

Canadian Council for
ABORIGINAL
BUSINESS



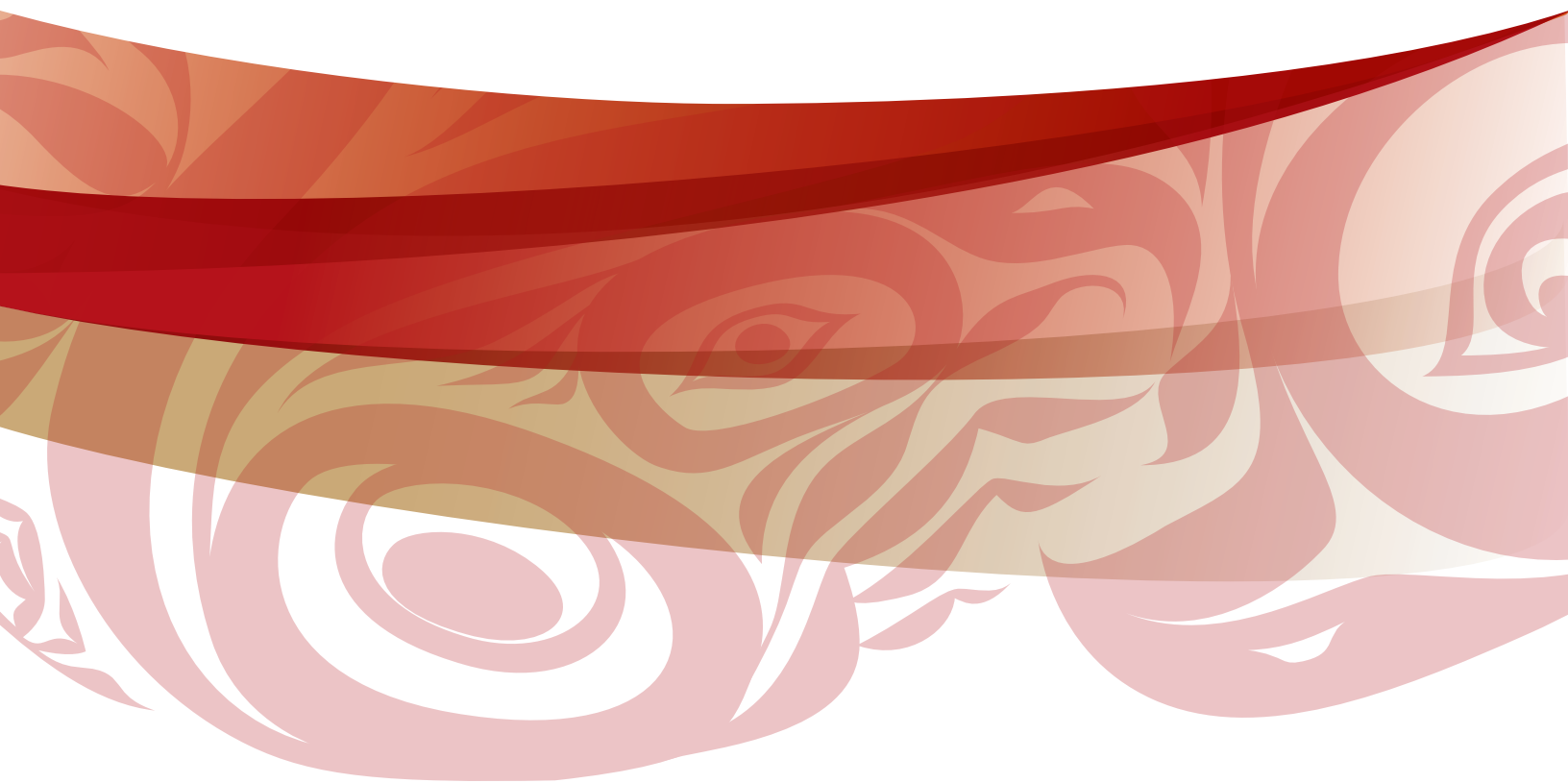
Partnerships in Procurement

Understanding Aboriginal business engagement in
the Marine and Aerospace industries in B.C.

Research Report Spring 2017

In partnership with





Our Supporter:



Indigenous and
Northern Affairs Canada

Affaires autochtones
et du Nord Canada

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Introduction

About the Research

The strength of Canada's economy depends on our ability to ensure every member of our diverse population is active and engaged at the level of their talents and abilities. But this type of structure does not happen naturally. A conscious effort must be made to have historically marginalized groups succeed in new industries, expanding the opportunities and aspirations for generations to come. Imagine how much stronger the country could be with everyone on the field.

An even playing field is exactly what CCAB is trying to achieve for Aboriginal people, businesses and communities. The marine and aerospace industries represent fresh opportunities for new and current Aboriginal businesses to succeed, but they aren't currently a strategic priority because barriers prevent Aboriginal businesses from even entering, let alone prospering. There is no clear path to success.

In partnership with OMX, CCAB launched this pilot project to act as a first step toward building a common language and understanding of the specific challenges that exist for Aboriginal businesses in, or on the periphery of, the marine and aerospace industries. Only when the obstacles are plainly seen can we start clearing them away.

This report aims to develop a course of action for solving the challenges faced by not only Aboriginal businesses but also corporate Canada and government agencies—plans that make sense for where we are now and where we want to be.

The 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.

Our Research

The research department has been working across Canada for the last five years to develop cutting edge insight into the Aboriginal economy in Canada. We have recently finished a survey of over 1,100 Aboriginal entrepreneurs, which is the best data available to date on Aboriginal business. We have also done work on Aboriginal Economic Development Corporations, procurement strategy, and the importance of relationships in ensuring Aboriginal businesses succeed.

About OMX

The OMX marketplace provides access to tens of thousands of companies by region, size, classification and capability. It also contains a robust transactional system for connecting companies through collaborative data and document management. The platform generates real-time analytics and reporting to ensure companies are compliant with procurement obligations.

OMX is a technology company, led by industry and empowering Canadian and international businesses to increase efficiency, reduce cost and ensure optimum economic benefits from government procurements.

OMX Research

OMX is an independent third party, for profit private enterprise, located in Toronto, ON, Canada, which specializes in analyzing industrial base data and calculating economic impacts from defence procurements. OMX is the only custom platform built specifically for collecting, analyzing, visualizing and reporting on the industry capabilities and economic impacts from procurement projects, particularly in the defence, aerospace and shipbuilding industries. The company follows its published research methodology in all of its data analytics reports. This methodology can be found at: theomx.com/analyze-methodology. This report however, is primarily based on OMX's experience working with CCAB to provide analysis on procurement opportunities for Aboriginal Owned Businesses through electronic surveying, updating data online and participating in workshop sessions.

OMX and CCAB

The Canadian Council for Aboriginal Business (CCAB) and Offset Market Exchange Inc. (OMX) have a Memorandum of Understanding (MOU) to promote Aboriginal business opportunities and Aboriginal employment in Canada.

This is the first partnership of its kind in Canada, linking Aboriginal owned businesses to procurement opportunities in the public and private sectors. This partnership will support the development and implementation of Aboriginal procurement strategies, and benefit CCAB Certified Aboriginal Businesses (CAB certified companies), Aboriginal Business Members, Aboriginal Economic Development Corporations, and Aboriginal communities.

Linking OMX and CCAB will enable our organizations to maximize the opportunities for Aboriginal businesses to compete and win new procurements.

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Project Overview

The marine and aerospace industries in Canada represent a significant, untapped opportunity for Aboriginal businesses because these sectors procure coast-to-coast goods and services, often in the traditional territories of Aboriginal communities. Increasing access to contracts, employment and knowledge transfer within these sectors would help strengthen Aboriginal businesses, communities, and Canada's economy as a whole. The marine and aerospace industries can also help diversify Aboriginal businesses beyond traditionally successful sectors such as energy, mining and forestry.

Increasing Aboriginal business participation in the marine and aerospace industries faces unique challenges. While Aboriginal businesses are continuing to grow in number and complexity, there are relatively few at a mature level able to provide the highly technical requirements of some business sectors. For those that are at this level, procurement departments for larger companies higher on the supply chain still struggle to identify Aboriginal partners that can supply tier 1 goods and services. So how can Aboriginal businesses get "caught up" to the level of capacity and visibility needed to be successful in these industries? What level of interest do they have in breaking into these industries? How can trust be built between corporate leaders in these industries and smaller Aboriginal firms? These are the questions explored in this report.

