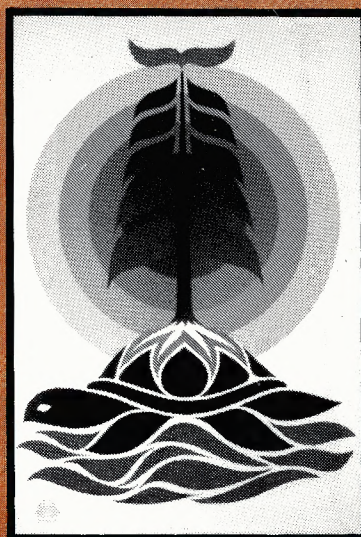
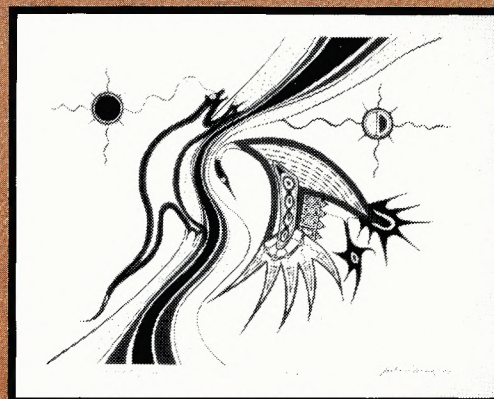




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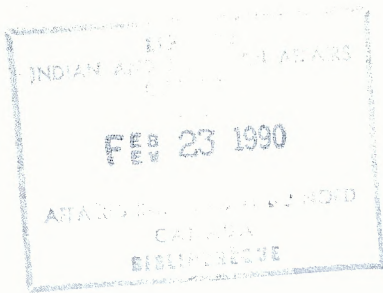


EVALUATION STUDY
ON THE
ARCTIC COOPERATIVES LIMITED
AREA MANAGER PROGRAM

January 1987

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Prepared for:

Northern Affairs Program
Indian and Northern Affairs Canada

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EXECUTIVE SUMMARY

Cooperatives in the NWT

There are 33 Native cooperatives in the Northwest Territories (NWT). They are located in 33 of the larger settlements out of approximately 49 settlements in the NWT. The cooperatives are major social and economic institutions:

- . They involve some 5,000 members. This represents approximately 65% of the adult Native population in the communities served, or nearly half the total adult Native population in the NWT.
- . They provide 300+ full-time jobs for Native employees, plus annual payments of over \$3M to Native producers for fur, fish, arts and crafts.

Centralized purchasing, common systems development, arts and crafts marketing, management support and training are provided by the cooperatives' federation, Arctic Co-operatives Limited (ACL), Winnipeg. ACL and its member cooperatives have a combined annual volume of approximately \$30M.

The cooperatives suffered severe economic difficulties in the early 1980's due to inadequate capitalization, high interest rates, a collapse of the carving market, poor facilities and inadequate management.

Federal Support

Recognizing the need for the cooperatives in the northern economy, Treasury Board approved funding for a set of complementary measures to stabilize and strengthen the NWT cooperative movement, including:

- . establishment of a self-sustaining Cooperative Business Development Fund, with initial \$11.9M in capitalization from NEDP (\$5M), INAC (\$4.9M), and GNWT (\$2M);
- . continuation of INAC support for the Area Manager Program (\$1.2M annually to March 31, 1990).

Immediate Improvements Achieved

This study focusses on the Area Manager Program. It was requested both by Treasury Board and by senior management responsible for the Program. In addition to the evaluation, the consultant worked with ACL and INAC management to identify and implement immediate operational improvements in the Program.

Main Findings

1. Program Has Improved Management Practices

The Area Manager Program provides general management support and training to local cooperatives through 12 Area Managers plus a staff of three at the ACL head office. The type of support ranges from direct management supervision in 11 cooperatives, to regular advice and assistance in 19 cooperatives, to infrequent involvement by request only in 3 cooperatives.

All 33 cooperatives have gone through tough times in recent years. During this period, the Program strove to ensure survival of local cooperatives by improving their business and management practices.

The efforts succeeded to the extent that by early 1986 the majority of local cooperatives were in a stable financial position, 5 were improving and 9 were deteriorating. Of the 9, 5 were in severe difficulty. Without the Program, it is likely that the situation over the past few years would have been much worse, and some of the cooperatives which are successful today would have failed.

2. Ensuring Local Survival is the Key Objective

During the period from 1982-86, other Program objectives were not addressed directly, including Board and management training, Aboriginal management development and strengthening relationships between ACL and its member cooperatives.

Cooperatives in the Arctic are isolated, widely dispersed, and operating in under-developed communities with limited resources. Their managers and elected leaders need advice and support. The priority objective for the future will continue to be that of ensuring local survival.

3. Program Has Developed Common Systems for Co-ops

The opportunity for one-to-one contact between the co-op Boards and managers and the Area Manager has been a particular strength of the Program. In addition, the Program has resulted in the development of common systems such as re-supply ordering. Such systems provide a basis for further training and development.

4. Weaknesses Were Identified Related to Focus and Scope of Activities and Inadequate Performance of Some Managers

Main Program weaknesses have been a lack of focus, an overly broad scope of activities, and inadequate performance by some Area Managers. In the past, these weaknesses have been worsened by insecure funding and restrictive contribution agreements.

5. ACL Can Become Self-Sufficient Over Time - \$1.2 Annual Contribution Can be Gradually Phased Out Starting in 1990

The Program is a vital component of the restructuring of the NWT cooperative movement, and serves a vital purpose. The cooperative system will become more self-sufficient by 1990, with ACL covering approximately 9% of total Area Manager Program costs by that time. This can be improved and should happen more quickly after 1990.

Recommendations

The following are recommendations related to continued government funding for the Area Manager Program.

1. INAC should continue to fund the Program at the current level of \$1.2M annually until 1989-90.
2. A supervisory committee should be established to review the Program through quarterly meetings and annual review sessions with the Committee and delegates at ACL annual meetings.
3. Future Contribution Agreements should have the following conditions:
 - . One full-time position within the Area Manager Program should be designated as a Training and Education Officer.
 - . Provision should be made to set aside a minimum of \$30,000 per year over the next three-year period, to encourage Aboriginal managers and Trainees through meetings with other managers and with ACL management on a regular basis.
 - . The Program should have the flexibility to devote monies to other training and education activities as approved by government.
 - . The Program should be allowed to employ specialists under contract as needed for specific assignments.
 - . The number of general Area Managers should not be less than 5 or more than 7 in a given year. Generalists should be hired on contracts of at least one year.
 - . The Program should develop and implement a new strategy for recruiting staff. This should be submitted for Supervisory Committee approval.
 - . The Program should begin internal cost-accounting to show actual costs.
4. By mid-1989, the Program should be required to present a plan for a faster transition to self-sufficiency commencing with 1990-91. Items to consider should include: an ACL

contribution of 1% of the Federation's annual sales and service revenues, fees charged to cooperatives for specific services, a general fee charged to cooperatives to cover a portion of operating costs, possible cost reductions, and possible contributions from the Cooperative Business Development Fund. The \$1.2M annual contribution from INAC should be reduced in a progressive manner commencing with 1990-91, consistent with ACL's self-sufficiency plan.

The following recommendations relate primarily to Program management:

5. The Area Manager Program objectives and general priorities should be:
 - . To increase the viability of member cooperatives
 - . To develop good local co-op managers
 - . To increase the competence of Boards, Managers and members
 - . To facilitate the rapid development of qualified Aboriginal management
 - . To strengthen the relationship between ACL and its member cooperatives.
6. The Program should use measurable performance indicators to assess achievement of its objectives, and ACL should be required to present brief quarterly reports on their accomplishments to the ACL Board and to government sponsors, and annual reports to ACL member cooperatives and government representatives at the Annual Meeting.
7. Area Managers should not be seen as agents of the Cooperative Business Development Fund. Government should monitor Area Manager job descriptions, re-financing agreements between the Fund and local cooperatives, and other documents to ensure that the role of Area Managers as employees and agents of ACL is clear. ACL should be accountable for performance of the Area Managers.
8. Area Manager activities should be prioritized to ensure that all local cooperatives are receiving an appropriate level of attention, and the appropriate type of attention. For each local cooperative, a simple, one-page document should identify activity areas which are the primary responsibility of the general Area Manager for that cooperative, and should be agreed to by ACL and the cooperative.
9. Through the Area Manager Program, ACL should involve local cooperative managers in various activities (e.g., special reviews or projects in other settlements).
10. Over the next 12 months, ACL should review the potential savings as well as the advantages and disadvantages of moving all Area Managers to Winnipeg.

Summary of Chapter I: INTRODUCTION

Cooperatives have been key Native social and economic elements in Arctic communities for 25+ years. Co-ops today:

- . operate in 33 communities (5000+ members, 65% of adult Native population in communities);
- . are the largest non-government Native employer in NWT (300+ full-time jobs, wages close to \$5M annually, plus \$3M+ annual payments to Native producers for fur, fish, arts and crafts);
- . are federated in Arctic Cooperatives Limited (ACL) (provides wholesale, accounting, marketing and management support services to 33 member co-ops);
- . have combined annual revenues with ACL of \$30M+.

Arctic co-ops experienced severe economic turbulence in the early 1980's due to high interest rates, collapse of carving market, inadequate capitalization, poor facilities and inadequate management.

In 1986, government moved to stabilize Arctic co-ops:

- . \$11.9M to finance local co-ops and ACL, and create a self-sustaining Co-operative Business Development Fund;
- . continued annual funding of up to \$1.2M for the Area Manager Program to March 31, 1990, pending a satisfactory evaluation report on the Program.

The Area Manager Program provides general management support and training to local co-ops through 12 Area Managers working in the field, and 3 Program staff in the ACL Head office.

This evaluation responds to a Treasury Board requirement, and to wishes both of government and ACL managers responsible for the Program to have it evaluated.

I. INTRODUCTION

BACKGROUND ON THE STUDY

To understand the full background to this evaluation requires a brief look at:

- . the Northwest Territories (NWT) cooperative movement;
- . recent government action to stabilize and strengthen the movement; and,
- . origins of the evaluation study itself.

The NWT Cooperative Movement

The NWT cooperative movement was organized in the 1960's and early 1970's. In many communities, cooperatives have been a focal point for community organization and self-determination.

The movement today comprises 33 Aboriginal cooperatives grouped together through their financial and political federation, Arctic Cooperatives Ltd. (ACL). The 33 communities served include most of the larger Aboriginal communities among approximately 49 settlements in the NWT. There is room for possible expansion to a few additional communities.

The cooperatives, with a combined membership of over 5,000, involve about 65% of the adult Aboriginal population of the communities in which they operate. They are the largest non-government employer of Aboriginal people in the NWT. In wages and payments to local Aboriginal producers for fur, fish, and arts and crafts, the cooperatives bring some \$8 million annually into the Aboriginal economy.

Government Action to Stabilize and Strengthen the Movement

Over the years, various infusions of government funds have been made to assist development of cooperatives in the NWT. Even with such infusions, the cooperatives have been under-capitalized. They also have suffered from a lack of management expertise, and all the other problems associated with developing community-based enterprises in remote and economically undeveloped Aboriginal settlements. Their location in the North has afforded few stable economic opportunities.

Since their inception, the Arctic cooperatives have survived on the brink of financial collapse. Nonetheless, they have made impressive progress in creating jobs, economic opportunity and a basis for future self-determination for Aboriginal people.

The turbulent economic environment of the early 1980's (including, for example, unprecedented high interest rates and a collapse of the market for Inuit carvings) brought the NWT cooperative system into a critical situation. In 1986, the Government of Canada (with Cabinet approval) and the Government of the Northwest Territories (GNWT) agreed to undertake several complementary initiatives to stabilize and strengthen the NWT cooperative movement, including:

- . establishment of a Co-operative Business Development Fund by the Native Economic Development Program (NEDP) as a financial institution for the cooperative system to serve basic equity and economic development needs, and provide a stable, long-term source of funds for education, training and business advisory services for cooperatives in the NWT;
- . an \$11.9M capitalization of the Fund by the NEDP (\$5M), INAC (\$4.9M) and the GNWT (\$2M);
- . continuation of support to March, 1990 for the Area Manager Program by INAC (\$1.2M per annum);
- . a steering committee to oversee the implementation of the initiative; and,
- . a detailed review of the local cooperatives by the NEDP.¹

In March, 1986, the Treasury Board (T.B. 801401) approved the above various measures to stabilize and strengthen the Northwest Territories (NWT) Cooperative movement. The Board decided that continued funding of the Area Manager Program through 1989-90 should be contingent on receiving satisfactory results of an evaluation study on the Program.

Background to the Evaluation Study

In addition to the Treasury Board condition, managers responsible for the Program within Northern Affairs and within ACL also wished to have it evaluated. The evaluation study was

undertaken by INAC. As stated in the Terms of Reference (see Appendix 1), the purpose of the study has been twofold:

- . to address the Treasury Board requirement for evaluating the Area Manager Program; and
- . to offer recommendations for improving program delivery, given the new context presented by the recent measures to assist the NWT cooperative movement and the experience of the Program since 1982.

BACKGROUND ON THE PROGRAM: A SUMMARY PROFILE

The following summary presents key features of the Area Manager Program at July, 1986.

Program Mandate

The Northern Affairs Program has a mandate to enter into contribution agreements with ACL for:

- . provision of management advisory services to the elected officials and the managers of the affiliated local cooperatives, and
- . coordination of on-site delivery of related management training and education programs.

