

Canadian Council for  
**ABORIGINAL**  
**BUSINESS**



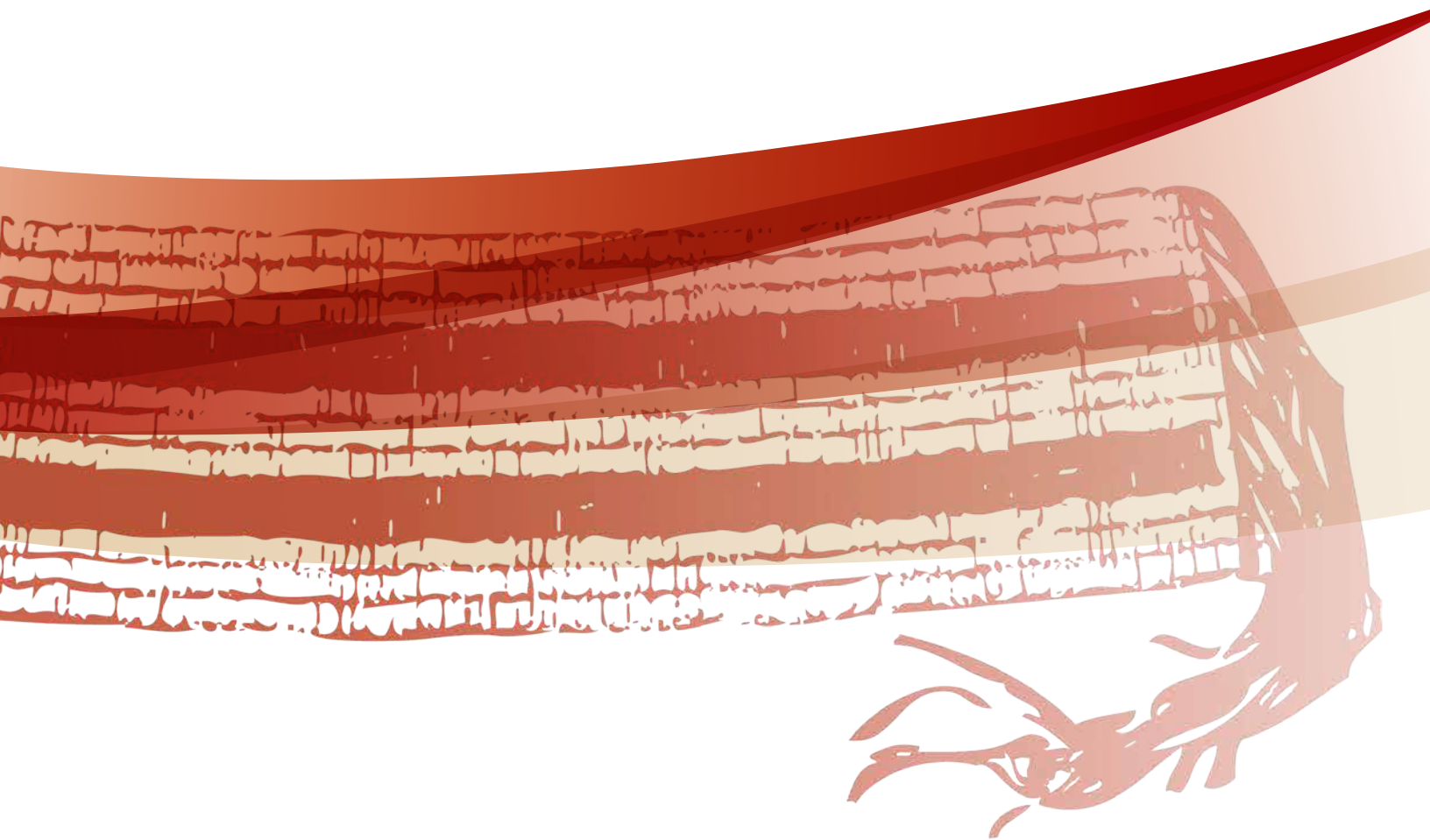
# Promise and Prosperity

2016 Qualitative Research with Aboriginal  
Businesses in Ontario

In partnership with

**ENVIRONICS**  
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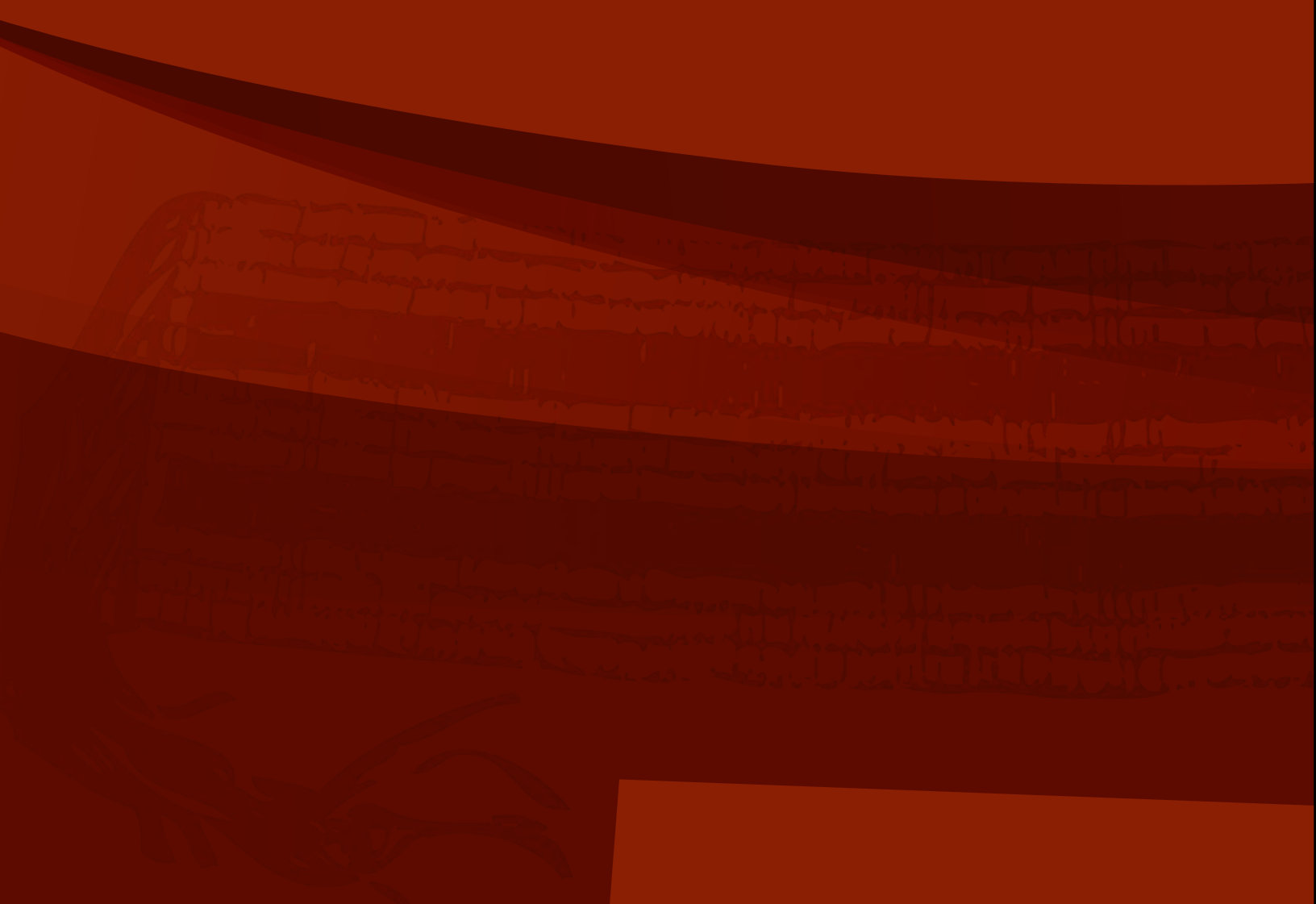
# Table of Contents

## Contents

Executive Summary.....	4
About the research.....	5
Research Highlights.....	6
Next Steps.....	7
Methodology.....	8
Profile of Aboriginal Entrepreneurs in Ontario.....	9
Self-employment among Aboriginal peoples in Ontario.....	10
Degree of business success.....	11
Innovation.....	12
Financing.....	13
Internet and social media.....	15
Use of government programs.....	16
Financing.....	18
Personal experience with financing.....	19
Barriers to financing.....	19
Lessons learned.....	23
Geography.....	25
Challenges.....	27
Buying local.....	29
Infrastructure needs.....	29
Digital age.....	30
Government Procurement.....	34
Conclusions.....	37

# 1

## Executive Summary



## About the Research

The Canadian Council for Aboriginal Business (CCAB) leads a groundbreaking research program that has produced a unique body of knowledge about community-owned and private Aboriginal businesses in Canada and the factors that lead to their growth and success. One of these research studies was the *2014 Promise and Prosperity: Ontario Aboriginal Business Survey*. The 2014 research identified several themes highlighting opportunities and challenges faced by Aboriginal businesses, including financing, skills training and digital connectivity.

In partnership with the Ontario Ministry of Indigenous Relations and Reconciliation, CCAB embarked on the current research, the *2016 Promise and Prosperity: Qualitative Research with Aboriginal Businesses in Ontario*, to expand on some of these themes. Through a mix of focus groups and in-depth individual interviews, CCAB's goal is to develop a deeper understanding of how these issues affect Aboriginal businesses. Ultimately, CCAB hopes the findings will be widely used by Aboriginal communities and governments, as well as mainstream businesses and governments, to understand how they can most effectively support Aboriginal businesses in Ontario.

### Research Steering Committee

**Alicia Dubois** is the Market Vice President, Indigenous Markets, at CIBC. Prior to her career in Indigenous banking, she practiced law in Toronto at Native Child and Family Services of Toronto.

**Cherie L. Brant** is a Partner at Dickinson Wright, where she provides strategic counsel to several First Nations and industry clients. She has been named one of Lexpert Magazine's Rising Stars, Leading Lawyers Under 40.

**Elder Duke Redbird** is an established Indigenous intellectual, poet, painter, broadcaster, filmmaker and orator. In 2005 Dr. Redbird was honored by the Native community and recognized as an Elder and Wisdom Keeper.

**Guy (Pizhew) Freedman**, President and Senior Partner of the First Peoples Group, is an entrepreneurial leader and talented facilitator. Pizhew (Lynx) of the Lynx Clan is a thought leader on contemporary Indigenous issues.

**Kenn Ross** is an Indigenous Relations Advisor at Ontario Power Generation. Ross gained experience through his work with CIBC, Bank of Montreal, Miziwe Biik Development Corporation and the Toronto 2015 Pan Am/Parapan Am Games.

**Paul Robinson** is principal shareholder and Chief Executive Officer at First Canadian Property Investments Ltd. Robinson has been active in assisting First Nations to finance land claims litigation, and capital projects.

**Scott Patles-Richardson** is the CEO of Infinity Investments, a company wholly owned by the Métis Nation of Ontario (MNO). Patles-Richardson has over 20 years' experience in finance, corporate development and leadership roles in corporate banking and private companies.

## Research Highlights

- Ontario has the largest Aboriginal population in Canada and accordingly, the largest number of Aboriginal entrepreneurs. According to Statistics Canada there were more than 10,000 self-employed Aboriginal peoples in Ontario in 2011, an increase of 17% from 2006.
- The findings of the CCAB's *National Aboriginal Business Survey* reveal that most Aboriginal business owners in Ontario are positive about what they've achieved to date. They report strong improvements in their reported profitability and revenue since 2010, likely due at least in part to the increased number introducing innovative new products, services or processes.
- Entrepreneurs need money at all stages of the business cycle, including at start-up, to fund daily operations like paying for materials and employees, and to fund growth, whether that means more capacity, new products and services, or a new building. Access to financing continues to be an issue for many Aboriginal business owners in Ontario, and the qualitative research suggests two overarching reasons for this:
  1. Structural issues related to how financing is organized and administered, including difficulties locating funding opportunities, meeting lending requirements (hampered by a lack of capital or collateral), navigating the application process, and coping with the long waiting period for approval which can cause businesses to miss out on opportunities.
  2. Lack of experience with and understanding of financial management, and negative perceptions of debt tools and of the mainstream financial institutions that provide them, all of which are consequences of the social and economic exclusion of Aboriginal peoples in Canada.
- Geography doesn't dictate whether or not one can do business, but it does factor into the type of business that will be successful. Aboriginal business owners consider market access, weighing the availability of a local clientele, and the need for marketing to more distant customers, as well as the extent of their competition. Geography also poses challenges in the form of additional overhead such as shipping costs, labour market access and a lack of community support for and understanding of business endeavours.