Terminology

A note on terminology

The terminology used in this report is evolving and in flux. While Indigenous is now becoming more acceptable, Aboriginal peoples are constitutionally recognized and our use of this and other terms is limited to where it is required for policy reasons and for legal and historical accuracy.

Aerospace industry

When referring to the aerospace industry, CCAB refers to aerospace product and parts manufacturing, which "comprises establishments primarily engaged in: manufacturing aircraft, missiles, space vehicles and their engines, propulsion units, auxiliary equipment, and parts thereof. The development and production of prototypes is classified in this industry, as is the factory overhaul and conversion of aircraft and propulsion systems."¹

Marine industry

When referring to the marine industry, CCAB refers to ship and boat building, which "comprises establishments primarily engaged in: operating a shipyard or manufacturing boats. Shipyards are fixed facilities with dry docks and fabrication equipment capable of building a ship, defined as watercraft suitable or intended for other than personal or recreational use."²

¹ Summary - Canadian Industry Statistics, Government of Canada. Last updated: 017-02-21. <https://www.ic.gc.ca/app/scr/app/cis/summary-sommaire/3364>

² Summary - Canadian Industry Statistics, Government of Canada. Last updated: 017-02-21. <https://www.ic.gc.ca/app/scr/app/cis/summary-sommaire/3366>

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Methodology

To determine the specific barriers for both corporate Canada and the Aboriginal business community, CCAB brought key stakeholders together for two half-day workshops in Victoria and Vancouver, British Columbia, where much of the marine and aerospace industries are concentrated. Two workshops and multiple in-depth interviews took place during this time, with approximately 50 industry-related individuals from the government, corporate Canada, and Aboriginal businesses. Preliminary meetings and phone calls were conducted prior to these workshops, in order to identify both the direction of the workshop questions (i.e. specific challenges and hurdles for each of the three groups) and the ideal attendees.

It's important to note that because the aerospace industry is more limited and highly regulated, the marine industry represents the greater opportunity for growth, so much of CCAB's attention landed on this industry.

Beyond the research gathered by CCAB, these workshops provided networking opportunities for all stakeholders to start developing important working relationships within these industries, while discovering the benefits to doing so. A major factor in these first steps is raising awareness: increasing government and corporate Canada awareness of Aboriginal businesses currently able to support the marine industry, and increasing Aboriginal businesses awareness of opportunities available in the marine industry.

This project is intended as an entry point into the issue of Aboriginal procurement in the marine and aerospace industries, using primarily qualitative information from these workshops. Additional data measured in subsequent years would be required to create a more statistical analysis of growth in this area.

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Executive Summary

CCAB's research into Aboriginal procurement in the Marine and Aerospace industries provides a snapshot of the current situation and a road map to move forward, creating more opportunities for all involved.

Current State

To start, CCAB discovered only a small number of Aboriginal firms in the marine and aerospace industries, despite the fact that many businesses in these sectors are located in or close to traditional Aboriginal land. For those firms currently in operation, there are distinct differences between the challenges faced by industrial-focused versus service-focused businesses. One of the major differences is location: many service-focused firms (i.e. pilots and mechanics) are located in remote off highway communities, while most industrial-focused firms settle in southern or coastal areas. As a result, regional considerations are important when considering specific strategies for Aboriginal procurement in these industries.

New Focus

Most Aboriginal businesses are located in tier 4 of the supply chain, supplying raw materials and processing for tier 3 companies. When looking for ways to increase Aboriginal business participation in this sector, finding ways to move these businesses up a tier is a natural conclusion. However, CCAB's research shows upward movement in the supply chain, even when supported, isn't realistic because of the resources required to do so (time, finances, certifications etc.). Instead, the focus should be on helping current Aboriginal businesses improve the excellence of core competencies of their existing tier—which helps strengthen their reputation and working relationships—while encouraging any new companies to consider launching in increasingly sophisticated tiers.

Present Challenges

When considering how to expand their expertise, Aboriginal businesses face many barriers. Unconscious bias and prejudice against Aboriginal peoples make corporate Canada hesitant to work with Aboriginal businesses in the first place. When opportunities are available, Aboriginal businesses don't typically have the established relationships with corporate Canada to learn about upcoming contracts and bid on the work. Additionally, corporate Canada doesn't have established relationships with Aboriginal businesses to notify them about potential bids. Aboriginal businesses also lack supportive programs that will help cover the certification costs needed to acquire contracts in the marine and aerospace industries. The small number of Aboriginal businesses in this sector suddenly becomes much smaller when relationships and costs prohibit them from competing.

Steps Forward

Based on the current situation and challenges of Aboriginal businesses in the marine and aerospace industries, CCAB has outlined recommendations for the government, corporate Canada and Aboriginal businesses that can open up opportunities for all three groups.

Government

1. To help them qualify for a wider range of projects and contracts in this sector, CCAB recommends that the government create programs that support the certification of Aboriginal businesses in the marine and aerospace industries. This will ensure partnerships between Aboriginal and non-Aboriginal businesses are easily facilitated.
2. To create a more even playing field, CCAB recommends that the government create standard set-asides or procurement multipliers for Aboriginal businesses. The defined incentives and multipliers should also apply to non-Aboriginal suppliers who can demonstrate significant Aboriginal presence within their supply chains. Prime and tier 1 suppliers would have defined incentives to start working with Aboriginal businesses, see the quality of their work and build the trust needing for ongoing relationships. These set-asides should include specific qualifications of the work, to ensure that Aboriginal businesses and their employees are learning new, specialized skills in addition to building on current expertise.
3. To facilitate critical connections between both groups, CCAB recommends that the government support capacity development and marketing for Aboriginal businesses. Initiatives like matchmaking programs could increase the awareness of partnership opportunities for both Aboriginal and non-Aboriginal businesses, setting the stage for knowledge building and future contracts.

Corporate Canada

1. To initiate working relationships with Aboriginal businesses, CCAB recommends that corporate Canada identify lists of potential Aboriginal vendors for the range of products and services the company requires, and then reach out to those firms to explore procurement opportunities.
2. To maximize the impact of these relationships, CCAB recommends that corporate Canada ensure Aboriginal businesses are receiving long-term benefits from these procurements (i.e. improving skills and creating new ones through “on the job” mentoring). To maximize the benefits of these procurements for both groups involved, contracts offered to Aboriginal businesses should grow in scope and complexity from one to the next, allowing Aboriginal firms to develop the specialized skills needed for future contracts.
3. To help mitigate risk for Aboriginal businesses, CCAB recommends that corporate Canada secure contracts pending certification of an Aboriginal business. This would ensure that non-Aboriginal companies meet their government set asides and do so with the confidence of partnering with an Aboriginal business with the most up-to-date certification.
4. To be seen as leaders in the area of Aboriginal procurement and economic reconciliation, CCAB recommends that corporate Canada set key goals for working with and mentoring Aboriginal businesses as a way of tracking progress, outside of the government minimum spend requirements. This would serve as incentive for other companies in the industry to follow suit in order to compete.

5. To create a more even playing field, CCAB recommends that Corporate Canada create set-asides or procurement multipliers for Aboriginal businesses. The defined incentives and multipliers should also apply to non-Aboriginal suppliers who can demonstrate significant Aboriginal presence within their supply chains. Prime and tier 1 suppliers would have defined incentives to start working with Aboriginal businesses, see the quality of their work and build the trust needing for ongoing relationships. These set-asides should include specific qualifications of the work, to ensure that Aboriginal businesses and their employees are learning new, specialized skills in addition to building on current expertise.

Aboriginal businesses

1. To grow the number and scope of clients, CCAB recommends that Aboriginal businesses identify the core competencies of the tier and focus on excellence in those areas. This will build the reputation of the Aboriginal firm, strengthen existing business relationships and help create new ones.
2. To learn specialized, “on the job” skills from larger companies, CCAB recommends that Aboriginal businesses build strong relationships within corporate Canada. These connections will help expand expertise and awareness of upcoming projects, ensuring Aboriginal firms are ready for training when corporate Canada secures contracts pending certification.
3. To create a stronger presence in higher tiers of the supply chain, CCAB recommends that new Aboriginal businesses begin their operations in increasingly sophisticated tiers. This way, the foundation of the business is rooted in the education, experience and the relationships needed to grow in this higher tier from the very beginning.