The Program mandate can be traced through the following sequence of government authorities:

- . DIAND Act, Subsections 4(a) and 5(b),
- . Cabinet Decision of June 9, 1983 and subsequent announcement of a five-year program of assistance to NWT Cooperatives,
- . Treasury Board Decision of March 24, 1984 (TB No. 782885) setting out terms and conditions for contributions to Northern Cooperatives,
- . Contribution Agreement NWT #83-03 between the Minister and ACL, as amended by NWT 83-A and extended by NWT 85-01 and 85-02,
- . Treasury Board Decision of March, 1986 (T.B. 801401), approving various measures to stabilize

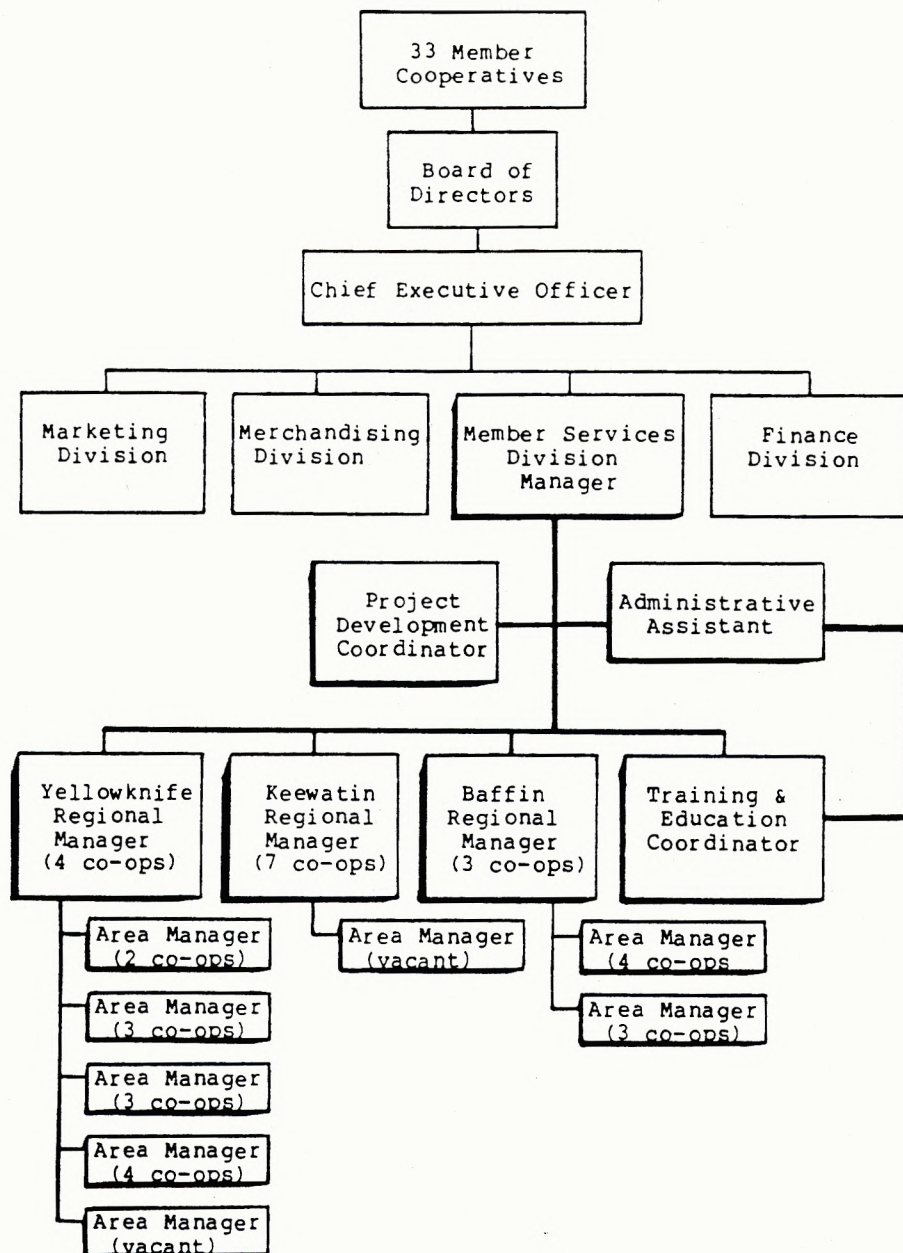
and strengthen the NWT cooperative movement, including continued funding for the Area Manager Program to March, 1990.

Program Delivery

INAC funds the Area Manager Program under the Activity Expenditure Category of 'Implementation of Economic Programs', 'Economic Planning and Development', the Northern Affairs Program.

Within ACL, the Area Manager Program is delivered by the Member Services Division. The structure of the federation, and of the Area Manager Program within the federation, is illustrated in the organization chart (Exhibit 1) on the page following.

In practice, all Area Managers have reported directly to the Member Services Manager, rather than to Regional Managers. The total staffing complement for other Divisions of ACL is not shown. The Area Manager Program represents about 25-30% of total ACL expenditures.



Area Manager Program personnel are shown in shaded boxes.

Exhibit 1. ACL and Area Manager Program Organization Chart

The map which is Exhibit 2 below shows the cooperatives assigned to each Area Manager as of July, 1986.

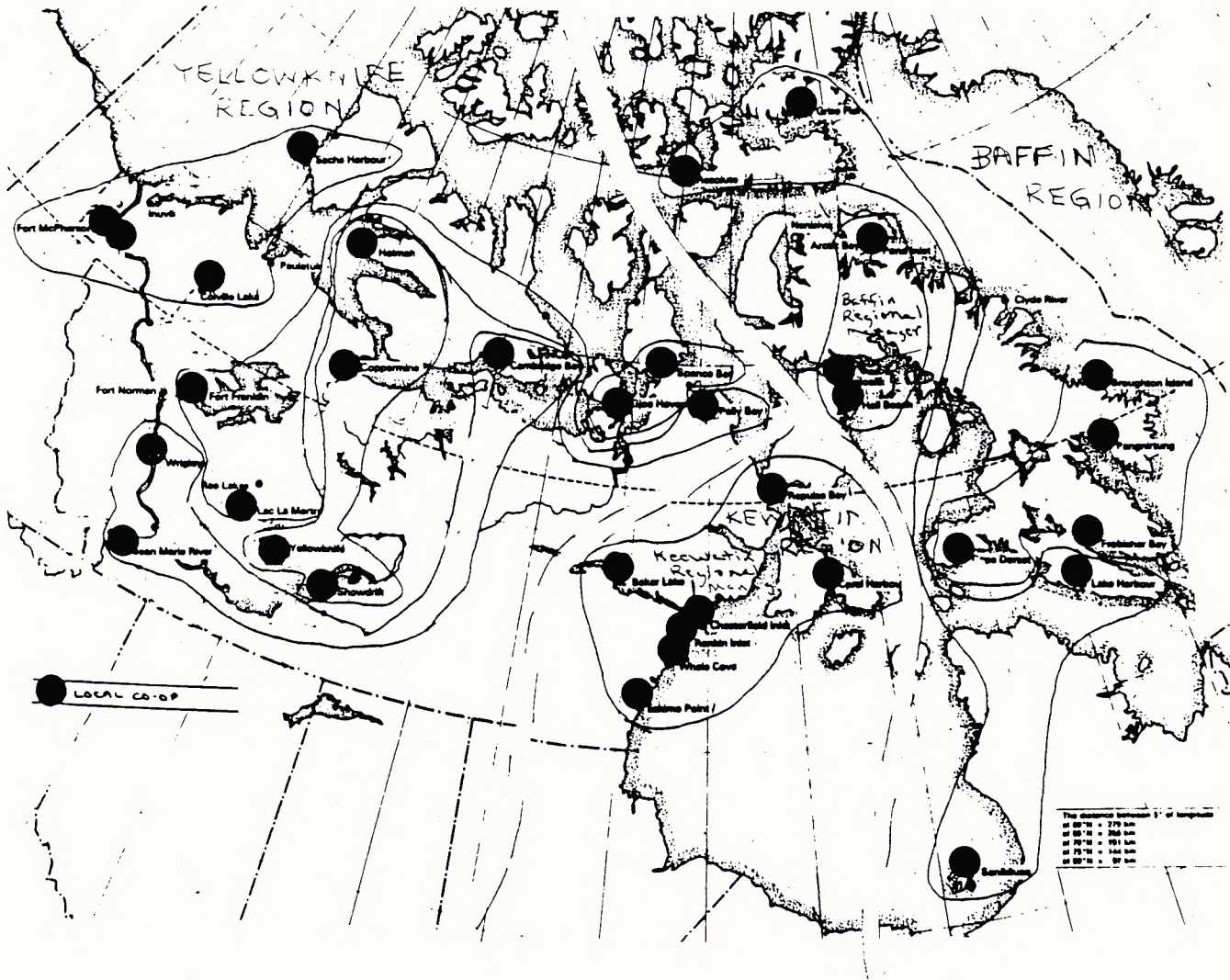


Exhibit 2. Area Manager Regional Assignments

Program History and Prior Evaluations

A program similar to the Area Manager Program (although with a broader mandate) was in place from 1977 to 1982. It was called the 'Cooperative Development Program', and also was assisted by INAC and the Government of the Northwest Territories (GNWT). Within the Cooperative Development Program, supplemental funds on the order of \$600K in total were provided to the NWT cooperative movement to assist with management and board training and advisory support from 1977-80. In addition, the federation received funding from Special ARDA to develop board and management training.

The Cooperative Development Program was evaluated by J.K. Stager in 1982, with the following conclusions respecting what were then called 'Operations Advisors':

... they are field personnel who assist local managers and Boards in every phase of the work. There are eight in the field but it is not enough. A major need is for marketing advice and store operations, but advisors help with accounting, audits, prepare budgets, assist in craft and art quality control and handling, deal with contract preparation and lobbying, help train managers, enlighten Boards and check on the training programs. There is a problem getting qualified people and keeping them - burnout and turn-over are serious. Some operations advisors are poorly suited to the work. Nevertheless, efforts are being made to improve the services.²

The existing Area Manager Program has been shaped by the general recommendations of the Stager evaluation, although that study had a broader mandate to review overall cooperative development efforts, and was not focussed specifically on the Program as such.

Also in 1982, a review of the financial performance of Northern cooperatives was carried out for INAC by Tukilik Services Ltd.³ The review was a complementary piece to Stager's more socio-economic study. It also advocated continued government support of management advisory and support services provided through the cooperatives' federation, at least to 1986.

Program Activities

The main Program Activity has been to provide generalized management support and training through up to 12 Area Managers working with cooperatives in local settlements, and a staff of 3 at the ACL Head Office. The type of management support provided ranges from advice on request, to advice and assistance on a regular basis, to actual management supervision for those cooperatives under management agreement with ACL. Training tends to be informal at the present point. Finally, Area Managers prepare financial reports on local cooperatives for GNWT and federal government use.

Program Outputs

At the level of INAC, an annual contribution level of \$1.2M to ACL was authorized. Actual contribution levels (as detailed in Contribution Agreements⁴) are shown below:

1983-84	1984-85	1985-86	1986-87
\$ 954,000	\$1,200,000	\$1,088,000	\$1,200,000

Exhibit 3. Area Manager Program Funding History

The lapse in funding in 1985-86 was due to some Area Manager positions being vacant, and the time taken to find replacement personnel.

At the level of ACL, the main outputs of the Area Manager Program are:

- . management advice (to 19 cooperatives not under Management Agreement);
- . management direction (to 11 cooperatives under Management Agreement);
- . other direct assistance (e.g., training and education) to all cooperatives on request (including 3 cooperatives which are not actively involved with the Program); and
- . financial reports on cooperatives.

The distinctions among types of outputs are not hard and fast. In some cases, for example, cooperatives under Management Agreement may be receiving less day-to-day supervision than others without Agreements. The character of Program Outputs varies depending on local circumstances and the relationship between each local cooperative and the Area Manager.

Program Impacts

In keeping with the Component Logic set forth in the 1984 Operational Planning Framework for INAC⁵, the primary intended impacts and effects of the Area Manager Program are:

- . an increased level of Aboriginal business activity through the local cooperatives;
- . increased financial stability of Arctic cooperatives;
- . an increased cadre of Aboriginal people with business training and managerial skills.

Program Logic

The basic logic underlying the Area Manager Program has been that:

- . The Government of Canada attaches importance to Aboriginal northern cooperatives as vehicles for economic and social development in the North (in recognition of their documented social and economic significance in Northern communities).
- . The Government therefore has established the Arctic Cooperatives Development Program, and more recently, approved assistance for re-structuring the NWT cooperative system through development of the Cooperative Business Development Fund.
- . The Minister has opted to encourage the integrated growth of the cooperative system in the North by promoting the development of services offered to NWT cooperatives by ACL.
- . Management is an area requiring improvement both within ACL and in the local cooperatives.

- . The Area Manager Program, whereby ACL provides management assistance to local cooperatives, is crucial to the successful stabilization and development of the NWT cooperative system.
- . ACL cannot carry the costs of the Program at this point in time.
- . Therefore, the Government of Canada will enter into agreements with ACL to support the cost of the Program to the level of \$1.2M annually, at least to 1990.

The logic chart below summarizes the Area Manager Program structure as it stood in July, 1986.

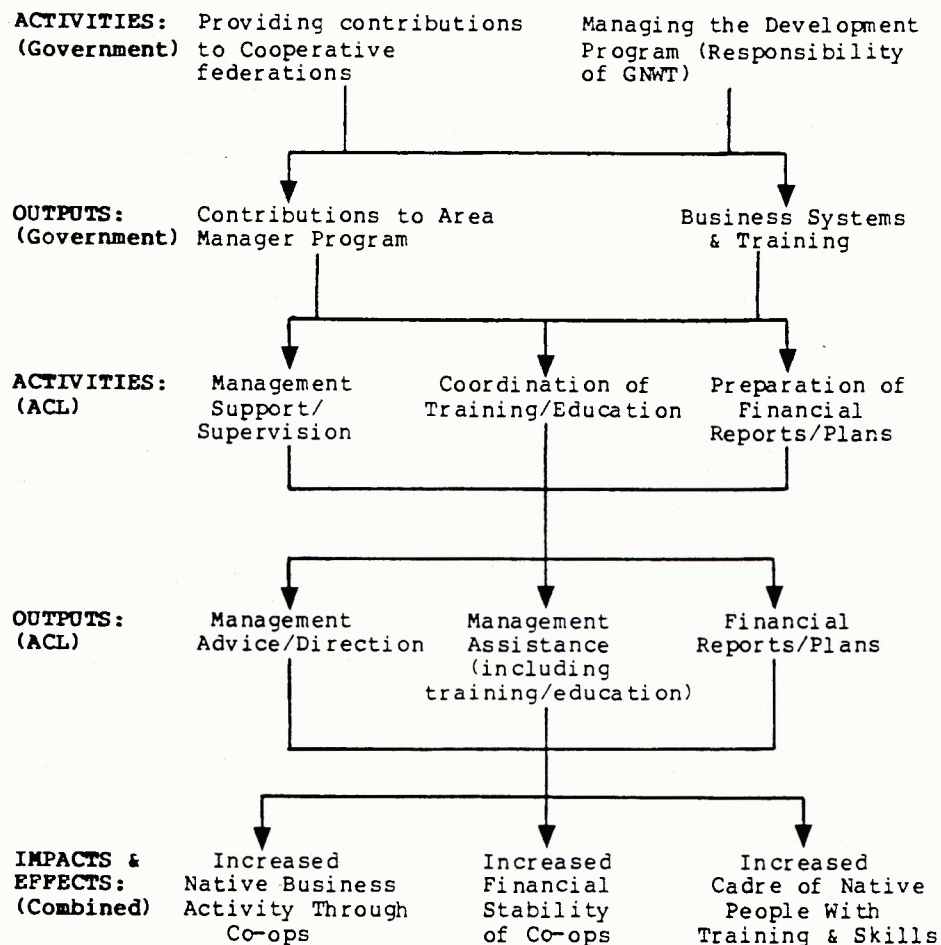


Exhibit 4. Logic Chart For Area Manager Program

ASSUMPTIONS AND CONSTRAINTS

It has been assumed and accepted as constraints on the present evaluation that:

- . The size of the Program budget as planned to 1990 would not increase as a direct result of the evaluation study.
- . The allocation of \$1.2 Million per year would be available to March 31, 1990 as per the Treasury Board decision, if justified by the evaluation study.
- . All study activities would have to be planned to fit within a limited time frame and budget. This placed a particularly severe restriction on travel to local settlements in the N.W.T., and limited the number of personal visits with local cooperative managers and Boards.

TOTAL COST OF THE EVALUATION STUDY

The evaluation study was completed at a total cost of \$30,000, inclusive of travel and related expenses.

USES FOR THE STUDY

In keeping with the requirements noted in the Terms of Reference, the present study will be useful in:

- . offering immediate assistance in Program delivery by suggesting and gaining agreement on improvements in the Program and its delivery;
- . supporting the Departmental priority for promoting Aboriginal economic development in a way that enhances the Aboriginal people's capacity to control and manage their own business enterprises and economic institutions, such as the cooperatives, thus promoting greater Aboriginal participation in the national and international economies;
- . providing useful information and data collection guidelines to assist in budgeting and other decisions for the Program beyond the 1989-90 budget year.

Summary of Chapter II: EVALUATION ISSUES AND METHODS

Evaluation Issues:

- . To what extent are the objectives of the Area Manager Program being met?
- . What impacts and effects, both intended and unintended, are being created by carrying out the Program?
- . What are the strengths and weaknesses of the Program?
- . Can the identified strengths be enhanced and the weaknesses be resolved?