- There is a general consensus among Aboriginal entrepreneurs about the value and importance of an Internet presence for their business. Many rely on Facebook because it is free and easy to use. The barriers to developing a more sophisticated web presence include a lack of skills, time, and cost. Access to high-speed Internet access was identified as the major infrastructure gap for Aboriginal businesses; the *National Aboriginal Business Survey* revealed that almost four in ten Aboriginal business owners in Ontario do not have a reliable Internet connection.
- Participants were generally aware that government procurement opportunities exist, but few have had experience with the process. The main limitation appears to be that the size and scope of tendered projects are beyond the capacity of these typically small businesses. Recommendations for government include sub-dividing opportunities into smaller parts and encouraging larger organizations to use Aboriginal subcontractors. There is also recognition that partnerships with more established companies can help Aboriginal businesses get on board with projects that they otherwise might not be able to access.

## Next Steps

Based on the findings of this research, the CCAB proposes the following next steps for consideration by governments, corporate Canada and other organizations, including Aboriginal business owners themselves:

1. **Consider ways to alleviate the structural barriers to financing.** This research provides a more nuanced picture of the obstacles that Aboriginal business owners face in their efforts to locate, apply and qualify for funding for start-up and growth, all in sufficient time to take advantage of the opportunities in front of them.
2. **Support the development of business relationships for Aboriginal entrepreneurs.** There is widespread desire for networking opportunities with other business owners (both Aboriginal and non-Aboriginal), to learn from the experiences of others, and to access mentors. Increasing the availability of this type of support will help build a stronger knowledge base and reinforce the best practices that lead to business success.
3. **Do your due diligence in terms of business planning and market analysis.** A successful business is possible regardless of geography, whether it be Toronto or Fort Frances, or somewhere in between. But different types of businesses are better suited for different geographies, and entrepreneurs can benefit from taking the time to understand whether a business idea represents a true opportunity in their area.

The CCAB wishes to thank the Government of Ontario for funding this project.

Without their generous contribution, this initiative would not have been possible.

4. **Develop innovative and practical solutions to scale procurement opportunities to small Aboriginal businesses.** While these businesses may not have the capacity or resources to be the lead supplier on government contracts, many are well-positioned to be a second or third tier subcontractor. We encourage governments to refine their procurement processes to incentivize suppliers to use the good and services of Aboriginal firms.
5. **Make use of economic development as a tool to create a virtuous cycle for Aboriginal communities.** Support for Aboriginal entrepreneurship – which generates significant own-source revenue - represents a necessary component of any strategy for creating positive, long-term social outcomes for Aboriginal peoples.

## Methodology

The results are based on five focus groups and nine in-depth individual interviews (IDI) conducted with business leaders in Fort Frances, Kenora, Manitoulin Island, Sault Ste. Marie, Sioux Lookout, Sudbury, Thunder Bay and Toronto, between January and March 2016. Research participants were Aboriginal business owners representing a wide range of industries, including natural resource development, construction, retail, tourism, hospitality and entertainment, and communications and consulting.

The research is a collaboration between CCAB and Environics Research, one of Canada's leading public opinion research firms. Environics led the questionnaire design and reporting, with input from CCAB and representatives from the Ontario Ministry of Indigenous Relations and Reconciliation. CCAB's research team identified and recruited the research participants, and conducted the focus groups and IDIs.

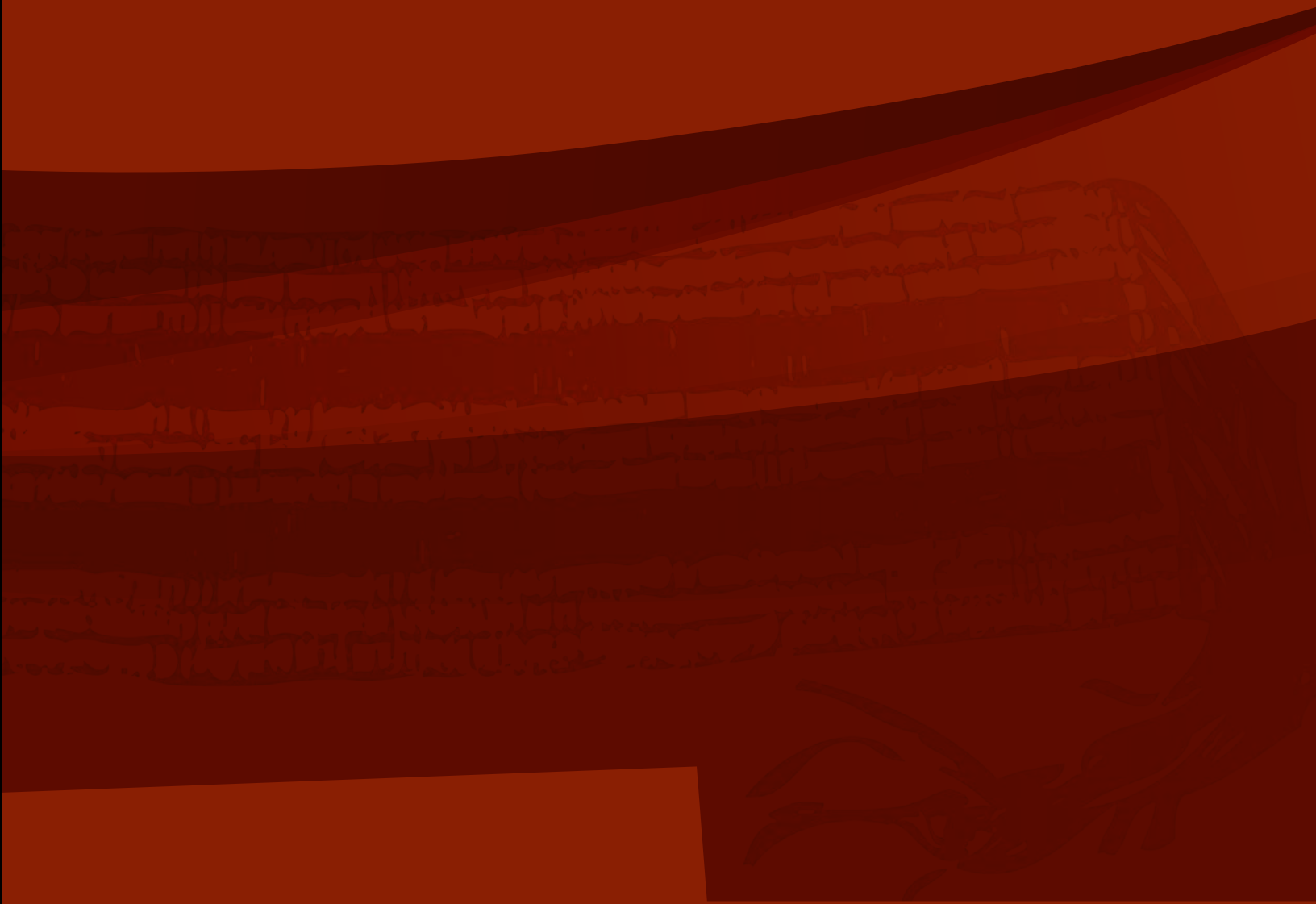
We would like to thank Danbi Cho for his contribution to this research.

Statement of limitations: Qualitative research provides insight into the range of opinions held within a population, rather than the weights of the opinions held, as would be measured in a quantitative study. While the results of the focus groups/IDIs cannot be projected to the full population of Aboriginal businesses, it can be used as directional information in developing policy and communications.

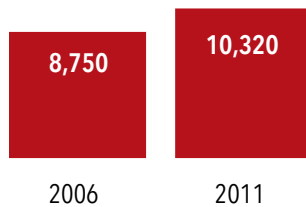


# 2

## Profile of Aboriginal Entrepreneurs in Ontario



## Self-employment among Aboriginal peoples in Ontario



Source: Statistics Canada 2011 National Household Survey and 2006 Census

## Self-employment among Aboriginal peoples in Ontario

The 2011 National Household Survey (NHS) reveals growth in the number of self-employed Aboriginal people in Ontario.

In 2011, 10,320 Aboriginal people in Ontario reported that they were self-employed.<sup>1</sup> This is up from 8,750 in 2006 and represents an increase of 17.1%. This surpasses the growth rate of Aboriginal self-employment in Canada overall (15.6% between 2006 and 2011). It also far exceeds the growth rate for self-employed Ontarians as a whole which actually declined by 2.1% between 2006 and 2011 (from 784,565 to 768,250 self-employed people).

Ontario has the largest number of self-employed Aboriginal people of any province or territory, which is a reflection of having the largest Aboriginal population in Canada. By comparison, self-employed Aboriginal people are over-represented in British Columbia and Alberta, and under-represented in Manitoba and Saskatchewan (in relation to the total Aboriginal populations in those provinces).

### Aboriginal self-employment rates by region (2011)

Region	Aboriginal self-employed population (15+)		Total Aboriginal population (15+)	
	N	%	N	%
Atlantic provinces	2,180	5	71,865	7
Quebec	5,115	12	108,365	11
Ontario	10,320	24	227,240	23
Manitoba	4,250	10	133,170	13
Saskatchewan	3,175	7	103,965	10
Alberta	7,720	18	154,125	15
British Columbia	9,360	22	171,600	17
Territories	905	2	38,275	4
Canada	43,305		1,008,595	

Source: Statistics Canada 2011 National Household Survey

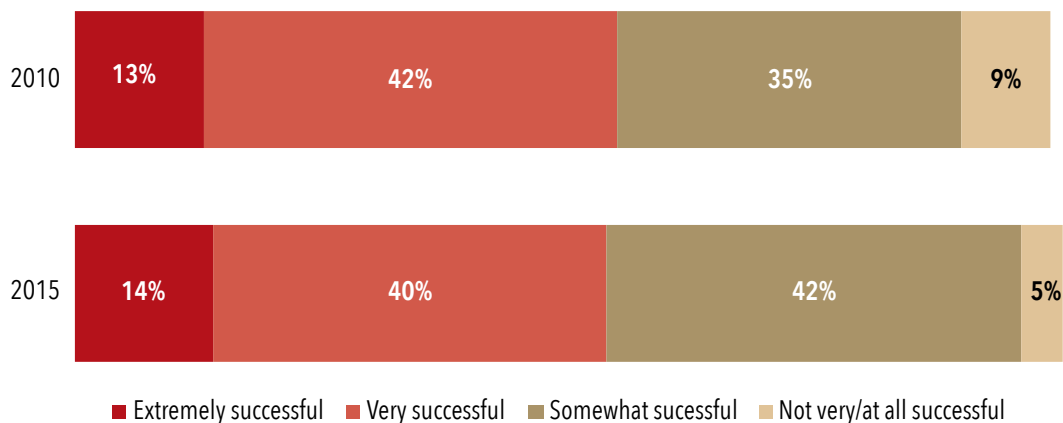
<sup>1</sup> Special Tabulation based on the "experienced labour force population," which includes persons who were employed and persons who were unemployed who worked for pay or in self-employment since January 1, 2010. This definition is used for all statistics that reference the 2011 National Household Survey and the 2006 and 2001 Censuses.

## Degree of business success

Aboriginal business owners in Ontario hold largely positive attitudes about their success to date. This is borne out by strong improvements in their reported profitability and revenue growth since 2010.

