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COMPETITIVENESS IN THE '90s

Alliances with Aboriginal Business

COMPANY
CASE
STUDIES
FROM
B.C.

Canada

Competitiveness in the '90s

Table of Contents

Foreword by Industry, Science and Technology Canada	3
TAKaya	5
Burnslake Specialty Wood	7
Inkameep Vineyards / Gehringer Brothers / Summerhill	9
Golden Bear Mine Alliances	11
Squamish Nation / University Golf Club	13
Conclusions	15

Company Case Studies from B.C.
Prepared by Leslie Ellis for
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British Columbia & Yukon

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Competitiveness in the '90s

Foreword

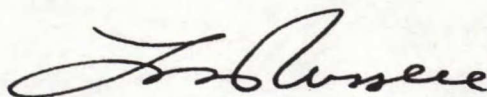
This is the tenth set of case studies undertaken by Industry, Science and Technology Canada, British Columbia, to examine the strategies employed by B.C. companies to make themselves more competitive in the marketplace. Others in the series have looked at Export to the U.S., Management of Technology, Management of Human Resources, Financing, Environmental Performance, Young Entrepreneurs, Quality in the Service Firm, Commercialization of Science, and Doing Business in Mexico.

In this set of case studies, we look at business alliances between aboriginal and non-aboriginal companies. Often we hear of B.C. business concerns about impending native land claims. We hear, too, of the many difficulties faced by emerging aboriginal businesses. Yet seldom do we hear about the successful partnerships between aboriginal and non-aboriginal businesses — partnerships that bring strategic benefits to both parties, laying the foundation for a long term business relationship.

What follows are the stories of five such partnerships in British Columbia. They cover the spectrum from urban real estate development to mining and construction, from wood processing to the wine industry. In each case an aboriginal business or organization has teamed up with a non-aboriginal business partner to accomplish what neither could do alone.

There are some valuable lessons here for other businesses who are contemplating such an arrangement—and maybe for those who are not! One word of caution, however: Aboriginal leaders frequently remind us that the notion of a homogenous “native culture” is mistaken; there are, in fact, numerous tribal groups (over 30 in B.C. alone) which are historically and culturally as different from each other as Germany is from Turkey. So simplistic generalizations about “doing business with native people” are of little value. What these stories do show is the importance of mutual respect and trust, which are unlikely to develop without first understanding the unique values, objectives and capabilities each partner brings to the table.

These case studies provide only a glimpse of the possibilities. We hope they stimulate your interest. We are grateful to all those who took the time and trouble to share their stories with us, especially considering the added complication of blending two distinct perspectives. In these case studies, there really are “two sides to every story”.



Lyle M. Russell
Executive Director
Industry, Science and Technology Canada
British Columbia & Yukon

March, 1993



TAKaya

TAKaya

The Burrard Band's reserve land is a beautiful stretch of forest sloping down to the shores of Burrard Inlet just east of the Second Narrows Bridge. With development property in the Vancouver area becoming a scarce commodity, the Band land presents a considerable opportunity.

Recognizing this, the band has started, in a small way, to get into property development. But not on its own. Chief Leonard George feels strongly that to succeed, his Band needed to team up with experienced, but like-minded property developers. They found that partner in Loong Keng Lim and Abbey Woods Development Ltd., a Vancouver-based public company with its major shareholders from the Asia Pacific region. As TAKaya Developments, the partners are developing five acres into a residential area and a driving range for local golfers.

Lengthy approval process

None of this happened overnight. There were plenty of bureaucratic hoops George had to jump through, some originating from the federal government, and some from his own band. First, George had to get approval from the Department of Indian and Northern Affairs to develop the land; then he had to have agreement from band members. The band rejected his initial development proposal, and in finding out why, George laid the groundwork for a set of principles which will govern all further Burrard Band developments.

George found that band members want to participate in the ownership of the development. They want it to provide employment and training. And they want assurance that it won't harm the environment. Based on its basic principles, the Burrard Band put out a call for proposals to potential partners. Over eight months, George and his team evaluated numerous proposals before settling on Abbey Woods.