Basic Evaluation Methods:

- . Document review (e.g., prior studies, government and ACL records)
- . 24 individual interviews
- . Field trips to Ottawa, Winnipeg, Rankin Inlet, Yellowknife and Snowdrift.

Additional Initiatives:

In addition to the evaluation requirement, government and ACL managers wanted work on immediate Program improvements; therefore:

- . The consultant looked closely at internal management of the Program.
- . The consultant met with internal ACL working groups on several occasions to discuss recommended Program changes.
- . Many study findings have begun to be implemented.

II. EVALUATION ISSUES AND METHODS

EVALUATION ISSUES AND RELATED QUESTIONS

Issue #1: To What Extent Are the Objectives of the Area Manager Program Being Met?

The following specific questions were to be addressed under this issue:

- . What is the level of common understanding and agreement on what the objectives are and should be (among such key actors as local cooperative managers, Area Managers, INAC personnel, etc.)?
- . Are the activities of the Program consistent with the objectives?
- . To what extent are the objectives being met (e.g., through establishment of sound business practices at the local cooperative level)?

In addition to answering the above questions, the study has attempted to work with ACL in articulating a clearer, more measurable set of objectives for the Program in the future.

Issue #2: What Impacts and Effects, Both Intended and Unintended, Are Being Created By Carrying Out the Program?

Under this issue, the following specific questions were to be addressed:

- . What are the main intended and unintended impacts and effects at the level of the local cooperatives?
- . What are the main intended and unintended impacts at the level of the cooperative system (ACL and its member cooperatives)?
- . What are the implications of the main intended and unintended impacts and effects in relation to government policy (and, in particular, to recent measures to stabilize and strengthen the NWT cooperative movement)?

In addressing the first two of the foregoing questions, the study has looked primarily at past performance of the program. In addressing the third question, it looked primarily at the potential importance of future impacts and effects.

Issue #3: What Are the Strengths and Weaknesses of the Program?

Three specific questions were to be addressed under this issue:

- . What are the main strengths and weaknesses of the services delivered through the Program?
- . What are the main strengths and weaknesses of the current way in which the Program is delivered (e.g., staff, structure, management)?
- . What are the main strengths and weaknesses of the Program as it affects local cooperative management, and management of the system as a whole (e.g., improvements in cooperative position at the local level, inter-relationships within the system)?

The study turned out to emphasize the first and second questions above. The third question was found to duplicate an earlier question related to program impacts and effects to a large degree, and was not emphasized for that reason.

Issue #4: Can the Identified Strengths Be Enhanced and the Weaknesses Be Resolved?

Under this final issue, two specific questions were to be addressed:

- . Can the Program achieve more or better results with the current level of resources, through modifications in its services or delivery?
- . What, if any, conditions should be placed on continued funding by INAC?

In addressing the first question above, the study has made a number of specific recommendations on improving Program services and delivery. The emphasis has been on identifying how strengths could be enhanced and weaknesses resolved. Work on the second question emphasized recommendations for any new contribution agreements respecting the Area Manager Program.

EVALUATION METHODS

The evaluation methods used in the study have focussed on existing written information which was made available from government offices and ACL, and on views expressed in interviews with individuals who have a direct knowledge of the Area Manager Program.

Information-Gathering

The main techniques used to gather information were review of documents, interviews, and field trips.

Document Review

The following are examples of the types of government documents which were reviewed:

- . the evaluation study completed by J.K. Stager in 1982;
- . Contribution Agreements, Treasury Board Decisions, planning reports and other studies and planning documents pertaining to the program (or to the performance of the NWT cooperatives) since 1982.

At ACL, the following types of documents were obtained and reviewed:

- . reports, studies, planning documents and proposals pertaining to the Area Manager Program since 1982;
- . financial reports, statements and other documents pertaining to the financial performance of local cooperatives since 1982 (including summary consultants' reports prepared for the NEDP in April, 1986;
- . job descriptions, personnel records, trip reports, and other information pertaining to hiring and activities of Area Managers since 1980.

Interviews

A total of 24 individual interviews were carried out over the course of the study, including:

- . seventeen personal interviews (1 Area Manager, 8 other ACL officials, 1 NEDP official, 1 INAC official, 2 GNWT officials, 2 managers of local cooperatives, 1 Director of ACL and former President of a local cooperative, and 1 representative of Federated Cooperatives Ltd);
- . seven telephone interviews (4 managers of local cooperatives, and 1 representative each from Co-op Atlantic, la Federation des Cooperatives du Nouveau Quebec, Cooperative Union of Canada, and 1 individual with extensive involvement in overseas cooperative development.

The sample of individuals selected from local cooperatives for interviews was stratified to reflect geographic distribution, positive and negative experience with the Area Manager Program.

Field Trips

Field trips were made to Ottawa, Winnipeg (on 3 occasions), Rankin Inlet, Yellowknife and Snowdrift.

Developmental Work

It was agreed by the Evaluation Advisory Committee that the evaluation study should go beyond a formal evaluation, to include developmental work with ACL to improve delivery of the Area Manager Program. The inclusion of developmental processes was due to the new context presented by recent measures to assist the NWT cooperative movement and the experience of the Program since 1982.

At the beginning of the study, ACL established an internal working group to meet with the consultant and review preliminary findings and recommendations. The group met on September 19-20, at which time a number of detailed recommendations were discussed and agreed upon.

Procedures to Ensure Reliability

The evaluation consultant recognized several potential sources of bias and inaccuracy in the data available for the study:

- . Many of the evaluation questions called for data based on the opinion of involved individuals. They could not be answered with more strictly objective, quantitative data.
- . The changing context of cooperatives in the NWT made it difficult to determine Program impacts and effects to an exact degree, and made it necessary again to rely on possibly biased and/or inaccurate information provided through interviews.
- . Limitations on time and money placed severe limits on the number of local cooperatives which could be visited in person, and may have resulted in the loss of some valuable data from the perspective of local organizations.
- . The unique nature of the Area Manager Program and the cooperative system in the NWT made direct comparison with other similar programs (from northern Quebec, the Atlantic, or the Prairies) difficult.

Efforts were made to overcome potential biases and/or inaccuracies in the data. For example:

- . All individuals who were interviewed were assured of personal confidentiality respecting their comments.
- . Documentation on similar programs in other cooperative systems was reviewed so that comparisons could be made.
- . Representatives from local cooperatives were selected for interviews to provide perspectives of cooperatives that have had both positive and negative experiences with the Area Manager Program.
- . Representatives from local cooperatives were also selected for interviews so as to provide both Aboriginal and non-Aboriginal perspectives.

- . Views were obtained both from ACL staff who have a direct role in the Area Manager Program, and from staff who do not.
- . When key areas were identified in early interviews (e.g., staff turnover in the Program), steps were taken to collect and analyze the best available objective data in those areas (e.g., staff records).

Procedures For Analysis

Because most of the data collected were qualitative, most of the analysis consisted of examining patterns found in the data, in relation to the specific evaluation and developmental questions.

Quantitative analysis was mainly done by aggregating figures on local cooperative performance, and on Area Manager Program staff and activities.

Standard quality control procedures of cross-checking and using several sources of information to answer each question were employed.

Where possible, the analysis was completed in such a way that data can be used for secondary analysis at a later date, and so that findings could feed into the developmental process (e.g., by leading to an improved agreement as to local responsibilities respecting each cooperative).

Summary of Chapter III: OBJECTIVES

Key actors understand and agree that objectives are:

- . to improve local co-op operations as a first priority (e.g., increased net system savings and decreased annual losses by co-ops);
- . to develop good local managers (e.g., increased numbers of managers in place who have improved operations);
- . to increase % of qualified Aboriginal managers and staff (e.g., from current 30% Aboriginal managers);
- . to carry out training, education and development (e.g., provide effective programs for board, management and staff education and training to meet local co-op needs);
- . to provide linkage and coordination respecting ACL services (e.g., improved satisfaction of local co-ops with ACL services).

Program activities have been consistent with the emphasis on the first objective:

- . mainly management support/supervision, and preparation of financial reports/plans, toward improving local operations to ensure survival.

Objectives (considering emphasis on local survival, and financial problems of the past few years) have been met to a considerable degree.

III. FINDINGS ON ISSUE #1:

THE PROGRAM OBJECTIVES

LEVEL OF UNDERSTANDING AND AGREEMENT ON OBJECTIVES

The specific question which was asked was: What is the level of common understanding and agreement on what the objectives are and should be (among such key actors as managers of local cooperatives, Area Managers, INAC personnel, etc)?

Levels of Understanding and Agreement

The most recent formal statement of objectives for the Area Manager Program was obtained from a proposal for Management Training and Board Member Education presented to Employment and Immigration Canada in August, 1984.⁶ The objectives were:

- . To facilitate the rapid ascent of Aboriginal management trainees into management positions;
- . To increase the competence of Boards and Members and to effect increased management decision-making and control by member cooperatives' Boards of Directors;
- . To strengthen the working relationship and support linkage between Arctic Cooperatives Limited and its member cooperatives;
- . To increase the viability of member cooperatives through the use of sound business management practices and principles.

From the interviews with ACL personnel, local co-op managers and others which were conducted during the present evaluation, two points became apparent:

- . The above (or some variation thereof) are widely understood and accepted to be the objectives of the Area Manager Program; and
- . The major emphasis has been on increasing the viability of member cooperatives.

There seems to be general agreement on and understanding of the Area Manager Program objectives. The emphasis on improving

local operations was seen to be proper by all who were interviewed.

There is, however, a need to clarify and set priorities among the objectives. This will become particularly important with the new Cooperative Development Fund in place. As the NWT cooperative system stabilizes, it should be possible to pay more attention to other objectives, to go beyond the focus on improving local operations toward more developmental work.

Clarifying and Setting Priorities Among the Objectives

The consultant met with representatives of ACL on September 19, 1986, and a recommended set of objectives was formulated.

Recommendation:

The Area Manager Program objectives and general priorities should be:

- . To increase the viability of member cooperatives by improving local operations through the use of sound business management practices and principles;**
- . To develop good local co-op managers through improved recruitment, training and advisory support;**
- . To increase the competence of Boards, Managers and Members, and to foster effective management decision-making and control by local cooperatives' Boards of Directors, through training, education and development activities;**
- . To facilitate the rapid development of qualified Aboriginal management trainees and other Aboriginal employees, and their rapid ascent into management and responsible staff positions in local cooperatives;**
- . To strengthen the working relationship, coordination of services and support linkage between Arctic Cooperatives Limited and its member cooperatives.**

The recommended re-statement of objectives has been accepted by ACL staff. It should be reviewed by the Board of ACL.

To suggest an order of priority for the objectives, the consultant has ranked each of them from two perspectives:

- . short-range urgency;
- . long-range importance to the system.

An overall score for each objective was obtained by adding the two rankings and dividing by two. A lower overall score thus indicates a higher overall priority for that objective. The results are shown in Exhibit 5 below. While the rankings have been assigned by the consultant, an effort has been made to reflect priorities noted by individuals in interviews.

OBJECTIVE	PRIORITY RANKING		
	Short-Range	Long-Range	Overall Score
To increase the viability of member cooperatives by improving local operations through the use of sound business management practices and principles;	1	1	1
To develop good local co-op managers through improved recruitment, training and advisory support;	2	3	2.5
To increase the competence of Boards, Managers and Members, and to foster effective management decision-making and control by local cooperatives' Boards of Directors, through training, education and development activities;	3	2	2.5
To facilitate the rapid development of qualified Aboriginal management trainees and other Aboriginal employees, and their rapid ascent into management and responsible staff positions in local cooperatives;	4	4	4
To strengthen the working relationship, coordination of services and support linkage between Arctic Cooperatives.	5	5	5

Exhibit 5. Priority Rankings Among Objectives

Based on the priority rankings, the first priority overall should continue to be that of improving local operations. This makes sense, because viable local cooperatives represent both the short- and long-term future of the cooperative system.

The second overall priority would be given to developing good local co-op managers, and to increasing the competence of local managers and Boards. For the short-term, the emphasis would be on developing good managers (whether Aboriginal or non-Aboriginal), while in the long-term, it would be on developing effective Board and member control of the cooperatives. This emphasizes the importance of Aboriginal control for the long-range future of the cooperative system.

The third overall priority would be placed on rapid development of Aboriginal management and staff. This is not to imply that such development is not essential, because it is essential. The order of priorities merely reflects that accomplishment of this objective should not take precedence over local viability, good local management or effective Aboriginal control by members and Boards.

The fourth level of overall priority would be placed on relations between ACL and its member cooperatives. Again, assigning this objective the lowest priority in no way implies that it is not essential. Cooperative experience around the world is clear: Without an effective central organization, isolated local cooperatives will not thrive, and probably will not even survive. On the other hand, a central organization cannot ensure survival of a system in which a large proportion of autonomous local cooperatives are not viable, poorly managed, or guided by ineffective local control.

The purpose of setting priorities among objectives of the Area Manager Program is to help keep 'first things first', without losing sight of the less urgent objectives. **It is important to remember that the priorities suggested in this report are for the Area Manager Program only, and may not be the same as priorities set by ACL for its overall operations.**

In addition to setting priorities among objectives of the Program, there is a need to add a set of measurable performance indicators or goals for each objective. A recommended set of indicators is attached as Appendix 3 to this report.

An area which has been weak is that of reporting on accomplishments. ACL should report regularly on its progress toward achieving measurable progress. Reporting to the government should be on a quarterly basis, and an annual report should be made to delegates to the ACL annual meeting each year,

with government officials in attendance. Such reporting should not be complex.

Recommendation:

The Program should use measurable performance indicators to assess achievement of its objectives. ACL should be required to present brief quarterly reports on their accomplishment to the ACL Board and to government sponsors, and annual reports to ACL member cooperatives and government representatives at the Annual Meeting.

CONSISTENCY OF PROGRAM ACTIVITIES AND OBJECTIVES

The specific question was: Are the activities of the Program consistent with the objectives?

Analysis of Activities

The primary activity of the Area Manager Program has been the provision of up to 12 field staff who provide a wide range of services to local cooperatives. To determine the actual activities more closely, a data base was created using Area Manager 'Trip Reports' from January through July, 1986. The data then were analyzed along a variety of dimensions. A summary chart is presented as Exhibit 6 below.

Area Manager	Trip Summary (January-July, 1986)	
	# Days	Visits
1	71	10
2	79	16
3	69	19
4	58	7
5	105	24
6	46	22
7	43	15
8	24	8
9	47	14

Exhibit 6. Summary of Data on Visits

The results showed that:

- . The average number of days per month spent by the Area Managers in visits to local co-ops was 11.
- . The average number of days per visit to each co-op was 4.
- . The average number of visits to each co-op was 4.5 (approximately 1 visit every 6 weeks).

There were considerable variances not shown by the averages. For example:

- . Over a 6-month period, the number of days spent in visits varied among Area Managers, from a low of 43 days, to a high of 105 days.
- . The number of visits per co-op also varied widely, from none to 11.
- . Although the average length of visits was 4 days, many were of 2 days or less, the average is skewed by the relatively few visits of up to two weeks in length.

The activities carried out by Area Managers also varied from co-op to co-op. There seem (from interviews and activity reports) to be several main types of activities:

- . Office work in ACL offices, including correspondence, preparing reports on trips to local co-ops, carrying out banking and other services for local co-ops, completing tasks such as year-end reports on local co-ops, and preparing for trips out;
- . Visits, including review of co-op operations, assistance with co-op management (from cleaning up the store to ordering stock, to stocking shelves or preparing future plans), organizing and attending Board meetings;
- . Telephone work, including frequent (usually more than once per week) contact with each local co-op manager;
- . Travel, including time spent weatherbound;
- . Special circumstances (e.g., managing a local co-op while the manager is away).