**Perceptions.** Based on what they personally hope to achieve, Aboriginal business owners in Ontario are largely positive about their success to date. At a level similar to 2010, more than half (54%) say their business has been extremely (14%) or very (40%) successful, while another four in ten (42%) describe it as somewhat successful. Fewer than one in ten (5%) say it has not been successful.

### Perceptions of business success

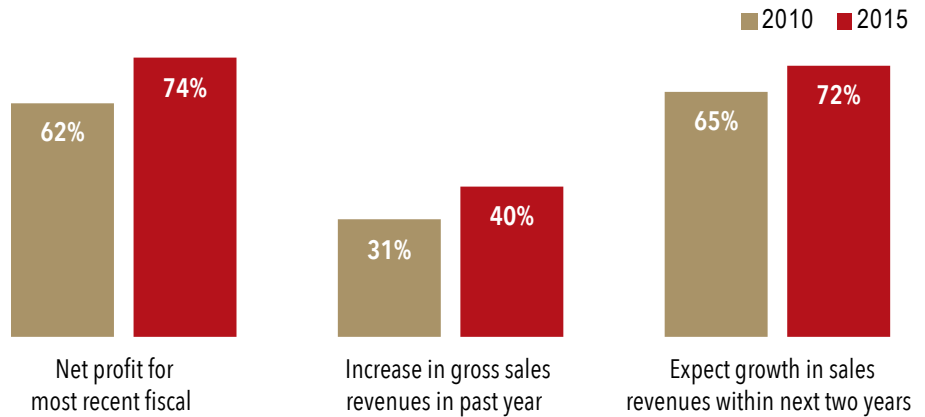


Source: National Aboriginal Business Survey, Ontario results only

Q10. Based on your own personal objectives for your business, how successful do you feel your business has been to date?

**Financial performance.** The optimism expressed by successful business owners is reflected in strong financial performance metrics. The proportion of businesses reporting a net profit (74%, up 12 points since 2010) and increased revenues (40%, up 9 points) have both increased from the previous year. Moreover, a majority (72%, up 7 points) remain optimistic that they will continue to generate revenue growth for the coming year.

## Reported financial performance



Source: National Aboriginal Business Survey, Ontario results only

Q32. For your most recent fiscal year, did your business experience a net profit or a net loss?

Q29. In the past year, did you business's gross sales revenues...?

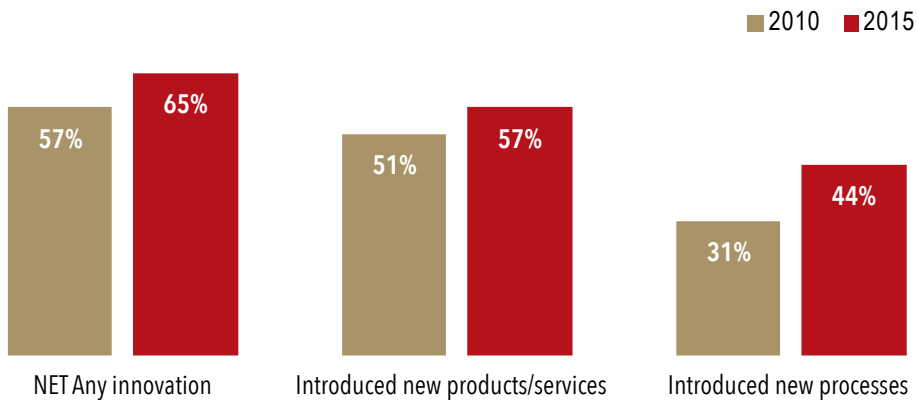
Q30. Do you expect your business's gross sales revenues to grow within the next two years?

## Innovation

The percentage of Aboriginal business owners in Ontario who have recently introduced innovative new products or services, or new processes, has increased since 2010.

Some of the success of Aboriginal businesses in Ontario can be attributed to the increased value they place on innovation. More than six in ten (65%) introduced new products or services, or new processes into their business in the past three years, up from 57 percent in 2010.

## Innovation in the past three years



Source: National Aboriginal Business Survey, Ontario results only  
Q25. I would now like to ask you about innovation within your business. In the past three years, did your business introduce any...?

## Financing

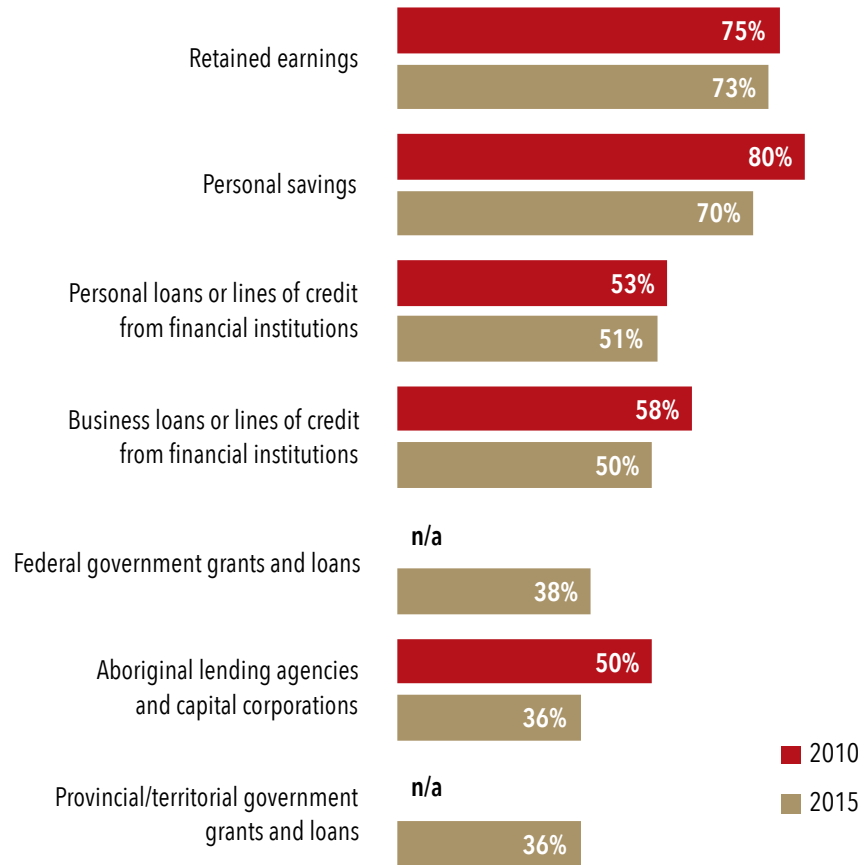
Access to financing continues to be an issue for many Aboriginal business owners in Ontario, who frequently encounter difficulties locating funding sources and meeting lending qualifications.

CCAB's research consistently shows that Aboriginal entrepreneurs have difficulty accessing financing. At the start-up stage, Aboriginal business owners in Ontario rely heavily on personal financing. Eight in ten (80%) owners say they used their own personal savings to start their business, well ahead of business loans or lines of credit (14%) as the next most common source.<sup>2</sup>

When asked to rate the present importance of various funding sources to their business, retained earnings (73%) and personal savings (70%) remain at the top of the list. Financial institutions form a second tier of importance for the 50 percent each who secured personal or business loans or lines of credit. Down 14 points from 2010, 36 percent of business owners say that Aboriginal lending agencies and capital corporations are important sources of financing for them. This number is now similar to the level of importance ascribed to federal (38%) and provincial (36%) government grants and loans.

<sup>2</sup> The data suggests that mainstream businesses have similar difficulties at the start-up stage. Results from Industry Canada's 2014 *Survey on Financing and Growth of Small and Medium Enterprises* indicate that 85% of Ontario businesses with fewer than 500 employees used personal financing (i.e. personal loans, lines of credit or credit cards from financial institutions, and personal savings of business owners) to start their business.

## Current sources of financing



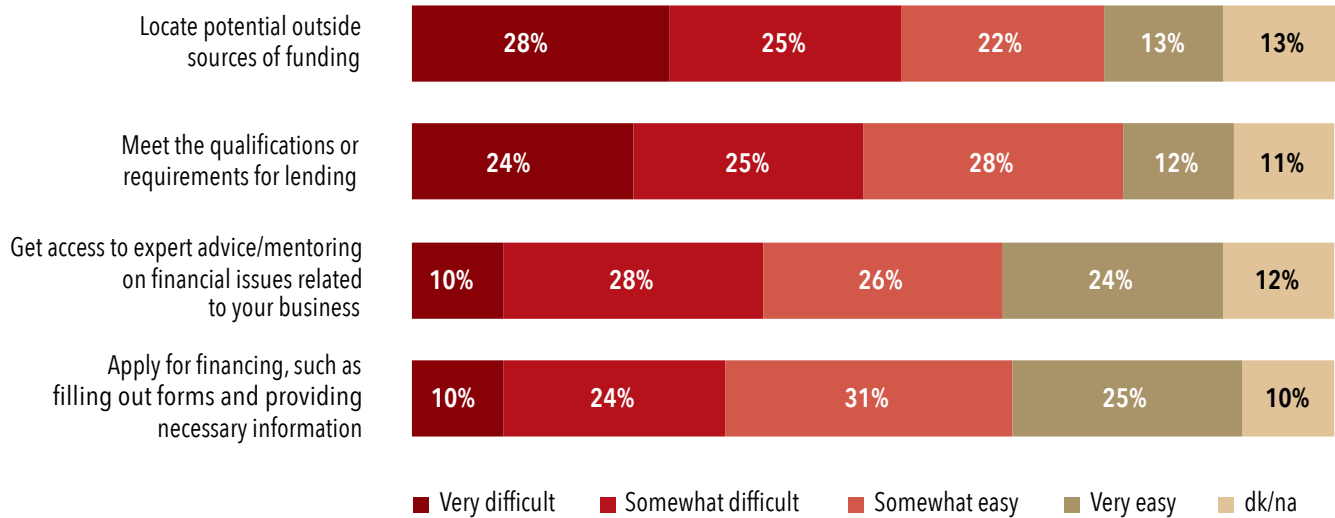
Source: National Aboriginal Business Survey, Ontario results only Q35. Please tell me whether each of the following sources of financing is very important, somewhat important, not very important, or not at all important to your business at the present time?

What are the specific obstacles in the financing process? When asked about four barriers to financing, the biggest challenge is simply finding potential sources. Half (53%) of Aboriginal business owners in Ontario say that they found this to be very or somewhat difficult, in their own experience. Additionally, once lenders or programs are found, half (49%) also found it difficult to meet the lending qualifications or requirements.<sup>3</sup> By comparison, only about one in three say it is difficult to access expert advice or mentoring on financial issues (38%), or navigate the application process (34%).

<sup>3</sup> While the survey did not explicitly define "lending qualifications or requirements", section 3 of this report elaborates further on the types of barriers that Aboriginal business owners encounter, ranging from lack of capital or collateral, to requirements for business plans, feasibility plans, matching funds, credit history checks, co-signers, to meeting the definitions of "Aboriginal: or fitting a specific industry type.



## Ease or difficulty of obtaining various types of financial support

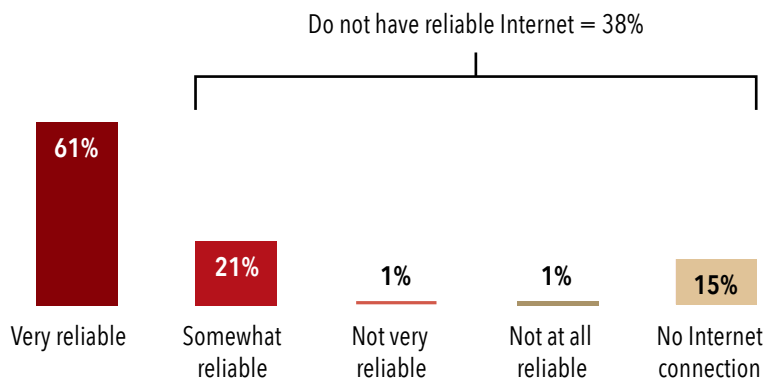


Source: 2016 National Aboriginal Business Survey, Ontario results only Q36. In your experience as a business owner, are each of the following very easy, somewhat easy, somewhat difficult or very difficult to do?