Mentoring important

One factor that singled out Abbey Woods from the rest was the fact that the company's president, Loong Keng Lim, was willing to give up his downtown office to set up in a small grey trailer on the Burrard Band reserve. "We wanted access to the head guy — the person who can make the decisions," said George. "That was asking a lot of the big companies."

But Keng was willing to work directly with the band on their premises, despite the fact that the development is small in relation to other current Abbey Woods projects. The result is that Keng is providing valuable mentoring to the band members, many of whom had no prior business experience. "He's giving us real insight into business that we couldn't even pay for," said George. "My experience is in dealing with our own community and with the federal government. In business affairs, we're being trained." Band members are also receiving training in other areas, such as irrigation work for the driving range, and construction on the development site. Provision of training and jobs is often a key requirement for companies that want to form alliances with native bands.

Communication must be clear

According to George, one of the key elements to successful alliances with native bands is clear communication and mutual understanding and trust. The Burrard Band development principles clearly set out the band's goals and objectives, which started the process out on the right foot. But throughout the process, band members must feel included and informed, even if it means extra time and effort on the part of the non-native business partner.

George says he and other band members want a real understanding of the process so they can eventually do the work themselves. George sees the business alliance, and the education and cash flow it provides, as the first in a series of steps towards true independence for his people. "We want our partner to work with us until we become independent," said George. "Our goal is to work to the point where we have enough credibility to do our own financing and manage our own development."

A different agenda

In working with the Burrard Band, developer Loong Keng recognizes that the objectives of his partner are quite different from those espoused by the average property developer. "Usually it's a very straightforward process: you borrow money, buy the land, build, sell and hopefully make money." Native developers have a different agenda — they want not only profit, but jobs and long-term economic benefits from their projects.

A major practical difference in developing native lands, and a real disadvantage according to Keng, is that reserve land can be leased but not purchased. Obtaining a lease designation from the federal government took three years, and the actual lease agreement took more than six months to settle. Keng had to go ahead and build without waiting for the final lease agreement — a risky proposition, he said.

Financing is another hurdle for native alliances. Bands have difficulty obtaining bank loans for business purposes. Sometimes they must gain access to financing through partners or government programs. So Abbey Woods successfully went to the bank for several million in financing. Keng said his company had to take a higher than normal level of risk to finance the deal — Keng and Abbey Woods both had to provide guarantees since leased land is not as valuable as freehold land for collateral.

Long term potential

Keng says nobody in their right mind would become involved in an alliance with a native band for short-term gain. And even those interested in long-term gains should not be 100 per cent profit motivated. "There are easier ways to make money." But, he adds, "Any fool can see that native development has a lot of potential. Yes, there are plenty of hurdles to cross, but for me, it makes sense. I believe in it."

Keng enjoys his partners and their working relationship, which is one of the reasons the partnership is working. "We understand each other's intentions and motives very well." Keng says that for others interested in forming alliances with native bands, they should put considerable effort into finding the right band and taking the time to find out what they want. "You need the right partners. Without a solid team, you have no chance."



Burnslake Specialty Wood

The Burns Lake Native Development Corporation (BLNDC) has been involved in the lumber business with Weldwood Canada for several years. Together, they operate one of the best-performing mills in North America. So in 1989, when BLNDC chairman Wilf Adam was seeking a partner for a new specialty wood products facility, he naturally looked to Weldwood.

"We needed a major partner. It was a new field for us, and we wanted to ensure we'd build a lasting plant," said Adam. What BLNDC brought to the table was a timber license allowing them to cut 900,000 cubic metres of wood over ten years, provided they added value to the raw material. What the corporation needed was experience in the wood products business and access to financing for a new facility. According to Adam, they also needed a partner they could work well with and trust.