When we take into account that the emphasis in objectives has been on improving management of local co-ops, then the Area Manager program activities are basically consistent with the objectives. The degree to which activities have been consistent with other objectives appears to have been determined by operational needs in individual situations, and by the personal skills and inclinations of individual Area Managers (i.e., Aboriginal management training, increased competence of Boards and members, strengthened relationship between ACL and member cooperatives).

Concerns Respecting Activities

There is a potential problem with the emphasis on improving local operations. From prior reports, it is clear that this emphasis has been present at least since the Co-operative Development Program began in 1977. To quote from ACL's 1984 Training and Education Proposal:

'The pressure on Area Managers for the financial performance of their respective cooperatives is such that it tends to overshadow other concerns, such as the need for training and education...'

After nearly ten years, crisis management may have become a habit. At present, Area Managers spend more time working with cooperatives which are in immediate trouble, than those with more long-range concerns. This is understandable, but in the volatile environment of northern cooperatives, lack of attention today can bring disaster tomorrow. Even the reliable local cooperative managers need regular visits from Area Managers.

The type of attention required will vary from cooperative to cooperative. It will depend on many factors: the types of businesses in which the cooperative is engaged, the degree of local Board and management competence, the financial situation of the cooperative, and so on.

To date, ACL has used a variety of approaches to determining and monitoring the responsibility areas and activities of Area Managers at the local co-op level. Three main tools which were in current use as of July, 1986, were: management agreements between local cooperatives and ACL, Area Manager Work Plans, and trip reports.

In those cooperatives which have signed a management agreement with ACL, the Area Manager has direct authority over the manager of the local cooperative, and all other operations (see Appendix 4 for a copy of a management agreement). In

practice, the Activities of an Area Manager may vary greatly even among cooperatives under management agreement. In some cases, the cooperative may be functioning very well, and most authority may be delegated to the local manager. In others, the Area Manager may be playing the primary management role. The management agreement does not specify which areas will be delegated for a given cooperative.

The Area Manager Work Plans are extremely detailed forms to be filled out by Area Managers for each cooperative. They include items on Board development, management training, controls and operations activities, with planned and actual dates for each activity, etc. The forms may be useful for some purposes, but represent a significant paper burden, and do not show in a concise way what activities are expected of the Area Manager.

The trip reports are simple summaries of activities performed during each trip. They do not relate activities to objectives, or to responsibilities of Area Managers for the individual cooperatives, except in letters from the Area Managers to the local Boards of Directors.

In discussions with ACL, it has been agreed that a simple, one-page informal agreement should be in place for each cooperative, outlining key activity areas (e.g., accounting, maintaining retail margins, etc.) and identifying whether they are the primary responsibility of the Area Manager, the local Manager, or the Board of Directors. This type of agreement should assist in several ways:

- . by providing a clear idea of what the main activities of an Area Manager should be in each individual cooperative;
- . by helping Area Managers and cooperatives to see progress toward increased responsibility being taken by local Managers and Boards;
- . by reminding Area Managers of their responsibilities beyond crisis management for cooperatives in difficulty.

A draft agreement is included as Appendix 5 to this report.

Recommendation:

Area Manager activities should be prioritized to ensure that all local cooperatives are receiving an appropriate level of attention, and the appropriate type of attention. For each local cooperative, a simple, one-page document should identify the activity areas which are the primary responsibility of the Area Manager for that cooperative, and should be agreed to by ACL and the cooperative.

TO WHAT EXTENT ARE THE OBJECTIVES BEING MET?

The full question was: To what extent are the objectives being met (e.g., through establishment of sound business practice at the local cooperative level)?

In addressing this question, we have looked mainly at the extent to which the Area Manager Program has been successful in establishing sound business practice at the local cooperative level. Accomplishment of other objectives has received brief consideration.

Improvements in Local Operations

A major difficulty in assessing success in improving local business practices, is the financial difficulty which has caught up the system over the past few years.

In the 1984 proposal⁸, the following specific goals were stated as indicators of improvements in local business practices:

'To have the total system generate a 5% net savings result by year 1986/87;

To have no annual loss by any cooperative.'

At year-end, 1985, the total system (sum of individual cooperatives) generated a net savings of 1.5% (compared to total revenue)⁹. This was up from -3% in the year previous. On the other hand, at least 11 cooperatives appear to have experienced an operating loss during 1985.

In quantitative terms, the specific goals have not been met. On the other hand, from NEDP consultants' reports prepared in April, 1986, we see the patterns summarized in Exhibit 7.

CONSULTANT RATINGS	SUMMARY OF LOCAL CO-OP RATINGS		
	Financial Position	Quality of Management	Profitability Trend
Stable	17	-	17
Improving	5	-	6
Deteriorating	9	-	8
Good	-	9	-
Acceptable	-	8	-
Weak	-	12	-

Exhibit 7. Local Cooperative Performance

From Exhibit 7, we see the following patterns:

- . Financial position was either stable or improving in 22 out of 31 cooperatives, or 71%.
- . Profitability Trend was stable or improving in 23, or 74% of the 31 cooperatives.
- . Management was either good or acceptable in 17, or 55%, of the 31 cooperatives.

Based on the above indicators, it seems clear that the Area Manager Program has had considerable success in meeting the objective of improving local co-op management. This may have been achieved, however, by the direct work of Area Managers in crisis management situations, rather than by training and improvement in the skills of local managers. NWT cooperative system has been fighting fires, and the Area Managers have been the front-line fire-fighters.

With the new package of support in place, it should be possible for the system to begin achieving other objectives.

Facilitating Ascent of Aboriginal Trainees into Management Positions

The 1984 proposal stated the following goal:

- . To constantly have an Aboriginal person training in a managerial position, with twenty-four general managers, ten department managers, fourteen trainees in training for a management position targeted for 1986-87.¹⁰

The 1984 proposal was establishing training goals on the assumption that funding would be found to continue a formal program of management training and Board member education (initially funded by Special ARDA, with an annual budget of over \$300,000 proposed in 1984, after which the funding ended). Funding was not obtained, and the Program was not continued in a significant way. Thus, one cannot expect that the total objective would have been fulfilled.

As of 1986, there were approximately 11 (numbers change frequently) Aboriginal general managers in place, out of 33 local cooperatives. In 1983, there were 15 Aboriginal managers in place. Clearly, the objective of getting 24 Aboriginal general managers into place has not been achieved.

On the brighter side, even without a formal program, there were 6 individuals listed as Management Trainees as of July, 1986, up from 5 in 1983. There were approximately 20 Aboriginal people involved in the management training program in total in 1986, as compared to 25 in 1983. These are not bad results, given the hiatus in funding, and the enormous financial difficulties which have called for Area Managers' attention over the past few years.

Increasing Board and Member Competence

The measurable goal which relates to this objective was stated as follows:

- . For every Board to progress in at least 75% per year, or 46 of the 66 Board duties outlined on a training profile (reference is to a detailed profile prepared by ACL).

It is difficult to measure progress toward achieving this goal, since the training program was not funded or carried out. From the NEDP consultants' reports prepared in April, 1986, however, we do get some information¹¹. Boards were ranked as

being 'committed' or 'uncommitted, with the results summarized on Exhibit 8 below.

Board Ranking	# of Co-ops
Committed	21
Uncommitted	8
No Board or ?	2

Exhibit 8. Board Rankings

As the chart shows, the consultants in visits to local cooperatives found that approximately two-thirds (21 out of 33) of the Boards were committed and involved in decision-making. At the same time, they found many deficiencies in Board education. It is hard to fault the Area Managers for lack of accomplishment in Board education, given that the training and education program collapsed and their attention (as well as that of the local Boards) was required for recurring financial crises.

In the interviews conducted by this evaluation consultant, lack of Board and management education and training was flagged as a key concern by most individuals. While the Area Manager Program may have had good reasons for not emphasizing education and training over the past few years, such neglect must not be allowed to continue into the future.

In mid-1986, ACL requested an amendment to its current Contribution Agreement to allow the Area Manager Program to designate one of its staff positions as a full-time Training and Education Officer. Permission was granted, and the officer is now in place. The position should be maintained as a specific requirement in future agreements.

Recommendation:

One full-time position within the Area Manager Program should continue to be designated as a Training and Education Officer.

Strengthening Relationships Between ACL and Member Cooperatives

Two specific goals were set in the 1984 proposal which are directly in keeping with this objective. They were:

- . To have 100% of the required support and supply services needed by member cooperatives provided by ACL by year 1986/87;
- . To provide regional services on a regional basis.

The first goal is ambiguous as to whether it means ACL would offer all services and supplies, or that all cooperatives would use only ACL services and supplies. Since the latter is out of the control of ACL (except in those cases where local cooperatives are under management agreement), one must assume that the intention was to provide a full range of services. As of 1986, ACL was providing a full range of supplies and services, including: arts and crafts purchase and marketing, retail supplies and management services, financial and accounting services. The first goal thus appears to have been met, although cooperatives do complain at times about the quality of services offered by ACL.

The provision of regional services on a regional basis has been attempted through locating some Area Managers at head office (in Yellowknife to 1985, when it moved to Winnipeg) and others in regional offices (e.g., in Frobisher Bay, Yellowknife and Inuvik). The goal of providing regional services on a regional basis thus was accomplished to a considerable degree. It turned out, however, that the goal was not necessarily related directly to the objective of strengthening relationships between ACL and its member cooperatives.

From interviews with local managers and ACL personnel, and from review of NEDP consultants' reports prepared on local cooperatives in April, 1986 (and other reports), it appears that the quality of the relationship between ACL and its member cooperatives is more affected by the quality of services and Area Managers, than by their regional location. In fact, some of the least positive relationships have occurred in the Baffin Region, where services have been the most regionalized.

SUMMARY OF ACHIEVEMENT OF OBJECTIVES

The emphasis has been on improving business practices in local cooperatives. Accomplishments related to this objective have been impressive, given the difficult economic environment of the past few years. Accomplishments related to the other objectives have been less impressive, but these have received less emphasis during the financial crises of the past few years. A lower level of accomplishment is therefore to be anticipated.

Summary of Chapter IV: IMPACTS AND EFFECTS

Main Intended Impacts and Effects:

- . Increased level of Aboriginal business activity and financial stability of Arctic co-ops have been achieved by helping local co-ops to expand/stay in business during turbulent times.
- . Increased cadre of Aboriginal people with business training and managerial skills has been less significant.

Possible Unintended Impacts:

There is a potential for increased dependency of local co-ops on ACL.

IV. FINDINGS ON ISSUE #2: PROGRAM IMPACTS AND EFFECTS

IMPACTS AND EFFECTS AT THE LOCAL CO-OP LEVEL

The specific question was: What are the main intended and unintended impacts at the level of the local cooperatives?

Impact on Increased Aboriginal Business Activity

The question of whether the Area Manager program has led to increased Aboriginal business activity can be addressed by asking another question: To what extent has it prevented a decrease in Aboriginal business activity?

The Program very probably has prevented some cooperatives from going out of business (with attendant loss of Aboriginal jobs and business control in local communities). In some cases (e.g., Spence Bay with recent merchandising help), it may have resulted in rapid improvements in sales and profits.

To the extent that the cooperatives as a system are the most significant Aboriginal business activity in most communities of the NWT, and to the extent that the Area Manager Program has made it possible for the cooperatives to grow and survive, it has had the desired impact. Management support for the local cooperatives has been essential over the course of their development. Without the Area Manager Program's specific funding over the past few years, the cooperative system could not have afforded to provide such support.

Impact on Stability of Local Cooperatives

The extent to which the Area Manager Program has resulted in greater stability of the local cooperatives can only be deduced. For example, two managers were interviewed from local cooperatives which have experienced significant 'turn-arounds', and which are viewed as being in stable financial condition, with good management, and stable positive profitability trends. When asked how the improvements were accomplished, both managers stated that the Area Managers assigned to them had been essential.

All six of the local managers who were interviewed stated that they had frequent telephone contact with their Area Managers

(or, with ACL staff members who had formerly been their Area Managers). The contact was at least once per week. Several indicated an almost complete reliance on the Area Manager for certain functions (e.g., accounting, ordering).

A possible unintended impact could be a habit of dependence on the Area Managers to actually manage the local cooperatives. NEDP consultants' reports, interviews with ACL personnel and others, and other data suggest that such dependence may be present in several cooperatives. While it may have been a necessity in the past in some (or even many) cases, such dependence should be decreased in the future. The main way to accomplish this is through Board and management education and training, and through the cooperatives assuming greater responsibility for their own affairs over time. The transition can be assisted through the type of agreement suggested in Appendix 5.

Impact on Increased Cadre of Aboriginal People

In terms of an increased cadre of Aboriginal people with business training and managerial skills, the impact has been evident, but not outstanding. The Aboriginal representatives who were interviewed did remark that the Area Managers had taught them a great deal.

This area has had the least attention, due to the pressing financial problems of the cooperatives over the past few years. As stated previously there are approximately 20 Aboriginal trainees at present, down from 25 when the training program was at its peak in 1983. The training which is carried out appears to be informal for the most part. The results have been spotty.

An unintended impact could be that native people who have begun the program, but for whom opportunities have not been provided for advancement, may become disillusioned. According to several interviews, the current situation could be discouraging the Aboriginal trainees who are now involved.

The Area Manager Program has not been satisfactorily addressing Aboriginal training needs during the past few years. To some extent, this is understandable, given the lack of funding for the formal training program, and the turbulent economic environment of the NWT cooperatives. With the stabilization provided by the Cooperative Business Development Fund, the Program should be able to make greater headway in the training and education area.

During 1985/86, ACL negotiated an amendment in its contribution agreement to allow the Area Manager Program to hire a specialist in Training and Education. It has already been recommended that this full-time position should become a permanent feature of the Program.

In addition, it is the view of the evaluation consultant (with agreement from ACL) that, out of the existing Program budget, ACL should be able to set aside enough money each year to pay costs for a one-week session in Winnipeg or similar special activities for the current management trainees. This should be viewed as an absolute minimum, but even such a session would go a long way toward improving morale of trainees, building their awareness and understanding of the system as a whole, and helping them to develop a strong cadre.

The Area Manager Program needs greater flexibility in funding further education and training activities. With Government approval (e.g., from a Program Steering Committee as recommended in Chapter V), it should be allowed to use monies from its \$1.2M annual budget for specific activities, without negotiating an amendment to a contribution agreement. This would provide Area Managers with proper support and resources to help in the delivery of education and training. In consequence, the Government of Canada would get more from its \$1.2M per year than it has in the past (when the costs covered were only for general staff).

Recommendations:

Provision should be made to set aside a minimum of \$30,000 per year over the next three-year period, to encourage Aboriginal managers and Trainees through meetings with other managers and ACL management on a regular basis.

The Program should have the flexibility to devote monies to other training and education activities as approved by the Supervisory Committee.

IMPACTS AT THE SYSTEM LEVEL

The question to be addressed was: What are the main intended and unintended impacts at the level of the cooperative system (ACL and its member cooperatives)?

The intended impact stated by ACL is to strengthen the cooperative system. The Area Manager Program has provided a personal link between ACL and its member cooperatives, but it has not been wholly successful in achieving the intended impact at the system level.

For example, the NEDP consultants in April, 1986, found the following about attitudes toward ACL:

- . Positive in 18 cooperatives out of 31 (58%);
- . Mixed or ambivalent in 7 out of 31 cooperatives (23%);
- . Negative in 6 out of 31 cooperatives (19%).

Virtually every previous report on the NWT cooperative system has discussed problems in the relationship between ACL and its members. Several people interviewed for the present evaluation study also mentioned such problems.

