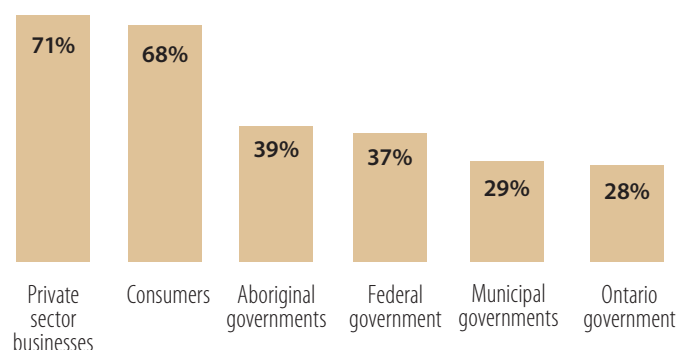
Métis businesses (and thus businesses off-reserve) are more likely to supply private sector businesses and the federal government, while First Nations businesses (and thus businesses on-reserve) are more apt to supply Aboriginal governments. Women entrepreneurs are more likely than men to have the federal government as a client.

Supplier Relationships

A majority of Aboriginal-owned businesses in Ontario search out Aboriginal suppliers to provide goods and services at least sometimes, if not always.

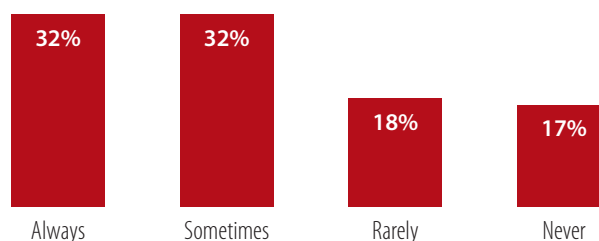
There is a modest tendency for Aboriginal business owners in Ontario to look first to Aboriginal suppliers when they themselves need goods or services. One-third (32%) say they always do so, while another third (32%) sometimes do. The final third (35%) say they rarely or never look for an Aboriginal supplier. First Nations businesses (and thus those on-reserve) are more apt than others to always search out Aboriginal suppliers. (Q.14g)

Types of clients in past year



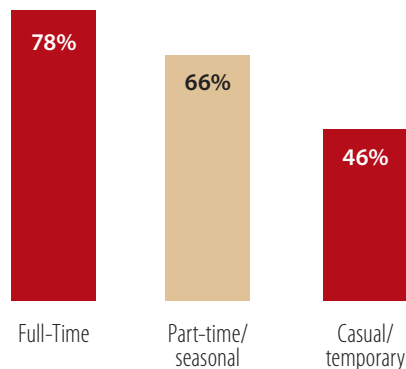
Q. In the past year, did you supply goods or services to any of the following...?

Look first to Aboriginal suppliers for goods/services



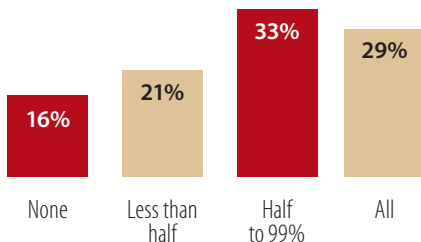
Q. Now thinking about when your business needs goods or services, how often do you first look for an Aboriginal supplier to provide those goods or services?

Types of employees*



Q. Excluding yourself, how many employees does your business currently have who are...? (*Subsample: Businesses with employees)

Proportion of employees who are Aboriginal*



Q. How many of your [EMPLOYEE TYPE] are Aboriginal? (*Subsample: Businesses with employees)

Employees

More than one in three Aboriginal business owners in Ontario create jobs for others, of which almost all have at least one Aboriginal employee.

More than one in three (35%) Aboriginal business owners report having at least one employee other than themselves, consistent with the 2006 Census. (Q.2b)

Employee type. These businesses are most likely to hire full-time, permanent workers. About eight in ten (78%) currently have full-time employees (representing 27% of all Aboriginal businesses in Ontario). However, these businesses are also a source of part-time and casual work. Two-thirds (66%) currently have permanent part-time employees and just under half (46%) have casual or temporary employees (representing 23% and 16% of all Aboriginal businesses in Ontario, respectively). (Q.15)

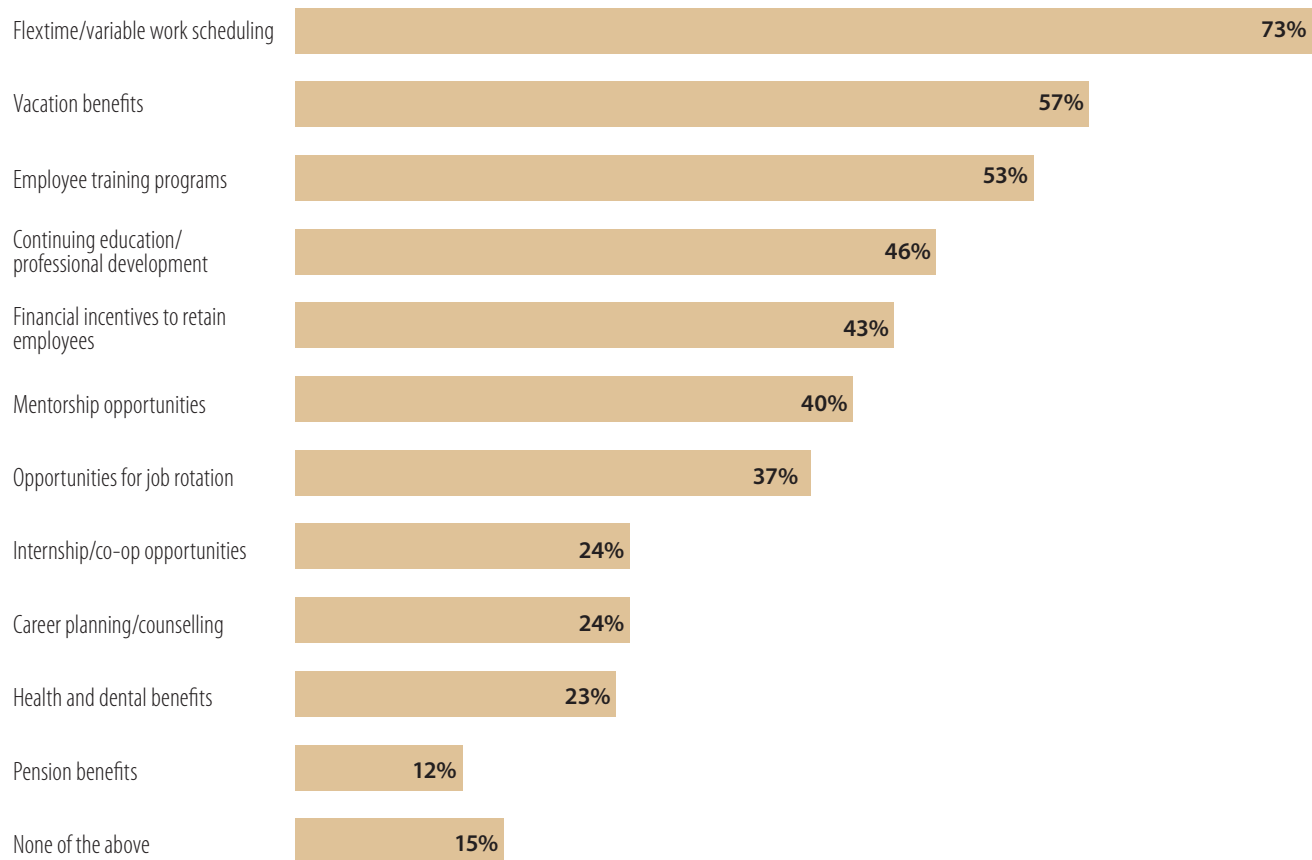
Aboriginal employees. Almost all (84%) Aboriginal businesses with employees say they employ at least one Aboriginal person (representing 29% of all Aboriginal businesses).

On average, Aboriginal people comprise 57 percent of the employees of these firms. This is higher among smaller firms (e.g., 69% among non-incorporated firms; 72% among firms with annual revenues under \$100K), providing further evidence that finding skilled Aboriginal employees is a challenge. The average proportion of Aboriginal employees is also higher among First Nations-owned businesses and those located on-reserves. (Q.16)

Employee benefits. Aboriginal-owned businesses in Ontario offer their employees a wide range of benefits, the most common being flextime or variable work scheduling (73%). Majorities also provide vacation benefits (57%) and employee training programs (53%).

