

Canadian Council for
ABORIGINAL
BUSINESS

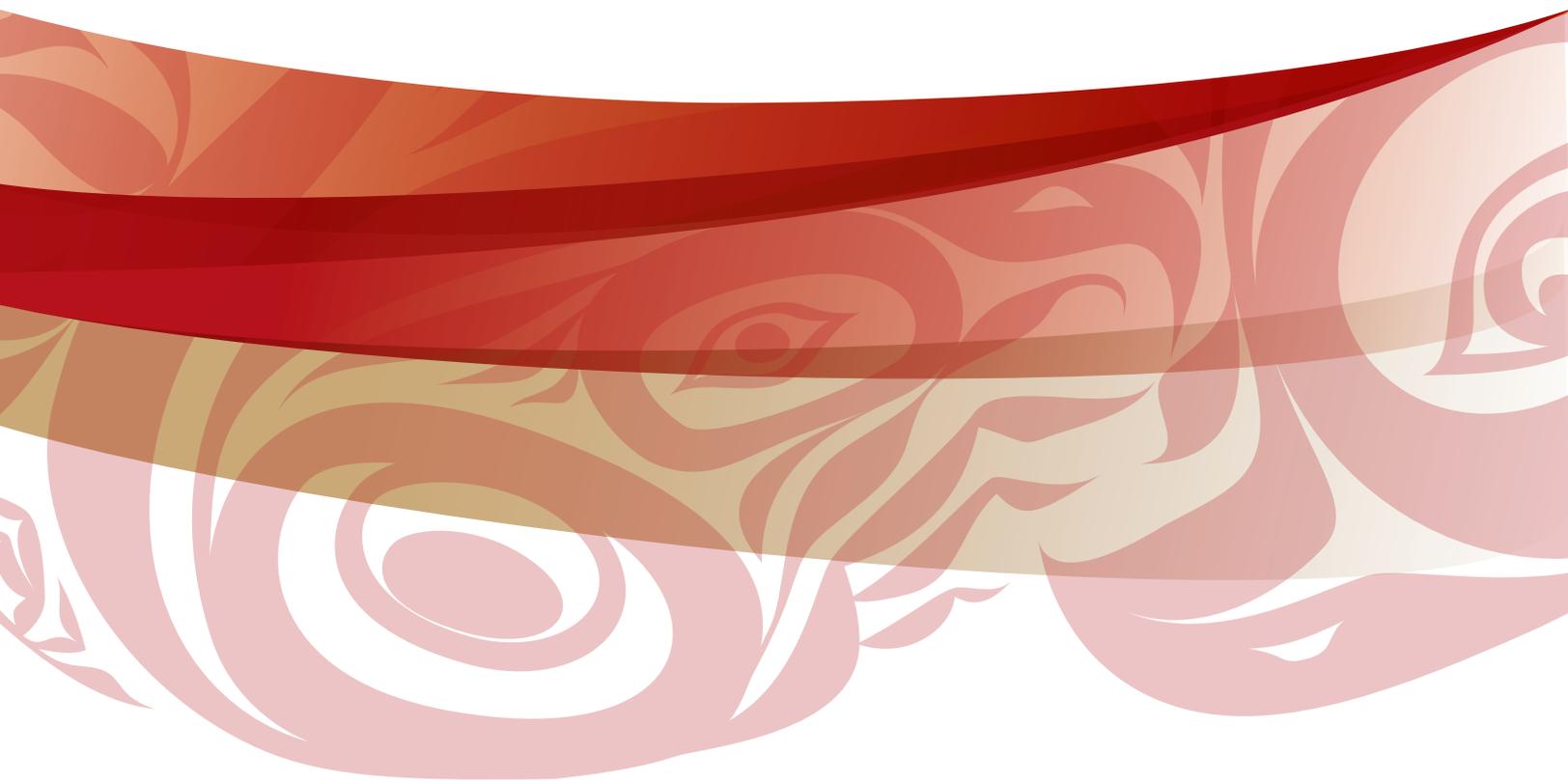


Promise and Prosperity

The 2016 Aboriginal Business Survey

In partnership with

ENVIRONICS
RESEARCH



Our Supporter:



Indigenous and
Northern Affairs Canada

Affaires autochtones
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Executive summary

About the 2016 National Aboriginal Business Survey

Aboriginal Peoples and communities are increasingly turning to economic development to improve quality of life and build a bright future for their community members. According to the 2011 National Household Survey (NHS), there are more than 43,000 First Nations, Inuit and Métis in Canada who are business owners.