Since the Area Manager is the main point of contact with ACL, these mixed results must be partly the responsibility of Area Managers. If the Program is not properly carried out, it can do more harm than good to the system.

At times, the loyalty and accountability of Area Managers has not been clear. It has been all too easy for an individual to blame 'head office' for his or her own lack of action. This is divisive to the system, and some Area Managers may have taken advantage of distance to cover up their own inadequacies.

Some Area Managers have been hired without adequate understanding of a retail system (much less a cooperative retail system). They have at times tended to operate the local cooperatives as independent retail outlets, an approach which is quite different from working within a chain, franchise or other system with centralized services to draw upon.

It must be noted that Area Managers have limited tools available to them. For example, complaints about the ACL centralized accounting system have been frequent, but the Area Managers have limited control over this system.

It must also be noted that cooperative federations are essential, but fragile institutions. They require constant attention to relationships between local organizations and the central organization, and constant fence-mending. The key for cooperatives in the Arctic is responsible Area Managers on the front lines.

The impact on building a cadre of Aboriginal people at the system level has been negligible. The emphasis has been on improving local situations. Little interest has been expressed by Aboriginal people in becoming involved in ACL, other than as Directors.

It must be understood that the lack of interest in involvement on the part of Aboriginal people is at least partly a temporary demographic and socio-economic phenomenon. In most Aboriginal communities, the population is very young - half being under the age of 15 in some cases. Among the small adult population, relatively few people have the requisite language and other skills to enter into a training position. Those individuals with the necessary background are in great demand to work for government and to play leadership roles in other areas (e.g., land claims, Aboriginal organizations). The cooperatives must compete for personnel. In a few years, large numbers of Aboriginal youth with basic education and skills will be entering the job market, and may be attracted to the cooperatives. Also at that time, Aboriginal people may become more interested in working for the Area Manager Program or for ACL in other capacities.

Given the present circumstances, there is one area in which steps could be taken to build greater Aboriginal participation in the cooperative system. The existing experienced Aboriginal managers and directors are a system resource which could be used in special projects. For example, local managers could be involved in special project teams used to review problem situations, plan new project developments, etc. This is a common practice among southern cooperative systems from whom representatives were interviewed, and in the system in Northern Quebec. It should be used by ACL.

Recommendation:

Through the Area Manager Program, ACL should involve local cooperative managers in various activities (e.g., special reviews or projects in other settlements).

IMPACTS AT THE POLICY LEVEL

This was the specific question: What are the implications of the main intended and unintended impacts and effects in relation to government policy (and, in particular, to recent measures to stabilize and strengthen the NWT cooperative movement)?

Intended Impacts

Each of the intended impacts of the Area Manager Program are directly supportive of Northern Affairs Program policy and the Economic Planning and Development Program Sub-Objective, which is:

To promote sustained and balanced economic development in the North.¹²

It is widely recognized that the cooperative system represents the most significant and sustained Aboriginal-controlled economic development in the NWT to date.

The present evaluation study was directed to look particularly at the potential impact of the Area Manager Program on recent measures to stabilize and strengthen the NWT cooperative movement.

All the data (interviews and documents) clearly indicate that the Area Manager Program has crucial importance to successful implementation of the measures to improve and strengthen the NWT cooperative movement.¹³ For example, in all the NEDP appraisals of the initial Cooperative Business Development Fund proposals, provision of management support and advice, education and training was seen an essential foundation upon which to build any further support of NWT cooperatives. In a submission to Treasury Board, INAC itself noted that:

Management remains an area requiring improvement both within ACL and in the local cooperatives... The Area Manager Program, which provides management assistance to individual cooperatives is crucial to the successful stabilization and development of the Aboriginal cooperative system in the Northwest Territories...¹⁴

The Area Manager Program is the sole means where personal support can be given to the local cooperatives in the field. All the information collected in the present study supports the notion that the Area Manager Program is critical to the success

of the new measures. For example, there seems to be no question that:

- . Stabilization and improvements in local management will be critical to protecting the investments made in refinancing the local cooperatives. Area Managers will play a key (probably vital) role in such improvements.
- . In those cooperatives which are under Management Agreement with ACL, the Area Manager will have a direct responsibility for local management (possibly 20 cooperatives in the future months).

Further, it seems clear that the current level of funding is necessary, although with better use of resources the Program should be able to accomplish more of its objectives than it has in the past. The Area Manager Program is a vital component of the re-structuring of the NWT co-operative movement.

Recommendation:

INAC should continue to fund the Program at the current level of \$1.2M annually until 1989-90.

Possible Unintended Impacts

If the Cooperative Business Development Fund is to keep its administrative overhead within reason, it will need assistance from the Area Managers to gather information and monitor situations in the local cooperatives. This gives rise to a possible unintended impact: that of confusion in the accountability of the Area Managers.

Already, there has been ambiguity in the role of the Area Managers. For example, the job description as of July, 1986 placed the Area Manager in the awkward position of reporting to both ACL and the local cooperative Board (see Appendix 6). This has led to much confusion.

The Area Managers must be accountable to ACL, which in turn is accountable to its member cooperatives for all its activities, and to the federal government for funds spent on the Area Manager Program. When local cooperatives are refinanced by the Fund, they must demonstrate that they will put effective management controls in place (which may or may not mean signing a Management Agreement with ACL).

Obviously, the Fund must take all possible steps to ensure that local cooperatives in which it invests will make appropriate and prudent use of the funds, and follow good management practices. There are several possible problems in complete reliance on Area Managers to provide the necessary information and assurance:

- . unless recruiting and supervision of the Area Managers within ACL is improved, the Fund could find itself relying on incompetent sources of local information and management advice;
- . if a situation should arise wherein ACL management and the Fund disagree about action to be taken in a local co-op, the Area Manager could be placed into the uncomfortable (and, unfortunately, familiar) position of having two bosses;
- . the 'arms'-length' relationship between the Fund and ACL could be diluted (i.e., the Fund could be perceived as an arm of ACL, rather than as a separate entity - a misconception which could be further encouraged by the fact that the newly appointed Manager of the Area Manager Program formerly was the interim head of the Fund).

There is already confusion within the cooperative system as to who is, and should be, responsible for what. Particularly since all parties involved wish to encourage the local cooperatives to become as self-sufficient as possible, steps should be taken to eliminate ambiguity wherever possible. The basic lines of accountability are illustrated in Exhibit 9 below.

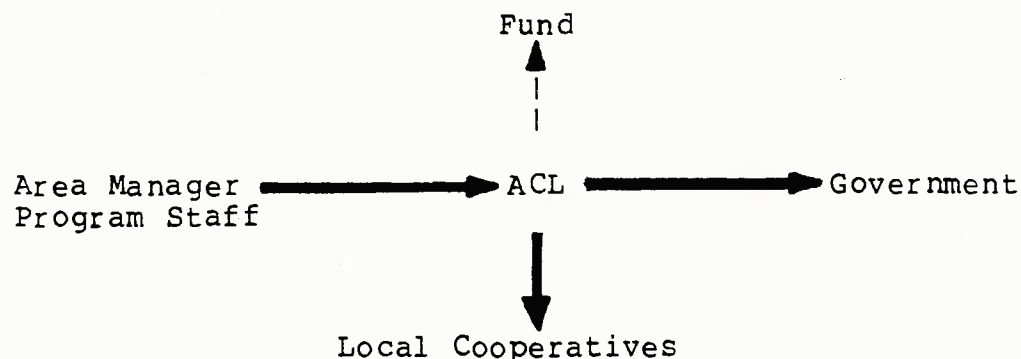


Exhibit 9. Area Manager Program Accountability

Recommendation:

Area Managers should not be seen as agents of the Cooperative Business Development Fund. Government should monitor Area Manager job descriptions, re-financing agreements between the Fund and local cooperatives, and other documents to ensure that the role of Area Managers as employees and agents of ACL is clear. ACL should be accountable for performance of the Area Managers.

One of the problems with accountability may have been a lack of strong management supervision and support on the part of ACL. The structure of the Area Manager Program has been such that all twelve field staff have reported directly to the Division Manager in Winnipeg (previously in Yellowknife). The 'Regional Manager' positions have not involved real line authority over Area Managers in a given region.

Eleven people reporting to one manager would be an extremely large 'span of control', even if all the Area Managers were located in Winnipeg, and all were well-qualified for their jobs. Given the fact that Area Managers work across the Arctic, and that many have been ill-qualified for their positions, it is an unreasonable span of control. This situation would be improved by having no more than seven general Area Managers, all reporting to a strong Member Services Division Manager, as will be discussed in the next chapter.

Summary of Chapter V: STRENGTHS AND WEAKNESSES

Strengths:

- . Personal contact with managers, staff and Boards at the local level,
- . Emphasis on local co-op needs,
- . Development of a common base of operating systems from which to build further progress.

Weaknesses:

- . An overly broad scope of services and a lack of focus (partly due to an inflexible Contribution Agreement)
- . Inadequate Program management, supervision, and staff recruiting, resulting in unclear roles and responsibilities, and poor performance of some Area Managers.

Summary of Chapter VI: IMPROVEMENTS

The Program can achieve more and better results in accomplishing all of its objectives.

The Program will become more self-sufficient over time, as costs increase while funding remains stable. ACL is expected to be paying 9% of the total costs by 1990, up from 1% in 1987.

The program can and should increase its level of self-sufficiency after 1990.

V. FINDINGS ON ISSUE #3:

PROGRAM STRENGTHS AND WEAKNESSES

STRENGTHS AND WEAKNESSES OF PROGRAM SERVICES

The specific evaluation question was: What are the main strengths and weaknesses of the services delivered through the Program?

A major strength of the services delivered through the Area Manager Program is the provision of on-site advice and assistance through personal contact with managers, staff and Boards at the local level.

A second strength is that services offered by the Program are flexible, yet becoming more systematized. The reported activities of Area Managers vary from co-op to co-op, depending on the needs of the individual cooperative. At the same time, ACL has developed systems for procedures such as ordering merchandise which are very useful to all local managers. The fact that the services are linked with ACL makes them more effective (because of ACL's other services, in areas such as re-supply and centralized accounting).

The very flexibility which is a strength is also a weakness. Because so many services are provided, and because what is done varied so greatly from co-op to co-op, several problems are encountered:

- . lack of consistency from one Area Manager to the next from the perspective of local managers;
- . demands for an unrealistic range of expertise on the part of Area Managers (from accounting to arts and crafts purchasing, to hotel management).

A weakness noted in interviews is a lack of focus in the Area Manager Program services. The Area Managers have been expected to provide a wide range of services, often without back-up expertise to assist them. Because the local operations are so diverse, it is not realistic to expect generalists to provide sound advice and assistance in all areas. In interviews and in discussions with ACL staff and government representatives, the following special needs were identified:

- . education and training;

- . merchandising (becoming more important as northern communities become more sophisticated consumers);
- . arts and crafts marketing and management (as part of a cooperative business);
- . financial analysis (particularly to pinpoint problems which could develop in the future);
- . turn-around situations;
- . inventory and audit cut-offs (which have placed a major demand on Area Managers' time in the past).

Part of the problem rests with the Contribution Agreement, which specifies that funds may be spent only as outlined in an annual budget, and only for a specified number of employees. As interpreted by ACL, this has meant that the Program has operated with general services, rather than by engaging specialists as needed. Thus, it has been administratively difficult to arrange to hire specialists for education and training, or for merchandising.

Based on discussions with ACL and on comparison to Federated Cooperatives Limited, Atlantic Cooperatives Limited and the Federation in Northern Quebec, five general Area Managers should be able to handle the work load if they have access to specialists. This would free up substantial resources for specialist functions, and should result in better service at a local level.

Recommendations:

The Program should be authorized to employ specialists under contract as needed for specific assignments.

The number of general Area Managers should not be less than 5 or more than 7 in a given year. Generalists should be hired on contracts of at least one year.

STRENGTHS AND WEAKNESSES OF PROGRAM DELIVERY

The question was: What are the main strengths and weaknesses of the current way in which the Program is delivered (e.g., staff, structure, management)?

The most critical strength and weakness of the Area Manager Program lies with the quality of the individual Area Managers. When qualified, honest and committed, they have made a notable difference. Unfortunately, recruiting and retaining the 'right' type of individuals for the job has been a difficulty.

The resumes and employment history of the 33 individuals who were hired and left Area Manager positions from 1979 to 1986 were examined. The results were then summarized.

The average length of employment was 1.6 years. From further analysis of the data, we find that:

- . Fourteen (43%) of the total were dismissed or resigned before being dismissed.
- . Six (18%) went to local cooperatives in the Arctic, or were promoted within ACL.
- . Six (18%) went to the Territorial Government, or to a southern cooperative.
- . Seven (20%) resigned for family or other reasons.

The performance of the 33 individuals was rated informally with a knowledgeable ACL staff member, with the following results:

- . Fourteen (43%) were rated as showing 'good' performance in their jobs.
- . Five (12%) were rated as 'acceptable'.
- . Fourteen (43%) were rated as 'poor'.

These results strongly suggest that ACL has not been effective in hiring the 'right stuff' for Area Manager positions. When half the staff who are hired end up being fired, there is a serious problem in recruitment.

In previous reports, it has been stated that staff turnover was a crucial problem for the Area Manager Program, as with managers of local co-ops. In fact, the average stay for Area

Managers who were rated as good/acceptable was 1.8 years, only slightly higher than 1.5 years for those who were rated as poor.

ACL's past procedure for hiring Area Managers was informal, with newspaper advertisements (particularly in the southern co-op press and in areas of the country experiencing high levels of unemployment), followed by interviews. The procedures have not been satisfactory. Hiring and moving individuals to the north is expensive. It deserves good attention. Procedures for improving hiring have been discussed with ACL, and they say they are prepared to take appropriate action.

Out of \$1.2M, ACL has budgeted approximately 8% for administrative salaries and wages, and 14% for administrative and other related costs. This amounts to over a quarter of a million dollars on an annual basis, and 22% of the total Program budget.

For this money, the federal government should expect better attention to hiring. The following particular steps have been discussed with ACL staff:

- . hiring Area Managers on contract, rather than as career employees (since there are not many options for them within the Arctic Cooperatives system);
- . recruiting individuals who are attracted to a challenge similar to that of working in Third World situations;
- . conducting interviews with wives as well as potential Area Managers (since in the past, there have been problems due to lack of family commitment to living in the North);
- . improved coordination with southern cooperative systems.

ACL has already begun to take steps in the above direction. Staffing for the Area Manager Program is such a crucial area, however, that ACL should be required to develop and implement a new recruitment strategy. This requirement should be reflected in job descriptions for administrative personnel for the Program.

Recommendation:

The Program should develop and implement a new strategy for recruiting staff. This should be submitted for Supervisory Committee approval.

STRENGTHS AND WEAKNESSES OF PROGRAM IMPACTS AND EFFECTS

The specific question was: What are the main strengths and weaknesses of the Program as it affects local cooperative management, and management of the system as a whole (e.g., improvements in cooperative position at the local level, inter-relationships within the system)?

The major strength has already been demonstrated. It is that positive impacts have been achieved at the local level.

Training and education have been neglected, if for understandable reasons. In the future, Boards and management training should take first priority (above, for example, educating general membership of local cooperatives). Aboriginal management trainees should be brought together on a regular basis. Now that a new specialist in Training and Education is in place, a new plan should be developed.

The major weakness of the Area Manager Program as it has affected management, is at the level of the NWT cooperative system.

To some degree, the Area Manager Program has been a form of support for improving management in ACL, as well as in local cooperatives. While it obviously has made vital personnel available to ACL, its effect on ACL management seems to have been mixed.