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Defining Supply Chains in the Marine & Aerospace Industries

Multi-tier supply chains originated in the auto industry when original equipment manufacturers (OEMs) started paying outside companies to build and assemble certain parts, components, and assemblies of their finished product, contracting out the work to produce a more specialized but cost-effective model. Supply chains are now the standard in industries across the globe, becoming so complex that the majority of OEMs deal solely with tier 1 suppliers and allow them to manage sub-contract relationships without direct involvement.

Supply chain tiers are generally defined by their relationship to the OEM, size, and the products/services they provide:

- Tier 1 is a direct supplier to the OEM (design, major systems, components)
- Tier 2 supply tier 1 (design, sub-systems, components)
- Tier 3 supply tier 2 (minor components, sub-assembly)
- Tier 4 supply raw materials and processing (material suppliers, coatings, services)

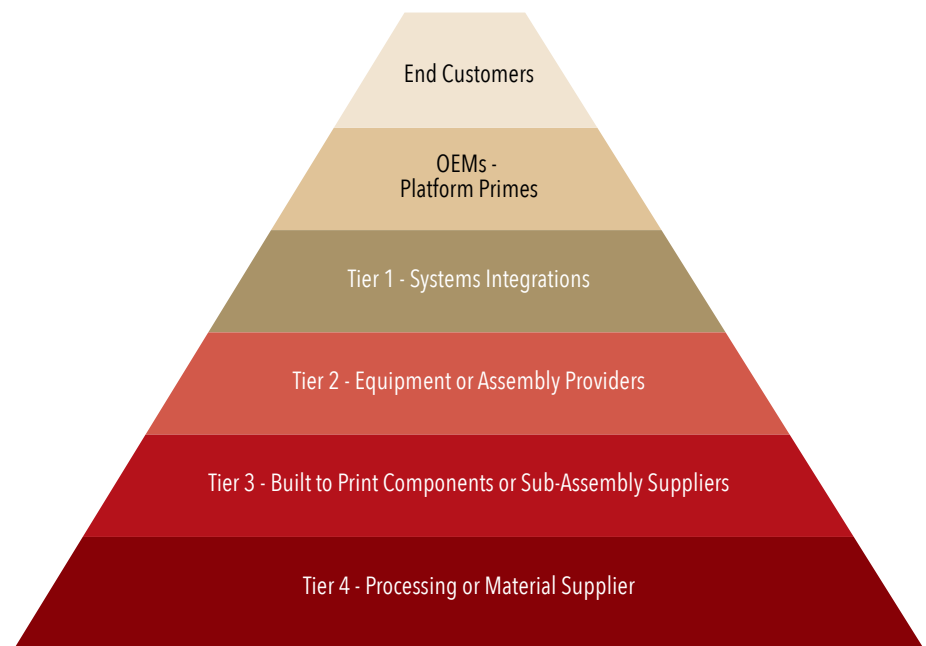


Figure 1: Structure of the Aerospace Industry In Canada, Working Group Report: Small Business and Supply Chain Development.

The major differences between tier 2 and 3 suppliers are the level of importance and technical specifications of the products, components and systems produced (relative to the finished product), as well as the elements of manufacturing and engineering design required. A comprehensive definition of a multi-tier supply chain varies depending on the sector, number of OEMs and number of suppliers in each region, as well as the finished product and design. A region or province may not have companies who can provide all the products or services required in each tier or in individual tiers. As of 2014 for example, Ontario does not have any OEM manufacturers or tier 3 suppliers in the aerospace industry. On the other hand, clusters of companies involved in the production of major components, like landing gear, will have their own tiered supply chains.³

The Aerospace Supply Chain

A Working Group Report on Small Business and Supply Chain development provides the following generalized distinctions for the Canadian Aerospace Industry:⁴

End customers (entities buying the aircraft such as airlines and other organizations) sit atop the structure and they drive the need for competitiveness, improved technology and reduced operating costs. OEMs are the companies that assemble, then market and sell the final aircraft platform to such end customers. Canadian examples of end Customers include, but are not limited to: WestJet, Air Canada, the Canadian Department of National Defense and the Canadian Forces. Canadian examples of OEMs include Bombardier and Bell Helicopter.

The Tier 1 systems integrators are companies that are engaged in the integrated design, development, manufacture and marketing of major aircraft systems such as landing gear systems, environmental control systems, navigation systems, communications systems, avionics systems and propulsion systems; and companies that design and manufacture complete large, complex structures such as fuselage systems, empennage (tail) assemblies or wings. Canadian examples include, but are not limited to: Pratt & Whitney Canada, Messier-Dowty, Goodrich Canada, Heroux-Devtek, GE Canada, Rolls Royce Canada, CMC Esterline, Honeywell Canada, Arnprior Aerospace and Magellan.

The Tier 2 equipment providers are companies that are engaged in the design, development, manufacture and marketing of engineered and proprietary equipment and sub-systems such as sensors, instruments, actuators, displays, communications equipment, aerostructures, etc. Tier 2 suppliers typically have their own company name on the drawings for the products they design, produce and sell. Tier 2 suppliers may also be subcontractors who deliver complex products with many components, which are obtained from their own manufacturing operations and from a variety of outside suppliers. The customers of Tier 2 equipment providers are typically Tier 1 or OEM firms. Canadian examples include, but are not limited to: Sonaca Montreal, Mecachrome, Aerolia, Northstar Aerospace, Centra, Cycleon, Composites Atlantic Limited, and Avcorp.

Tier 3 firms are parts or assembly suppliers who act as subcontractors that manufacture or supply components and sub-assemblies such as machined components, minor assemblies. Their customers are typically Tier 1 and 2 firms, and often other Tier 3 firms. It is becoming much less common for these firms to supply directly to the OEMs. Canadian examples include, but are not limited to: RTI Claro, Noranco, Celestica, CFN Precision, Koss, and Dishon.

Tier 4 firms are those that provide processing services for components (such as shot peening, heat treatment, plating, coating, etc.) and companies that provide raw materials such as aluminum, steel, titanium, composites, etc. This level also includes companies that supply standard components such as hardware and wiring or harnesses. Their customers are typically tier 2 and 3 firms. Canadian examples include, but are not limited to: Interfast, Vac Aero, and Aerotek.

³ Ontario Aerospace Sector, Ministry of Economic Development, Employment and Infrastructure, 2014, p 10, 26. www.greatertoronto.org/wp-content/uploads/Ontario-Aerospace-Industry.pdf

⁴ Structure of the Aerospace Industry In Canada, Working Group Report: Small Business and Supply Chain Development, p.9.

The Shipbuilding Supply Chain

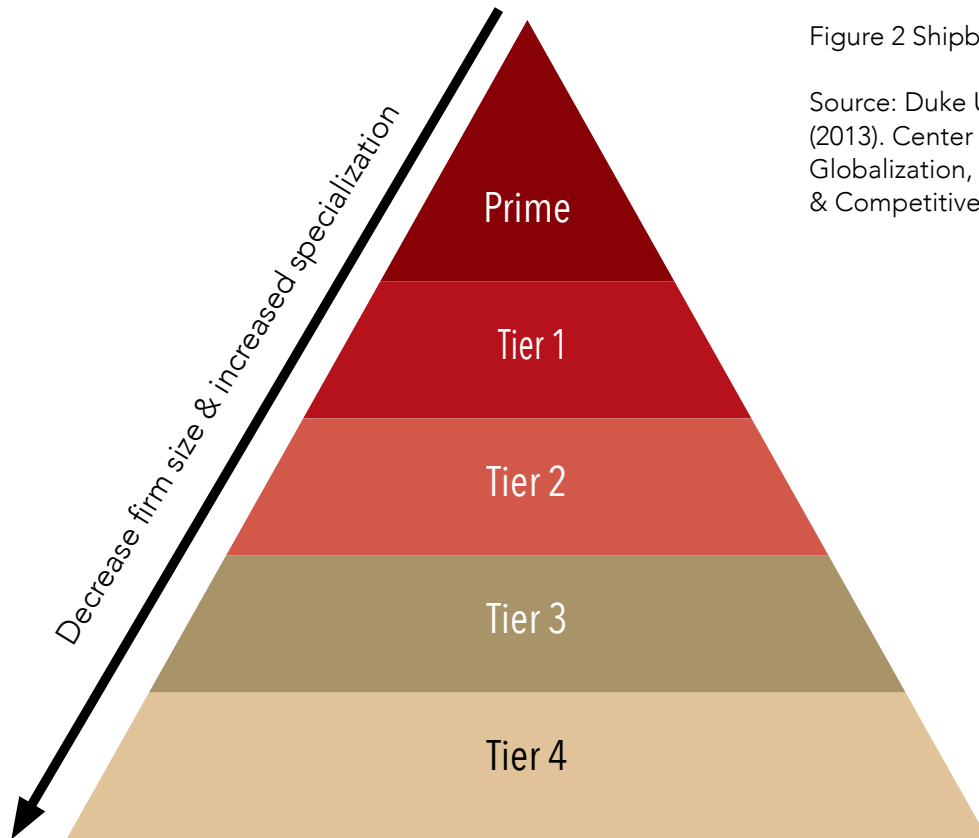


Figure 2 Shipbuilding Tiers

Source: Duke University (2013). Center on Globalization, Governance & Competitiveness