Between three and five in ten each offer continuing education (46%), financial incentives for retention (43%), mentorship (40%) and job rotation opportunities (37%). It is less common to offer internship or co-op opportunities (24%), career planning (24%), health and dental benefits (23%), or pension benefits (12%). Fifteen percent of Aboriginal firms with employees say they provide none of these benefits. (Q.17)

Benefits offered to employees in past year*



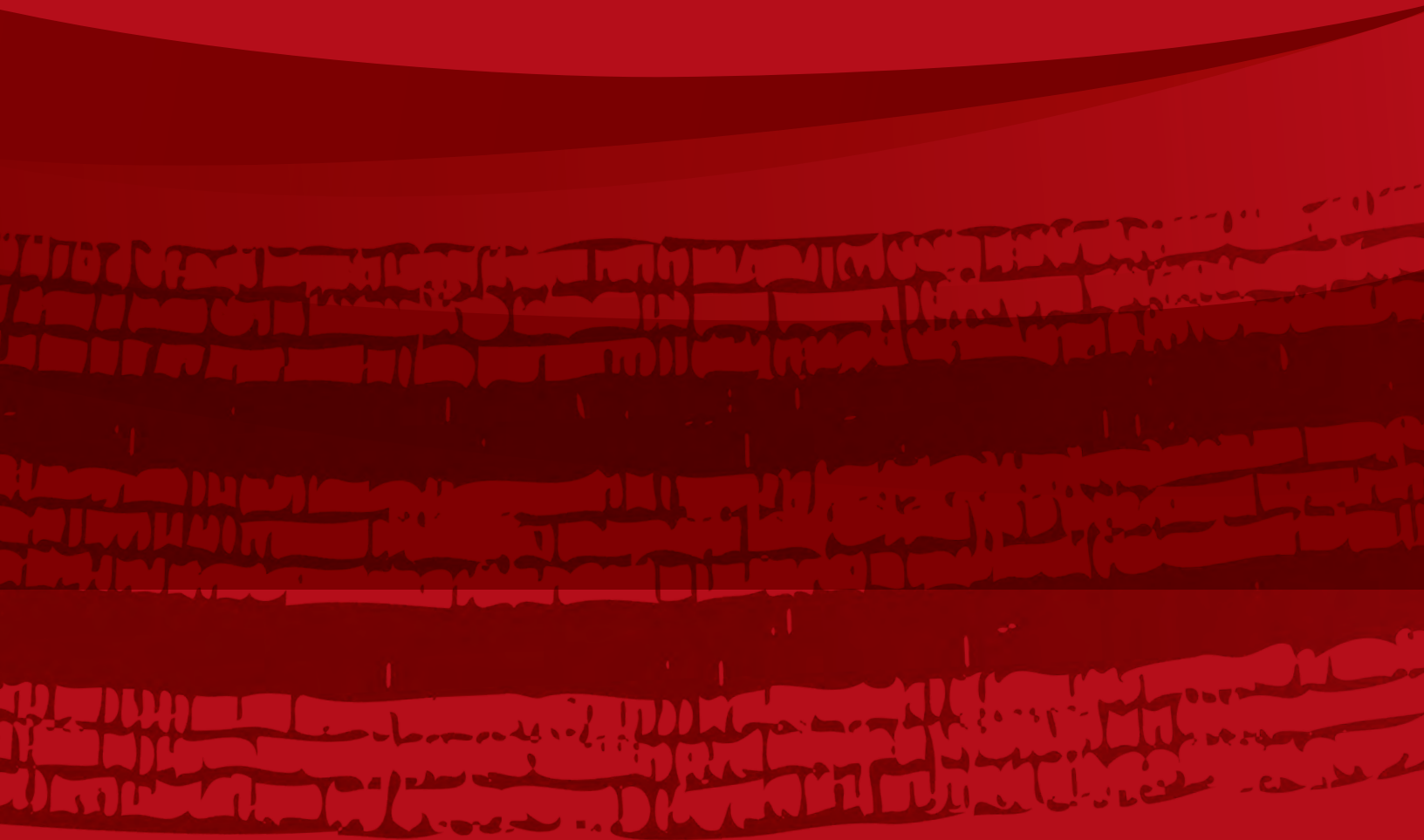
*Subsample: Businesses with employees (n=203)

Q. Did your business offer any of the following to its employees in the past year?

Many of these employee benefits (but not all) are more likely to be offered by businesses with larger revenues (of \$500K+), as well as by those with a larger number of employees (10 or more). Also, successful firms (i.e., those firms that have been profitable in the past year, had increased sales and expect income growth in the next two years) are more likely than others to provide several of these employee benefits.



Business Objectives and Success to Date



Perceptions of Business Success

Almost all Aboriginal business owners in Ontario believe they have experienced at least some degree of success, and about half consider their businesses very or extremely successful.

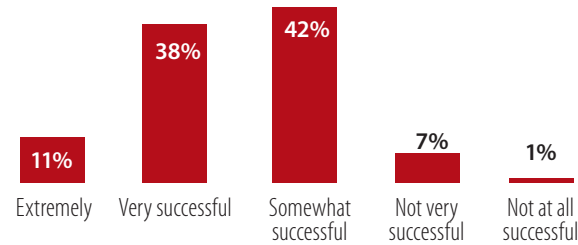
Aboriginal business owners in Ontario are largely positive about their success to date, based on what they personally hope to achieve with their business. Half (49%) say their business has been extremely (11%) or very (38%) successful. Another four in ten (42%) describe their business as being somewhat successful. Fewer than one in ten (8%) report that their business not been particularly successful. (Q.8)

Not surprisingly, perceptions of success are more common among businesses with higher annual revenues (over \$100K) and those who have clearly achieved financial success (i.e., firms that have been profitable and had increased sales in the past year, and expect income growth in the next two years). Higher levels of self-perceived success are also more common among businesses in the construction sector.

By comparison, the smallest businesses (i.e., unincorporated businesses with no employees) are less convinced than others of the success of their business to date, and more apt to describe themselves as somewhat successful.

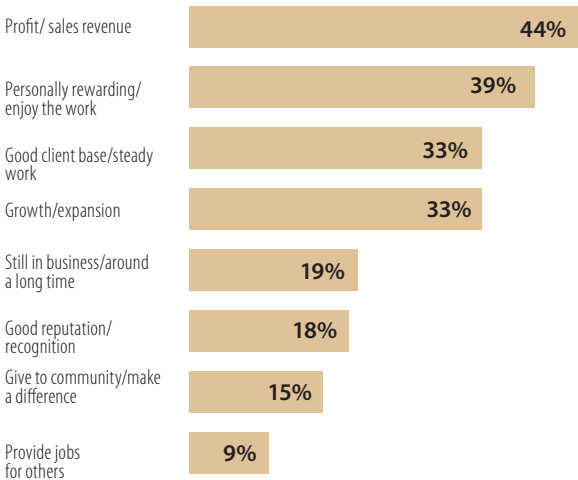
Perceived reasons for success. Aboriginal business owners in Ontario who feel their business has been extremely or very successful (49% of total sample) were asked why they feel this way (unprompted, without being offered response options). They base their perceptions on several factors, including their profitability/revenue (44%) and growth (33%), the personal rewards of the work (39%) and having a steady client base (33%). Smaller proportions judge their success on the longevity of their business (19%), their strong reputation (18%), and the opportunities they have created for their employees (9%) and the broader community (15%). (Q.9)

Types of clients in past year



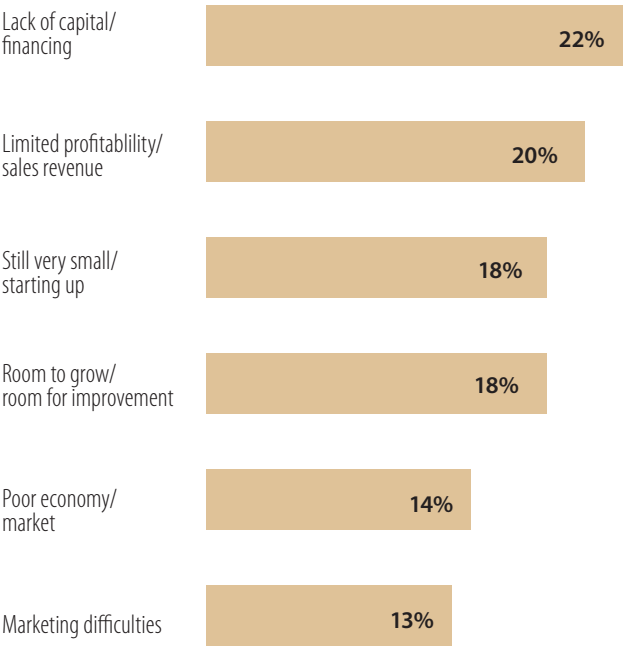
Q. Based on your own personal objectives for your business, how successful do you feel your business has been to date?

Why say business is extremely/very successful



Q. Why do you feel this way?
 Subsample: Those who feel their business is extremely or very successful (n=185)

Why say business is somewhat successful – top mentions



Q. Why do you feel this way?
Subsample: Those who feel their business is somewhat successful (n=126)

Businesses with annual revenues of \$500K+ are more likely to cite growth as an indicator of success, while businesses with lower revenues are more apt to mention the personal rewards, client base and strong reputation. Notably, growth is also more likely to be cited as a key marker of success by younger entrepreneurs (under age 45), and those who have been in business for five years or less.