Like the local co-operatives, ACL has a history of dependence on government. The cost of such dependence has been a major expenditure of time and energy on seeking, maintaining and reporting on government support. At present, ACL is ready to begin operating on a more independent basis. It should be identifying needs and planning services, not to please government, but to operate as an independent business. With regard to the Area Manager Program, this means that ACL should begin accounting for costs of specific services within the Program, so that it can move toward fees-for-service or other steps toward self-sufficiency.

Recommendation:

The Program should begin internal cost-accounting to show actual costs.

VI. FINDINGS ON ISSUE AREA #4:

PROGRAM IMPROVEMENTS

CAN THE PROGRAM ACHIEVE MORE OR BETTER RESULTS WITH THE CURRENT LEVEL OF RESOURCES, THROUGH MODIFICATIONS IN ITS SERVICES OR DELIVERY?

The findings on this question are clear. The Area Manager Program definitely can achieve better results with the current level of resources, and should be expected to do so. In particular:

- . The Program can achieve measurable progress toward all of its objectives, including those related to education and training, and development of Aboriginal self-sufficiency within the cooperative system.
- . The Program can obtain higher quality personnel, and use its human resources more effectively.
- . The Program services can be directed more effectively toward meeting specific needs of all cooperatives.

In earlier chapters, this report has recommended a number of changes to program services and delivery which would help to attain better results with the current level of resources. Here, we will consider the further areas of program budget and regional delivery.

Program Budget

ACL has prepared a revised budget to incorporate the specific changes recommended in earlier chapters. The budget, after revision with the evaluation consultant, is summarized in Exhibit 10 on the page following, with greater detail provided by Exhibit 11.

GENERAL STAFF (Salaries/Benefits/Recruiting)	\$313,436
SPECIALISTS (Fees/Recruiting)	164,950
TRAINING & EDUCATION (Salary/Benefits/Projects)	77,404
TRAVEL	372,550
ADMINISTRATION/OPERATING COSTS	285,300
TOTAL	\$1,213,640

Exhibit 10. Area Manager Program Budget Summary

	Salaries/ Benefits/ Contract	Recruiting	Travel	Communication/ Supplies/	Standby	TOTAL
GENERAL STAFF						
Division Manager	\$50,000	\$14,000	\$20,000	\$6,600	\$0	\$90,600
Administrator	44,496	0	0	6,600	0	51,096
Area Manager - Wpg.	40,809	0	38,000	5,300	0	84,109
Area Manager - Wpg.	40,809	0	38,000	5,300	22,600	106,709
Area Manager - Prob.	34,100	0	38,000	5,300	15,400	92,800
Area Manager - Inuvik	38,000	10,000	38,000	5,300	13,000	104,300
Area Manager - YK	41,222	0	38,000	5,300	0	84,522
CONTRACT SPECIALISTS						
Merchandising	39,900	10,000	38,000	5,300	0	93,200
Arts & Crafts	39,600	10,000	38,000	5,300	0	92,900
Financial Analysis	35,000	0	0	0	0	35,000
Audit Cut-Off	30,450	0	51,550	0	0	82,000
TRAINING & EDUCATION						
Training & Education	47,404	0	35,000	2,400	8,000	96,404
Management Seminars	0	0	0	0	0	30,000
ADMINISTRATION	0	0	0	0	0	170,000
TOTALS	\$481,790	\$44,000	\$372,550	\$52,700	\$59,000	\$1,213,640

NOTES.

1. 'Standby Costs' are the sum of rent, repairs and utilities for field offices (\$59,000).
2. 'Administration/Other' on Exhibit 12 includes administration, communications and supplies.
3. 'Administration/Operating' on Exhibit 10 are the sum of administration, communications, supplies and standby.
4. 'Recruiting' includes costs for advertisements, interviews, moving, etc.

Exhibit 11. Detail on Proposed Budget

After detailed review, the evaluation consultant is convinced that the budget figures in Exhibits 10 and 11 are acceptable, pending confirmation of high administrative costs through future internal cost-accounting. The following are important considerations:

- . Individual salary ranges and budgeted projections for specialist fees are reasonable.
- . The number of general Area Managers (5) is the lowest possible number which could provide regular service through visits to local cooperatives which are spread across Arctic Canada.
- . Although the amount formally allocated to education and training remains small (under \$100,000), it provides a focus for coordination and motivation of generalists in delivering training and education, and it does provide for at least one special activity for Aboriginal trainees and managers. It should be remembered as well, that the training and education expenditures could be increased if savings were realized in other budget areas (e.g., specialist contracts).

To achieve its full objectives in the area of training and education, the Program would be required to seek and obtain additional resources from other agencies (e.g., Employment and Immigration Canada, Government of the Northwest Territories, the Cooperative Business Development Fund), for special activities.

- . Travel costs, while high, are not unreasonable for a Program which delivers local services to 33 cooperatives in remote northern settlements.
- . The areas in which specialist contracts have been identified are areas in which the need is obvious. They also are the areas where the previous Program has either had to concentrate its efforts (e.g., time spent by Area Managers in merchandising, or in audit cut-offs), or where it has failed to achieve satisfactory results due to a lack of expertise on the part of generalists (e.g., in arts and crafts management).
- . Administrative and operating costs are high. However, they include essential expenditures for communications (remembering the distances involved,

and that local managers at present contact their Area Manager by phone at least once per week). They also include costs for maintaining regional offices in Frobisher Bay, Yellowknife and Inuvik. The share of administrative costs allocated to the Area Manager Program in Winnipeg is based on a fair assessment of the proportion of total office space, support services and supplies used by the Program in comparison to total Head Office expenditures.

Given that continued funding is available at the current level, and that the recommended changes are made to Program services and delivery, the Area Manager Program should achieve improved results in achieving all its objectives.

Regional Program Delivery

The evaluation data indicate that consideration should be given to locating all the general Area Managers in Winnipeg. This would result in a savings of approximately \$50,000 per year for standby expenses (rent, repairs, utilities) in northern settlements. It would result in further savings of \$5,000 in staff benefits, plus possible savings in recruitment and relocation costs.

There might be additional travel costs, but a net savings of at least \$30,000 per year should be achieved. This could constitute a major addition to monies available to education and training, or other essential services.

The additional gains of such a move would be:

- . improved supervision of Area Managers;
- . better pool of labour for hiring;
- . improved link between Area Managers and other ACL departments (e.g., accounting and re-supply), resulting in improved service to local co-ops;
- . more flexibility in assigning co-ops to Area Managers, resulting in a better match.

There would of course, be drawbacks:

- . Area Managers would have to make special efforts to maintain good relationships with Area Economic Development Officers and other GNWT personnel in local areas;

- . some loss of credibility could result;
- . the perceived distance between ACL and its members could be increased.

The northern cooperative system in Quebec has a policy of not employing any non-Aboriginals in the North. ACL as such has no Aboriginal employees. It may be more 'honest' to let the non-Aboriginal people work in the south, and concentrate on providing good services and encouraging more Aboriginal management and control of local co-ops.

Recommendation:

Over the next twelve months, ACL should review the potential savings as well as the advantages and disadvantages of moving all Area Managers to Winnipeg.

CONDITIONS ON CONTINUED FUNDING

The question was: What, if any, conditions should be placed on continued funding by INAC?

A number of recommendations have already been made which would result in conditions on continued funding (see also the summary of recommendations in Chapter VII). Beyond those recommendations, conditions should also be put into place respecting:

- . a government committee to supervise the Program;
- . a planned transition toward self-sufficiency for the Program as a division within ACL.

Supervisory Committee

Because of its critical importance to the success of measures to re-structure the NWT co-operative system, the Area Manager Program should be monitored closely. This will be even more important if the Program is given additional flexibility as recommended. On the other hand, written reports and red tape should be minimized.

A Committee structure could provide for involvement of the GNWT and INAC, and for quick response to needed changes or problems regarding the Program. The Committee could meet four

times per year, and should negotiate Contribution Agreements in timely fashion so that there are no unnecessary lapses in funding. The annual review sessions would provide for direct feedback to Government on the Program, and could be a valuable review mechanism as well as an educational tool.

Recommendation:

A supervisory committee should be established to review the Program through quarterly meetings and annual review sessions with the Committee and delegates at ACL annual meetings.

Planning for Transition to Self-Sufficiency

It is very important that ACL begin planning now to move toward self-sufficiency after March, 1990. In fact, Exhibit 12 below shows that ACL will be picking up an increased share of the costs in the years between now and 1989-90, just to keep pace with modest cost increases.

	<u>1987-88</u>	<u>1988-89</u>	<u>1989-90</u>
General Staff	\$313,436	\$322,839	\$332,524
Specialists	164,950	169,899	174,995
Training/Education	77,404	79,726	82,118
Travel	372,550	391,178	410,736
Standby	59,000	61,950	65,048
Administration/Other	226,300	237,615	249,496
TOTAL REQUIREMENTS	\$1,213,640	\$1,263,206	\$1,314,917
ACL Contribution	\$13,640	\$63,206	\$114,917
NET REQUIREMENTS	\$1,200,000	\$1,200,000	\$1,200,000
Assumptions:			
1. General Staff costs increase by 3% per year.			
2. Specialist costs increase by 3% per year.			
3. Training/Education costs increase by 3% per year.			
4. Travel costs increase by 5% per year.			
5. Standby costs increase by 5% per year.			
6. Administration/Other costs increase by 5% per year.			

Exhibit 12. Projected Increases in ACL Share of Program

As the exhibit shows, by 1989-90, the ACL share of the Program budget would be \$114,917. This would amount to 9% of the total Program costs of \$1,314,917. To project further, if government contributions continued at the rate of \$1.2 million per year, the ACL contribution of \$153,575 would amount to 11% of the total program costs. By 1991-92, the ACL share would be at 15% of the total. Thus, there is movement toward self-sufficiency, but it can and should be faster after 1990-91.

A suggested ACL share of the contribution after 1990 (negotiated with ACL staff) would be 1% of ACL's annual sales and service revenue. ACL's operating projections show an anticipated \$26.7M in annual sales and service revenue for 1989, up 25% from the 1986 projection of \$21.4M. If we assume average annual increases of 7% for the years from 1990-2000, the ACL contribution based on revenue would cover 29.1% of the total costs by the year 2000.

Obviously, self-sufficiency will require other steps beyond a contribution based on a percent of ACL revenue. There are four other areas which can be tapped:

- . fees for services charged to local cooperatives who use the services (e.g., specialists);
- . general service charges levied against local cooperatives, on a formula based on their percent of sales, or through some other formula;
- . decreases in costs;
- . possible funding for some special projects through the Cooperative Business Development Fund.

At present, the annual cost of the Area Manager Program would be approximately \$40,000 per cooperative per year, if divided evenly among the cooperatives. In coming years, the cooperatives will have to begin paying more of the costs of the Program, if it is to become self-sufficient.

Exhibit 13 on the page following shows one scenario whereby the Program could become more self-sufficient by the year 2000. Given the still unstable financial circumstances of the NWT cooperative system, the new factors which will be introduced by the Fund, and the changing demographic and socio-economic conditions in the NWT, it is impossible to make reliable predictions beyond a very few years. The scenario takes a somewhat similar form to that taken in a 1983 study of the Area Manager Program submitted to INAC by ACL.¹⁵

PROJECTED BUDGET SCENARIO TO 1999-2000, SHOWING TREND TOWARD SELF-SUFFICIENCY

	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000
General Staff	532,524	514,500	532,775	536,358	574,259	538,487	539,051	540,961	542,122	543,869	544,885
Specialists	172,995	186,295	185,652	199,722	196,859	202,868	208,954	215,232	221,679	228,329	235,179
Training/Education	62,118	84,581	87,119	89,712	92,424	95,197	98,025	100,995	104,035	107,145	110,160
Standby	410,736	431,273	452,817	475,479	499,253	524,215	550,426	577,947	606,845	637,167	669,046
Administration/Other	65,048	68,300	71,715	75,101	79,066	83,019	87,170	91,528	96,105	100,910	105,956
	249,496	254,557	264,739	275,329	286,342	297,795	309,707	322,095	334,979	348,378	362,314
TOTAL REQUIREMENTS	51,314,917	51,361,457	51,414,837	51,470,421	51,528,302	51,588,581	51,651,361	51,716,751	51,784,864	51,855,819	51,929,739
INAC Contribution	1,200,000	804,311	787,354	771,379	800,472	728,723	592,089	614,371	636,729	659,112	681,460
ACL Contribution*	114,917	286,000	306,000	327,000	350,000	401,000	429,000	459,030	491,162	525,543	562,331
Fees for Service**	9%	21%	22%	22%	23%	25%	26%	27%	28%	28%	29%
Monthly Fees***	136,146	141,484	147,042	152,830	158,858	165,058	171,426	177,963	184,673	191,561	198,638
Monthly Fees***	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Monthly Fees***	135,000	180,000	225,000	225,000	225,000	300,000	300,000	300,000	300,000	300,000	300,000
Monthly Fees***	10%	10%	13%	15%	15%	19%	18%	17%	17%	16%	16%

Assumptions:
 1. General Staff costs increase by 3% per year.
 2. Specialist costs increase by 3% per year.
 3. Training/Education costs increase by 3% per year.
 4. Standby costs increase by 3% per year.
 5. Administration/Other costs increase by 4% per year.

Notes:
 * Based on 1% of revenue, projected to increase at 4% per year.
 ** Fees for specialist services.
 *** Fees from local cooperatives for general services.

Exhibit 13. A Scenario Toward Self-Sufficiency

Whatever formula is used to move toward self-sufficiency after 1990, it should be negotiated well in advance of March 31, 1990.

Recommendation:

By mid-1990, the Program should be required to present a plan for a faster transition to self-sufficiency commencing with 1990-91. Items to be considered should include: an ACL contribution of 1% of the Federation's annual sales and service revenues, fees charged to cooperatives for specific services, a general fee charged to cooperatives to cover a portion of operating costs, possible areas for cost reductions, and possible contributions from the Cooperative Business Development Fund. The \$1.2M annual contribution from INAC should be reduced in a progressive manner commencing with 1990-91, consistent with ACL's self-sufficiency plan.

VII. SUMMARY OF RECOMMENDATIONS

This chapter summarizes recommendations which have been made throughout the report. The recommendations are presented in two groups:

- . those which relate primarily to continued government funding for the Area Manager Program;
- . those which relate primarily to Program management.

A page reference is provided to show the source of each recommendation.

RECOMMENDATION RELATED PRIMARILY TO GOVERNMENT FUNDING

1. INAC should continue to fund the Program at the current level of \$1.2M annually until 1989-90 (see page 38).
2. A supervisory committee should be established to review the Program through quarterly meetings and annual review sessions with the Committee and delegates at ACL annual meetings (see page 51).
3. Future Contribution Agreements should have the following conditions:
 - . One full-time position within the Area Manager Program should be designated as a Training and Education Officer (see page 29).
 - . Provision should be made to set aside a minimum of \$30,000 per year over the next three-year period, to encourage Aboriginal managers and Trainees through meetings with other managers and ACL management on a regular basis (see page 34).
 - . The Program should have the flexibility to devote monies to other training and education activities as approved by government (see page 34).
 - . The Program should be allowed to employ specialists under contract as needed for specific assignments (see page 42).
 - . The number of general Area Managers should not be less than 5 or more than 7 in a given year. Generalists should be hired on contracts of at least one year (see Page 42).

