

Canadian Council for
ABORIGINAL
BUSINESS



Community and Commerce

A Survey of Aboriginal Economic
Development Corporations in Ontario

Research Report Highlights 2013



In partnership with

ENVIRONICS
RESEARCH GROUP

About the research

Aboriginal communities are increasingly turning to economic development to improve quality of life and build a bright future for their community members. Aboriginal economic development corporations (EDCs), which are the economic and business development arm of a First Nations, Métis or Inuit government, represent a relatively new approach. These community-owned businesses invest in, own and/or manage subsidiary businesses with the goal of benefiting the Aboriginal citizens they represent.

EDCs in Ontario date as far back as the 1970s and yet very little is known about who and what they are, what makes this business model successful and what holds it back. The Canadian Council for Aboriginal Business (CCAB) embarked on this research, in partnership with the Ontario Ministry of Aboriginal Affairs (MAA), to develop a better understanding of these issues. The research is based on in-depth interviews conducted with 27 EDCs in Ontario between December 11, 2012 and March 25, 2013.

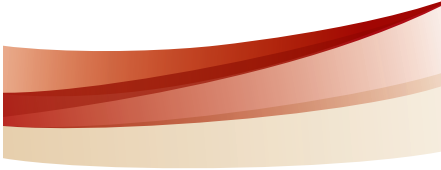


"Our goal and objective has always been to be self-sustainable. For this organization, and then for the community as a whole"

"We have to create an economy amongst ourselves so the dollars circulate amongst our own First Nations"

"Our needs are to educate, educate, educate. We need to build capacity in the community."

EDCs in Ontario are as diverse as the First Nations communities that own them, but a common denominator is the shift in focus from job creation to economic self-sufficiency for their communities.



Ontario EDCs link their success to date to best practices in organizational structuring, planning and relationship building. Vision and determination are also critical to overcoming hurdles that stand in their way.



Goals

- Self Sufficiency
- Job Creation
- Pride and Hope in the community

There is a large range in the maturity and scope of Ontario EDCs. They vary anywhere from 20 years or more in existence (37%) to five years or less (41%). They are involved in a wide range of industries (including energy, construction, services and natural resources) and markets (including local, domestic and international).

Ontario EDCs are relatively small, with three-quarters (76%) that have fewer than 50 employees, and a majority (59%) with total revenues of \$1 million or more for the previous fiscal year.

Yet, jobs and income for the community are no longer sufficient goals for Ontario EDCs. They urge a long-term strategic focus on economic development as a way for communities to become self-sufficient and independent from government support.

They have largely positive perceptions about their success to date, although younger EDCs are more apt to see room for improvement. EDCs are also optimistic about the future, with two-thirds (67%) who anticipate revenue growth in the coming year.

Best Practices

- Separating Business from Politics
- Community Engagement & Support
- Building Strong Relationships

Separating an EDC's activities from band politics while maintaining political support for its mandate is a delicate, but important, balancing act. Strong corporate governance is also critical to running an effective organization. Both of these practices have helped EDCs open doors to valuable partnerships with government and industry.

A strategic plan is a vital tool for business planning, and EDCs are no exception to this. At a broader level, planning is also required to ensure the community comes on board with the EDC's objectives and activities. The key is to involve community members as early as possible (i.e., when the EDC is first being considered), and to engage them frequently through dialogue and transparent reporting.

Some EDCs have found it very beneficial to build relationships, particularly with other EDCs, but also with industry or private sector organizations, as a way to access knowledge/information as well as business opportunities.

EDCs have a clearly defined set of needs and priorities for the immediate future, with capacity building at the top of the list, followed by improved access to financing and a gateway for sharing knowledge (e.g., best practices).

Needs and Priorities

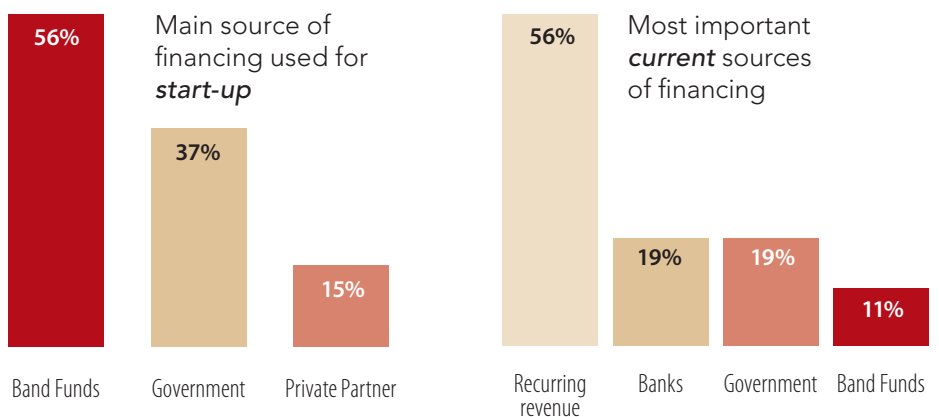
- Education and Training
- Retaining Community Members
- Knowledge Sharing

Education and capacity building are by far the highest priority needs for EDCs, at both the EDC-level (e.g., how to set up and run an EDC; corporate governance) and for the community-at-large (e.g., job and skills training; higher education to ultimately allow them to properly evaluate the EDC's goals). Retention is also a serious issue for more experienced staff, since EDCs don't typically have the resources to adequately compensate individuals with higher levels of education and training.

There is also a need for greater sharing of expertise, knowledge and success stories among EDCs and other experts, to speed up the learning curve and increase the likelihood of success.

Financing Sources

EDCs often look to government and band support at the early stages of business development. Government and community funding then becomes less important as the EDC matures, becomes self-sustaining and can more easily access private funding sources such as bank financing.



Bamaji Aircraft – Source: wasayagroup.com

"In my lifetime, we are going to see our people use the economic capacity we already have to become the business leaders in Northern Ontario."

"Our philosophy as a community has always been to building a winning relationship with all parties involved. It's not just about money."

For the full report please visit www.ccab.com/research