Perceived reasons for less success. Aboriginal business owners in Ontario who consider their business to be moderately successful (42% of the total population) list a wide range of reasons for this, the most common being lack of capital or financing (22%), limited profitability or revenue (20%), a poor economy (14%) and marketing difficulties (13%). Some also say it’s still early to judge their degree of success (18%) and that there is always room for improvement (18%). (Q.9)

The very small group of Aboriginal business owners in Ontario who feel they have been unsuccessful to date (8% of the total sample) base this primarily on their limited profitability or revenue, and cite several factors such as a poor economy, a remote or isolated location, marketing difficulties, a lack of capital or financing, and competition.

Business Objectives

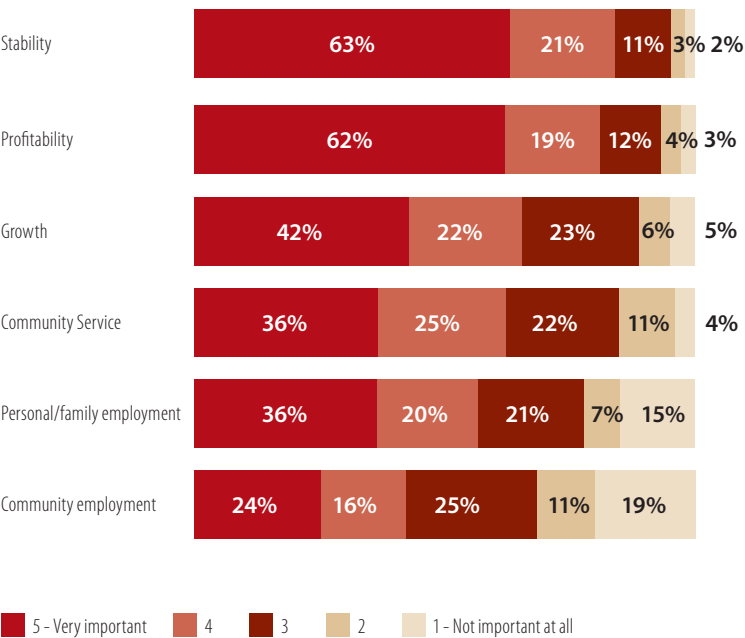
Achieving stability and profitability is of greatest importance to Aboriginal business owners in Ontario over the coming year.

What are Aboriginal business owners in Ontario most hoping to achieve in the coming year? When asked to rate the importance of six types of objectives for their business for the coming year, priority falls on achieving stability and profitability.

More than eight in ten (84%) business owners say that stability is an important business objective for them (rating it as “4” or “5” out of “5” for importance), while eight in ten (81%) place the same degree of importance on profitability. Slightly fewer, but still majorities, consider growth (64%), community service (61%), and personal and/or family employment (56%) to be important objectives for the coming year. Community employment is rated as a less important objective (40%). (Q.10).

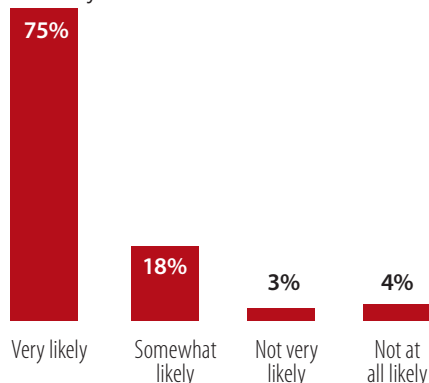
The order of importance of these objectives is largely consistent across different segments of the population. Nonetheless, stability, profitability and growth are rated as more important by businesses with annual revenues of \$500K+ and by younger entrepreneurs (under 45 years of age). On-reserve businesses place greater importance than others on community service and community employment.

Importance of objectives for your business



Q. Please rate the importance of each of the following objectives for your business over the coming year. Please use a scale from 1 to 5, where 1 means “not important at all” and 5 means “very important.”

Likelihood of running business in five years



Q. Thinking ahead, how likely is it that in five years time you will still be running this business? Is it...?

Expectations for the Future

Most Aboriginal business owners in Ontario have confidence in the long-term viability of their business.

Aboriginal business owners in Ontario are largely confident that their business will be around for some time to come. Three in four (75%) say it is very likely that they will still be running their business in five years' time, and another two in ten (18%) say it is somewhat likely. Fewer than one in ten think it is unlikely that they will still be running their business five years from now. (Q.11)

These businesses have been operating for 13 years, on average, and their optimism that they will continue to do so remains high regardless of length of time in business.

As one would expect, younger business owners (under 45 years) are more likely than others to believe they will still be in business five years from now. This view is also more common among business owners off-reserve and those whose firms have been profitable in the past year.

Although only a minority express serious doubt about the long-term nature of their business (i.e., not very or at all likely), this group is larger among businesses already operating for more than five years, older entrepreneurs (55 and older) and those without a high school diploma.

Aboriginal Business Profiles

Barbra Nahwegahbow – Blue Dawn Consulting Inc. + Blue Dawn Jewellery

Barbra Nahwegahbow is from the Ojibways of Whitefish River First Nation on Manitoulin Island and currently resides in Toronto. Barbra is an Aboriginal entrepreneur who operates and owns a diverse group of businesses. In addition to working as a writer and consultant, she designs and sells her own jewellery as a separate business. Barbra is an exceptional entrepreneur with many talents and businesses and for many years has provided a strong and innovative business sense to both her local Aboriginal community at Whitefish River and to many of her clients and consumers across Ontario.

Julia Valencia – Personal Trainer and Fitness Coach – Valencia Fitness

Julia Valencia is an Attawapiskat First Nation member in Ontario. She currently resides in Toronto and works as both a personal trainer and motivational coach and speaker. She has been working in this capacity since 2011. Valencia Fitness operates as a personal training business and has a touching story of perseverance. In Julia's quest to shed 60 pounds she became a personal trainer and nutrition specialist, fat loss expert, figure competitor and figure competition coach all in two years (2010-11). Most of her training was done in the comfort of her own home. She continues to strive and grow her business in the Toronto area and as an online fitness coach to anyone around the world.

Aboriginal Business Profiles

Throughout the report, we profile several Ontario Aboriginal entrepreneurs and their businesses.

Marlene Lesage – Hidden Hills Stables

Hidden Hills Stables is a First Nations owned business located on the Garden River First Nation. It operates as an equine facility with 12 horses on site and offers beginner riding lessons, kids day camps, trail rides, cultural camps that blend indigenous horse knowledge with traditional teachings; ½ day corporate group events, birthday parties, leasing and sales. Boarding your horse is an option as well as a horse hotel for overnights. The family business shows that Marlene and her husband Rob have close ties to the community. Both daughters Tory and Tatum are working on their coaching certification from Equine Canada and are members of the Ontario Equine Federation and Michigan Hunter Jumper Association. “We have seen an increase in the use of horses in the community for ceremonial events, times of celebration and even protest”, says Marlene, “and some of the community Elders have commented on the return of the horse. That makes it all worthwhile,” she says.

Jennifer Taback – Design Deplume

Design Deplume is an Aboriginal owned Graphic Design Company based in Sudbury, Ontario. It was established in 2009 and is now in its fifth year of operation. One of the partners is Jennifer Taback who is from the Shawanaga First Nation. Design Deplume is a relatively new business that has a strong attachment to the community. She has worked in the industry for ten years, with experience ranging from providing freelance design to managing print production projects from start to finish. She is skilled with working with designers and printers to get a finished product that is cost effective, beautiful, and meets her customer needs. Design de Plume is a creative studio that’s not just in it for the money. They want to inspire companies and organizations to reach out and push the limits of what advertising, websites, and print communications can do. Each job, be it design or photography, no matter how small or how large, is equally significant and deserves the very best, as award-winning graphic designers can provide.