Building trust

Weldwood has been building a relationship with the aboriginal bands in the Burns Lake area for years. The Burns Lake Native Development Corporation is a ten per-cent owner in a joint venture sawmill operated under the name of Babine Forest Products Company (Babine) in Burns Lake. Weldwood, with a majority interest, and European Pulp and Paper Company, are the other joint venturers. Weldwood manages the mill. About half of the employees at the mill are native. "It's been a very successful operation," said Weldwood executive vice president, wood products, George Richards, who built and ran the mill at Burns Lake for many years. "We provided a good training program and had a sense of fairness in dealing with people."

Well-respected among the natives, Richards allowed for cultural differences of native workers at the mill. For example, he wouldn't expect them at work if they had a ceremonial position and a special ceremony was under way. He built a strong, trusting bond between the native community and Babine, the major employer in the town.

Babine is an equal partner with BLNDC in the new specialty wood products venture. Each owns 45 per cent of the business, and a third partner, LQT Holdings, owns 10 per cent. The \$13 million project was funded about equally by Babine and BLNDC, with the federal government contributing to BLNDC's equity through its Aboriginal Economic Programs. The mill's products are principally housing components for the Japanese market. The facility started operating in late 1992, with Weldwood providing the operating management.

Respect native concerns

According to Adam, for a partner to be successful in an alliance with a native corporation, they have to be honest and up-front. They have to respect native concerns for the environment. "A lot of our elders use the forest for medicine. There are pictographs and historical sites. We protect these — it's one of the reasons we got involved. We don't want to clear-cut everything, but protect some national treasures."

A good partner also explains things thoroughly and ensures that everyone is comfortable with a decision before going ahead. Native groups tend to make decisions by consensus, and they like to have enough time to understand and consider. "You can't rush things with native groups or we tend to withdraw," said Adam.

The process of securing timber rights, finding partners and negotiating to create Burnslake Specialty Wood Ltd. took BLNDC about four years. There were some 96 legal agreements to wade through. Adam stresses that for a partnership like this to work, you must establish some ground rules and agreements in principle. Then be prepared to deal with bureaucracy for a while. BLNDC had no problem finding partners willing to work with them, even though the progress was slow at times.

Richards agrees with the criteria laid out by Adam, and adds a few of his own tips for achieving success with native alliances. "You have to be in it for the long term. You have to recognize your partners as equals, and work with them to gain the skills they don't possess. You have to be honest and straightforward. And when you say you're going to do something, do it." If you do that, native business groups will open their doors to you and provide you with a real opportunity to work together.

Business opportunity

According to Richards, the specialty wood products plant makes good economic sense not only for Weldwood, but to Babine. "It's a business opportunity that we think is right. It provides additional wood to process through our existing mill and provides more stable employment in the area."

In a more general sense, Richards feels it's good business to work with native people in the resource business. "I feel we should help to resolve native problems by showing some willingness to work with them and develop their skills. My intent is to keep doing that. It's important for the forest industry to cultivate more involvement with natives. We have less discontent and more opportunity."

Richards feels the bands have to do their share as well. In the new plant they own 45 per cent of the business, so they need to develop management skills. Richards talks about taking young native people to work at Weldwood (the managing company for Babine) to learn accounting, management, and other business skills. He talks about the importance of education among natives, a common sentiment among band leaders as well. "We have to work with the natives to upgrade their professional skills."



INKAMEEP VINEYARDS LTD.

Inkameep Vineyards

Gehringer Brothers

Summerhill

Inkameep Vineyards of Oliver, B.C. is unique. It is the largest wine-grape vineyard in Canada, and the first vineyard in Canada that is 100 per cent native owned and managed. Owned by the Osoyoos Indian band, Inkameep Vineyards supplies numerous wineries throughout B.C. with grapes — contributing to some award-winning wines.

Sam Baptiste is manager of Inkameep Vineyards. His primary goal for the vineyard is to produce top-quality grapes for successful local wineries. He believes it is this philosophy that will enable the business to survive beyond 1995 when the North American Free Trade Agreement comes into full effect for the wine industry.