Prime:

- Prime Contractor (project management; IRB management)

Tier 1:

- Platform system integrators (propulsion & auxiliary systems)
- Missions systems integrators (command, surveillance & armament systems, outfit & furnishings)
- Shipbuilder (hull, outfit & furnishings)

Tier 2:

- Sub-system manufactures (HVAC, Sensors, Communications, Winches...)
- Suppliers to Tier 1

Tier 3:

- Sub-system components
- Suppliers to Tier 2

Tier 4:

- Raw materials and subcomponents for sub-systems
- Suppliers to Tier 3

The Federal Government⁵

The federal government does not define its tiered suppliers except in the case of a tier 1, which for integrity reasons is defined as “a subcontractor with whom a bidder, offeror or supplier or contractor plans to have or has a direct contractual relationship to perform a portion of the work pursuant to a contract between the contractor and Canada (meaning all the activities, services, goods, equipment, matters, and things required to be done, delivered or performed by the contractor under the contract), unless the subcontractor merely supplies commercial-off-the-shelf goods to the contractor.”⁶

Public Works and Government Services Canada (PWGSC) manage the procurement process. For government acquisitions, the PWGSC divides the procurement process into three categories: High Complexity, Medium Complexity, and Low Dollar Value Bid Solicitations. Contractors must obtain government consent before subcontracting work out at any tier.⁷

The federal government tendered and selected bids from Irving's Halifax Shipyard and Seaspan's Vancouver Shipyards to be the prime contractors for the National Shipbuilding Procurement Strategy (NSPS). Other shipyards may compete for smaller vessels through set asides and all shipyards can compete for maintenance and repair.⁸

While government officials say they will be more involved in setting supplier standards, Irving and Seaspan (and to a lesser extent their tier 2 suppliers), ultimately control the supply chain through their own established networks.⁹ The tier 1 suppliers of Seaspan's Vancouver Shipyards are listed on their website and potential sub-contractors, including small and medium enterprises (SME), can only become part of Irving or Seaspan's supply chains by registering through the Irving Shipbuilding's Online Supplier Registry and Seaspan's Online Supplier Registry. To qualify, sub-contractors must meet or exceed individual tier 1 supplier requirements including ISO 9001, OHSAS 18001, and ISO 14001 standards.¹⁰

SME's can bid on NSPS and Defense Procurement Strategy (DPS) contracts. However, the government doesn't provide any guidelines or mandates for Aboriginal SME's and the Procurement Strategy for Aboriginal Business (PSAB) (i.e. which tiers or how outcomes will be evaluated), other than to note that “Aboriginal business participation plans or evaluation criteria may be incorporated in Requests for Proposals when appropriate on a procurement-by-procurement basis.”¹¹

Further research would be required to get a clear picture of all the supply chains in these industries and how interconnected they are. However, if done alongside major players in the marine and aerospace industry, as well as SMEs and potential suppliers, detailed tiered supply chains could be created for the current DPS contracts based (using basic models like those included above). This would serve as a type of road map, helping to target or expand opportunities for Aboriginal businesses.

⁵ Public Works and Government Services Canada, The Procurement Process, Last updated, 2015-01-21, <https://buyandsell.gc.ca/for-businesses/selling-to-the-government-of-canada/the-procurement-process>

⁶ PWGSC, Supply Manual Glossary, Last updated, 2016-04-04 <https://buyandsell.gc.ca/policy-and-guidelines/supply-manual/glossary/1>

⁷ PWGSC, Policies and Guidelines, 2016, 2016-04-04, <https://buyandsell.gc.ca/policy-and-guidelines/standard-acquisition-clauses-and-conditions-manual/3/2035/16#subcontracts>

⁸ National Shipbuilding Procurement Strategy, Last updated 2016-07-28, <https://www.ic.gc.ca/eic/site/sim-cnmi.nsf/eng/uv00050.html>

⁹ Amanda Connolly, Canadian government to play bigger role in shipbuilding contracting: officials, Friday, 1 May, 2015 <https://lpolitics.ca/2015/05/01/canadian-government-to-play-bigger-role-in-shipbuilding-contracting-officials/>

¹⁰ Seaspan Shipyards, Tier 1 Suppliers, <http://www.seaspan.com/tier-1-suppliers-2>

¹¹ Emphasis mine. Innovation, Science and Economic Development Canada, ITB Policy: Value Proposition Guide, p. 5 <http://www.ic.gc.ca/eic/site/086.nsf/eng/00006.html#at>

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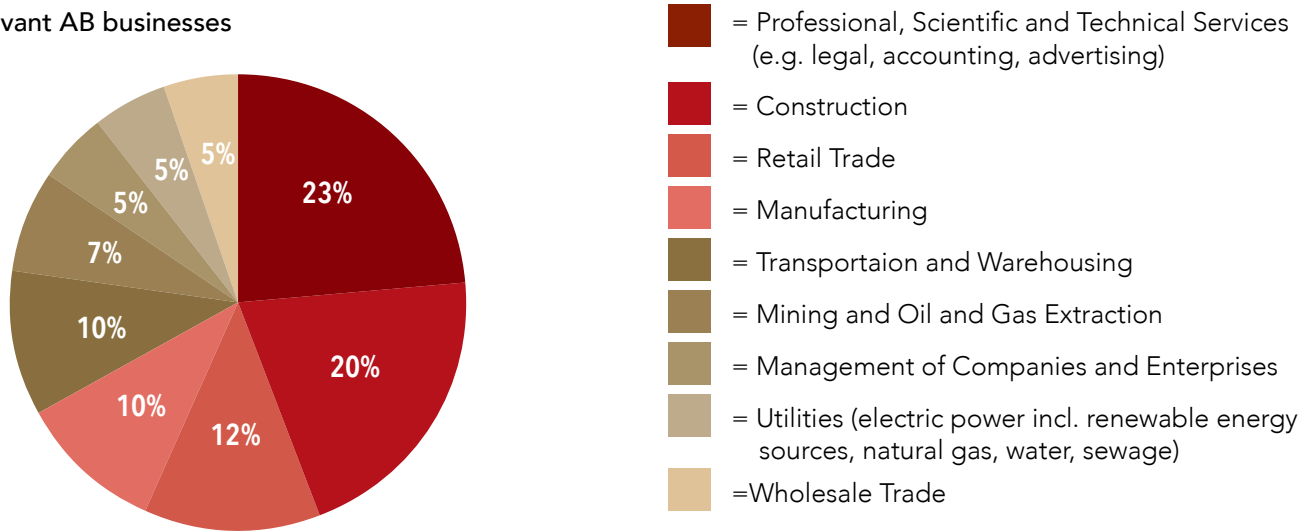
Setting the Stage: Aboriginal Businesses in the Marine and Aerospace Industries

The Canadian economy is built on a variety of different industries, which includes manufacturing, the second largest industry in Canada, representing 10.35 per cent of the GDP and over \$53-billion in sales¹². Much of the marine and aerospace industries fall into this category, comprising of a combined 3.42% (or over \$1.8-billion in sales) of all manufacturing in the country.¹³ The strength of these industries directly affects the overall strength of Canada’s economy—something we need to not only protect but also grow. The National Shipbuilding Procurement Strategy (including Seaspan’s \$7-billion shipbuilding contract) is a prime example of the government’s interest and investment in helping this industry thrive, renewing Canada’s federal fleet of vessels and creating “significant economic benefits and jobs for Canadians.”¹⁴

During CCAB’s initial stages of research for this project, the first objective was to determine what Aboriginal businesses existed within the marine and aerospace industries and what separate factors should be considered when looking at the individual challenges of each industry.