## Internet and social media

The Internet is not universally available to Aboriginal business owners in Ontario. A majority (61%) of owners say they have a very reliable connection but almost four in ten (38%) either have no Internet connection at all (15%), or one that is less than fully reliable (23%).

### Business Internet connection and reliability



Source: 2016 National Aboriginal Business Survey, Ontario results only Q26 Does your business have an Internet connection? Q27 [IF YES] How reliable is your Internet connection?

To what extent do Aboriginal entrepreneurs use social media tools for business purposes? A majority (69%) of Aboriginal businesses in Ontario that have an Internet connection report some form of social media for business activities, which translates to six in ten (58%) of all Ontario-based Aboriginal businesses.

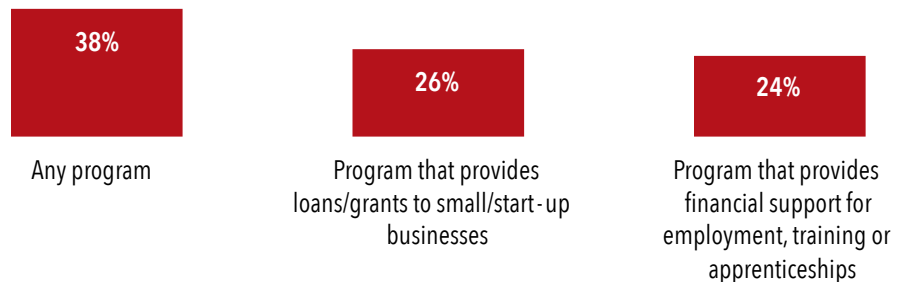
Facebook is the most widely used social media site (55% of businesses with an Internet connection). Three in ten each say they have a LinkedIn profile (30%) and use Twitter (29%), while one in four (23%) have a company website. Considerably fewer use photo (7%) or video sharing sites such as YouTube (4%) or Pinterest (3%), and only three percent say they have their own blog.

## Use of government programs

A substantial minority of Aboriginal business owners in Ontario have accessed a government program, either for start-up funding or to finance human resource development.

Four in ten (38%) Aboriginal business owners in Ontario report using a government program (the question did not specify level of government). Programs that provide loans or grants to small or start-up businesses (26%), and programs that provide financial support for employment, training or apprenticeships (24%), are used at approximately similar rates.

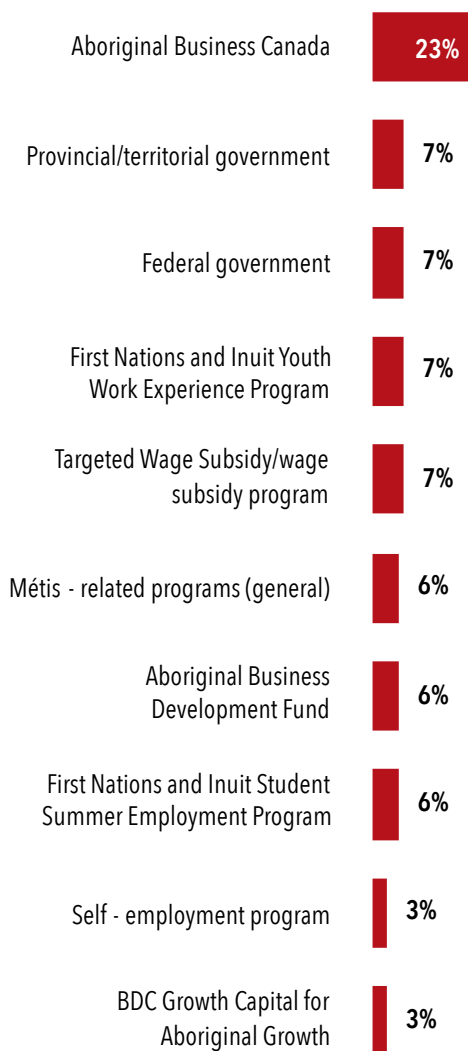
### Use of government programs



Source: 2016 National Aboriginal Business Survey, Ontario results only Q38. Have you ever used any government programs that...?

Among Aboriginal business owners in Ontario that report using government programs, the most widely used program is the now defunct Aboriginal Business Canada (23%). The patchwork nature of programs intended to assist small businesses is evident in the wide range of other programs cited. While the graphic below only illustrates the most frequent responses, 17 different programs (or sources) were mentioned by fewer than five percent of business owners.

### Most frequently used government programs



Source: 2016 National Aboriginal Business Survey, Ontario results only Q40. Which government programs have you used? Subsample: Ever used any government programs (n=130)

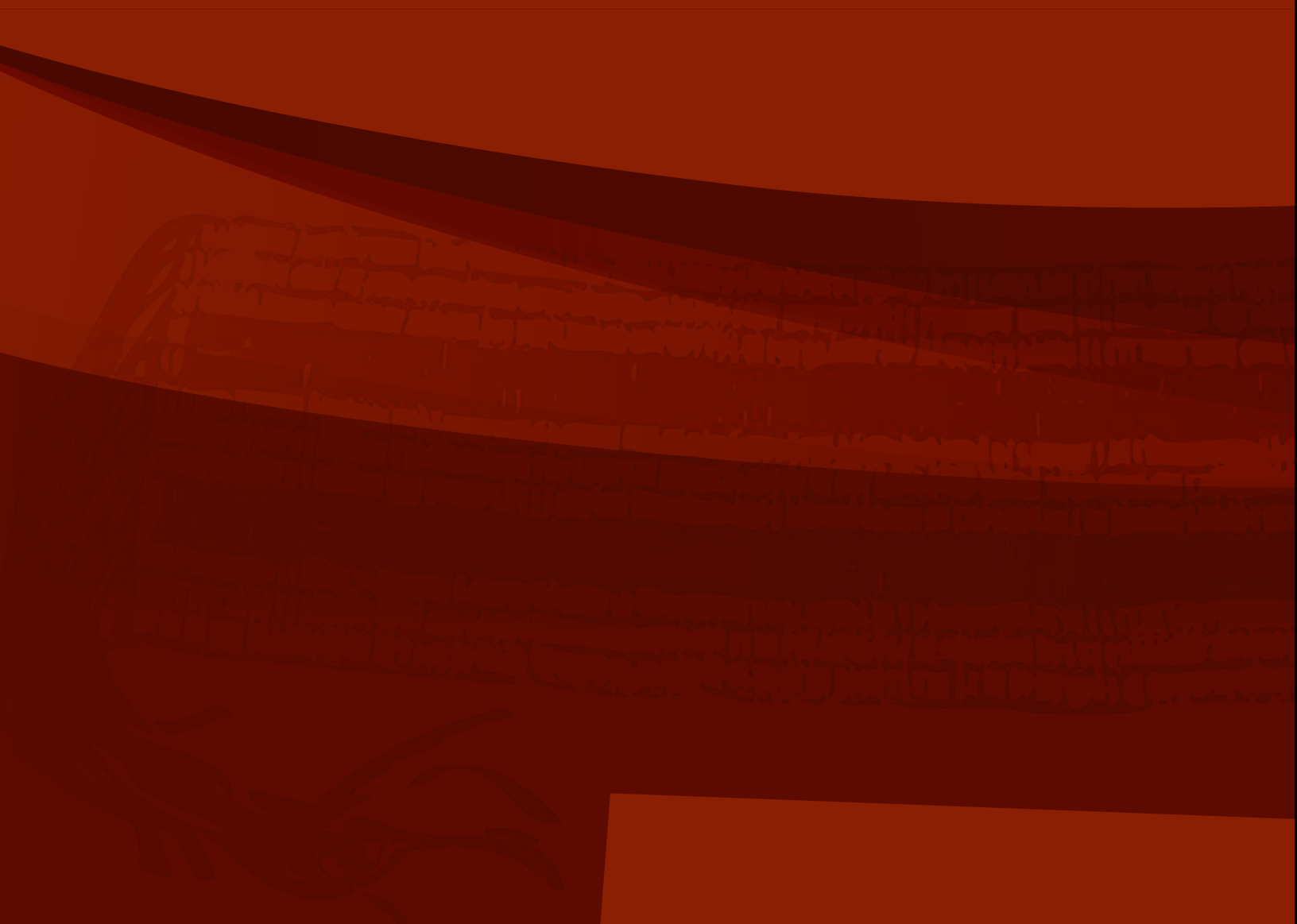
### Red Wolf Mediation David Noganosh, President & CEO

David Noganosh began his company in 2012 with the goal of mediating community conflicts and healing relationships between Aboriginal communities, business, government and non-profits. His practices are a widely-accepted and accredited combination of traditional teachings and wisdom. Everything from the impetus to begin his company, to its name, is based on deep connection to his culture. Red Wolf, his son's spirit name, illustrates the importance of his Aboriginal identity to his practice. Red Wolf is based on a Transformative Mediation model that stresses interest-based problem solving. These combined perspectives give Red Wolf its unique ability to successfully mediate what might otherwise be intractable conflicts.

While Noganosh faced early hurdles trying to obtain financing from traditional banks, he found that he was able to leverage his existing network to increase revenues while keeping operating costs low. To do this effectively, mentors played a key role in imparting critical skills to him early on. As the face of his business, recalls tirelessly calling and "kicking the door down" to make sure Red Wolf acquired top-of-mind presence when organizations need professional and dedicated mediation. His willingness to work tirelessly to find clients and build his business allowed him to overcome traditional financing roadblocks posed by a lack of access to business loans or credit.

# 3

## Financing



The survey findings discussed in the previous chapter demonstrate that access to financing continues to be an issue for Aboriginal business owners in Ontario. Based on the qualitative discussions held with entrepreneurs, this section of the report explores where the bottlenecks exist and what business owners would have like to have known about financing from the start.

## Personal experience with financing.

Consistent with the findings of the National Aboriginal Business Survey, participants in the qualitative research study were most likely to say that they fund their business operations themselves. Those who turned to outside sources of financing are most likely to have used Aboriginal Financial Institutions (AFIs). Experience with AFI programs is generally (but not uniformly) positive. Very few participants successfully accessed financing from banks or other mainstream financial institutions.

*She [the business owner] started little and worked up. The business paid for itself. She never engaged with the banks, but did get help from Waubetek. "Banks are just for chequing accounts..."*

*"I didn't go to a bank, I was guided to Waubetek. I didn't have any difficulties at all. I had to come up with some money [capital] and then was paid a percentage back. Everything was done in a timely manner. It was an easy, positive experience."*

*"You're not going to get any loans as a start-up company that is First Nations-led. If you want to expand, it's going to be through sweat equity, like service agreements. There is no pot of money that we could have got, that I missed."*

*"We are self-financing. [Our recommendation is] just build up your own money. Put your money back into the business. We don't get any income out of the company..."*

## Barriers to financing

What challenges have participants observed in their efforts to finance their businesses? A wide variety of obstacles were identified:

- **Lack of awareness.** Some participants described the difficulties they had locating financing opportunities available to Aboriginal and/or small businesses. Several respondents described the enormous amount of time they spent tracking down this information because there is no existing clearing-house for potential funding sources—time which entrepreneurs cannot spare when dealing with the daily demands of running a business.

*"I don't know where to look for funding. It gets overwhelming. I heard of Waubetek through word of mouth."*

*"Awareness [is a barrier]. We need a central database of accessible financing. I've come across provincial lists, but it's just government grants. It doesn't include Waubetek, it doesn't include non-profits. [Financing] goes beyond the government, but you've got to research it individually."*

- **Risk aversion.** Some participants acknowledged a reluctance to take on the risks associated with debt. This can lead Aboriginal entrepreneurs to keep their businesses small and manageable rather than attempt to finance growth. This is likely related to several other factors discussed throughout this section such as a lack of financial knowledge/expertise, discomfort with mainstream financial institutions and a lack of information about funding sources that don't involve debt.