- . The Program should develop and implement a new strategy for recruiting staff. This should be submitted for Government approval (see page 44).
 - . The Program should begin internal cost-accounting to show actual costs (see page 45).
4. By mid-1989, the Program should be required to present a plan for a faster transition to self-sufficiency commencing with 1990-91. Items to be considered should include: an ACL contribution of 1% of the Federation's annual sales and service revenues, fees charged to cooperatives for specific services, a general fee charged to cooperatives to cover a portion of operating costs, possible areas for cost reductions, and possible contributions from the Cooperative Business Development Fund. The \$1.2M annual contribution from INAC should be reduced in a progressive manner commencing with 1990-91, consistent with ACL's self-sufficiency plan (see page 54).

RECOMMENDATIONS RELATED PRIMARILY TO MANAGEMENT

The following recommendations relate primarily to Program management:

5. The Area Manager Program objectives and general priorities should be:
- . To increase the viability of member cooperatives by improving local operations through the use of sound business management practices and principles;
 - . To develop good local co-op managers through improved recruitment, training and advisory support;
 - . To increase the competence of Boards, Managers and Members, and to foster effective management decision-making and control by local cooperatives' Boards of Directors, through training, education and development activities;
 - . To facilitate the rapid development of qualified Aboriginal management trainees and other Aboriginal employees, and their rapid ascent into management and responsible staff positions in local cooperatives;

- . To strengthen the working relationship, coordination of services and support linkage between Arctic Cooperatives Limited and its member cooperatives (see page 19).
- 6. The Program should use measurable performance indicators to assess achievement of its objectives, and ACL should be required to present brief quarterly reports on their accomplishment to the ACL Board and to government sponsors, and annual reports to ACL member cooperatives and government representatives at the Annual Meeting (see page 22).
- 7. Area Managers should not be seen as agents of the Cooperative Business Development Fund. Government should monitor Area Manager job descriptions, re-financing agreements between the Fund and local cooperatives, and other documents to ensure that the role of Area Managers as employees and agents of ACL is clear. ACL should be accountable for performance of the Area Managers (see page 40).
- 8. Area Manager activities should be prioritized to ensure that all local cooperatives are receiving an appropriate level of attention, and the appropriate type of attention. For each local cooperative, a simple, one-page document should identify activity areas which are the primary responsibility of the general Area Manager for that cooperative, and should be agreed to by ACL and the cooperative (see page 26).
- 9. Through the Area Manager Program, ACL should involve local cooperative managers in various activities (e.g., special reviews or projects in other settlements) (see page 36).
- 10. Over the next 12 months, ACL should review the potential savings as well as the advantages and disadvantages of moving all Area Managers to Winnipeg (see page 50).

NOTES

1. Quoted from the Priorities and Planning Committee confirmation of the approval (1-0071-86RD(01)C) granted by the Cabinet Committee on Social Development (CCSD) for the initiative to stabilize and strengthen the NWT cooperative movement.
2. Stager, J.K. An Evaluation Study of the Federated Cooperatives in Nouveau Quebec and the Northwest Territories After the Cooperative Development Program. Program Evaluation Branch, DIAND, February, 1982.
3. Tukilik Services Ltd. DIAND's 1977-82 Cooperatives Development Program: Towards a Case Study in Contemporary Northern Social and Economic Development Planning. Prepared for Indian and Northern Affairs, September, 1982.
4. INAC. Contribution Agreement NWT #83-03, Contribution Agreement NWT #85-01, and Contribution Agreement NWT #85-02.
5. Indian and Northern Affairs Canada. Operational Planning Submission (October, 1984). p. 23.
6. Management Training and Board Member Education: A Proposal Presented on Behalf of the N.W.T. Co-operatives System. Arctic Co-operatives Limited (Yellowknife, 1984), p. 18.
7. Ibid. p. 19.
8. Ibid., p. 18.
9. Based on reports obtained from ACL, dated January, 1986.
10. Ibid., p. 18.
11. Podovnikoff, Peter. N.W.T. Cooperatives Evaluation Project: A Summary of Findings, Conclusions and Recommendations, Prepared for the Native Economic Development Program, June, 1986.

12. Northern Affairs Program. 1986-87 Operational Planning Call, December, 1984, Appendix 6, Annex B(1).
13. See, for example, Bonnie Rose & Associates Ltd., Assessment of a Proposal Submitted to the Native Economic Development Program by Arctic Co-operatives Limited on Behalf of Northwest Territories Co-operatives, Native Economic Development Program, April, 1985.
14. Treasury Board submission dated March 14, 1986.
15. Resource Management Consulting, Area Manager Program, 1983.

APPENDIX 1

TERMS OF REFERENCE

PROMOTING NORTHERN ECONOMIC DEVELOPMENT

ARCTIC CO-OPS - AREA MANAGER PROGRAM EVALUATION

PURPOSE

The purpose of these terms of reference is to initiate an evaluation study that will address a T.B. requirement for evaluating the Area Manager Program. In addition, the study will offer recommendations for improving program delivery, given the new context presented by the recent measures to assist the NWT co-operative movement and the experience of the program since 1982.

Moreover, such a study will support the Departmental priority for promoting native economic development in a way that enhances the Native peoples' capacity to control and manage their own business enterprises and economic institutions, such as the co-operatives, thus promoting greater native participation in the national and international economies.

BACKGROUND

The Area Manager Program is delivered by Arctic Co-operatives Ltd. (ACL) with funding coming from DIAND through contribution agreements. ACL is the federation in the Northwest Territories that groups 33 native co-operatives with a membership of more than five thousand people, representing about 65 per cent of the adult native population of the communities. The co-operatives are the single biggest employer of native people in the NWT outside of government, providing more than 300 full-time jobs and wages of close to \$5 million. In addition, more than \$3 million yearly is paid to local native producers for fur, fish and arts and crafts. In 1985, ACL and its member co-operatives had revenues of approximately \$31 million.

The Area Manager Program is intended to provide management advisory services to the elected officials and the managers of the affiliated local co-operatives as well as to coordinate on-site delivery of related management training and education programs. The services, carried out by a staff of 15 federation employees, include operational advice and guidance, management training and board and member education programs. Since 1983-84, DIAND has funded the various costs associated with the operations of this unit to a maximum budget level of \$1.2 million per annum.

A similar program also supported by DIAND was in place between 1977 and 1982 under the name of the Co-operative Development Program. This previous initiative was evaluated in 1982⁽¹⁾, and the existing program is in large measure based on the results of that evaluation.

(1) An Evaluation Study of the Federated Co-operatives in Nouveau Québec and the Northwest Territories after the Co-operative Development Program, prepared by J.K. Stager for Program Evaluation Branch, DIAND, February 1982.

CURRENT STATUS

In March 1986, the Treasury Board (T.B. 801401) approved various measures to stabilize and strengthen the Northwest Territories co-operative movement, including a \$12 million financial package to refinance local co-operatives and ACL and to create a Co-operative Business Development Fund. These measures have been agreed to between the territorial and federal governments.

In addition, Treasury Board approved the extension to March 31, 1990 of DIAND's funding of the Area Manager Program for up to \$1.2 million per year, on the condition that an evaluation of the program indicating that it is satisfying its objectives is presented for Treasury Board approval by October 31, 1986.

EVALUATION ISSUES

The current need for management training and advisory services in support of the co-operatives' operations has been recognized by all interested parties and it has been emphasized as well by previous studies of the Area Manager Program. The need is based on the low educational level, lack of managerial experience and high turnover rates of the largely native staff. Moreover, given the new initiative to stabilize the NWT co-operative movement, it is most important to ensure that an adequate support function, in terms of management assistance, is in place to help the local co-ops and their federation achieve the goals of this major initiative. As the objective of the Area Manager Program is to help establish sound business management, an evaluation study of the Program, both comprehensive and commensurate with its size, is essential at this juncture.

Based on these considerations, the following issues have been identified for this study:

1. To what extent are the program objectives being met?
2. What impacts and effects, both intended and unintended, are being created by carrying out the program?
3. What are the strengths and weaknesses of the program?
4. Can the weaknesses identified be resolved? Can we achieve more or better results with the current level of resources?

METHODOLOGY

To address the above evaluation issues, in a practical and inexpensive way, the study will rely on four components: (i) a thorough program file review at ACL, DIAND and GNWT; (ii) in-depth interviews with selected area managers and officials of ACL, NEDP, DIAND, GNWT and

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other interested parties (e.g. CEIC); (iii) interviews with a small number of local co-operatives managers and/or Board members; (iv) interviews with representatives of Federated Coops Ltd., la Fédération des coopératives du Nouveau Québec and Co-ops Atlantic, for comparative purposes.

The study will be conducted under contract by an independent private consultant whose work will be managed by an officer of DIAND Evaluation Directorate in consultation with the Evaluation Advisory Committee described in the next section.

EVALUATION ADVISORY COMMITTEE

For the purpose of this evaluation study, the Co-operatives Steering Committee will serve as the Evaluation Advisory Committee.

This Steering Committee, established pursuant to the recently approved assistance measures, has a general mandate to oversee and facilitate the stabilization of the NWT co-operatives system. Moreover, it has a specific mandate to oversee the various concurrent studies namely a business review of local co-operatives, a special analysis of ACL and an evaluation of the Area Manager Program, which are intended to provide guidance in achieving the objective of the new measures.

The Steering Committee is comprised of one representative from each of:

- (i) Arctic Co-operatives Ltd;
- (ii) Government of the Northwest Territories, Department of Economic Development and Tourism;
- (iii) Native Economic Development Program;
- (iv) Indian Affairs and Northern Development (NAP).

On matters relating to the evaluation of the Area Manager Program, the evaluation project manager from DIAND Evaluation Directorate will attend the Co-ops Steering Committee ex-officio. The consultant will report to the Steering Committee through the evaluation project manager.

SCHEDULE

	<u>DATE</u>
Terms of Reference approved (Steering Committee, NAP, DAEC)	by June 16, 1986
Consultant selected	by June 20
Workplan approved by Steering Committee	by July 4
Data Collection completed (program file review, interviews, etc)	by August 29

Draft Report submitted	by September 19
Draft Report reviewed by Steering Committee	by September 26
Final Report submitted	by October 10
Debriefing of Northern Affairs Program ADM	by October 17
Debriefing of Treasury Board	by October 31, 1986

APPENDIX 2

DETAIL ON METHOD:

LIST OF PEOPLE INTERVIEWED

ACL STAFF

Andrew Guissaert, CEO

Bill Bergen, Consultant

Terry Thompson, Manager, Member Services

David Willson, Manager, Marketing

Michael Casey, Manager, Canadian Arctic Producers

Louis Verborgstads, Area Manager

Hanne Rohmer, Executive Assistant

OTHER AGENCIES

Bill Baumgartner, Manager, Regina Region, Retail Advisory Services, Federated Cooperatives Ltd.

Jack Craig, Chairman, Department of Sociology, York University

Eric Dean, Manager, Retail Development Division, Co-op Atlantic

Stan Glydden, Manager, Cooperative Business Development Fund

Len Griffore, Keewatin District Manager, Economic Development and Tourism, Government of the Northwest Territories

Lorrie Hubbert, Deputy Director, International Affairs, Cooperative Union of Canada

Byd McBain, Deputy Federal Coordinator, Institutional Investments, Native Economic Development Program

Peter Murdoch, General Manager, La Federation des Cooperatives du Nouveau-Quebec

Mark Rioux, Manager, Training and Special Projects, Economic Development and Tourism, Government of the Northwest Territories

Hardy Zeltin, A/Head, Native Economy, Northern Affairs Program, Indian and Northern Affairs Canada

LOCAL COOPERATIVES

Emma Balog, Manager, The Holman Eskimo Cooperative Limited,
Holman Island, NWT

Berna Catholique, Manager, Snowdrift Cooperative Limited,
Snowdrift, NWT

Mike Illnik, Director and 2nd Vice President, ACL (former
Director, Kissarvik Cooperative)

Bob McLean, Manager, Mitig Cooperative Association Limited,
Sanikiluaq, NWT

Jim McMillan, Manager, Ikaluktutiak Cooperative Limited,
Cambridge Bay, NWT

Doug Price, Manager, Kissarvik Cooperative Association Ltd.,
Rankin Inlet, NWT

Cecil Tucker, Manager, The Grise Fiord Eskimo Cooperative
Limited, Grise Fiord, NWT

MANAGEMENT AGREEMENT

BETWEEN

"ARCTIC CO-OPERATIVES LIMITED"

P.O. BOX 2039, YELLOWKNIFE, N.W.T.

Which hereinafter may be referred to as "The Federation"

AND

IGLOOLIK CO-OPERATIVE LIMITED

Name

IGLOOLIK, N.W.T., XOA OLO

Address

Which hereinafter may be referred to as "Member Co-op"

Preamble - The overall objective of this Agreement is based on the desire of both the Member Co-op and The Federation to attain strength and uniformity in the overall objective of supplying goods and services to the ultimate user and/or the processing and/or marketing of his product. It is designed both to strengthen the management function of the Member Co-op without removing its Board's authority, and to co-ordinate, within management authority, activities with other Member Co-ops and The Federation.

It is recognized by the two contracting parties that the work to be undertaken, as covered by this written Agreement, requires goodwill on the part of each for its success, and they mutually agree to do their best to work out its conditions with full support, respect, goodwill and co-operation.

- ★ 1. It is agreed that the Member Co-op, as a member of The Federation shall obtain all supplies through The Federation or with the sanction of the Area Manager.
- ★ 2. The manager of The Federation's Management Services Department shall manage the Member Co-op and shall name the Area Manager. The Area Manager shall name the Manager, subject to the approval of the Member Co-op's Board. This Manager to be retained on the payroll of The Federation, the total cost therefore to be charged to the Member Co-op.
3. The Area Manager, or by delegated authority, the Manager
 - (a) Authorizes payment, out of the Member Co-op's revenues, all and every cost of doing the Member Co-op's business.
 - (b) Maintains, insofar as practical and possible, an adequate staff to give service to the members of the Member Co-op.
 - (c) Shall have authority over the hiring and/or dismissal of staff personnel within the limits set by the Member Co-op's budget.
 - (d) Shall have access to the premises as he considers necessary with sole control of the key(s) of the Member Co-op.
 - (e) Shall submit to the Member Co-op's Board a monthly report of the business operation and other information as may be required or deemed advisable, or as may be requested by the Board.

4. The funds for operating shall be supplied by the Member Co-op and shall include Capital Stock, Loan Capital, Patronage Dividend Refunds, Reserves, Surplus and other capital legitimately available to the Member Co-op. The sale of goods and/or services from the Member Co-op and the purchases by the Member Co-op from membership or customer be based on cash or a written trading policy which is subject to change as circumstances dictate, but any changes to be subject to the agreement of both parties to this agreement.
5. No conditions of this Management Agreement shall hold The Federation or the Member Co-op responsible for difficulties that may be encountered through any other cause outside the range of normal local conditions, any or all of which may temporarily, or for a longer time, disrupt operations, and services rendered shall also be governed by the ability of the Member Co-op's business income to maintain necessary or desirable staff.

Whereas the Member Co-op's Board retains its normal authority it shall not hold The Federation responsible beyond the provisions of the Co-operative Association Ordinance, Standard and/or Supplementary By-Laws as they refer to management. Recovery of loss by theft, misuse of funds, neglect, etc., shall be restricted to that recovered from the employee(s) of either party by Law or agreement.

6. The educational funds, accumulated by the Member Co-op are to be available on call by the Board of the Member Co-op for use in the Member Co-op's co-operative educational work.
7. Management Agreement Fees levied on the Member Co-op shall be as follows:
 - (a) \$300 on the first \$100,000 of sales and revenues.
 - (b) An additional charge of \$25.00 on each additional \$100,000 of sales and revenues.
 - (c) Above charges to be based on the previous years sales volume.
 - (d) Charges will be invoiced on a monthly basis.
 - (e) It is further agreed that no charges will be made in the first six months of this Agreement.
8. The Board of Directors of the Member Co-op agree that the Member Co-op will use the services of The Federation's Centralized Accounting Department.