At least 17 per cent of the entire Aboriginal identity population (232,290 people) live in B.C.,¹⁵ where almost 1,200 marine and aerospace businesses are thriving.¹⁶ Even though there is this large Aboriginal population living on the West Coast and the marine and aerospace companies are concentrated in traditional territories of Aboriginal communities, there are only a small number of Aboriginal-owned firms in both industries. The under representation of Aboriginal companies in the Marine & Aerospace sector presents a significant untapped opportunity. Without catalysts from the government and corporate Canada, these numbers are low for a variety of reasons, which will be examined later on in the report.

Relevant AB businesses



Source: The Canadian Council for Aboriginal Business (2015). Promise and Prosperity: the Aboriginal Business Survey.

¹² As of November 2016. Statistics Canada. <http://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/gdps04a-eng.htm>
¹³ As of December 2016. Statistics Canada. <http://www.statcan.gc.ca/daily-quotidien/170215/t002a-eng.htm>
¹⁴ National Shipbuilding Procurement Strategy technical briefing on Canadian Surface Combatant—speaking notes. Government of Canada. Last updated: 2016-05-26. <http://www.tpsgc-pwgsc.gc.ca/app-acq/amd-dp/mer-sea/sncn-nss/nouvelles-news/2015-05-01-eng.html>
¹⁵ Statistics Canada (2011). <http://www.statcan.gc.ca/pub/89-656-x/89-656-x2016011-eng.htm>
¹⁶ 585 businesses in Aerospace Products and Parts Manufacturing; 579 businesses in Ship and Boat Building. Government of Canada, Summary - Canadian Industry Statistics. <https://www.ic.gc.ca/app/scr/app/cis/summary-sommaire/3366>;

Industrial vs. Service

Within both the marine and aerospace industries, there is a separation between industrial-focused (i.e. welders and painters) and service-focused firms (i.e. pilots and mechanics) for both Aboriginal and non-Aboriginal businesses. CCAB spoke with business owners from both focuses. While some of the challenges they face are similar (i.e. technical qualifications), the scope and specifics of these challenges are quite unique to their skillset and how they fit in or support the supply chain.

The Geographical Divide

One important factor in the divide between industrial- and service-focused firms is geography. Since B.C. is a large province with a lot of natural resources in isolated areas, pilots and mechanics often find their niche market within these remote or highway communities. Helicopters in particular represent the best way to easily get in and out of certain areas and, as result, B.C. is well-known for these services. However, remote areas represent higher costs for shipping parts in and products out (relative to the competition located closer to southern or coastal areas). Remote areas also have less access to grid power, limiting an industrial-focused firm's ability to build and run major factories in these regions. Industrial businesses are better suited for coastal or southern regions where transportation costs are lower because suppliers in tiers both above and below operate in close proximity. Separate regional concerns need to be considered when planning how to support the creation, maintenance and growth of Aboriginal businesses in these industries.

Case Study

Sierra Helicopters LTD – Aboriginal Business

Ronn Palley of Sierra Helicopters Ltd. founded the company in 2003 and is recognized as the only Aboriginal-owned helicopter business based out of Pitt Meadows, British Columbia. Sierra Helicopters operates nationally, offering services that include; charter, utility and maintenance. Sierra's aircraft maintenance engineers (AME) have combined over 40 years of experience and factory training on a range of different aircraft. Their maintenance crew holds world-wide experience, and is passionate about what they do. Sierra is a diverse company that can be found providing maintenance and corporate services one day to fighting fires the next.

Prior to starting the business, Ronn immersed himself in the industry as a commercial pilot managing various companies. He stressed the importance of understanding the industry you wish to start a business in and that to secure contracts and move the supply chain you need to "make sure that you have a strong network and a good base of customers before you step into it." Ronn's strategy has allowed for opportunities to land contracts and move up their tier system. Sierra has recently started a project working with the District of North Vancouver delivering lumber and building supplies for the Baden Powell trail system. They secured the bid over four other vendors and the job is taking place from April 4th 2017 all the way through June 2017.

Further to Ronn's strategy, he recognizes the value of the Aboriginal business community. Stating that the networking events offered by the CCAB and other Aboriginal organizations have proven to be a valuable resource. Events offered by the Aboriginal business community have provided Ronn with the opportunity to meet with larger corporations and build networks between Aboriginal and non-Aboriginal peoples, businesses and communities.

Locating Aboriginal Businesses in the Supply Chain

CCAB found that most Aboriginal businesses were located in tier 4 of the supply chain. Since the marine and aerospace industries have such a large presence close to Aboriginal communities on the West Coast, many Aboriginal business owners target their operations and trades to serve suppliers in these industries. Aboriginal business owners base this decision on either previous experience as contractors or employees with these companies, general proximity, or both.

Hiring local Aboriginal businesses allows the people to stay in or close to their communities, which has far-reaching benefits for the Aboriginal person, community, business, and supply chain. As with the mining industry, investing in Aboriginal companies means investing in those with deep roots to an area, resulting in higher employee retention and satisfaction, lower recruitment, transportation and accommodation costs.¹⁷

Many attendees in CCAB's workshops were optimistic about the growth of the marine industry, referencing federal contracts under the National Ship Building Procurement Strategy (specifically Seaspan's \$8-billion shipbuilding contract), which represent a boom in jobs for all tiers in the supply chain. When interviewing a non-Aboriginal business owner in the marine industry, CCAB heard that despite the increasing presence of work in the industry, finding reliable, qualified people (who would remain with a company past training) was a major challenge faced by the company. "There are all kinds of opportunity and the biggest problem is people, qualified people. If somehow through your [CCAB] efforts we can get more qualified people or companies, then there is no downside to me getting involved."

Progress for Aboriginal Businesses in the Supply Chain

It can be tempting to look at the supply chain pyramid and assume the way to support Aboriginal businesses in the lower tiers is to help companies move up a tier, to get closer to the top. However, by talking to individuals in the government, corporate Canada and Aboriginal businesses, the CCAB discovered this is not where the focus of support should be, since such movement between tiers is impractical.

CCAB spoke with a non-Aboriginal business owner in the marine industry who has been operating for over 16 years and, within the past five years, made a jump from a tier 3 to a tier 2 company in the ship building supply chain. However, this individual warned about the daunting challenges the company faced while doing so, even though this transition was supported by a partnership with a tier 1 supplier. "That transition cost us hundreds of thousands of dollars," the business owner says. "Last year we lost \$200,000 dollars. The year before that we lost \$100,000. This year we'll make money.... We came really close to laying people off at one point because basically nothing came in for six months. There's only so much training you can do.... It was really hard to hang on and stay behind what I promised everybody."

When asked if such an investment would be too much for a smaller, two- to three-person company just starting out (which Aboriginal businesses often are), the non-Aboriginal business-owner replied: "It's actually too much for a 15-person company.... We lost money for three years."

¹⁷ Canadian Council for Aboriginal Business (2016). Partnerships in Procurement: Understanding Aboriginal business engagement in the Canadian mining industry.

As seen in the example of this non-Aboriginal business, moving up a tier requires a high commitment of time and money, resources that Aboriginal businesses cannot afford.

New Focus: Same-Tier Expansion

Instead of focusing on movement between supply tiers, support for Aboriginal businesses is better applied to growth within the existing tier, developing excellence in the core competencies of the trades needed at the company's current level. "Moving up the supply chain is not where you should target your efforts," a government official working in B.C. trade told CCAB. "What you want to do is target your activities on being very good at what you do and then increasing your business. So don't focus on going from a tier 2 to a tier 1—that's not very realistic. I would focus on increasing your order book and your contracts."

Expanding expertise within a current tier opens up new opportunities by building reputations for excellence within the industry that will gain new contracts. Also, since companies tend to decrease in size and increase in specialization further down the supply chain, additional opportunities are available at these lower tiers to grow those specialties and develop new ones.