Ray Pambrun – Raysolar

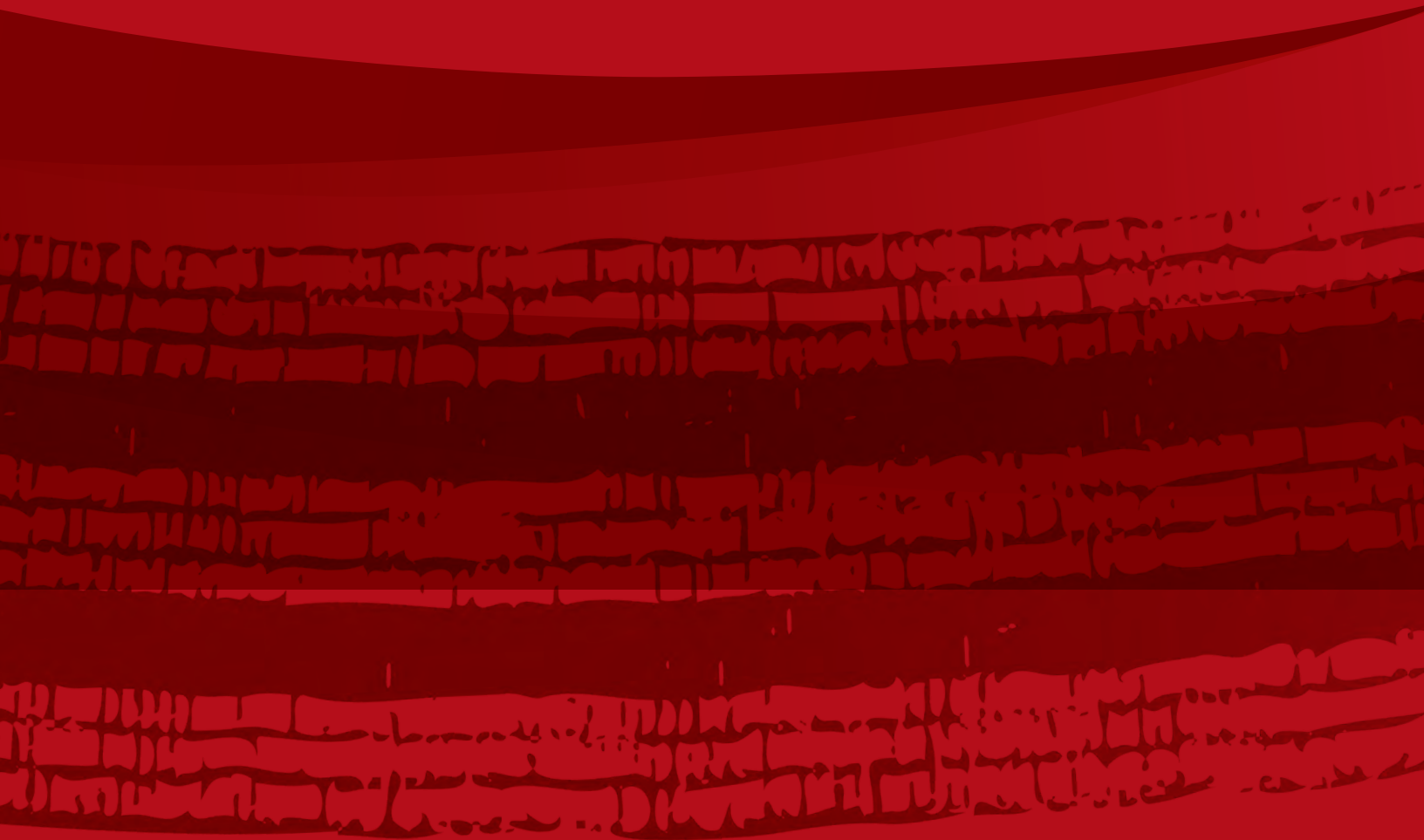
Raysolar is a Métis-owned green energy company based in Kenora Ontario. It was established in 2009, its goal is to provide renewable energy technologies and to set the industry standard for solar services. Solar technologies are coming to the market at a faster pace than ever. Raysolar is committed to representing only those products from manufacturers and suppliers that meet its green energy standards. Its workforce is trained and qualified to ensure good quality work and services for Ontario’s north and beyond. Raysolar is looking to expand its operations to the United States and become internationally recognized. Raysolar is committed to expanding upon its knowledge and providing green energy solutions for its consumers. Ray is a member of the Métis Nation of Ontario and lives with his family in Kenora. He is committed to hiring Aboriginal employees and to providing skilled and technical Jobs to Ontario’s north.

Wasaya Prop Shop Inc.

Wasaya Prop Shop Inc. is a First Nations-owned corporation founded in 1999 (under Wasaya Group Inc.) and an accredited leader in repair and overhaul of high strength metal aircraft propellers and components worldwide based in Rosslyn, Ontario. Wasaya Prop Shop does overhaul, repair and sells its products to more than twenty countries worldwide. It is a committed company that is located in the middle of the transportation hub just outside of Thunder Bay, Ontario. It provides a consultative approach to aircraft propellers and provides innovative and flexible services to the airline industry.



Business Profitability and Growth

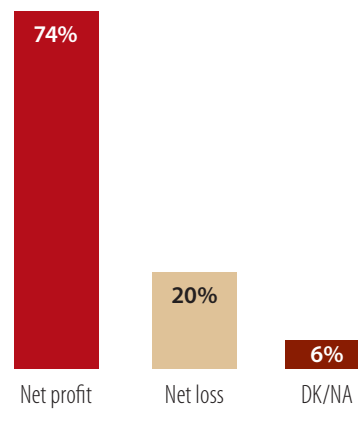


Profitability

Three-quarters of Aboriginal business owners in Ontario reported a net profit for their previous fiscal year.

Aboriginal business owners in Ontario are more than three times as likely to have experienced a net profit as a net loss for their most recent fiscal year. Three in four (74%) say their business experienced a net profit, and this proportion is highest among organizations with annual revenues over \$100K and those located off-reserve. By comparison, two in ten (20%) say they had a net loss (6% could not say or declined to provide this information). (Q.26)

Net profit or net loss for most recent fiscal year



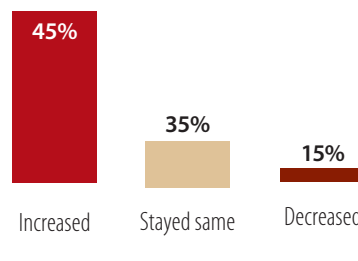
Q. For your most recent fiscal year, did your business experience a net profit or a net loss?

Revenue Growth

Just under half of Aboriginal businesses in Ontario saw their revenues increase from 2011 to 2012, but three-quarters are optimistic they will achieve revenue growth in the next two years.

Aboriginal business owners in Ontario experienced mixed results in terms of the change in gross sales revenues (i.e., the total amount of money received for goods sold or services provided) between 2011 and 2012. Almost half (45%) report increased revenues for the year, compared to one-third (35%) who say revenues stayed the same and 15 percent who say they declined (6% could not say or declined to provide this information). Revenue growth is more widespread among larger businesses (i.e., incorporated with employees) and those located off-reserve. (Q.23)

Change in gross sales revenues 2011-2012



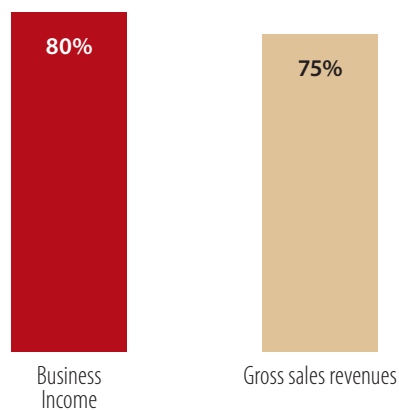
Q. Between 2011 and 2012, did you business's gross sales revenues...?

Aboriginal Business Profile

Steven A. Nolan President/CEO – Earth Energy Concepts Inc.

Steven A. Nolan is a member of the Garden River First Nation and is the President/CEO of Earth Energy Concepts Inc. The business provides quality and energy efficient heating and cooling solutions for both residential homes and commercial properties across Ontario. It specializes in geothermal installation and design for Plumbing and HVAC solutions. Steven's strong leadership and entrepreneurial skills offer a more efficient renewable energy alternative to today's traditional oil and gas heating and as a result, his business is growing rapidly across Ontario. The technology intrigued him enough to form his own company that to this day continues to transform this technology into new markets. The challenge is getting people to understand that geothermal is basically taking the heat and cooling from the ground and transforming it into 21st-century energy savings. Replacing oil and gas with geothermal is only one example of how traditional Aboriginal values are influencing the sustainable business marketplace.

Expect growth within the next two years



Q. Do you expect your business's gross sales revenues to grow within the next two years?

Q. Do you expect your business income to grow within the next two years?

Expectations of future growth. Although only a minority of Aboriginal business owners in Ontario reported revenue growth in the previous fiscal year, they are nonetheless optimistic about future growth. Three-quarters (75%) expect sales revenues to grow within the next two years; only two in ten (21%) do not expect growth. (Q.24)

Perhaps a reflection of their optimism about future revenues, a majority of Aboriginal business in Ontario owners also expect their business income (i.e., the amount remaining after all expenses have been deducted from revenues) to grow in the next two years. Eight in ten (80%) say they expect their business income to grow in the next two years compared to two in ten (18%) who do not (2% are unable or unwilling to say whether or not they expect business income to grow). (Q.27)

Optimism around both revenue and income growth is higher among younger entrepreneurs (under age 45), those in business for five years or less, and those who already experienced increased sales revenues between 2011 and 2012.

