

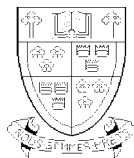


Assessing the Business Information Needs of Aboriginal Entrepreneurs in British Columbia

Executive Summary

**Prepared for
Western Economic Diversification Canada
and the BC Ministry of Small Business, Tourism and Culture**

Community Economic Development Centre
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Acknowledgements

The CEDC research team would like to thank all of the Aboriginal entrepreneurs who responded to the survey and participated in focus groups in regions across BC. They were a committed group who told a compelling story. We were struck by their sincerity, passion and hopes for the future. Secondly, we thank the service providers for taking the time from their demanding jobs to respond to our questions and to offer their insights and perspectives.

We also acknowledge the Advisory Committee's effort. The Committee engaged in the task of undertaking this study, strived for collaboration and cooperation, offering ideas and support, and challenging us to find made-in-BC solutions. We commend them for stepping away from their daily concerns to share their experiences and to entertain new ways of serving their client – the Aboriginal entrepreneur. It was their knowledgeable guidance that led to a report that we hope accurately reflects the needs and aspirations of Aboriginal entrepreneurs and service providers in British Columbia and will make a meaningful contribution to the creation of healthy, self-reliant Aboriginal communities across the province.

Finally, we acknowledge Western Economic Diversification Canada and the BC Ministry of Small Business, Tourism and Culture for their direction and financial support, without which this study would not have been conducted. Their willingness to look broadly at the issues surrounding information service delivery and the solutions that were raised by BC's Aboriginal service providers and entrepreneurs suggests a commitment that extends well beyond their own mandates and program boundaries. As the report recommendations emphasize, it is this kind of institutional innovation and flexibility that will be required to create positive change.

Executive Summary

Purpose of the Study

In February 2000, Western Economic Diversification, with the British Columbia Ministry of Small Business, Tourism and Culture, funded the Community Economic Development Centre at Simon Fraser University to conduct a study to: “determine the business information needs of Aboriginal entrepreneurs and service providers¹, and to assess the degree to which new business tools are needed, or existing tools can be modified.”

The ability to access and utilize business information has become critical for all entrepreneurs in order to operate in an increasingly challenging and competitive business environment. This is equally true for the growing numbers of Aboriginal British Columbians who have chosen self-employment as a route to financial independence and economic revitalization within their communities.

Methodology

An extensive research process, involving eight key phases, was undertaken in the completion of this study. Primary data was collected from over 250 Aboriginal entrepreneurs and service providers through: informal provider interviews; provider inventory interviews/questionnaires; entrepreneur interviews/questionnaires; provider surveys; entrepreneur focus groups; provider focus groups; provider follow-up interviews. This was supplemented by literature review research, a thorough scan of available programs, tools and services, and ongoing input from an Advisory Committee comprised of service providers. In the end, analysis of the data collected yielded valuable insights into the needs of Aboriginal entrepreneurs in BC and gaps in the current system for information service delivery. This analysis led to a number of recommendations for improvement.

Findings and Conclusions

The Aboriginal Entrepreneur

BC, along with other Canadian provinces, is experiencing a rapid rate of growth in Aboriginal entrepreneurship. Many of these entrepreneurs are under the age of 30, motivated by a desire for financial independence, seeking new markets (including exports), and operating out of their homes (particularly on-reserve). Many are increasingly responsive to the changes occurring in the economy and in society. BC's Aboriginal entrepreneurs are a diverse group, operating within a wide range of industry sectors, both traditional and non-traditional. Key sectors include fishing, forestry, arts and crafts, retail, construction, tourism and hospitality, and other services (including consulting and professional services).