Though it takes considerable resources to expand into new industries (i.e. from marine to oil and gas, or vice versa), that outward movement within a tier provides a more natural transition than moving upward in the supply chain. "Do what you're doing, as a tier 2 or tier 3, and then go into marine and aerospace," says the same government official. "The barriers to jumping sectors are the qualifications required to become an aerospace supplier and to become a marine supplier from oil and gas. You've got to invest a lot of money into those qualifications. ISO is the standard and then it becomes specialized around the industry."

Rather than trying to move existing companies up the supply chain, another opportunity exists with encouraging and supporting the launch of new companies at increasingly sophisticated tier levels through various programs and incentives. This way, companies are starting their training and certification at this level, rather than putting their current operations on hold in order to re-train and re-certify, which puts the whole business at risk.

The Mutual Benefits of Collaboration

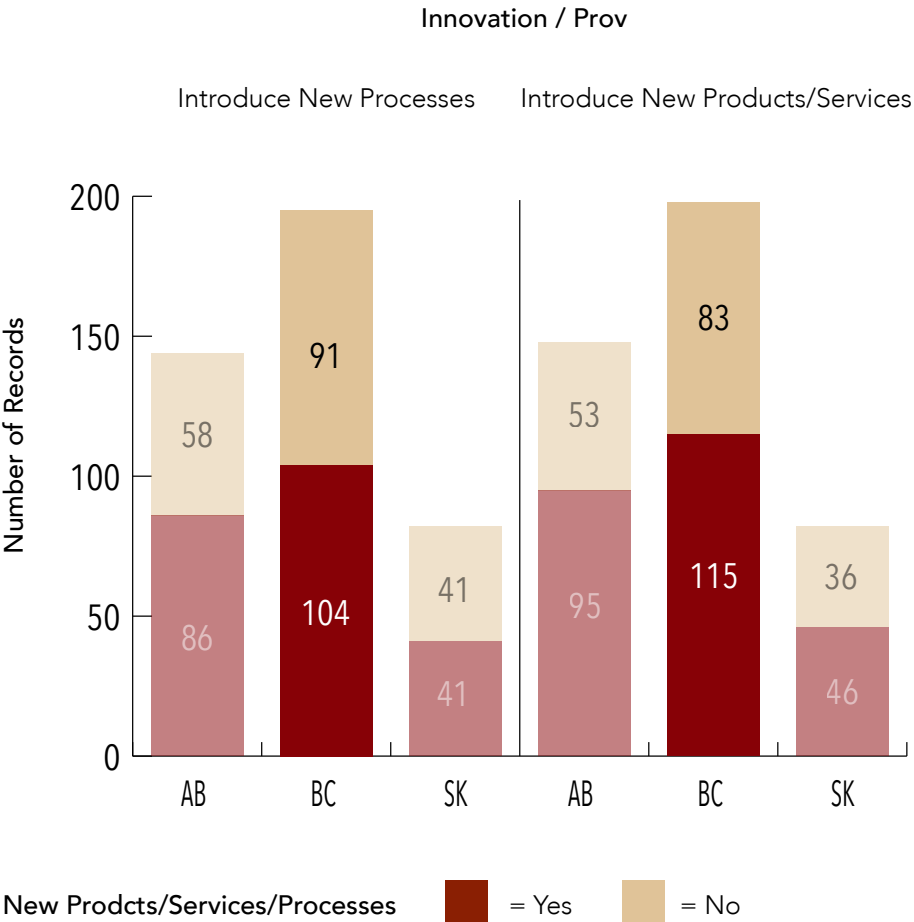
If this funding were available, there would be wide-ranging benefits for Aboriginal businesses, corporate Canada, and the government. Such a hands-on approach would support the incremental diversification of Aboriginal businesses, allowing them to expand, innovate areas of specialization within their existing tier and make an impact in the marine and aerospace industries, as well as other related areas such as oil and gas. One result would be larger and stronger Aboriginal companies that employ more of the Aboriginal population, which will in turn help support the communities to which they are connected—an important step toward the government honouring the Truth and Reconciliation Commission of Canada (TRC), which calls on the corporate sector to adopt operational policies in support of Aboriginal involvement, training and access

¹⁸ Truth and Reconciliation Commission of Canada (2015). Call to Action. Business and Reconciliation, Call to Action #92 (i and ii), pg 10.

to jobs.¹⁸ Beyond economic Aboriginal reconciliation, this would result in beneficial partnerships for corporate Canada with Aboriginal businesses. Another participant in the CCAB workshops in Vancouver says it best: “At the end of the day, when all of the rules disappear, you’ll keep those Aboriginal people if they improve your life, happiness and success.”

Aboriginal businesses expanding and innovating their areas of specialization.

Aboriginal businesses increasingly recognize the value of innovation, with more than six in ten (63%) introducing either new products or services, or new processes into their business in the past three years. This is up from half (49%) in 2010. Since the data indicates that innovation growth in B.C. is in the lead, in comparison to Alberta and Saskatchewan, implementing innovation strategies applicable to the Marine and Aerospace industry will bode well for the future of these businesses in B.C.



The Canadian Council for Aboriginal Business (2015). Promise and Prosperity: the Aboriginal Business Survey.

Case Study

Prototype Equipment Design

“Founded in 2001 by Ray Brougham, Prototype Equipment Design has grown from its inception into an established force in the design and manufacturing industry” operating on Vancouver Island in the defense, marine and advanced manufacturing sectors.

Through an in-depth interview, Brougham provided insight on strengthening his position in the industry and the potential for more Aboriginal procurement opportunities in the defense sector. In terms of strengthening a company’s core competencies, Brougham’s advice is to always be networking and to promote your capabilities and services. Specific to the marine industry, Brougham recommends companies to join the Association of British Columbia Marine Industries. “It’s where all the key players gather and network, many are looking to collaborate and partner.” For the defense industry, Brougham recommends joining CADSI and attending Canada’s Global Defense and Security Trade Show, mentioning that every year there are 11,000 plus attendees, over 300 exhibitors and roughly 1000 top government officials.

When speaking about Aboriginal procurement, Brougham stated that he “would love to partner and work with Aboriginal businesses” and that from an economic standpoint it only makes sense to advance and provide opportunities for the fastest growing population in Canada.”

Support for Expansion: Government and Corporate Canada Collaborations

Once the focus has shifted from moving Aboriginal businesses up the supply chain in the marine and aerospace industries to helping them identify their tier level and expand their expertise within it, the next step is to examine what's missing in order for them to do this.

The Benefits of Minimum Spends

Setting a minimum spend for corporate Canada within these industries is a first step toward creating an even playing field for all companies involved. CCAB interviewed non-Aboriginal business owners who were interested in Aboriginal procurement because they saw the long-term benefit of partnerships with Aboriginal businesses. "I'd certainly like to do it," says one of CCAB's interview subjects in the marine industry, referring to questions about creating procurement policies for Aboriginal businesses. The business owner also mentioned that it "could create stream of qualified employees" which is an ongoing challenge for growth within the company as they take on more contracts.

However, companies interested in these partnership also want to ensure they can stay competitive in the short-term while making the necessary long-term investments, often requiring additional training, mentoring and time to locate the match with the right Aboriginal business. With a minimum spend required of all corporate Canada in these industries, companies have a baseline to guide their efforts that doesn't leave them behind others choosing not to invest in Aboriginal businesses.

Accessing Data: A Guide to Certification for Aboriginal Companies

During the CCAB workshop in Vancouver, some of the participants mentioned the possibility of investing in additional market research that would be made available to Aboriginal companies, so they can get their employees certified in areas connected to upcoming contracts, leading to more successful bids.

"Some of the work we used to do in government within the community, we were doing research with the aerospace defense sector and a partner of defense to identify what they were planning to buy up to 10 years out. At one point in time, the Aboriginal community did identify that there were two projects, like at Irving they had to build an expanded facility. So Aboriginals in places like Nova Scotia who were already electricians and painters and construction people, were able to get upgraded and work on that job because the Nova Scotia equivalent of ours department had done research early, early in the cycle. And so people were able to respond." – Vancouver workshop participant.