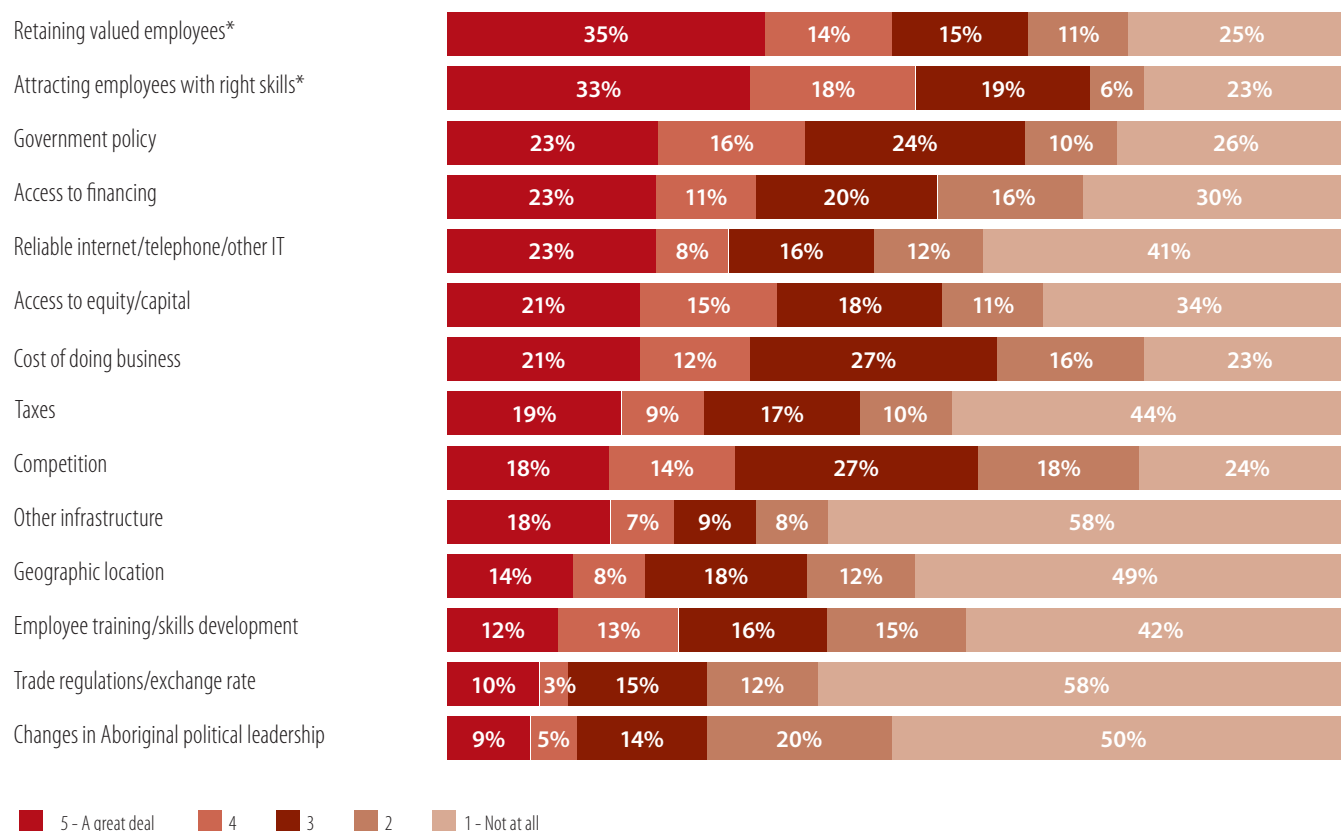
Obstacles to Growth

Attracting and keeping skilled employees are seen as top barriers to the future growth of Aboriginal business in Ontario.

There are a number of growth hurdles facing Aboriginal firms in Ontario. From a list of 14 potential concerns, attracting employees with the right skills (51% rate it as "4" or "5" out of "5") and retaining valued employees (49%) are most widely cited as obstacles to growing their business in the next two years (these data are based on businesses with employees).

Between three and four in ten Aboriginal business owners anticipate growth will be impacted by government policy (39%), access to financing (34%), reliable Internet and telephone (31%), access to equity or capital (36%), the sheer cost of doing business (33%) and competition (32%). (Q.25)

Obstacles to growing business over next two years



* Among businesses with employees

Q. To what extent do any of the following present obstacles in growing your business over the next two years?
Please use a scale from 1 to 5, where 1 means "not at all" and 5 means "a great deal."

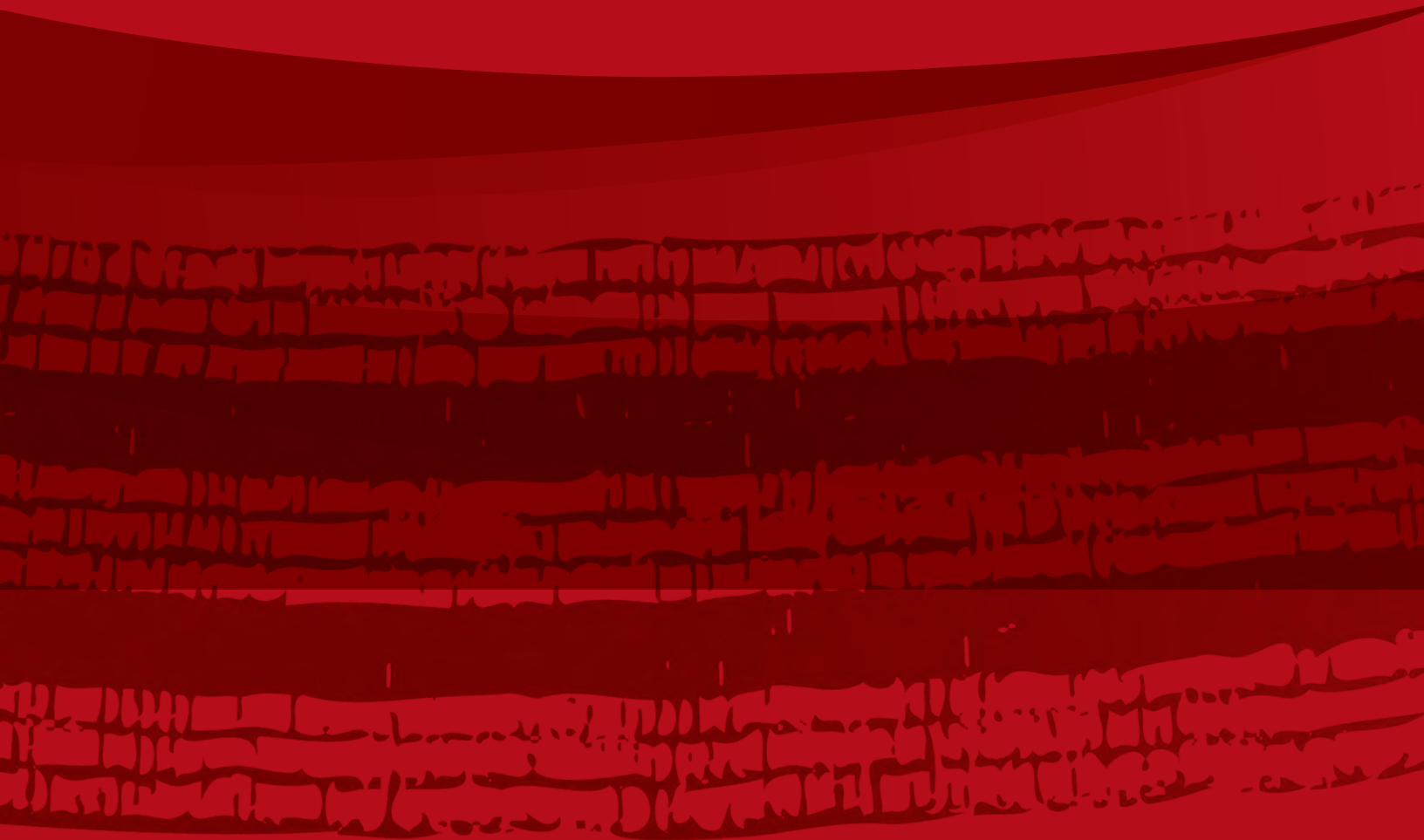
Between two and three in ten also expect taxes (28%), infrastructure other than IT (e.g., electricity) (25%), geographic location (22%) and employee training (25%) to be challenges to future growth. Of least concern to Aboriginal businesses in Ontario are trade regulations and/or the exchange rate (13%), or changes in Aboriginal political leadership (14%).

Business owners who experienced a net loss in the past year display greater concern about access to financing, access to equity and capital, the cost of doing business and taxes than those who had a net profit.

Off-reserve businesses (and thus Métis businesses) are more apt to rate employee retention, government policy and taxes as potential obstacles to growth, while anticipated problems with infrastructure other than IT and changes in Aboriginal political leadership are more common among on-reserve businesses.