Through an analysis of the characteristics, situations and challenges of Aboriginal entrepreneurs in BC, three key points about the context in which Aboriginal entrepreneurs operate were raised, each with implications for the provision of information tools and services. First, Aboriginal entrepreneurs

¹ Service providers include the following categories of organizations providing business information to Aboriginal entrepreneurs: federal and provincial departments and agencies, Aboriginal governments, intermediaries, business associations, corporations/private sector, education and training organizations, and associations of service providers.

operate within a complex and changing environment, both in the marketplace and in their own communities. Changes of significance include a growing Aboriginal population, movement from rural, on-reserve areas to urban, off-reserve settlements. Levels of health and education, while still well below Canadian averages, are improving. Changes in the legal and political environment have also taken place that have increased access to natural resources, purchasing power and employment opportunities in Aboriginal communities. To respond effectively, providers and entrepreneurs must stay informed of the changing business environment.

Second, there is an urgent need for economic development within Aboriginal communities. While this emphasizes the importance of services that help lead toward economic self-reliance, the current socio-economic conditions in Aboriginal communities are linked with a host of other issues that providers must be aware of and prepared to offer assistance with. These include basic education needs, health and family issues. Providers must take a holistic approach, encompassing these factors, to assisting individuals to meet their personal and business goals.

Third, Aboriginal entrepreneurs face many challenges as they strive to establish and grow their enterprises, including: difficulty accessing capital; geographic and social isolation in rural and on-reserve locations; economic leakage from Aboriginal communities, exacerbated by a growing but still weak private sector; and, finally, lack of acceptance, respect and support in both Aboriginal and non-Aboriginal communities. Additional implications for provision include the importance of information support and assistance in the areas such as financing, marketing, building community support and understanding of culturally related issues.

The Information Needs of Aboriginal Entrepreneurs

The results of this research have identified a number of key information needs, both in the content provided and in the ways business information is dispersed. The most important types of information content for Aboriginal entrepreneurs include: financing options, business planning, information that is specific to Aboriginal business, accounting and financial management, information about government programs, markets and marketing. First Nations taxation is also an important area, along with information on suppliers and distributors, banking, legal and home-based business information.

Entrepreneurs point out that information, accompanied by education and skills training, is required at both the start-up and ongoing operation stages of a business. To address issues of self-confidence and self-esteem, start-up entrepreneurs, and those considering getting into business, often benefit a great deal from learning about case studies of successful Aboriginal entrepreneurs. During on-going operations, respondents wanted information on trends and potential new opportunities. Needs were also identified with regard to skill development, particularly in the areas of marketing, research, financial management, and use of Information Technology tools.

Entrepreneurs noted strong preferences among delivery methods and sources of information, many of them reflecting a fragile sense of confidence, particularly during the initial stages of business development. These individuals preferred to get information in person and/or in seminars, and most often sought out information from familiar “safe” environments at home and in their communities. Print materials are also found to be useful, particularly when used in conjunction with personal assistance and/or a workshop format. Although lagging well behind one-on-one assistance, seminars and print materials, many showed interest in the Internet as a source of information for the purposes of research, marketing, mentoring and communication.

Currently Available Information Programs, Tools and Services

A wide variety of organizations are involved in providing information support to Aboriginal entrepreneurs in British Columbia. Over 200 were identified for the purposes of this study. These include government agencies and departments, both federal and provincial, and Aboriginal governments, often through Tribal Councils and Economic Development Officers (EDOs). Research results show that intermediaries such as Aboriginal Capital Corporations, Community Futures Development Corporations and Aboriginal Business Development Centres play a central role in the delivery system. Intermediaries often offer services at the local level on behalf of provincial and national organizations and governments. The private sector, along with education and training institutions such as colleges and universities, offers potential for partnership and support through training, management and technical assistance.

Tools and services currently available to Aboriginal entrepreneurs and service providers cover a wide range of topics and are presented in a variety of media. Among the many methods used to deliver information are: one-one-one counselling, print materials, telephone and fax, seminars, workshops and conferences, mentoring programs and the Internet. Entrepreneurs most often receive information in person through a walk-in resource centre or office, followed by telephone, classroom learning, Internet and extension workers. Providers rely heavily on print materials to disseminate information. Forums, workshops and classroom training sessions are the next most common methods used to deliver information. Reflecting entrepreneurs' preferences for one-on-one assistance, coaching and mentoring follows these other methods in frequency of use. Providers suggest that funding limitations impact their ability to offer more personalized attention.