Inkameep sells its grapes to about a dozen wineries, including Andres, Gehringer Brothers, Sumac Ridge, Brights, Summerhill and Cedar Creek. One of the vineyard's major alliances is with Gehringer Brothers Estate Winery, which has been buying Inkameep grapes since 1985. Gehringer grows some of its own grapes and buys the rest from Inkameep, its sole outside supplier. According to owner and wine maker Walter Gehringer, the winery has won awards for every single wine it has produced.

Two-way educational process

Gehringer has found Inkameep a good partner to deal with. He says the native business is looking for long-term relationships, loyalty and a common vision. Gehringer believes that vineyard management is crucial to the quality of the wine, and that grape growers are actually the true wine makers. He finds the Inkameep staff willing to approach the wine making process as a partnership, and willing to listen to suggestions about grape growing techniques.

"It's an educational process both ways," said Gehringer. "We're both interested in quality. We want to give the vineyard management an understanding of what we want to do. The wine maker and vineyard shouldn't be separate."

Common vision required

Another winery Inkameep has established a close relationship with is Summerhill Estate Winery. According to Summerhill's proprietor Steve Cipes, the two have formed a partnership to re-launch Nordique Blanc, a wine that achieved international success (and national television coverage) in 1989, the first year it was introduced. Summerhill and Inkameep plan to re-launch the Nordique line. Inkameep will supply the grapes and will collect a royalty on sales. Summerhill will make the wine and market it both nationally and internationally.

Steve Cipes says a common vision is what makes the relationship work. Both Inkameep and Summerhill are determined to make a product they can both be proud of. In fact, their Nordique Blanc was recently featured in Canada's gold-winning entry in the international Culinary Olympics in Germany.

Cipes has found that native groups have to both trust and like you before they'll do business with you. Baptiste agrees. "It all comes down to personalities. There has to be a fit."

Retention of control important

Inkameep Vineyards now has some 260 acres under cultivation, and sales are healthy. The next logical step, says Baptiste, is for Inkameep to start its own winery.

However, he has found this step won't be an easy one for Inkameep and the Osoyoos Band to make on their own. Financing a new winery through a conventional bank loan has been ruled out. Baptiste and the Inkameep board will likely decide to enter into an alliance to establish the winery, but not if it means loss of control over their enterprise.

"We're willing to wait until we can align ourselves with a partner where we can retain the majority," said Baptiste. Qualities Inkameep seeks include a common vision and direction, the same ideas about grape growing and wine making, and a long-term focus. "We want to make the best wine possible, and be in it for the long haul," said Baptiste.

In the meantime, and until after 1995 when some of the uncertainty about the B.C. wine industry will be settled, Inkameep is not committing itself to anything. Baptiste notes that Inkameep is currently in a strong position, with more demand for its grapes than it can meet, so he plans to be cautious. "We're carrying the ball right now. We don't want to enter into an agreement to bind us in the wrong way."

Bright future

Inkameep has come a long way in its 25 years in business. The vineyard started in 1968 with 50 acres for French hybrid vines, and was one of the first in B.C. to experiment successfully with German vinifera on a large scale. There have been some ups and downs and some hard times. In 1988, when the Canada-US Free Trade Agreement was announced, the federal government offered Canada's wine growers compensation if they pulled out vines that would not pay under the new trade regime. At the time, Inkameep pulled out 111 acres of vines and has since replanted 66 acres.

Even during this difficult time, Inkameep management was optimistic and planning for the future, said Baptiste. They replaced grape varieties that had a limited future with those that have a better chance of success based on wine industry trends. They didn't replant some areas because the soil was of marginal quality — they plan to stick to areas where their quality remains consistently high. With this approach, Baptiste is confident about Inkameep's future both up to and beyond 1995. And they are willing to share this bright future with partners that think the same way.



Golden Bear Mine Alliances

The road to the Golden Bear Mine near Dease Lake, B.C. has an interesting history. Back in 1985, mine owner North American Metals Corp. proposed a route to the mine which the native people of the area, the Tahltans, felt would pose an unacceptable threat to the environment. At the height of the conflict, the Tahltans erected road blocks to keep the road from progressing. But lengthy discussions were held and the situation swung around 180 degrees, with the Tahltan Nation Development Corporation (TNDC) capturing the lucrative contract to build and maintain the road to the mine — on a more acceptable route.