5 Growth Factors for Aboriginal Business



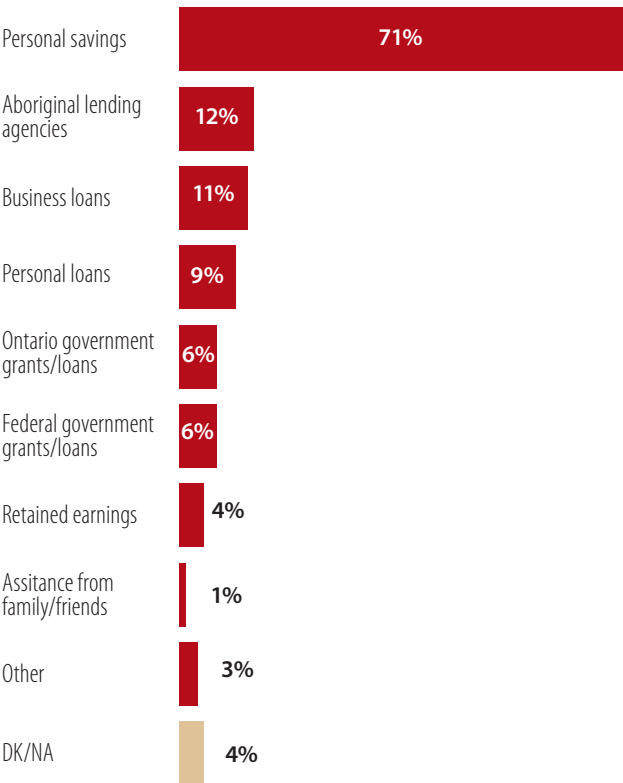
Financing

Aboriginal business owners in Ontario rely heavily on personal savings for start-up financing, and also rank it as a top source of ongoing financing.

Start-up financing. Most Aboriginal businesses in Ontario are dependent on personal savings rather than on loans, equity or debt to start up their business. Seven in ten (71%) of business owners say they used personal savings to start up their business. By comparison, close to one in ten each say they used loans from Aboriginal lending agencies (12%), business loans/lines of credit (11%) or personal loans/lines of credit (9%) for this reason. Small proportions used grants/loans from the Ontario (6%) or federal (6%) governments. (Q.28)

While personal savings is, by far, the most commonly used source of start-up funds across the population, younger entrepreneurs (under 45) are more apt to have used Ontario (14%) or federal (13%) government grants or loans, while older entrepreneurs (45 or older), are more likely to have used personal loans or lines of credit from financial institutions (13%). It may be that younger entrepreneurs are savvier about identifying government financial opportunities and/or more open to using that support.

Sources of financing used to start up business (unprompted)



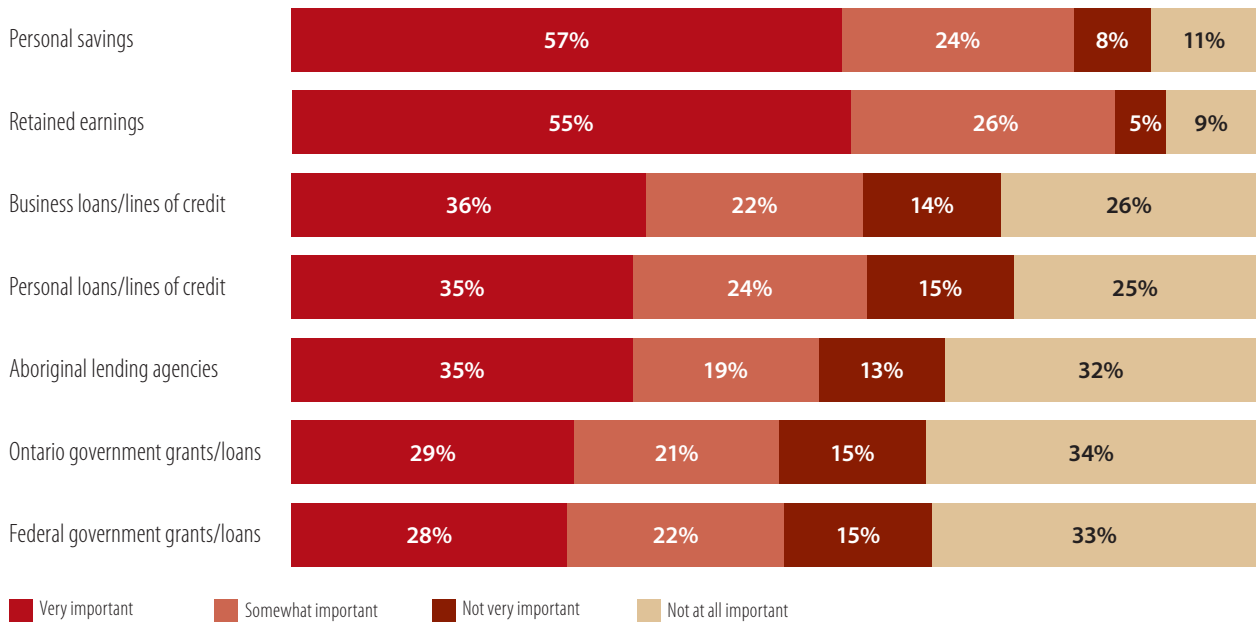
Q. What was the main source of financing you used to start up your business? Did you use any other sources of start up financing?

Aboriginal Business Profile

Cindy Crowe – Cindy Crowe Consulting

Cindy Crowe Consulting represents an Aboriginal consulting firm with its headquarters based in the Blue Sky Community Healing Centre (her own charity) in downtown Thunder Bay, Ontario. Her expertise, skills and experience as an Aboriginal consultant are focused on community engagement, community development and cultural awareness. Cindy Crowe has worked extensively with Aboriginal communities across Ontario and therefore has intimate knowledge and working relationships with Ontario's First Nation communities. Her business has even expanded beyond Ontario and even into the United States. Cindy is a community member of the Robinson-Superior Treaty Area (Lake Helen First Nation) and an Applied Sciences Technologist carrying more than twenty-five years of experience working directly with First Nation and Métis communities and organizations across Ontario. Cindy uses her knowledge to help many northern Ontario Aboriginal communities to liaise between government, industry and business on various projects.

Importance of current sources of financing



Q. Please tell me whether each of the following sources of financing is very important, somewhat important, not very important, or not at all important to your business at the present time?

Current sources of financing. In addition to being the primary source of start-up financing for Aboriginal businesses in Ontario, personal savings are among the most common ways of financing ongoing business operations.

Eight in ten (81%) Aboriginal business owners cite personal savings as a very or somewhat important source of financing to their business at the present time, including 57 percent who say it is very important. Retained earnings are an equally important financing source (81%). Fewer, albeit still majorities, say business loans or lines of credit from financial institutions (58%), personal loans or lines of credit from financial institutions (59%), and Aboriginal lending agencies and capital corporations (54%) are important sources of financing to their business at this time. Half of business owners say the same of Ontario (50%) and federal (50%) government grants and loans. (Q.29)

The importance of business loans/lines of credit from financial institutions is higher among larger businesses (i.e., those with employees, those with revenues of \$500K+), while Ontario government loans/grants are rated of higher importance to businesses without employees.

The importance of current sources of financing also varies by gender and age. Younger entrepreneurs place greater importance on financing from Aboriginal lending agencies, and both the Ontario and federal governments. Business loans/lines of credit and Aboriginal lending agencies are also rated

as more important sources of current financing by men than by women, suggesting that women may have a harder time accessing these sources.

Barriers to capital. When asked what barriers, if any, restrict their access to capital (unprompted, without being offered response options), a majority (56%) of Aboriginal businesses cite at least one barrier. However, there is no common theme among these businesses, who mention lack of collateral (8%), being a new, high-risk business (8%), having too much debt or a poor credit rating (8%), dealing with bureaucracy (8%), and being Aboriginal (7%) as barriers to accessing capital. (Q.30)

Smaller groups (5% or fewer) cite an inability to qualify; being located on-reserve; poor economic conditions; lack of profitability; the amount of time in take to apply/qualify; or, lack of knowledge and/or information as barriers that restrict their access to capital.

Younger entrepreneurs and smaller businesses (i.e., those without employees, those with annual revenues under \$100K) are more apt to say lack of collateral restricts their access to capital.

Innovation

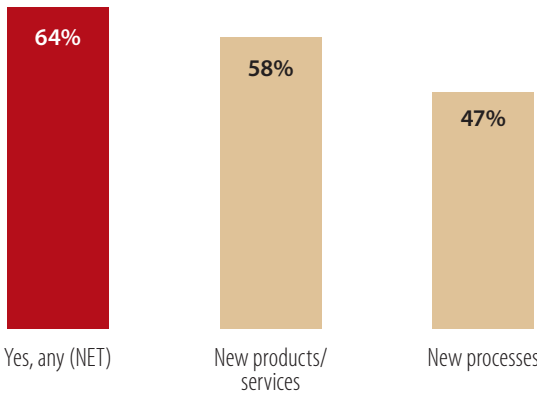
A majority of Aboriginal businesses have recently introduced innovations in the form of new products or services, or new processes.

Aboriginal businesses in Ontario recognize the importance of being innovative. More than six in ten (64%) introduced either new products or services (58%) or new processes (47%) into their business in the past three years. This includes four in ten (41%) who did both. (Q.19)

Aboriginal businesses most likely to introduce innovations in the past three years include larger businesses (i.e., those with employees, those with annual revenues of \$500K+).