Beyond Data: The Certification Barrier for Aboriginal Businesses

While Aboriginal businesses suggested having that knowledge is helpful for directing their bids and qualifications efforts—saying "at least we have a chance to sit at the table"—knowing what certification they need doesn't remove the barriers of how much

investment, time and finances, it requires to send individuals in a company through these courses.

Many Aboriginal businesses identified this challenge during CCAB's research, including one business owner who works in industrial painting and hopes to gain contracts in the marine industry. "Having certification is key to getting work. The more certifications you have, that makes you more employable.... in any field," the business owner says. "I had a hard time getting my Red Seal ticket because the only time it was available for schooling was during my hot time of work and I needed to be able to go to work, so I put off my schooling."

This Aboriginal business owner also faced barriers when trying to grow their company. They knew of reliable Aboriginal candidates and wanted to bring them on board, however they couldn't find funding for the specific certification they would need to work on upcoming jobs. Estimating the cost of schooling at \$10,000, this business owner also had to factor in the amount of weeks off work for these employees, as well as additional expenses of hotel, food and transportation (which goes up considerably if those individuals are coming from a reserve, away from the urban areas where the courses are taking place).

Knowledge of what contracts are coming up in the industry also doesn't mitigate the risk of investing time and finances into additional education and then being unsuccessful when bidding for the work.

As a result, there are only a small number of Aboriginal companies able to apply to contracts, especially within the defense sector, because expensive certifications are prohibitive for otherwise qualified companies—they are unable to put their company forward for the work, not to mention being successful in acquiring the contract.

The missing link here is access to expensive certification, which could come from collaboration between government and corporate Canada. Based on an interview with a government official working within the marine and aerospace industries, CCAB determined that those at the top of the supply chain are open to working with Aboriginal businesses, as they are open to working with anyone who deliver quality products or services on time. Unlike the situation in the U.S. where there are a lot of minimum spend policies for a range of minority groups, corporate Canada has more freedom to choose with whom they work.

"What does Boeing care about or the Tier 1's? All they care about is that they're dealing with someone that can build a product to the highest standards—there are no failures acceptable in aerospace—and that they're on time. They will only deal with companies that can lower their risk. So, they don't want to be dealing with somebody who suddenly can't deliver or starts having some financial troubles.... They don't care if it's an Aboriginal company or an overseas company. They don't care where you're from. It's all about limiting their risk and making sure you're qualified, financially and from a quality standpoint."

However, the government official also suggested that corporate Canada often needs capital to get programs or partnerships going with Aboriginal businesses, as seen through this experience with previous social initiatives within these prime and tier 1 companies.

7

Recommendations for Taking Action

Data from the 2011 National Household Survey demonstrated that 4.3 per cent of the total Canadian population identified as Aboriginal, rising over 20 per cent since 2006.¹⁹ This makes Aboriginals the fastest growing demographic in Canada, increasing at a rate almost four times that of the non-Aboriginal population. According to TD Economics, the survey also confirmed that Aboriginal peoples are disproportionately employed in the construction sector, directly through construction employment or indirectly through service jobs tied to the sector, with 62 per cent of Aboriginal businesses identifying as service related.²⁰ This young and growing population represents an opportunity to strengthen the Canadian economy through the industries to which they are already connected, as well as an opportunity to follow through on the recommendations of the TRC by investing in current and upcoming Aboriginal businesses in the marine and aerospace industries. Supporting the growth of these businesses should be one of Canada's top priorities, which can be accomplished when government, corporate Canada, and Aboriginal businesses collaborate on mutually beneficial solutions.

Recommendations for Government Participation

As identified by participants in CCAB's workshops for this report, the cost of additional training and pre-qualifications, such as ISO certification, is a major deterrent for Aboriginal businesses looking to expand their expertise. As a first step toward strengthening these businesses, CCAB recommends that the government support the certification of Aboriginal businesses through direct funding and other programs, allowing them to qualify for a wider range of projects and contracts in the marine and aerospace industries. This certification for Aboriginal businesses is something specifically requested by larger, non-Aboriginal businesses that CCAB spoke to in this study. "Pre-qualify those vendors and have them trained up so that they can do the business if and when we get the business," says one participant.

Another participant, an Aboriginal business owner in the aerospace industry, highlighted the need for new fleet of pilots in the next 10 years, as many current pilots will soon be retiring. Training and certification needs to start happening immediately, in order to fill that upcoming labour gap when the time comes and, as CCAB participant points out, Aboriginal businesses are in ideal positions to take on many of those roles. "You can't export those jobs. You need people here to support the fleet that will be here. And they're good paying jobs," he says, reflecting that many flight hours need to occur in northern areas in order to get certified—areas where there are many Aboriginal communities in their traditional territories. "If northern communities want to keep people, that's a good opportunity."

To create a more even playing field, CCAB also recommends that the government create standard set-asides or procurement multipliers for Aboriginal businesses, so prime and tier 1 suppliers have defined incentives for starting working relationships with Aboriginal businesses. These set-asides should include specific qualifications of the work, to ensure that Aboriginal businesses and their employees are learning new, specialized skills in addition to providing current expertise. These multipliers, or bonus points on procurement score cards, should also be awarded to tier 2 or 3 non-Aboriginal firms with clear, proven track records and strategies for working with Aboriginal businesses.

¹⁹ Statistics Canada. <https://www12.statcan.gc.ca/nhs-enm/2011/as-sa/99-011-x/99-011-x2011001-eng.cfm>

²⁰ TD Economics (2015). Special Report, The Long Winding Road Towards aboriginal Economic Prosperity.

While CCAB's research suggests that many companies are open to working with Aboriginal businesses, unconscious bias or lingering prejudice can hold back these relationships from developing naturally. One Aboriginal business owner told CCAB that companies he has approached, with no prior knowledge of the quality of their work, were hesitant to engage. "What I've noticed is, I think they're unsure about our ability. They can look at my resume—and everybody polishes their resume—but until they can see me do the work, they really don't know and they're nervous of it."

Another participant suggested that once companies learned their aerospace business identified as Aboriginal, they approved because it "checked a box for them," but the status didn't help "bring clients in."

By implementing government set-asides, some of these barriers are removed out of necessity, allowing Aboriginal businesses to demonstrate the quality of their work and build trust with larger companies.

As pointed out by other CCAB participants, being able to show experience in these industries is a big factor in company growth, since it "builds trust with other potential clients." Government set-asides will help Aboriginal businesses get in the door, prove their worth, and develop the key relationships necessary to expand their client base and expertise.

Another point highlighted through CCAB's research is that the oil and gas industry are already putting set-asides in their RFPs, asking how much potential companies spend on local and Aboriginal contractors. A natural extension of this would be for the marine and aerospace industries to do the same. A government set-aside would start this baseline and make it a standard for corporate Canada.

Lastly, CCAB recommends that the government support capacity development and marketing for Aboriginal businesses to further solidify the working relationships between corporate Canada and Aboriginal businesses.

For capacity development, this could include match-matching programs—like the Aboriginal Business Match (ABM)—that connect Aboriginal and non-Aboriginal businesses, introductions that can lead to mutually beneficial training and mentoring relationships: Aboriginal businesses get to learn from more experienced companies in a similar specialty and non-Aboriginal businesses get access to a young, reliable, and growing stream of qualified contractors that are connected to communities in which these companies operate. Overall, these facilitated relationships set the stage for future contracts on both sides.

In terms of marketing, many of the CCAB participants in this study pointed to a lack of information in knowing how and where to look for Aboriginal businesses, even when their companies had initiatives in place to work with them. One participant, who works within a government agency, found difficulty in procuring contracts with Aboriginal businesses even though there were set-asides in place. They were often told there wasn't capacity in the Aboriginal business community for a specific contract to move forward with procurement. The problem lies with a lack of reliable data of what Aboriginal businesses exist. "In the whole database, I have the back-end data for it, there are only about 1,700 businesses and that's not a lot, if that's [all of] Canada," the participant says. "So that's part of how they determine capacity, and I think that's a huge problem with working with the government of Canada is that there aren't enough set asides and part of that is because we don't have the data to support it."