*"The challenge is finding grant money, money that's not debt. Aboriginal people don't come from old money and the debt and risk deters a lot of people."*

*"I learned when I was younger, if I don't have it, don't borrow it. If I don't have it, I don't need it."*

*"We don't want to get financing... one good thing is we don't owe any money. We've built up slow, and no one comes in asking how much we make. We don't have a monthly loan bill to pay."*

- **Lack of financial knowledge and experience.** Aboriginal business owners acknowledge that they have limited experience with money matters as a result of the economic and social exclusion of their communities. Entrepreneurs typically have an abundance of ideas, creativity and passion, and substantial skills and knowledge about their industry, but they lack a background in finances and effective money management.

*"Contracting is my passion. I had to self-teach about the other [financial] side of things."*

*"It's hard to understand money when you don't come from that. We need to mentor and coach entrepreneurs [who] look like they are going to be successful. Lots don't have education when it comes to money... We need a reach-out program for Aboriginal people ready to take that leap."*



*"My development needs back then were around: what is a business? What's the difference between a sole proprietorship, incorporation, for-profit versus not-for-profit?...Today, my inadequacies are: what does a partnership look like? If I want to put this online, who do I partner with? Who is going to take me where I want to go so I can make a profit out of this?"*

*"A reserve cut off a contract with no advance notice. You need to plan that into your contracts, but no one told me that when I started. Now I'm asking for a 25% booking fee. I've never done that before in six years of business, but I did it this time. It was the best thing ever for the business. Who the heck teaches you that? Nobody tells you the 101s."*

- **Lack of capital collateral.** Aboriginal business owners, particularly those located on a First Nations reserve, are well aware that their access to bank loans is hampered by a lack of capital or collateral. Because they tend to have more assets and a proven track record of success, established and larger businesses are more likely to have accessed bank financing.

*"When it comes to bankers, they want 100% guarantee and no risk. What I do know now, if you have a good steady track record, it's not that hard [to access financing]. For those starting out, it's a real struggle so you need a lot of equity, a lot of security."*

*"Businesses operating on-reserve have lots of issues with [financial] security that makes banks really nervous. They are reluctant to lend money, because there is nothing for the bank to get their hands on if something goes bad."*

*"In the 90s when I was starting out, I went for a \$10,000 overdraft on my bank account. I was a lot smaller then. The final result was 'yes, but you have to give us \$10,000 cash as security' if I had that money, I wouldn't need overdraft! This was even an Aboriginal rep, he was the reason I went to this bank. He tried hard, but in the end called me and said there was nothing he could do."*

- **Discomfort with mainstream financial institutions.** Many Aboriginal business owners are not comfortable working with mainstream financial institutions. Some base this on negative experiences, such as phone calls that aren't returned or the inability to build a trusted relationship because of staff turnover at the bank. This is further complicated by the distrust stemming from the marginalization of Aboriginal peoples in Canada. For these reasons, many participants preferred working with a First Nations financial institution instead of a mainstream one.

*"I would steer others to Waubetek because they understand the difficulties, communities and the culture."*

*"I don't get my calls [to banks] returned. It takes a long time to get their attention."*

*"If everybody quit when the first person tells you no, we wouldn't have business people. I used to be very intimidated by banks and bank managers. I was afraid to walk in and ask for anything. Today, not at all. I'm going to tell you what I want and need."*

*"Banks are difficult. The requirements are harder and difficult to navigate. I pay my bills, I have a mortgage, but I can't even imagine if I didn't have an education but I was trying to start something up."*

- **Complex eligibility requirements and application processes.** Aboriginal business owners criticize how complex the process is to access funding. There are two parts to this. First, the standards and lending requirements vary across programs, institutions and governments. Depending upon the program, business owners may be required to find capital to access matching funds, a co-signer, a business or feasibility plan, or submit to a review of their personal credit history. There were also indications that business owners have not met the required definition of "Aboriginal" or don't qualify as a specific industry type (e.g. "manufacturing" does not cover sewing machines). Second, the process of filling out forms can be difficult, time-consuming and frustrating. Subjective answers can be open to interpretation and many participants want to know how to provide the "right" answers that banks and governments look for, suggesting there is an implicit lack of trust in the outcome of the process. Efforts are needed to streamline lending requirements, simplify the application process, and improve transparency in the lending decision process.

*"I need to know that this is what they're looking for. I need to know what the steps are. If it takes 36 months, okay... I don't want to go through 100 hurdles and then be told no."*

*"I'm working all the time, operating the company, doing the invoicing, I have to be on the job doing the work. It's hard to put a proposal together... It's almost better for companies that are progressing in a good way – there's almost more incentive to just slug it out on our own."*

*"They always require a feasibility study. But we have a business plan, can't a business plan suffice? A feasibility study is a hardship too. You have to pay a consultant for that. Can't you skip certain criteria based on a history of production or on future contracts?"*

- **Timing.** Business opportunities generally happen very quickly and a few Aboriginal business owners pointed out that the extended time frame required to get funding approval from banks and governments can hinder business growth and development.

*“Opportunities happen really quickly. You get a contract, you can’t do it without a piece of equipment, but approvals take eight to 12 months. For commercial lenders, no way, they never touch us.”*

- **Financing growth.** Aboriginal businesses also need financing well beyond the start-up phase when they are ready to take the next step and expand their business. Even if they have self-financed to this point, growth typically requires larger amounts of funding, such as to invest in a new building or new equipment. Latter-stage financing for growth and expansion can be difficult to get because much of the available funding is either earmarked for start-ups or is inadequate for what the business owner needs.

*“I have had small influxes of money. I don’t even know where to go to get bigger financing.”*

*“I’ve put in [funding] applications only to be told, you’re secure enough, you’re okay. I understand you have to put some resources to small start-ups, but don’t abandon us [medium-sized businesses].”*

*“[Financing] is where I do feel like my hands were tied early on...now we’re thinking, how big are we going to be? That’s when you need a lot more capital. If you live on-reserve, your house is not available to lean on, nor is your business, as if you were off-reserve. You have to be more creative.”*

## Lessons learned

Aboriginal entrepreneurs provided some words of advice for other business owners, based on what they would have liked to have known when they were starting out. Two main themes emerged:

- Learn everything you can about running a business but also know that you can’t be prepared for everything.

*“Is your product feasible where you are? Can you ship? Does anyone want your service? You’ve got to do your market research. Lots of people don’t know how to do that.”*

*“I would recommend job shadowing prior to getting into the risk of having your own business. People think it’s glamorous to be a business owner, but it’s not. Approach another Aboriginal business owner and job shadow to learn that way.”*

*“Do a lot of homework before you start your business. Understand financing. And still you’re not going to be prepared!”*

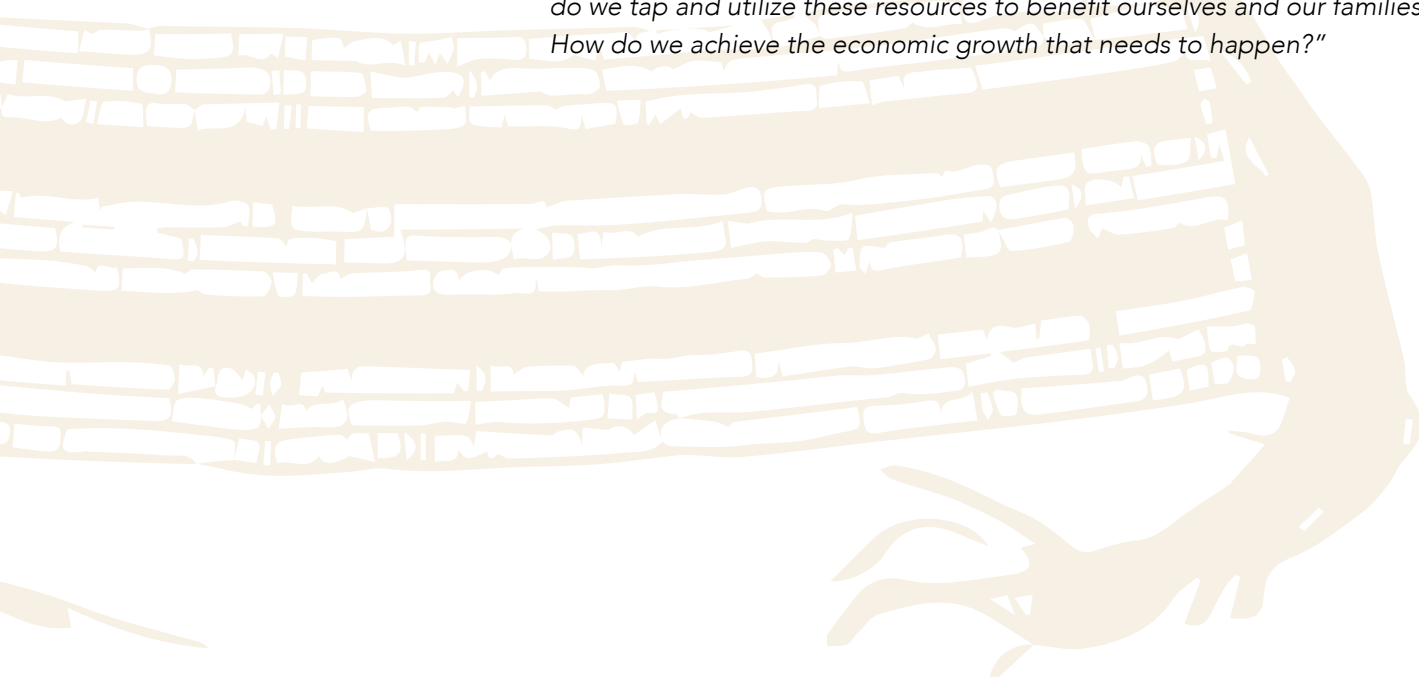
*“[I Would have] planned earlier on for a larger-scale expansion, as opposed to reacting to it. The growth has already happened and we’re still trying to respond and to staff it, and we’ve been in that cycle ever since.”*

- **Persevere.** Recognize that Aboriginal businesses create enormous opportunities and bring substantial benefits to families and communities. Be a supporter and a champion whenever possible.