When the TNDC was founded in 1985, its focus was housing construction. Over the past two years, it expanded into heavy construction, completed a \$1.5 million Golden Bear settling pond contract and recently picked up a two-year, \$9.5 million contract with North American Metals for work on the open pit gold mine. TNDC has proven itself with these contracts. In late 1990, four feet of snow fell on the 155-kilometre road, and the Corporation had the road open within two and a half days.

To undertake the Golden Bear contract, TNDC formed an alliance with Grant Stewart Construction, which operates out of Watson Lake and Calgary. According to TNDC president Jerry Asp, it was necessary to combine resources to do the job. The companies are 50-50 partners in Tahltan-Stewart, with TNDC being the managing partner. "We had the equipment and expertise, but no track record," said Asp. "Stewart had good management capabilities. Both sides brought good employees, money and equipment."

Win-win situation

What makes any alliance work is a deal where both sides benefit. That can be said of both the Tahltan Nation Development Corp.'s alliance with Grant Stewart, and of the Tahltan's relationship with North American Metals.

Steve McAlpine, who manages the Golden Bear mine for North American, is a real proponent of alliances with native groups. He wrote in a recent article, "In today's society, generalities and stereotypes have been set aside, paving the way for innovative, profitable business relationships with First Nations groups. One of the reasons for the success of the relationship between the Tahltans and Golden Bear is the dedication of the Tahltan Tribal Council. This global relationship requires a strong environmental commitment on the part of Golden Bear, combined with providing opportunities for Tahltan people, including both direct employment and business development opportunities."

Not only does Golden Bear employ the contract services of TNDC, but also about one-quarter of its employees are Tahltan. McAlpine notes that a benefit to employing people from the local area is a stable work force and low turnover, which makes for a more experienced and skilled staff.

Strong principles

"Mining companies and other industries must understand, not fear, native involvement," said McAlpine. He finds native concerns "neither unreasonable nor unrealistic. Searching for innovative ways to involve native groups in various, but real, business opportunities will result in positive relationships with native groups."

According to Jerry Asp, the Tahltan Nation has drawn up a set of principles to guide development. For any development with the Tahltans, there must be assurance that:

- it won't cause irreparable environmental damage;
- it won't jeopardize outstanding land claims;
- it provides for employment, education and employment-related training for Tahltan people;
- it provides for substantial equity participation by Tahltans;
- it provides business opportunities for Tahltan people.

The Tahltan ground rules are similar to those laid down by many native groups pursuing economic development. They have no trouble finding willing partners, according to Asp, but there are still many obstacles to native business development. One of the obstacles is the recent history of natives, who were not allowed to own land until 1951, and not all allowed to vote until 1958. There is still some serious bitterness amongst First Nations people about their treatment in the past. According to Asp, the Tahltans are business people from a long way back — they used to trade minerals and other resources with Tlingits, Russians and others. "If we still owned the resources and made the rules, there would be no such thing as a poor Tahltan."

However, the most successful native people in today's world are those who look to the future, not the past. Asp recognizes this and has created a very successful corporation. He is also making sure his children and his people understand the importance of good education and training. And he is working with non-native businesses to acquire more and more business skills. As this happens, alliances with native groups will become even more attractive than they are today.

Suggestions for success

McAlpine offers numerous suggestions about the ways to achieve a successful alliance with native groups. To industry leaders, he suggests they realize that native groups are capable of meeting their needs. (In fact, he feels that the Golden Bear Mine received above-standard performance for a fair price from TNDC.) Industry should understand the importance of communication, be committed for the long term, and set aside any stereotypical views they have of native people. To government he suggests a basic level of education should be available even in the remotest areas. He also suggests minimal involvement in the deals.

Asp agrees with all of this. He sees a real need for native groups to become better educated, both in a formal way and through direct experience. "We need to make our own mistakes and learn from them."