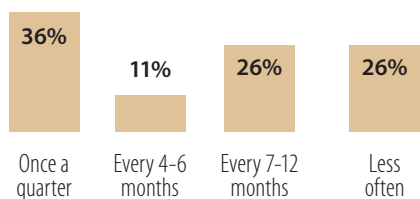
As well, successful firms (i.e., those firms that have been profitable in the past year, had increased sales and expect income growth in the next two years) introduced new products (69% versus 58%) at a higher rate than Aboriginal businesses overall.

Innovation within business in past three years



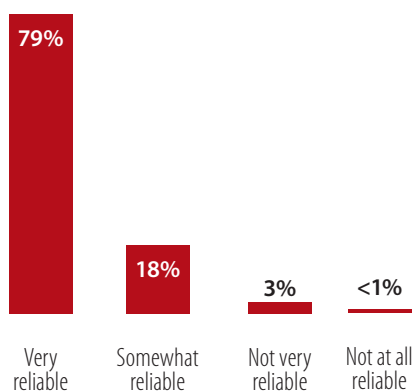
Q. I would now like to ask you about innovation within your business. In the past three years, did your business introduce any...?

How often refer to written business plan



Q. How often do you refer to your business plan to determine the extent to which you are meeting your objectives? (subsample: Businesses with business plans, n=117)

How reliable is your business Internet connection?



Q. How reliable is your business Internet connection? (subsample: Have Internet, n=266)

Business Plan

One-third of Aboriginal businesses in Ontario have a business plan, but half of the most successful business have a formal plan.

Relatively few Aboriginal businesses in Ontario report having a written business plan in place for the past year. One in three (33%) say they did, although this is more common among newer ventures (44% of those firms established in the last five years versus 29% of businesses established 2008 and prior), firms with annual revenues of \$500K+ (49%) and among younger entrepreneurs (48% of those under 45). It is also almost twice as common among successful firms (i.e., those firms that have been profitable in the past year, had increased sales and expect income growth in the next two years) (49%) than others (25%). (Q.18)

About half of firms with a business plan refer to them every six months (47%), while one in four (26%) do so every six months to a year, and the remaining quarter (26%) do so less often. While older entrepreneurs (45 and older) are less likely to have a business plan, those who do have one review it more frequently (i.e., at least once a quarter). (Q.18c)

Valuable resources in writing a business plan. Businesses with a written a business plan cite a variety of resources that were valuable in its development, particularly online resources (18%) and those from business development associations (18%). These businesses also referred to their own personal experience or knowledge (16%), or turned to a consultant (14%), accountant (11%), family member or friend (11%), or other small business owner (11%) for advice. (Q.18b)

Internet and Social Media

Eight in ten Aboriginal business owners in Ontario have a Internet connections, and the large majority consider it be sufficient for their business needs.

The large majority (82%) of Aboriginal businesses in Ontario have an Internet connection. This proportion is lower on reserves (63%) and among entrepreneurs without any post-secondary education (68%). (Q.20)

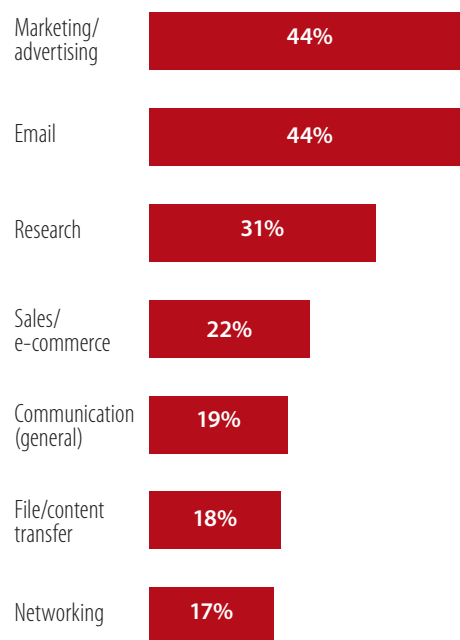
Eight in ten (79%) businesses with an Internet connection say it is very reliable, with most of the remainder who describe it as somewhat reliable (18%); only three percent say their connection is not very or not at all reliable. Internet connection off-reserve are rated more reliable (86%) than those on-reserve (61%). (Q.21)

In addition to their general satisfaction with the reliability over their Internet service, most businesses (86%) say their Internet connection is sufficient to do everything they want related to their business. This view is consistent even among on-reserve businesses (81%), despite the fact that some report having a less-reliable service, suggesting that they are used to managing with the service available to them (even if it is not ideal). (Q.21a)

The Internet is most widely used by Aboriginal businesses in Ontario for attracting customers and managing customer relations, including marketing and advertising (44%), sales/e-commerce (22%) and monitoring the customer experience (10%). The Internet is also used for email (44%) and other general communications purposes (19%), as well as networking (17%). A third theme is research (31%), competitive intelligence (7%) or reading industry blogs (4%). Finally, some companies using the Internet for administrative purposes including file or content transfer (18%), ordering suppliers (11%) or accounting (9%). Perhaps not surprisingly, younger entrepreneurs (under age 45) are more apt to say they use their Internet connection for marketing/advertising and for networking purposes. (Q.21b)

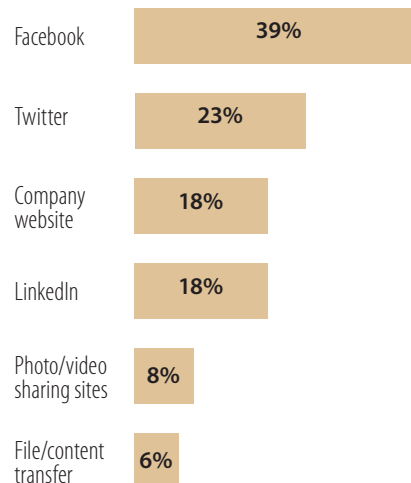
To what extent do Aboriginal entrepreneurs use social media tools in their business? A majority (62%) of Aboriginal businesses in Ontario say they use some form of social media in their business activities, and this proportion is considerably higher among younger entrepreneurs (79% of those under 45) and women (71%). The most widely used social media site is Facebook (39%), followed by Twitter (23%). Almost one in five each report having a company website (18%) or a LinkedIn profile (18%). Fewer use photo or video sharing sites (e.g., YouTube; 8%), Pinterest (3%) or Instagram (3%). Two percent mention that they have their own blog. (Q.22)

How use Internet in your business – top mentions



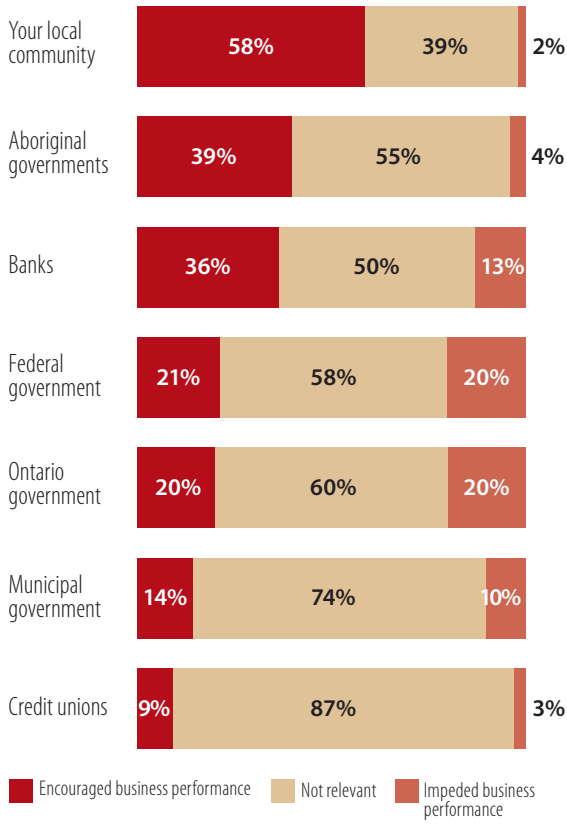
Q. For what purposes do you currently use the Internet in your business?
(subsample: Have Internet, n=266)

Social media tools used in business – top mentions



Q. Which, if any, social media tools do you use in your business?

Role in supporting business



Q. For each of the following organizations or groups, please tell me whether you feel it has encouraged the performance of your business, is not relevant to the performance of your business, or has impeded the performance of your business.

Institutional Supports

A majority of business owners have someone who has provided them with advice about their business. Yet relatively few Aboriginal businesses in Ontario have enjoyed positive support from financial institutions and governments.

Owning a business can be challenging, financially and otherwise, so who do Aboriginal business owners rely on for support?