The available information and information delivery services are primarily oriented to the start-up entrepreneur, with few programs targeted to businesses once they are up and running. Business associations, mentoring and networking, however, play a key role in supporting the established entrepreneur. The most common types of information provided include: 1) how to start a business and business planning, 2) financing, 3) contacts and directories, 4) government programs and services.

Finally, research results demonstrate that relationships among those organizations that provide information tools and services can significantly impact the effectiveness of their delivery. Clearly, positive provider relationships, through information sharing, coordination and a "client-centred" approach contribute to improved services. Yet lack of communication and negative relationships lead to competition among providers and an inability and/or unwillingness to provide necessary referrals, among other consequences. Three types of relationships are discussed: 1) funding relationships; 2) service delivery partnerships; and 3) referrals, along with overall communication and coordination among providers. Although examples of partnerships and collaboration have been provided, it is clear that providers and entrepreneurs have serious concerns about the continuing effects of funding cutbacks and the lack of inter-agency cooperation and communication.

The Gaps

Research findings indicate gaps in three areas: business information content, delivery of information services by service providers, and communication among government agencies, service providers, Aboriginal entrepreneurs and communities.

Gaps in Content

A wide range of materials is currently available from service providers on topics required by the Aboriginal entrepreneur. In particular, areas such as entrepreneurial assessment, business planning, and government programs are well covered. Gaps in information content identified include: comprehensive, Aboriginal-specific financing information, marketing, available information products and services, along with training and education programs, where to go for mentoring, business incorporation options and confronting challenges associated with culture and community. Aboriginal entrepreneurs and service providers are also missing information on the “business” and economic traditions of First Nations cultures, current success stories of Aboriginal entrepreneurs, and an understanding of the role to be played in the future by Aboriginal entrepreneurship and economic development. Information pertaining to certain sectors within the Aboriginal economy, such as professional services, retail, construction and real estate development, is also lacking.

Those who were already established required more information on: sources of capital, new business opportunities and changes in the business environment, including regulatory changes, new government programs, and other information often gleaned from informal networks, as well as service providers. Those that were intending to expand wanted information on issues such as new markets and personnel management. Respondents emphasized the need for service providers to focus more on “aftercare” to ensure the on-going success of the entrepreneur and the business.

In some cases, such as Aboriginal taxation, government funding programs and business planning, information is available but not well utilized by the entrepreneur. The gap, in these cases, is more perceived than real. This may be because the format in which the information is delivered and/or presented is inappropriate. More often, however, it is because entrepreneur, and even service provider, awareness of the information product or service is low. Low awareness of available programs, services and tools for business information among both entrepreneurs and service providers was found to be a significant barrier to information access.

Gaps in Service Delivery

Entrepreneurs expressed a strong preference for one-on-one business counselling for assistance with business planning, financing and start-up. Yet service providers are often either not willing or able, due to limited resources, to take the necessary time to provide one-on-one mentoring and support. In addition, once entrepreneurs had received start-up financing, they stated they were often “left to drift.” Entrepreneurs also expressed a need to become a part of networks that offer support, provide information, and connect them with their peers, mentors and the non-Aboriginal business community. Yet formal business networks are weak among Aboriginal entrepreneurs. The need for enhanced service in each of these areas was clearly identified.

Research findings also identified the need for service providers to build effective relationships with Aboriginal entrepreneurs. Study results demonstrate Aboriginal people interested in business information will go to familiar and approachable individuals and delivery agents to get it. It was reported there was a lack of respect and understanding by some service provider personnel of the unique challenges, abilities and circumstances of Aboriginal entrepreneurs, the important role entrepreneurs play in the mobilization of the Aboriginal economy, and the importance of that economy to BC. According to entrepreneurs, lack of understanding sometimes results in cultural insensitivity, and even racism. Creating a climate of acceptance and encouragement among service providers is deemed to be very important.