*“I was going against the nay-sayers. I just blocked it out. They said ‘That’s not going to be possible, how are you going to make it work?’ Don’t listen to what everyone else has to say.”*

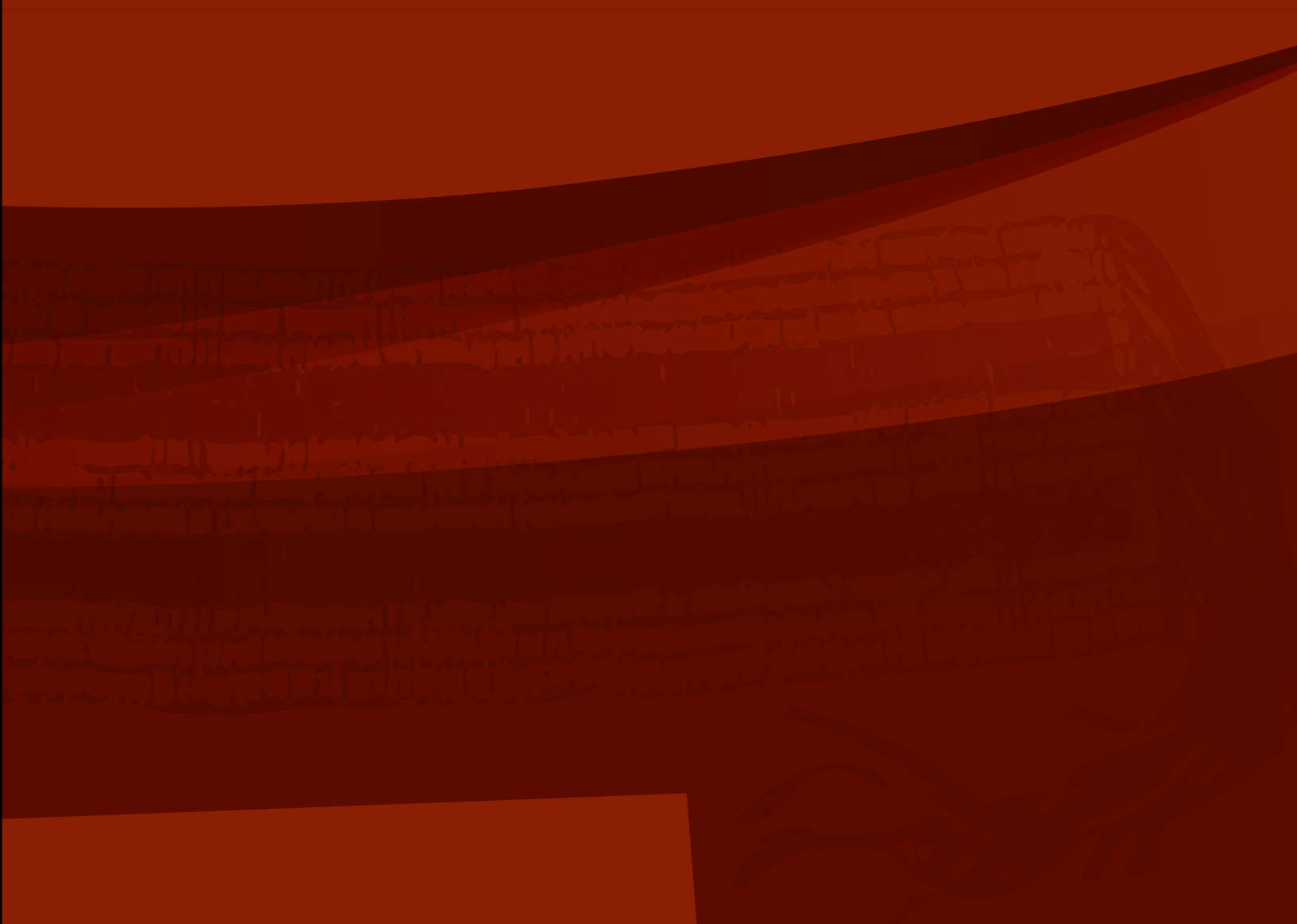
*“Once someone steps outside the box, it turns to nay-saying between them and the community. It’s especially hard for young entrepreneurs, to take the criticism.”*

*“Nobody realizes the potential of working with First Nations businesses. How do we tap and utilize these resources to benefit ourselves and our families? How do we achieve the economic growth that needs to happen?”*



# 4

## Geography



The influence of geography on Aboriginal businesses was another important topic of interest. For this reason, the research was designed to include businesses covering a variety of geographic areas including urban centres, smaller centres, and rural locations in Ontario.

Overall, the consistent theme is that geography is one of the factors entrepreneurs consider when deciding if an industry or business is right for them. They do not choose a business type solely because of their geography or location but confirm that it is an important consideration in the kind of business they want to operate.

*“If you’re going to start a business, the market is going to dictate what business is going to perform.”*

In focus group discussions, the term “geography” was really short-hand for three key considerations: competition, customer base and community.

- **Competition.** Geography is important in terms of the extent to which competitors operate in a given area. Some Aboriginal business owners find themselves in a position of strength because they have little to no competition. This is more likely to be the case for entrepreneurs introducing a new product or service to a more northerly or remote area. Other entrepreneurs find they face a lot of competition in their chosen industry, and in contracting and telecommunications in particular. These owners had to rely on other factors like the quality of their products or services and their Aboriginal culture to set themselves apart.

*“I did some research on how many businesses like this are around. Most come from Southern Ontario. I know I’m the largest in Northern Ontario. I don’t advertise... I built [the business] on reputation, not location.”*

- **Customer base.** Geography also matters in terms of the market access it offers. For retail businesses, it is important to have a high-traffic store-front location. Other entrepreneurs considered whether the local community was large enough to support their business, if customers could be drawn from outlying areas or if significant advertising and client outreach would be required.

*“It’s a small market, but if I have it cornered, I’m the go-to guy. Even though it’s a small group to pull from, but I’m the only one.”*

*“If you are remote, you have to adapt. If a reserve only has 100 people, you have to make a business that pulls people in or directs products or services out.”*



*“Ultimately you have to have quality of service first. In a small market, you have to have the evangelists working for you. If not, it can crumble around you very fast. We have always tried to stay ahead with education and high-level services. That kind of speaks for itself. Geography works for us. People come from far out.”*

- **Community.** Some Aboriginal business owners did not question where they would locate their business: they choose a geographic area because it is home. Whether they or their spouse grew up in a community or they had a personal connection to a place, these participants were not interested in moving elsewhere to pursue business opportunities. In some cases, being at home is what allows them get the business off the ground because they can work out of their house or use an existing family business as a springboard, and grow from there.

*“We own property, we just built [the store] on it... We had a house in the back we weren’t using and we used it until the business got too big and built this one. It sounds easy, but it was actually really hard.”*

## Challenges

Geography also creates challenges for Aboriginal businesses:

- **Additional costs.** In Toronto, it means higher operating or overhead costs. In more distant centres, it means higher shipping costs to bring in supplies, or to deliver to customers.

*“It’s more of a challenge to operate out of here, we don’t have everything at our fingertips. The cost of materials, parts, fuel...”*

- **Labour market access.** In smaller centres or more remote areas, there is a smaller pool of skilled labour to draw from, especially because Aboriginal business owners prefer to hire Aboriginal employees whenever possible.

*“A challenge is finding dedicated employees. We want to hire First Nations and the pool is not as big.”*

*“The limitation is the amount of qualified people to employ, in a small town... and who is going to move to a small town?... Our business needs access to [a natural resource], so we can’t run it out of Thunder Bay, for example.”*

### Whey Smooth Juice Bar Mark Hill, Owner and Operator

Whey Smooth Juice Bar with a vision to provide a healthy alternative to fast food. As an elected member of the Six Nations Council, Hill was always on the go and recognized that there was a lack of healthy options in his home community. He worked diligently to establish a juice bar to ensure his community had an option to optimize their health.

In December 2014, Hill opened Whey Smooth Juice Bar in Six Nations at their Pro-Fit Health Club. This location was strategically chosen based on market research and community feedback.

In terms of establishing a business, Hill’s advice is to do your “due diligence,” researching your business endeavor to the point of exhaustion. He established his business after seeking advice from business consultants and accessed financing through Aboriginal financial institutions (AFI’s). He continues to engage with AFI’s, as he is now positioned to franchise the company in the years ahead.

*"[Has geography affected your business?] Actually it has. I subcontract out most of my labour to places in southern Ontario because there is nobody in Thunder Bay. It is expensive to ship goods from Toronto or Mississauga. So geography has impacted me."*

*"The availability of HR [human resources] is a challenge. You can't just post a job and find someone with three degrees and years of experience. We are looking for specific skill sets, we can't just go out and hire. We are trying to put more effort into developing a workforce... putting more planning into who will be our future employees three to five years from now."*

- **Marketing.** Aboriginal businesses face marketing challenges in getting the word out about their products and services, particularly when their customer base reaches beyond their local area. This challenge extends to networking and relationship-building, and finding the face-to-face time that is particularly valuable in building client relationships and business partnerships.

*"In this area, I don't have as much work. I need to do more in terms of mail-outs, phone-outs, faxing and emails, just having a presence all over the place. Marketing is one of the biggest expenses I have. I think it would be easier if I was in Toronto or Thunder Bay, but I wouldn't want to move there."*

- **Lack of community support.** While many Aboriginal entrepreneurs choose to locate their business close to home, they do not always receive support from the community. Some business owners encounter negative attitudes from community members questioning or casting doubt on their likelihood of success, making it hard for entrepreneurs to believe in themselves. When the political leadership lacks awareness or an appreciation of the value of Aboriginal entrepreneurship, they may be overlooked for contracts or funding provided by the community.

*"I see a new generation [of Aboriginal entrepreneurs] tearing down those barriers. These are people you have grown up with, but unfortunately we haven't been taught to support each other."*

*"Small-town politics on a small reserve, it doesn't take much for a name to get ruined. First Nations have it rough... Don't give up, stay positive, give encouragement instead of bringing people down."*

*"The reality of policy and procedure [in Aboriginal government] doesn't support business... There are things we can change to attract our best and brightest back so they can become our employers and employ six to eight people. There are lots of easy solutions out there but they're not really happening. I would like to see more of that where the business community is truly understood and responded to by the [political] leadership."*

## Buying local

Aboriginal entrepreneurs widely recognize the value and importance of “buying local,” and say they consciously choose to do business with each other and support local businesses. In reality, however, it is easier for Aboriginal business owners to buy consumer goods like groceries than it is for them to get local access to the goods and services they need to run their business. As much as they would like to source their business needs locally, especially in more remote locations, their community does not have the capacity that allows them to do so.

*“I use services locally in our community, for example, plowing. I also support their fundraising efforts. Giving back promotes a lot, it generates business.”*

*“There is no equipment place here. There are a couple of parts people, and I try to buy their parts as much as possible.”*

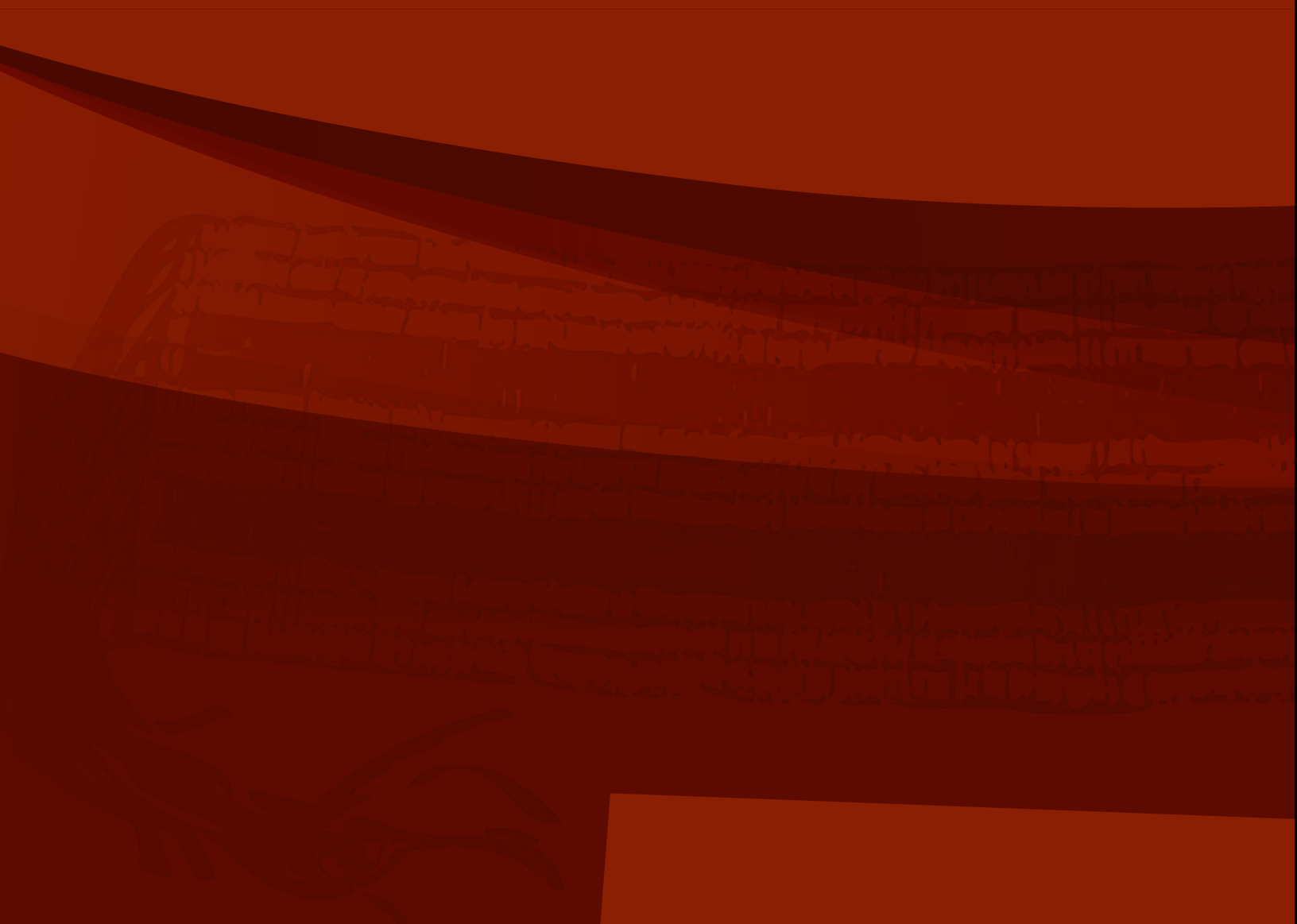
*“Make linkages with other businesses. We make sure they know we are promoting them and we know they are promoting us. Make sure it’s getting done and spreading the loyalty around. We are a contained business community. Yes, you can go elsewhere, but the best services are here and we are closer.”*

## Infrastructure needs

Access to high-speed internet is a major infrastructure gap. Aboriginal business owners are less concerned about electricity and road infrastructure and more concerned about accessing proper facilities and equipment for their business, both of which require financing. Importantly, this does not negate the additional need for infrastructure in Aboriginal communities more broadly, which was not the focus of the question. Ultimately, when asked about their business needs, Aboriginal business owners place greater priority on securing financial investment and support than on infrastructure.