The costs associated with this service are as follows:

 - (a) 2.5% on the first \$500,000 of combined sales and revenues.
 - (b) 1.5% on the next \$200,000 of combined sales and revenues.
 - (c) 1% on the balance of combined sales and revenues.
 - (d) This fee schedule is subject to revision on January 1 of each year.
 - (e) This fee schedule is inclusive of the cost of Audit, with the exception travel, only when the Audit Services of The Federation are used.
9. That in matters of dispute between any persons responsible to the two parties of this Agreement, a sincere attempt is to be made to arrive at a satisfactory settlement or understanding by the representatives of the

contracting parties. Failing agreement from that method, the dispute is to be submitted to a Committee of Arbitration, such committee to consist of: An Appointee of the Board of the Member Co-op; An Appointee of The Federation; and the Supervisor of Co-operative Associations for the Northwest Territories or his appointee, and the decision of the majority of this Committee is to be accepted by both contracting parties.

10. That the Board of Directors of the Member Co-op agrees to hold regular monthly meetings, timed so that a business report of the previous month can be available for study and The Federation agrees that a representative of The Federation will attend some of these meetings, when other duties will permit, in order to assist the Member Co-op Board with explanations of the Business operations and problems.
11. That this Agreement shall continue in effect from this _____ day of _____, 19____. Further it is understood and agreed, that while this Management Agreement is effective that the general terms may be changed, if such changes are agreed upon by both contracting parties.
12. It is understood that this agreement may be cancelled by either party when The Federation's account is paid in full.

For: ARCTIC CO-OPERATIVES LIMITED

Witness

For: MEMBER CO-OP

Witness

APPENDIX 5

DRAFT LOCAL AGREEMENT/ LOCAL RESPONSIBILITY CHART

Place an 'X' to indicate who has the major responsibility for each area.

AREA	Area Manager	Local Manager	Board
1. Sales Targets	_____	_____	_____
2. Gross Margins	_____	_____	_____
3. Operating Expenses	_____	_____	_____
4. Administration Costs	_____	_____	_____
5. Financial Ratios (Debt:Equity and Bottom Line	_____	_____	_____
6. Accounting Reports (Need List?)	_____	_____	_____
7. Banking	_____	_____	_____
8. Inventory	_____	_____	_____
9. Purchasing/Buying	_____	_____	_____
10. Management Hiring and Evaluation	_____	_____	_____
11. Budget Preparation	_____	_____	_____
12. Merchandising	_____	_____	_____
13. Staff Training	_____	_____	_____
14. Receivables	_____	_____	_____
15. Housekeeping	_____	_____	_____
16. Board Support (Organizing, minutes, and Audit)	_____	_____	_____
17. Payables (e.g., payroll deductions)	_____	_____	_____
18. Record-keeping (e.g., Annual Return, business liscence, lease agreements)	_____	_____	_____
19. Physical Inventory (e.g., counts, cut-offs)	_____	_____	_____
20. New Projects	_____	_____	_____
21. Staff Hiring and Evaluation	_____	_____	_____

Date of Agreement: _____

Planned Review Date: _____

Signatures

Area Manager: _____

Local Manager: _____

President: _____

APPENDIX 3

SUGGESTED INDICATORS

This appendix lists a draft set of indicators by which the Area Manager Program could measure its success in achieving its objectives. The indicators are stated in terms of action to be taken and/or results to be achieved. The greatest detail is suggested on indicators related to the highest priority objectives.

The suggested indicators must be negotiated with ACL. They must be consistent with management approaches being taken within the federation, or they will have a negative effect. Indicators need to be realistic, but demanding. ACL and Area Manager Program staff need to be involved in setting the standards.

Indicators need to have deadlines. Except where otherwise stated, each of the indicators here should be achieved by 1988.

It is important to remember that indicators must be measurable. Where the measurement consists of a progress report, the report should be short (e.g., one page).

Within the suggested indicators, an effort has been made to involve local cooperatives as often as possible. One reason for doing this, is so that cooperatives develop a better understanding of the Area Manager Program over the next few years, before they are asked to begin supporting it more directly to increase its self-sufficiency.

All reporting on indicators should be kept brief and to the point. The point is not to increase paper work for the Program, but to provide clear benchmarks by which to measure its progress. A one-page report is often more clear than a 20-page document.

OBJECTIVE #1:

To increase the viability of member cooperatives by improving local operations through the use of sound business management practices and principles;

Indicators:

1. To have the system as a whole (ACL and its member cooperatives) generate a net savings (net savings = gross margin-expenses-administration) of 1% by 1988.

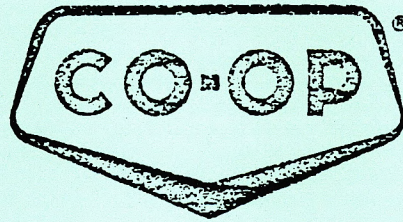
Note. The percent target established should be the same as targets set for ACL as an organization. The 1% figure is taken from an informal set of ACL operating projections obtained in September, 1986.

2. To prepare a 3-year developmental plan for each cooperative, including the following:
 - a. Budgets with expense projections which vary by no more than 10% from actual expenses;
 - b. Targets for the following:
 - . sales
 - . gross margin
 - . expenses
 - . administration costs
 - . net savings
 - . inventories (sales/inventory)
 - . accounts receivable (net after allowance)
 - . return on assets (local net savings/assets)
 - . equity ratios
 - . current ratios
3. To have at least 80% of the local cooperatives achieve annual targets set out in the developmental plan for 1987 and 1988.

Note. The actual target figure may need to be negotiated.

APPENDIX 4

MANAGEMENT AGREEMENT



Objective #5:

To strengthen the working relationship, coordination of services and support linkage between Arctic Cooperatives Limited and its member cooperatives.

Indicators:

1. To ensure that no cooperative waits for more than one week for a response to a complaint or request for action from ACL, with the prime responsibility resting with the general Area Manager.
2. To include in all contracts with specialists a clear statement of who is responsible for linking that specialists' activities to ACL and the concerned member cooperative(s).
3. To carry out an annual review of the ACL working relationship with a sample of at least 4 local cooperatives, with the results included in the annual report of the Area Manager Program.

OBJECTIVE #2:

To develop good local co-op managers through improved recruitment, training and advisory support.

Indicators:

1. To develop a one-page profile of characteristics associated with effective local managers.
2. To plan and implement a strategy of recruiting through cooperation with local cooperatives, southern cooperative systems, use of professional recruiters, advertising and promotion, such that:
 - a. at any point in time, an eligibility list of at least 5 potential candidates for local management positions is on hand;
 - b. at any point in time, a status list of local cooperatives, including projected management requirements and potential Aboriginal management candidates, is on hand;
 - b. no cooperative waits for more than two weeks, between the time a vacancy is announced, and the Board receives a brief report on recruiting, including at least three possible candidates.
3. To ensure that at least once per year, each local Manager is notified of at least one seminar, correspondence course, or other opportunity for training (not necessarily with expenses paid).
4. To ensure that at least once per year, all Aboriginal Managers and Management Trainees are given an opportunity to participate together in a seminar or other training activity in Winnipeg or in another location (some expenses possibly paid out of Area Manager Program funds).
5. To ensure that each cooperative has in place a local agreement respecting basic responsibilities (see Appendix 5), and to include a review of such agreements and results on local development plans in annual performance appraisals of Area Managers.

OBJECTIVE #3:

To increase the competence of Boards, Managers and Members, and to foster effective management decision-making and control by local cooperatives' Boards of Directors, through training, education and development activities.

Indicators:

1. To prepare and carry out (either directly, or through the general Area Manager with proper support of information and training from Head Office) at least one special training session on a specific topic (e.g., understanding basic concepts in the development plan, Board roles and responsibilities vs. management roles and responsibilities, etc.) in at least 25 cooperatives per year.
2. To provide general Area Managers with at least one training session per year together in Winnipeg, related to their own training, education and development activities in local cooperatives.
3. To include in the Area Manager Program annual report, a special section discussing local education and training (progress, problems, issues for discussion by ACL delegates), and seeking feedback on future directions.

Objective #4:

To facilitate the rapid development of qualified Aboriginal management trainees and other Aboriginal employees, and their rapid ascent into management and responsible staff positions in local cooperatives.

Indicators:

1. To have in place by 1988, at least 20 Aboriginal management trainees in local cooperatives. In those cooperatives where at least one trainee is not in place, to have on record a Board resolution regarding future objectives related to Aboriginal management for that cooperative.
2. To include in the Area Manager Program annual report, a special section discussing Aboriginal management (progress, problems, issues for discussion by ACL delegates).

APPENDIX 6

Job Descriptions

Area Manager Program

(July, 1986)

POSITION DESCRIPTION

AREA MANAGER

Position Number:

Supervisor: Regional Manager, Member Co-operatives Services
Division

a) Responsibilities and Functions

Under the direction of the Division Manager, the incumbent will be responsible for:

- * Acting as a representative of ACL to the Co-ops to which he/she is assigned and will act as a liaison officer between the ACL and the co-operatives in the area.
- * Providing sound management advice and assistance to Boards of Directors and Managers of member co-operatives and recommend strategies for improvement;
- * Delivering effective training to management in all aspects of operations and control and provide assistance in staff development;
- * Providing education and training to Boards of Director and members with the objective of increasing local operational control and overall cooperative long term viability, and;
- * Attending general meetings of co-operatives and providing advice on long term planning, demonstrating the need for retained savings and analysis of financial statements.

b) Functional Areas and Position Duties

i) Financial Controls and System Deficiencies

- By reviewing each operation using the Management Training & Board profiles and other related training materials, ie: Trainer's Guides, Operations Manuals, etc.
- By completing status report for each member co-operative and noting observations (form provided) and preparing a plan for implementation and monitoring of the controls within a six month time frame.
- By making a written report on observations and plans for implementing recommendations to the Manager and Board of Directors with a copy of

reports to the Regional Manager.

- By completing workplans for reviewing management controls within member co-operatives and monitoring these controls as outlined in the plan.
- By making a written report on the implementation of the controls in relation to the plan and the use of controls implemented, to the Board of Directors and Manager, with a copy to the Regional Manager.

ii) Ensuring Viability of Member Co-operatives

- By assuring budgets are in place two (2) months prior to the co-operative's year end.
- Assuring financial statements are analyzed by Boards of Directors and Managers, and presented to the membership as required.
- By maintaining statistical information on each co-operative on a weekly basis and making monthly comparison to budgets.
- By assuring that Boards are receiving adequate recommendations regarding corrective action which may be necessary in the operation of their co-operatives, in writing on each visit and/or on a monthly basis - based on operating information available.
- By ensuring the processing of financial data to enable timely production of operating statements and financial statements.
- By assisting Managers and Boards of Directors analyze and interpret operating statements on a regular monthly basis, including production of same as required.
- Copies of all reports to Managers, Board of Directors and Regional Manager.

iii) Training Needs Evaluation of Each Manager and Board of Directors

- By using the Management Training and Board profile and in consultation with the Manager and Board of Directors of each member cooperative assess the current level of competency in each skill and duty and record on each profile.
- By testing skills which have been recorded on the Manager's profile as having been achieved to the desired level of performance and to ensure that the

organizational standards can be observed in the co-operative.

- By submitting to the Manager of each member co-operative, the Board of Directors of each member co-operative and the Regional Manager:

- a list of controls in place in each member co-op
- an updated Training profile on each Co-op Manager. (within first eight weeks of having accepted the position of Area Manager.
- an updated Training profile on each Board of Directors. (within twelve weeks of placement to the position of Area Manager).

iv) Development of Training Schedules For Co-op Managers and Board of Directors

- By combining information obtained in (1) and (2) above and writing up a detailed training schedule which will allow for implementation of controls and systems in each member co-operative for Managers and Boards of Directors to include time-lining for a six month period which has been agreed upon by the Manager and Board of Directors of each member co-operative.
- By providing the Manager, Board of Directors and Regional Manager, with copies of written travel and training plans after the first visit to each member cooperative and not later than eight weeks after having accepted the position of Area Manager.

v) Implementation and Control of the Training Program

- By establishing a climate of openness, trust, support and tolerance which is beneficial to learning.
- By encouraging, coaching and guiding Managers and Boards of Directors to develop effective skills.
- By ensuring that Managers and Boards understand what your role and responsibilities are what they can expect of you.
- By ensuring that Managers and Boards understand what you are expecting of them and how the acquisition of skills will benefit them in their operation.
- By establishing time frames where the Managers and Boards will make themselves available to work with

you on the occasion of each visit.

- Advancing the Manager and Boards of each member co-operative through the program at a pace consistent with their learning abilities and the needs of their co-operative.
- By setting an example through your behaviour on the job and off-hours while in each community that Managers of member co-operatives can model.
- By familiarization with procedures for implementation of on the job training which has been prepared by the Training Department as a tool for on-the-job training.
- By encouraging Managers of member co-operatives to act as facilitators whenever possible and by identifying them as resource people in the training plan for Boards in order that they may develop skills and knowledge to effectively control and direct their organization.
- By ensuring the full participation of all CACFL travelling staff in the "opportunual" program on each of their visits to the community.
- By adhering to the training plans developed for Managers and Boards and by consulting with all parties on any revisions and/or variances which should be documented in writing immediately.
- By using Board and Management profiles to determine what additional management reporting requirements and policies may be required for effective Board control and to develop a time plan for implementation (in consultation with Management and Boards). (within twelve weeks of placement).
- By monitoring the effectiveness of training and using the training plans (after each visit).

vi) Evaluating Effectiveness and Success Of Training

- By preparing a written report on work done versus the training plan developed to be submitted to the Manager, Board of Directors and Regional Manager, every six months.

vii) Preparing A New Training Plan

- According to the above functional areas and at the completion of six months job tenure, a new training plan will be prepared.

c) Accountability

The Area Manager will be responsible for the financial performance of assigned cooperatives and accountable to member Boards of Directors and the Regional Manager.

POSITION DESCRIPTION

PROJECTS DEVELOPMENT CO-ORDINATOR

Position Number:

Supervisor: Program Manager Member Co-operative Service
Division

a) Responsibilities And Functions

Under the direction of the Division Manager, the incumbent shall be responsible for providing special and technical services to ACL and member co-operatives in support of the Area Managers in expanding existing facilities or developing new co-operatives.

b) Functional Areas and Duties

The Project Officer shall provide a technical support and coordinator function by:

- acting as a resource person for the co-operatives in the NWT to identify and improve upon services;
- providing necessary research and analysis or feasibility studies preparatory to the commencement of a new, existing and/or expanding co-operative enterprises as requested;
- ensuring that all feasibility reports and application for funding are reviewed by the financial division of the central co-operative;
- maintaining and circulate statistical data on areas of regional or system-wide concern, such as contracts, sources of financing, performance ratios, cost ratios, etc.;
- coordinating all aspects of projects undertaken by member co-operatives through the central co-operative from conception to completion;
- coordinating all activities with the supervisor, co-op managers, Area Managers and other staff members of the central co-operatives to assure a smooth and coordinated effort on all activities undertaken, and;
- maintaining a list of construction foremen and supervisors to meet the construction requirements of member co-operatives, and maintain contact with persons qualified in the areas of design and engineering and management consulting to enable the central co-operative to respond quickly to the needs of members.

- preparing and submitting monthly activity reports to the manager reflecting the results of the above.

c) Accountability

The incumbent will be accountable for timely, consistent, and accurate business information required in the fulfillment of position duties. Accountability indicators will include the success/failure ratios of new co-operatives developed and or expanding.