When Aboriginal business owners are asked which individuals or organizations have been particularly important in providing them with guidance or advice about their business (unprompted, without providing response options), a majority (61%) are able to name at least one resource that has played this role. The most widely mentioned are Aboriginal organizations (17%), followed by family and friends (12%), or other small business owners (11%). Other mentions include business development associations (8%), mentors (7%), accountants (6%), banks or credit unions (4%) or other professional organizations (4%). There are also a few mentions each of Ontario (3%) or federal (2%) government programs. (Q.31)

Aboriginal business owners were also asked which of a range of organizations or groups encouraged, impeded or were irrelevant to the performance of their business. A majority (58%) view their local community as encouraging to their business. Otherwise, it is most common to view these organizations as irrelevant to their business – suggesting that many Aboriginal business owners have not taken advantage of existing programs or services, perhaps due to a lack of awareness of what is available. (Q.32)

Relatively few Aboriginal business owners indicate that any of these organizations are barriers to their business (ranging from 2% to 20%). Moreover, in the case of the community, Aboriginal governments, banks, municipal governments and credit unions, positive involvement is seen to outweigh the negative. However, the federal and Ontario governments are viewed as likely to impede as to encourage Aboriginal business.

Younger business owners (under age 45) are more apt to feel certain external groups are encouraging of their business, including their local community, Aboriginal governments and the Ontario government. These views also vary by business size, with banks and the federal government perceived as more encouraging by companies with higher annual revenues.

Use of Government Programs

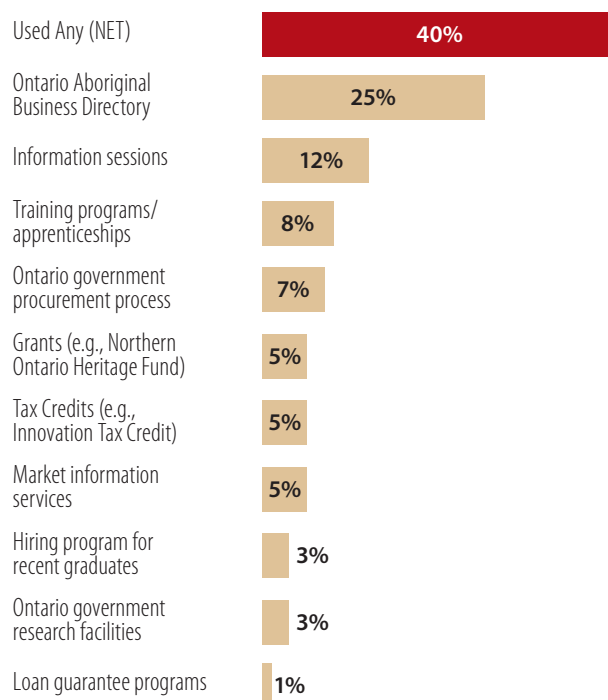
Four in ten Aboriginal business owners have used any Ontario government programs in the past year, while fewer than one in five used a federal government program. Younger entrepreneurs are more apt to have made use of these programs.

Ontario government programs. Four in ten (40%) Aboriginal business owners report using at least one Ontario government program or opportunity in the past year. From a list provided, the most widely used is the Ontario Aboriginal Business Directory, by one in four (25%) businesses. (Q.34)

Use of Ontario government programs is higher among younger entrepreneurs (54% under 45 years of age). Notably, it is lower among business owners without a high school education (27% vs. 45% with at least some college or university experience), suggesting a need to better target programs specifically to this segment.

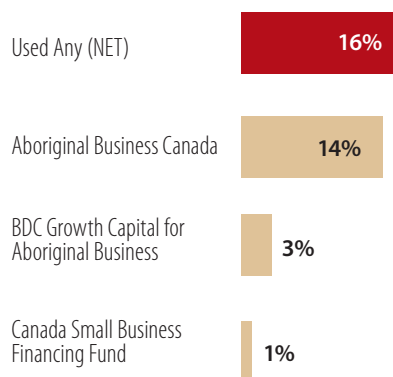
Federal government programs. Very few (16%) Aboriginal business owners report having used a federal government program or opportunity in the past year, although (as with Ontario government programs) this is more common among younger business owners (29% under 45 years of age). From a list provided, the most widely used program is Aboriginal Business Canada (14%), followed by BDC Growth Capital for Aboriginal Business (3%) or the Canada Small Business Financing Fund (1%). (Q.33)

Ontario government programs used in past year



Q. Which of the following Ontario government programs or opportunities did you use in the past year ...?

Federal government programs used in past year



Q. Which of the following federal government programs or opportunities did you use in the past year?



Methodology

These results are based on a telephone survey with 329 First Nations, Métis and Inuit business owners in Ontario, conducted from September 30 to December 6, 2013. The margin of error for a sample of 329 is +/- 5.4 percentage points, 19 times in 20. The margin of error is greater for results pertaining to regional or other subgroups of the total sample.

Sample design

The primary methodological challenge in conducting this survey was defining and locating a representative sample of Aboriginal business owners in Ontario. While there are various organizations that maintain databases of Aboriginal businesses, there is no single, comprehensive sampling frame available for the Aboriginal small business population. The solution was to use the 2006 Census, which provides comprehensive and reasonably current statistics of Aboriginal small businesses, to construct an ideal profile of this population based on Aboriginal identity, business type and size. Quotas were established for these characteristics and interviewing was conducted with the goal of “populating” all these cells until quotas were full.

The sample list of Ontario businesses from CCAB’s 2011 national Aboriginal Business Survey was used as the basis for the current sample frame. CCAB was responsible for updating the list by identifying and mining existing databases and/or lists for contact information for Aboriginal businesses and by networking with a range of organizations to locate willing, qualified respondents. A referral approach (i.e., study participants suggest friends or colleagues as possible new participants) was also employed to boost the sample.

Within this sample frame, respondents were screened to ensure they self-identify as an Aboriginal person and own a business in Ontario.

The final results were weighted by identity group, business size and type. Weights were assigned based on 2006 Census data on Aboriginal entrepreneurs in Ontario.

Questionnaire design

The questionnaire for this research was based on the 2011 Aboriginal Business Survey, with some questions removed and others added to properly address the current research objectives. The questionnaire was designed to include both structured questions, to obtain quantifiable information, and open-ended questions, to capture greater depth and unprompted response to certain types of questions. Input on the questionnaire design was solicited from the ABS Research Advisory Committee and study sponsors.

Prior to the launch of the survey, the questionnaire was pilot tested with “live” respondents. The pilot test consisted of interviews with a small sample of participants, conducted in the same manner as for the full survey. A small number of relatively minor questionnaire changes were implemented following feedback from the pilot test.

Data collection

The extended field period allowed for 29 of the interviews to be conducted in-person by CCAB staff at locations throughout Ontario; the remaining 300 interviews were conducted by telephone from central facilities in Ottawa. All interviews were conducted in English. The survey was conducted in accordance with the standards set out by the Marketing Research and Intelligence Association (MRIA) and applicable federal legislation (PIPEDA).

Completion results

The effective response rate for the survey is 43 percent, which is very good for this type of survey with busy, hard-to-reach professionals.

The response rate is calculated as the number of responding participants (completed interviews, disqualifications and over-quota participants – 403), divided by unresolved numbers (busy, no answer – 328) plus non-responding households or individuals (refusals, language barrier, missed callbacks – 199) plus responding participants (403) $[R/(U+IS+R)]$. The disposition of all dialed sample is presented in the following table. (See opposite page).

We would like to thank Paul-Emile McNab for his contribution to this research.

Dialed sample table

	<i>Number</i>
Total sample dialed	1,514
<i>Unresolved Numbers (U)</i>	<i>328</i>
Busy	2
No answer	72
Answer machine/voicemail	254
<i>Resolved Numbers (total minus unresolved)</i>	<i>1,186</i>
Out of scope (invalid/non-eligible)	453
Non-business	99
Not-in-service	331
Fax/modem	23
<i>In Scope Non-Responding (IS)</i>	<i>199</i>
Refusals – other than respondent (e.g. gatekeeper)	32
Refusals – respondent	55
Language barrier	1
Callback missed/respondent not available	108
Break-offs (interview not completed)	3
<i>In Scope Responding (R)</i>	<i>403</i>
Disqualified	74
Quota filled	0
Completed	329
<i>Response rate [R / (U + IS + R)]</i>	<i>43%</i>

Respondent profile

The table below presents a profile of the final weighted sample of Aboriginal business owners in Ontario, by both personal and business characteristics.

Personal characteristics

Identity	%
Métis	59
First Nations	43
Inuit	<1
Gender	
Male	60
Female	40
Age	
Under 35	9
35 – 44	22
45 – 54	27
55 – Older	37
Education	
Did not complete HS	14
HS graduate	11
Some post-secondary	13
Completed college	25
Completed university	21
Post-graduate studies	16

Business characteristics

Type of Business	%
Sole proprietorship	67
Corporation	22
Partnership	11
Size of Business	
No employees	65
Employees	35
Sector	
Service	62
Secondary	22
Construction	9
Primary	7
Year Established	
Over 15 years (prior to 1998)	32
6-15 years (1998 – 2007)	39
Past 5 years (2008 – 2013)	29
Annual Sales Revenues	
Less than \$25,000	23
\$25,000 – less than \$100,000	25
\$100,000 or more	24
Refused/no answer	29

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