5

# Digital Age



Aboriginal entrepreneurs' familiarity and experience with online content varies widely, ranging from little to none (e.g., "I need to learn more about computers") to advanced use of Google algorithms to optimize web search results. On the less experienced side of the spectrum, entrepreneurs tend to have only a website and/or a Facebook presence. As they become savvier, the number of platforms they use increases to include LinkedIn, Google+, Instagram, Pinterest and Twitter, among others.

Regardless of experience, there is a general consensus that a website is a minimum business requirement. Entrepreneurs recognize that a website serves to validate the business by providing a certain level of comfort to customers. But beyond that point, there are mixed views on the value of online content. Some see it as a way to promote themselves, particularly to overcome distance and geography, and to connect with a wider client or customer base. Other business owners report that the internet has not been very helpful to them and they rely much more heavily on word-of-mouth to find new opportunities. This difference comes down, at least in part, to industry sector: client-facing businesses such as retail sales, consulting and service providers appear much more digitally-oriented, while natural resource development and construction-related firms are less so.

*"[Our website] brings us a wider audience, no question. We sell to other provinces because of it. No, you're either on the Internet these days or you're not in business, that's how it works now. It depends on what field you're in [though]. In our field, you are either on [the Internet] or out of business, there is no in between."*

*"I use [online content] a lot. Every day, we post things on Instagram. Two weeks ago, I went to Toronto for [supplies] and we posted them on Facebook, Pinterest and Instagram and people came to the store... My business is very visual."*

*"Having that online and social media presence has been really key to spreading word of mouth."*

*"We use [the Internet] for communications, e-mail and texting. We have no need to promote ourselves unless we want to advertise for trucking. Our business is normally through word of mouth."*

*"Yes, we have an active website. We put it out there because everyone else has one... We don't rely on it a lot. All our customers like our work, they call us back. The website doesn't create opportunities."*

Barriers that Aboriginal business owners recognize they need to overcome to maximize their online capacity include:

- Finding the time to build and maintain the online side of their business, particularly when their daily business operations are more urgent. For this reason, many business owners mention that while they do have a website, it tends to be fairly static and updated infrequently.
- Lacking knowledge or experience in IT and computing. The ability to build and maintain an online presence is viewed as a specialized skill, akin in some ways to accounting or other business skills. Business owners are generally confident in their ability to provide the product or service that is the focus of their business, but they are less sure of the other skills needed to make their business a success, including their online expertise.
- Cost of technical expertise and training. This is particularly an issue if a business owner needs to hire someone to develop and/or maintain their online presence. The relative popularity of Facebook as a marketing tool is due in large part to ease of use and the fact that there is no cost.

*"I'm too busy, I don't even update my website. I've built plans, and I'm paying for everything...[but] it's impossible to do everything."*

*"We don't have expertise in-house for changes to the website or to add podcasts. We have to seek outside help and there are limited places to go here to get that done and its very costly."*

*"We have a Facebook page...it's really handy, I get excited. Within 10 minutes of posting, we have someone who is interested and within 30 minutes they are in here buying it. We are all about not paying bills, so it's no cost which is better than a web page."*

These obstacles inform the additional types of support entrepreneurs say they would like to have to develop the online side of their business. Some of the initiatives that participants see value in include:

- Funding for training or hiring to set up and maintain their website/social media.
- A centralized database containing business information, best practices, and discussion boards where entrepreneurs can seek help and advice from other Aboriginal business owners.

*"[I would like] to get some type of assistance with developing a website and making it interactive."*



*“I’ve got the content. I need someone who knows how to build it. You can do it yourself using online platforms, but it’s time-consuming and you want to make sure it’s done up to quality... I would feel totally inept doing that.”*

Almost all participants indicated that they would welcome support for building their online presence. This presents a major business opportunity for Aboriginal entrepreneurs with specialized digital skills in online content development and social media management, and for Aboriginal business owners to support community businesses by hiring local talent to develop their online content.

*“Everyone I was coming across, they don’t have time [for online content], they’re running their own business. So that’s where I come along – I see a big niche market there, it’s one of my core services: online and social media management. I get overwhelmed, I have to turn clients away.”*

### **Pontiac Group** Managing partners Jonathon Araujo and Jacob Taylor

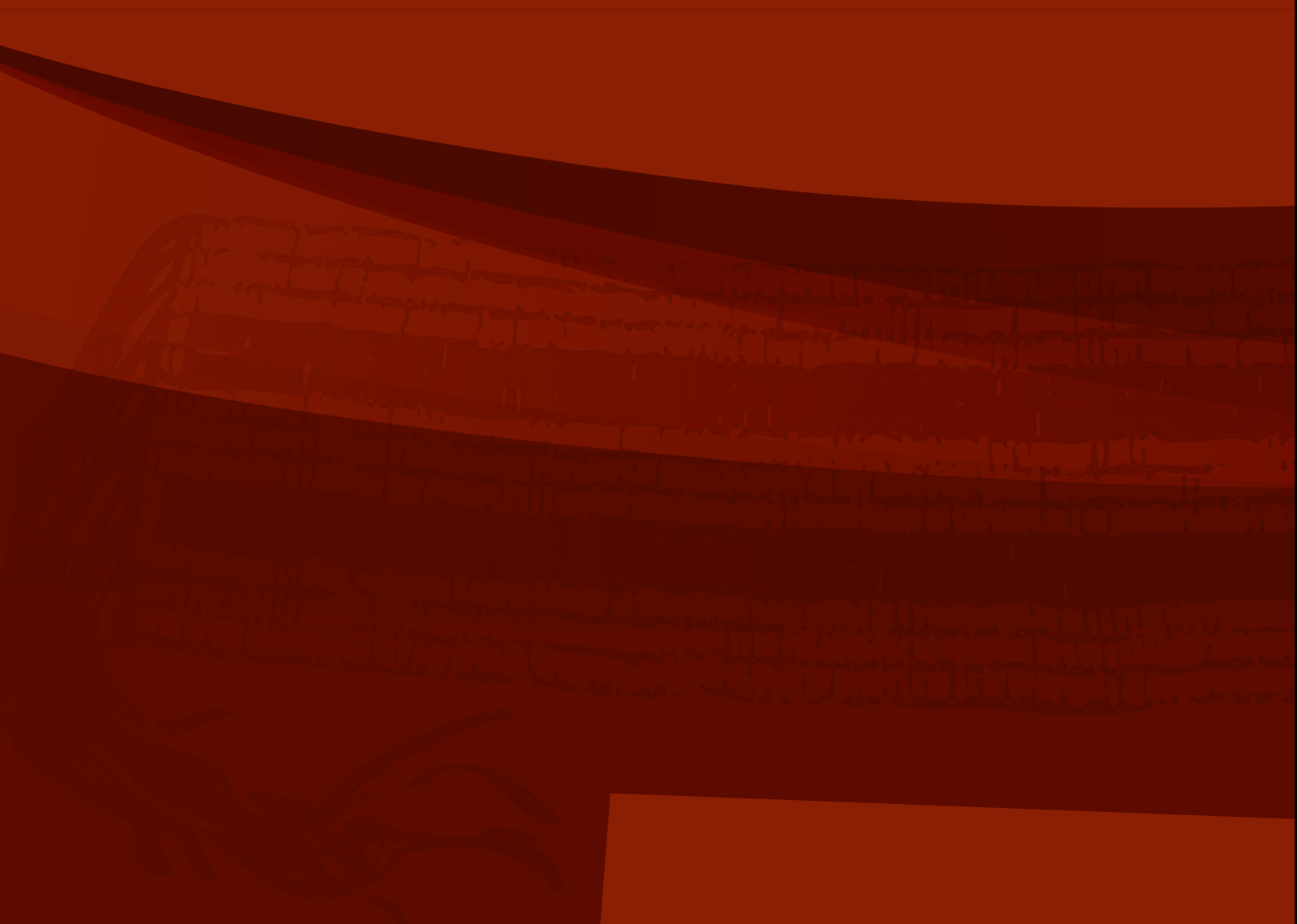
The Pontiac Group describe themselves as “a socioeconomic development firm that supports corporate opportunity on-reserve through capacity building, access to capital, and access to sustainable economic investment opportunities.” Recognizing that there was a lack of cultural professional services provided by Indigenous peoples, managing partners Jacob Taylor and Jonathon Araujo build partnerships and leverage collective interests to maximize the benefits of economic development in Indigenous communities.

The Pontiac Group, a certified Canadian Aboriginal Business through the CCAB, is 100% First Nations owned and operated. The firm derives its name from Odawa Chief Pontiac who in the eighteenth century, sought to unite Indigenous peoples throughout the Great Lakes region for mutual economic and political benefit. Their management consulting services are guided by the same philosophical model of mutual support to facilitate and promote sustainable community development.

The Pontiac Group have established themselves and are recognized internationally as facilitators and relationship-builders who bridge the gaps in Indigenous consultation. Taylor and Araujo, both members of the Anishinabek Nation and prior business-owners, believe that the best investment an entrepreneur can make is in themselves. Their prior business experience enabled them to build sufficient equity to create the Pontiac Group and both believe that to truly succeed, one must immerse themselves wholeheartedly in their chosen field. This dedication is what ultimately contributes to business success.

# 6

## Government Procurement



The Government of Ontario's procurement process is the fourth and final topic explored in this research. While most entrepreneurs are familiar with the term "procurement," and understand what it refers to, a few small business owners, particularly in the retail sector, were not aware at all. A small number of entrepreneurs have had experience with government procurement and these tend to be businesses in the natural resources or construction sectors.

Participants identified a number of barriers to accessing procurement opportunities, including:

- **The perception that the procurement process is difficult to navigate.** Very small organizations have neither the experience nor the confidence to jump right in – they need additional support from mentors or experienced users.

*"I've never [used procurement], it looks hard to navigate."*

- **A lack of opportunities of appropriate size and scope for small Aboriginal businesses.** Concerns were raised that many government procurement opportunities are too large for Aboriginal entrepreneurs to take on single-handedly. Some participants specifically singled out the lack of relevant procurement opportunities related to the Pan Am Games. Business owners would like to see projects and/or Requests-for-Proposals (RFPs) subdivided into smaller parts that are relevant to and manageable for them, or for government to support the use of Aboriginal businesses as subcontractors on larger projects.