A related issue is the lack of support that entrepreneurs receive from their own communities. It is reported that community members often resent entrepreneurs for going into business, and thus, it is difficult for Aboriginal entrepreneurs to find moral support or business loyalty on-reserve. A climate of acceptance for the entrepreneur and a strategy of on-reserve economic development must be encouraged. From the entrepreneur's perspective too, there is a need to understand the community and cultural issues that interfere with entrepreneurial success, and to address these issues. Aboriginal entrepreneurs living off-reserve often feel even more isolated – both from their home communities and in their urban environments. Once again, the importance of networks within this context was emphasized. Other segments of Aboriginal society with unique challenges and needs with respect to business development include youth, displaced workers, women, and Métis. Results indicate that further attention is needed to the needs of the latter two groups.

Entrepreneurs living in remote, rural communities face their own set of challenges. Access to information service appears to be poor in several regions throughout the province. Within the regions, northern and remote areas are particularly underserved. While information technology offers potential for entrepreneurs in these areas to access information, particularly where other forms of support are weak, in many cases entrepreneurs do not have the communications infrastructure or skills to access web-based information tools. On the other hand, while urban entrepreneurs may have better access to providers and technology, there is a great need to strengthen support networks.

Finally, capacity building is required among service provider workers and organizations. Entrepreneurs indicate that service could be improved if staff were more knowledgeable of their businesses, of available resources and of the First Nations context. Organizations require access to resources, improved hiring policies and programs for monitoring the effectiveness of service delivery on an ongoing basis.

Gaps in Communication

According to Aboriginal entrepreneurs, many Economic Development Officers (EDOs) and community-based organizations are isolated and cut off from information sources. Thus, they are less productive, and need to be brought into networks that supply them with information, training and support. Gaps in communication were identified between government agencies, between service providers and government, and between the providers themselves. An integrated strategy is lacking for the acquisition of funding and distribution of information to support Aboriginal entrepreneurs and Aboriginal economic development in BC. In order to enhance the information, opportunities and support necessary, and to contribute to improving the climate in which Aboriginal entrepreneurs operate, more effort should be invested in building networks and partnerships among providers.

The Recommendations

To address the content gaps discussed above, a set of "top ten" tools recommendations are made. These include: Aboriginal specific financing, marketing and home-based business materials, a directory of programs, products and services for the Aboriginal entrepreneur, a database of, and support materials for, business mentors, a comprehensive Aboriginal Business Development web site, the provision of electronic support tools, workbooks and workshop materials on business research techniques, as well as assessing the health of your business and of the changing business environment (for the established entrepreneur).

Recommendations for improvements to service delivery include increased provision of aftercare services, extension of service in remote and urban areas that may be under-served and attention to unique groups whose needs have not been fully addressed (e.g. women, Métis). Initiatives to build the capacity of service provider workers and of entrepreneurs to access web-based information tools are also suggested, along with measures to increase cross-cultural understanding and build support for Aboriginal entrepreneurs within their own communities.

Finally, a consensus emerges from the results of this research that there is a need for a unified vision of support for Aboriginal entrepreneurs and Aboriginal economic development in BC. There are key pieces of content that can be developed for delivery, and changes in the way in which service providers deliver their services that can and should be made. However, the main message from the consultations is the need to create and sustain effective networks. This includes the need to:

- coordinate the strengths and resources of all the government agencies,
- design a coordinated Aboriginal economic development strategy for BC, recognizing diversity and involving Aboriginal communities and service providers who deal directly with Aboriginal clients in the development of such a strategy,
- communicate that strategy widely, including communication with mainstream institutions and society, and

- create partnerships and networks among providers and entrepreneurs to more effectively share information and deliver services.