Squamish Nation



Squamish Nation

University Golf Club

Trust is the key element in native business alliances. This message is clear from both sides of the alliance formed by the Squamish Nation and the University Golf Club to build and run a driving range on Squamish land at the north end of the Second Narrows bridge.

The University Golf Club is not the Squamish Nation's first partner in the deal. According to Chief Philip Joe, a previous deal fell apart because there just wasn't the right chemistry between the partners to make it work. A vital part of that chemistry is trust.

Patience and communication

David Korbin, Vice Chairman of the University Golf Club (UGC) has found that dealing with a native group in business takes longer than the average business deal. He finds native business people very cautious and slow to trust, but given the history of the native people in Canada, he says this shouldn't come as a surprise to anyone. He says the best approach is to be as communicative as possible, and to be patient.

In fact, at the time of writing, the two business partners had yet to legally finalize their deal, although the driving range was just four months away from being ready to open. There are three agreements being negotiated between UGC and the Squamish Nation: a lease agreement, partnership agreement and management agreement. Of these, the lease agreement is perhaps the most onerous. "The legal issues surrounding title are much more complicated when dealing with native groups," said Korbin. "Because of this, most deals on Indian land are unbankable." So, in a joint venture development such as this, the non-native partner sometimes must provide financing or gain the access to it.

Training and expertise provided

The driving range will be operated as a partnership, with both sides sharing in the ownership and the profits. People from the UGC will provide the management expertise, although they will be training band members in that capacity as well. "We haven't any expertise in driving ranges, so we want a partner that can provide that," said Joe. He also sought a partner that would enter into the joint venture on what he considers good terms.

Korbin feels the Squamish Nation is getting good terms in the deal, probably better than he would have granted in a deal with a non-native business. But he has taken time to consider the position the Squamish Nation is negotiating from, and is prepared to be a bit more lenient in his terms. First, he feels what he is doing is of benefit to all concerned. And second, he sees the opportunity for further work with the Squamish Nation based on a relationship of mutual trust.

One example of the good terms UGC is offering Squamish Nation is that they will be managing the driving range at cost, not marking up the services to make a profit. "In most circumstances, I wouldn't do that. But we're doing it to show our good faith. We'd like this to be a real success," said Korbin.

The political element

One of the things Korbin realizes is different in dealing with native businesses is that you're not dealing with just another business. It is also a political organization. In Philip Joe's case, he is not only the business leader of his group, but is also a political leader. So he is being extra careful to avoid making mistakes that would negatively affect his band members. And he is working to strike deals that are of benefit to his entire community. Short-term thinking is out.

Long-term benefits

According to Joe, the driving range must first and foremost be run like a business. "It has to make money. It's not a make-work project," said Joe. But also there must be long-term benefit and profit to the band, and where it makes sense, training and jobs. As part of the partnership agreement, Squamish band members with the requisite abilities will be given preference when the driving range hires its staff.

The driving range is scheduled to open in Spring 1993. According to Korbin, some of the benefits of its location are its easy access from the freeway and its proximity to Vancouver. He expects the business to do well. And he believes the Squamish Nation is on the right track in managing and planning uses for its considerable land assets.

According to Joe, the band is currently working on a comprehensive development plan for all land owned by the Squamish Nation. The Nation owns parcels of land in various sites, including downtown North Vancouver waterfront, three islands in Howe Sound, land at the North end of the Lions Gate bridge, some sites in the Squamish Valley, and more. Joe said the plan will provide information on the strengths and weaknesses of their property and point to where the Squamish Nation should develop its resources for maximum benefit to the band.

Pros and cons

If it makes sense, the University Golf Club may be involved in those future developments. Once the plan is in place, Korbin expects it will be easier for developers to work on native land than otherwise in one sense: native groups can set their own development guidelines and decide what is built on their land. For developers, this means they can avoid the time-consuming and costly process of going through municipal governments for approvals, but still build to Code.