Another participant, who works for an engineering firm, says their company is eager to get behind the industry's change in direction when it comes to Aboriginal business, as recommended by the TRC. However, the company needed guidance about how to start. "Is it best to go and support private individuals in private companies that don't necessarily hire from the band but they get money back to the band through people living on reserve. Is it best to go with a band-owned company? Is it best to go with a joint venture that supplies money back directly but doesn't hire and doesn't providing training opportunities?" the participant asks. "There's no really leadership or guidance in that space for us to really understand what is that's going to benefit people the most and how we can plan strategically so that when we are choosing contractors, [they] are going to have the most long-term effect in the community."

Government marketing support will provide missing information to corporate Canada on Aboriginal businesses in this sector and help non-Aboriginal businesses identify the right match for their needs—especially when this need increases with government-supported certification and Aboriginal set-asides in the marine and aerospace industries.

Recommendations for Corporate Participation

Corporate Canada can also play a significant role in supporting the growth of Aboriginal businesses in the marine and aerospace industry and, as a result, strengthen the industry as a whole and improve the communities in which they work.

A gateway into these partnerships is to identify lists of potential Aboriginal vendors for the range of products and services the company requires. Then, these non-Aboriginal businesses should initiate relationships with Aboriginal businesses, as it can often be more difficult for Aboriginal businesses to navigate larger companies with no prior knowledge.

An Aboriginal business owner and participant of the CCAB workshops described instances of trying to get in touch with an individual in the Aboriginal procurement department of BC Hydro, but kept landing on outdated or incorrect contact information. Similar instances occurred when attempting to get more information from other companies of corporate Canada. "We don't know how to approach or who to approach in the procurement side. How do we get into those [supply] chains, so that they feel comfortable with us?" they ask, mentioning that they knew trust needed to be built but struggled to get that relationship initiated. "Talking to the right person and finding the right person is what we're having a problem doing."

Many business relationships originate from industry-specific trade shows, as some of the non-Aboriginal business owners indicated during the research. They mentioned the successful connections that came out of these shows but also the high cost associated with them (CANSEC, biggest defense show in Canada, was \$25,000 to attend)—costs that are prohibitive to a lot of current and upcoming Aboriginal businesses. Corporate Canada can counter this issue by being the ones to initiate these relationships with Aboriginal businesses, connecting them to the correct channels.

Developing these working relationships is a first step, but CCAB also recommends corporate Canada seeking out broader ways to share information about upcoming contracts with Aboriginal businesses, which would help these companies target their certification toward industry trends and even specific projects.

To maximize the impact of these relationships, CCAB recommends that corporate Canada ensure Aboriginal businesses are receiving long-term benefits from these procurements, including the further development of existing skills and the creation of new, specialized skills while “on the job.” The CCAB heard from workshop participants that sometimes the contracts offered to Aboriginal businesses aren’t specific enough when it comes to what tasks will be involved, so their business only partake in very small or labour-repetitive tasks that don’t allow room for growth. “You can’t someone hauling sand for two years and expect them to come out educated,” says one Aboriginal business owner.

If the contracts offered to Aboriginal businesses can grow incrementally from one to the next, with more and more new tasks taught on the job, it allows the Aboriginal company to grow with a larger, non-Aboriginal supplier. This makes a relationship with an Aboriginal business more valuable to a company from corporate Canada because their skills are now highly specialized but wide-ranging and can be used across more projects.

In order to have this side-by-side growth with an Aboriginal business, CCAB also recommends that corporate Canada secure contracts pending certification of an Aboriginal business. Securing work before investing in training helps Aboriginal businesses mitigate the risk of taking time off other jobs to dedicate to certification courses. This would be mutually beneficial in a similar way to academic education models where companies fund current or prospective employees to complete a high-level area of study, such as engineering, computer science, or business administration, on the condition that they bring those skills back to the organization upon graduation. To create these reciprocal relationships and contracts pending certification, corporate Canada must first develop close connections with Aboriginal businesses, well ahead of the bidding process, to more easily facilitate involvement.

To be seen as leaders in the area of Aboriginal procurement and economic reconciliation, it is recommended that corporate Canada set key goals for working with and mentoring Aboriginal businesses as a way of tracking progress, outside of the government minimum spend requirements. Making such progress public is an ideal way for companies to be seen as authentic role models and trailblazers, which will help serve as incentive for other companies the industry to do the same. In contrast to corporate social responsibility (CSR) campaigns which are one-way giving initiatives and often for one-time only, developing and growing relationships with Aboriginal businesses creates sustainable growth that carries higher worth because the benefits are ongoing for both parties involved.

Recommendations for Aboriginal Business

As discussed previously, Aboriginal businesses should not focus efforts on moving up a tier, but instead improving their footprint in the existing tier. CCAB recommends that Aboriginal businesses first identify the core competencies and specialties of the tier of their current contracts, then work toward a reputable excellence in those areas. The non-Aboriginal businesses that CCAB talked to during this study repeatedly referenced the need for “qualified people,” so this aspect is top of the list for businesses looking to meet the needs of their contracts. Once a certain level of excellence is achieved, Aboriginal businesses should then look at expanding into new industries, while staying within the same tier. “Do what you’re doing, as a tier 2 or tier 3, and then go into Marine and Aerospace,” says a government official during a CCAB interview.

One way to achieve this level of expertise is to build strong relationships within corporate Canada. Aboriginal businesses can use these connections to offer their services for upcoming projects and be ready for training when corporate Canada secures contracts pending certification. Non-Aboriginal businesses can become resources not just for work but also for on-the-job training and ongoing mentoring. When CCAB spoke to a non-Aboriginal business in the marine industry, the owner stressed that these relationships are critical for new companies. “Victoria is probably a lot like other places. It’s who you know that gets you going,” he says. “When you first come into a new town or new city, you don’t know where the resources are.”

That same business owner also suggested that the biggest reason for not doing business with Aboriginal companies was because he doesn’t know where they are. With the help of government marketing, corporate Canada initiation and Aboriginal business follow-up, connections can be actively created and developed.

Recommendations in this report will help facilitate these important relationships between corporate Canada and the Aboriginal business community. In addition, CCAB hopes to help further by taking the strain off Aboriginal businesses that feel they need to navigate multiple organizations at once to find these connections, sometimes with expensive memberships. “There are so many people working in this Space and so many different organizations. ... just in Western Canada, all trying to do the same thing,” says one Aboriginal business owner at the CCAB workshops. “I think sometimes Aboriginal businesses get locked in with one, but another group has a different initiative. It gets exhausting and overwhelming for people.” With many partners in corporate Canada, CCAB can be used by Aboriginal businesses as a resource for making these connections and developing working relationships.

For Aboriginal peoples, bands and Aboriginal Economic Development Corporations (AEDCs) looking to start new businesses, CCAB recommends starting these new companies in increasingly sophisticated tiers. This way, the foundation of the business is rooted in the education, experience and necessary relationships needed to grow in this tier from the very beginning. All focus can be given to acquiring certification, qualified employees and willing mentors before launching the new business, as opposed to halting operations partway through the business to re-certify and move up a tier. Aboriginal businesses can use the models of success from those in lower tiers to get a fresh start in a higher one.

Adding up the Benefits of Aboriginal Procurement

Conclusions from the research point to widespread benefits that will result from government policies, corporate initiatives and targeted efforts from Aboriginal businesses in the marine and aerospace industries. Advantages for CCAB's recommendations for collaboration exceed that of standard CSR campaigns, with more active parties involved in creating sustainable growth for individual businesses and the marine and aerospace industries. Early investment in reciprocal relationships has seen much success in many other areas (i.e. companies funding the academic education of future employees), and research suggests it could have the same effect in the marine and aerospace industries.

Government policies around procurement minimums would set an even playing field and allow prime or tier 1 suppliers to focus on initiatives working with Aboriginal businesses, without losing a competitive advantage. In fact, the recommended policies would create a competitive advantage for companies eager to increase Aboriginal procurement within the supply chain. The more quickly and effectively companies develop relationships with Aboriginal businesses, the more naturally those relationships will evolve and work to benefit the growth of both organizations.

Since the Aboriginal population is the fastest growing population demographic in the country, implementing these policies to heighten Aboriginal participation in the marine and aerospace supply chains can provide a significant employment shift with positive impacts on the economy.

In addition to benefits for corporate Canada and government concerns, CCAB recommendations are poised to help Aboriginal peoples by directly strengthening Aboriginal communities, breaking down stereotypes and building trust, and helping to achieve national goals in economic reconciliation for a much-deserving people.