*"We are so small. If we bid [on a procurement opportunity], can we actually deliver what they require? Procurement is very scary."*

*"I couldn't bid on those [procurement opportunities], they are too big. I don't have the resources to bid on the whole thing. I'll approach whoever the general contractor is, trying to pick up pieces of the project. Or team up with one of the big companies in town and use their resources to do the bidding. I've done this, but haven't been successful."*

*"[Referring to the Pan Am Games] There was no actual secure amount of work for Aboriginal companies. Nothing for the little guy like me who couldn't take on a \$2-million job."*

*"We [business and government] both have to be on the same page. Our objective is to get us on board, we want to be on board. How do we do that? We can't supply the entire Armed Forces – how do we start?"*

- **A lack of transparency, which has led to distrust in the fairness of the system.** Participants have serious concerns about how contracts are awarded, and believe that a small number of successful bidders have the inside track (i.e., it's about "who you know") or know how to manipulate the system (e.g., low-balling costs to win a job) to their advantage.

*"There is an insider group in Toronto...So because you're my friend, I'm going to give you money to train people on [specific skill set], they don't even have to put out a bid. There is a lot of that going on. I don't even get a chance."*

*"With procurement, everyone says you have to go out and wine and dine. But in this neck of the woods, if it doesn't come out to tender, I'm going to be yelling at someone. I like the tender process. I don't see problems with it. It gives us a fair shake. I would like to see the bonding requirements reduced, to give smaller companies a fair shake."*

*"The idea [of the Procurement Strategy for Aboriginal Business] is good. The delivery, the follow-up, the feedback has fallen off the rails. It's a waste of everyone's time. It doesn't have any leg."*

A few participants mentioned that partnerships with larger and more experienced organizations are an important way to get access to procurement opportunities. They recognize that even this approach isn't without its challenges. Identifying partnerships where Aboriginal businesses truly benefit and getting the necessary buy-in from stakeholders can be difficult.

*"If we enter into an MOU [memorandum of understanding], we want to ensure it's a 'win-win' situation for us. Don't just come to the community and say 'we are going to do this project.' It needs to be a true partnership. We need more education of mainstream businesses to show them the opportunities to partner with Aboriginal businesses and how we can work together."*

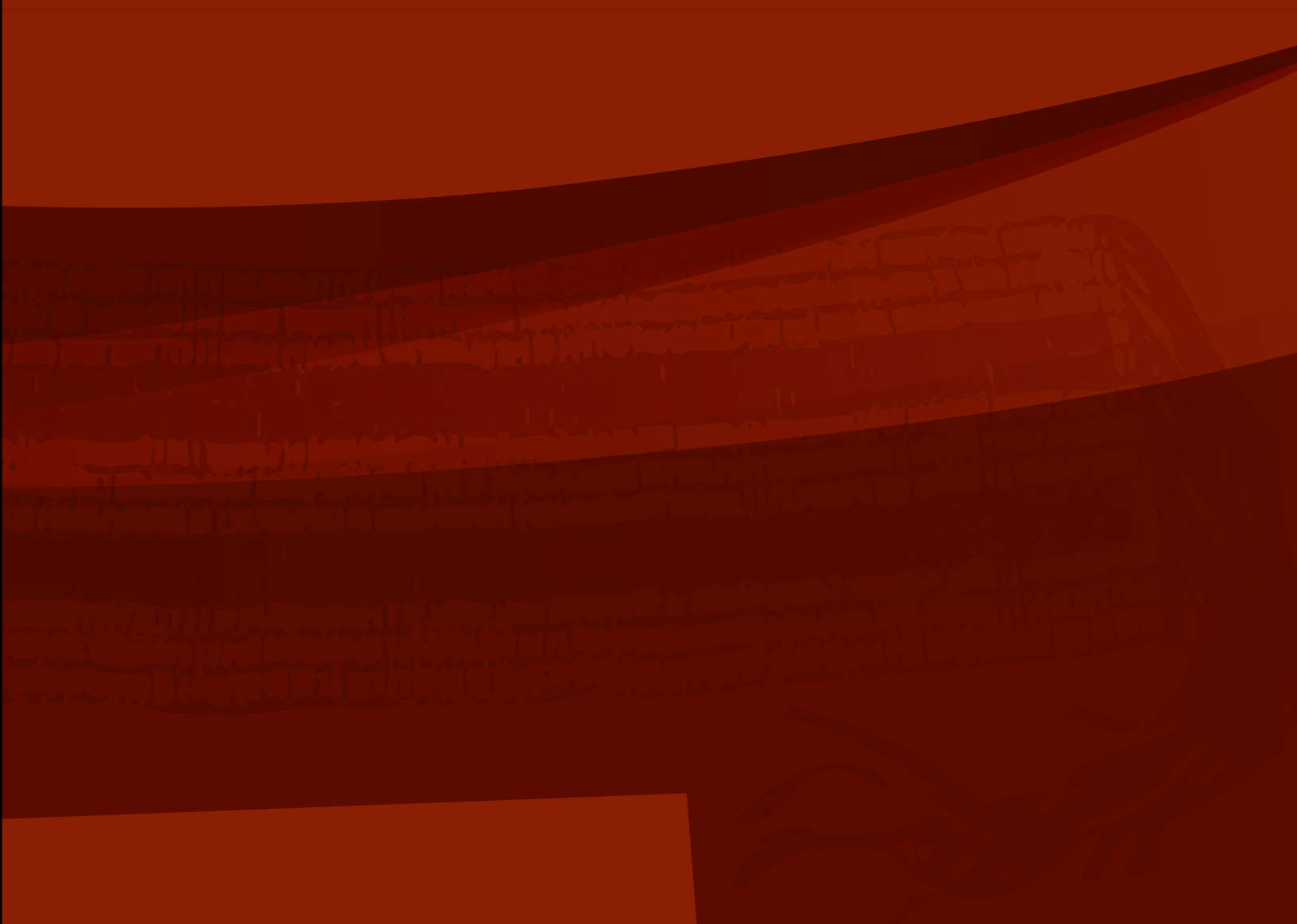
*"Developing partnerships is what we need to do... It's a struggle to get my Council to listen... When dealing with [Band] Councils that don't have [outside] experience, they refuse."*

- **Spin-off businesses.** Participants were asked about the extent to which they see spin-off businesses (e.g., cleaning/maintenance, administrative, financing/bookkeeping, legal or consulting) created as a result of mining, power, or local development projects. Spin-off businesses are a key mechanism for transferring the wealth generated by major development projects to communities, and a lack of such opportunities suggest there are inadequate employment and training opportunities that generate longer-term benefits for Aboriginal peoples.

Aboriginal business owners say they have seen very little evidence of these types of spin-off opportunities. This is not to say that spin-offs are not occurring, but if they are, the evidence is not easily apparent to local entrepreneurs.

# 7

## Conclusions



Aboriginal-owned and operated businesses are increasingly recognized as fundamental to improving the prospects of Aboriginal peoples and their communities. While Aboriginal entrepreneurs certainly face challenges related to things like access to financing, geography, digital connectivity, and government procurement, this research highlights the range of opportunities that exist to address barriers and support the growth and development of Aboriginal businesses in Ontario.

For financing, this means identifying ways to help entrepreneurs locate, apply and qualify for funding opportunities. However, it also has broader implications for supporting Aboriginal peoples' efforts to learn about and navigate the business world. Opportunities also exist to support Aboriginal entrepreneurs in choosing a business and creating a plan that improves their chances for success within their region, whether it be urban, rural or remote.

Similarly, on the digital connectivity front, Aboriginal business owners would benefit from improvements to existing Internet infrastructure in rural and remote areas, but also from programs designed to help entrepreneurs build a strong web presence (either by themselves or hiring an expert).

Government can improve the procurement process by finding ways to scale opportunities to small Aboriginal businesses, by encouraging larger businesses to sub-contract and procure goods and services from Aboriginal businesses in various stages of the supply chain.

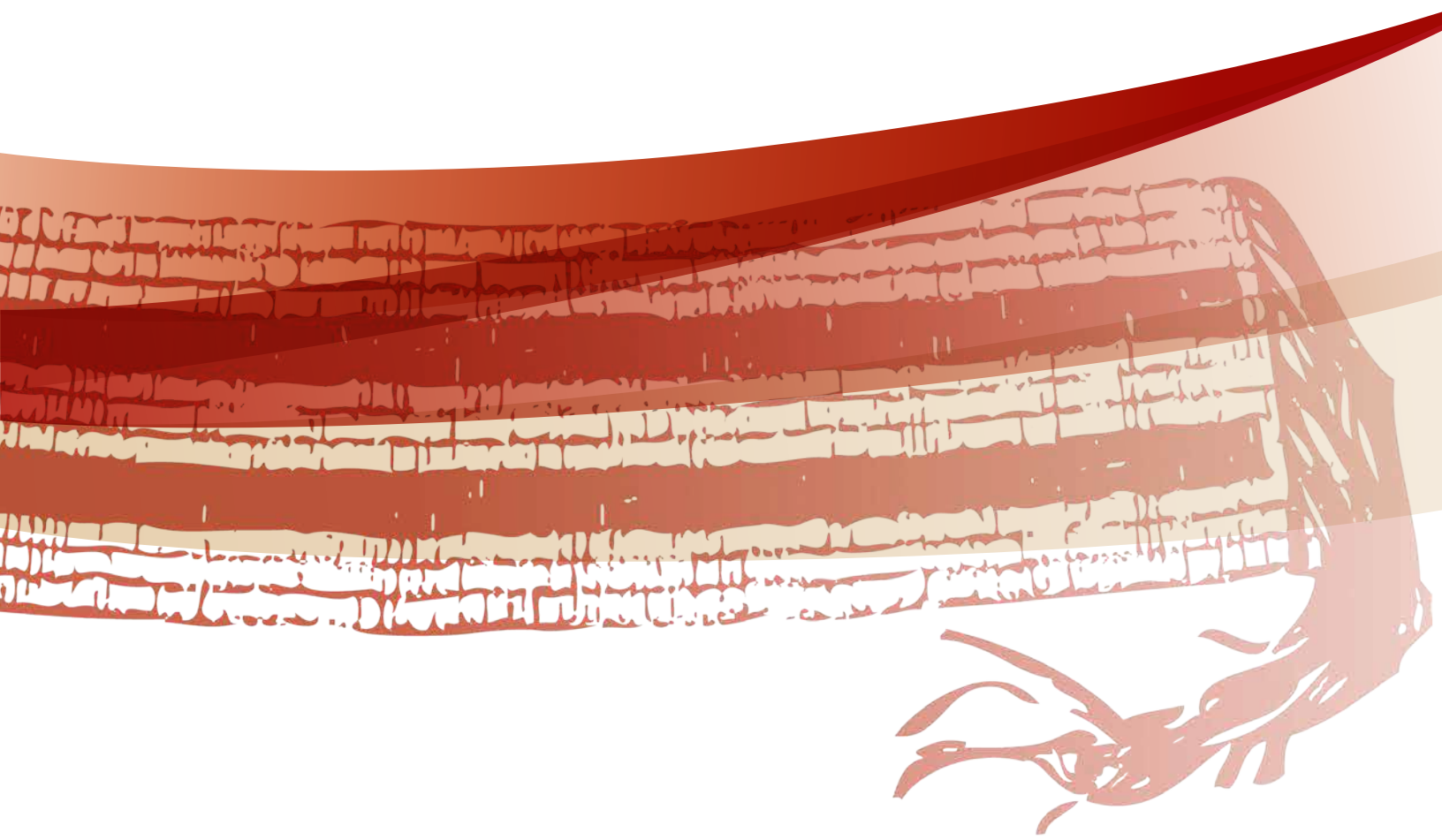
The CCAB encourages organizations, including governments and mainstream businesses to use the research results to guide their strategic decision-making to support Aboriginal businesses. Ultimately, once specific programs, policies and communications are developed, it will also be important to get direct input from Aboriginal entrepreneurs to ensure the tools are as effective and relevant as intended.

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