However, there are disadvantages to building on Indian land as well. The major one is the uncertainty surrounding title, and resulting difficulties obtaining financing from banks for development. Korbin hopes to see government and native people sort this issue out. It will help pave the way for significant native economic development. "It's in everyone's best interest that Indian people become self-reliant," said Korbin. "If this happens, it will cost our society a lot less, both in financial and in human terms." While he didn't cut as good a deal with the Squamish Nation as he may have with non-native partners, he feels good about the joint venture, and has high hopes for the future of economic development — a future he may share in because of the relationship he is building today.

Conclusions

What can other British Columbia businesses learn from these examples of alliances with aboriginal businesses? Keeping in mind the important differences from one aboriginal group to the next, and from one business to the next, here are a few of the lessons that might be drawn from these stories:

Recognize the potential opportunity

- Whatever the outcome of land claims negotiations, the land and resources under the control of aboriginal people is significant *now*, and can only become much more so. A business alliance might provide for stable access to key natural resources, or for the use of valuable land for development purposes. And aboriginal development and investment corporations will be an increasingly important source of investment capital for firms in a position to make a strategic business contribution. Smart firms are working now to develop long term business relationships. Businesses who wait for the “final” settlement may find themselves out of the running.
- There may be investment incentives for business operations or activities on reserve land or under aboriginal jurisdiction. These might include tax exemptions (income tax, provincial sales tax, GST), or the benefits of a streamlined permitting process in some cases.
- Don't forget the people. For some ventures, particularly in remote areas, a local source of stable employees is critical. In other cases, you may be teaming up with an already well-established complementary business (a vineyard, a construction firm) and benefiting from their specialized skills and experience. And where management experience has not yet been developed, the interest and potential is certainly there.

Understand the unique goals, needs and capabilities of your prospective partner

- Land and resources may be seen as the key to long term improvements in quality of life for the community. Often, only development projects which contribute to economic sustainability will be considered: short term profits and jobs may not be enough.
- Aboriginal organizations may have developed explicit guidelines for development, specifying such “non-business” conditions as safeguarding the environment, not jeopardizing land claims, retaining control of resources, social benefits to the community (jobs, training) where possible, and provision for eventual ownership and control of the enterprise.
- Aboriginal businesses may need marketing and management expertise during the early stages, and sometimes operational credibility until a “track record” has been established. The aboriginal business leaders may insist, nevertheless, in participating in management decisions to keep in the picture, oversee the interests of their community, and develop their own management abilities.
- For already well established aboriginal firms, other complementary strengths will be sought in a prospective business alliance — a marketing network, perhaps, or a business with strategic value for vertical or horizontal integration.

Anticipate the common problems, and be prepared to take a different approach

- Financing can be a special problem. Because of the non-mortgagability of reserve lands, equity for conventional bank loans must be provided in some other way. In some cases, funding from the federal government's Aboriginal Economic Programs or from native investment corporations is available to overcome this problem. If not, financing may be an important part of the joint venture arrangement.
- Land lease arrangements for development on reserve land are problematic, as federal government approval is still required under the Indian Act. This can be time-consuming.
- Management training and mentoring may be an important part of the alliance. Some innovative provisions may be needed to retain (or ultimately achieve) an acceptable level of aboriginal ownership and control of the venture without jeopardizing a satisfactory return on investment for the non-aboriginal partner.
- The importance of communication, respect and trust cannot be over-emphasized. It takes *time and patience* to develop an understanding and appreciation for your prospective partner's point of view, to build a consensus on a "shared vision", and to keep people informed and involved in the decision making process. But this will greatly improve the chances of a successful joint venture. (Note that this aspect of relationship building is in keeping with recognized practices for establishing good business relationships elsewhere in the world — in the Pacific Rim and Mexico, for example.)
- Trust needs to be earned. (There is some history to overcome.) Building on an already established working relationship is a definite advantage. Otherwise, expect this to take time.
- Stereotypes and preconceptions about natives and native culture are best left behind.
- It may be unwise to focus on short term gain. ("There are easier ways to make money.") Based on our examples, companies who enter into alliances with aboriginal businesses are in it for the long term.

Find the right partners

- The "chemistry" is almost as important as the strategic fit. "You need the right partners. Without a solid team, you have no chance."

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