While considerable data exists for Canadian business owners generally, relatively little is known about Aboriginal entrepreneurs, specifically, who they are, what their experiences have been, and what they need for future growth and success. To address these gaps and develop a better understanding of the issues facing Aboriginal business owners in Canada, the Canadian Council for Aboriginal Business (CCAB), with support from the Government of Canada, is pleased to release the *2016 National Aboriginal Business Survey*. This updated study of Aboriginal business owners across Canada, builds on previous research conducted by CCAB in the 2011 report entitled *Promise and Prosperity: The Aboriginal Business Survey*.

CCAB's research shows that Aboriginal entrepreneurs are motivated by a desire to innovate, expand and profit from their businesses, but they also face unique challenges to their growth and development. A better understanding of these realities by business and governments, combined with the optimism of Aboriginal business owners, creates unlimited opportunities for everyone. CCAB's goal is to widely communicate the findings of this research so it can be used by Aboriginal Peoples, businesses and communities, and by non-Aboriginal businesses and governments, to develop tools, initiatives and policies that fully realize the potential of Aboriginal business in Canada.

Research highlights

What does the National Household Survey tell us about Aboriginal businesses?

- The population of self-employed Aboriginal peoples continues to grow (15.6% between 2006 and 2011), albeit at a slower rate than before (e.g., growth was 37.6% between 2001 and 2006), while the population of self-employed Canadians overall has declined (-4.4% between 2006 and 2011). However, Aboriginal peoples remain less likely to be self-employed (6.3 percent of the Aboriginal labour force) than the rest of the Canadian population (10.7 percent of the total labour force).
- Aboriginal businesses are represented across the full range of identity groups (First Nations, Inuit and Métis), regions and industry types, including the natural resources, construction, manufacturing, retail and service sectors.
- In general, Aboriginal businesses tend to be quite small, with three-quarters (73%) that are unincorporated and more than six in ten (64%) that have no employees. This is a similar profile to Canadian businesses generally, although Aboriginal businesses are slightly less likely to be incorporated.

What further insight does our survey provide into the profile of Aboriginal businesses?

- Aboriginal businesses supply goods and services to a variety of sectors, and since 2010 have increased their customer base among private sector businesses and governments at all levels (federal, provincial, municipal and Aboriginal).
- Since 2010, the geographic profile of these clients remains largely unchanged: Aboriginal businesses continue to focus primarily on local markets and within their own province/territory. Nonetheless, half have customers in other provinces and territories and substantial minorities have clients in the US (25%) or other countries (17%).
- More than one in three Aboriginal businesses (36%) create employment for others. Since 2010, the proportion of businesses creating full-time or temporary employment has declined, as has the rate of Aboriginal employment within these firms. Attracting qualified employees continues to be a challenge and an impediment to growth: two-thirds of employer firms say it is difficult to find Aboriginal employees, a problem that is particularly widespread among larger firms (e.g., incorporated, higher annual revenues).

What are their business goals and what do they think of their progress?

- Most Aboriginal businesses consider themselves to be established businesses, with a greater focus on stability and profitability (60%) than growth and expansion (22%) by an almost three-to-one margin. One in ten describe themselves as a start-up.
- Aboriginal businesses continue to hold positive attitudes about their progress, both looking back at their success to date and in terms of their outlook for the future. Reported business performance bears out this out, with strong growth in the proportion of businesses reporting a net profit (76%, up 15 points since 2010) and increased revenue (41%, up 6 points) over the previous year. Moreover, a majority (72%) remain optimistic that they will generate revenue growth for the coming year.
- Aboriginal businesses increasingly recognize the value of innovation, with more than six in ten (63%) who have introduced either new products or services, or new processes into their business in the past three years, up from half (49%) in 2010. This bodes well for the future of these businesses, since the data indicates that innovation is linked to business success (as defined by profitability, revenue growth and business income).

What holds back these Aboriginal businesses?

- Access to equity/capital and to financing continues to be an issue, and is particularly cited as a challenge by start-ups and growth-focused firms. As in 2010, Aboriginal firms rely heavily on personal savings for start-up and ongoing financing (the latter together with retained earnings).
- A key bottleneck is locating potential sources of funding: half (51%) of businesses have found this to be very or somewhat difficult. The patchwork nature of funding is evident, for example, in the number of government programs used to provide loans/grants to small businesses or funding for employment or training; among the four in ten Aboriginal businesses who have used a government program, a total of 27 different programs or sources were mentioned. Awareness of these programs is shared primarily by word-of-mouth between business owners.
- Another financing-related concern is meeting the qualifications or requirements for lending; almost half (45%) of Aboriginal firms have had difficulty with this. This is perhaps not surprising given that only three in ten have a formal business plan (which is typically required documentation), and this proportion has not increased since 2010.
- Digital access is not universally available to Aboriginal businesses. Four in ten either have no Internet connection (14%) or a connection on which they cannot fully rely (26%); these problems are more common for businesses located on-reserve and in the Territories and Atlantic provinces. Among firms with an Internet connection, most use some form of social media for their business, with Facebook by far the most widely used tool (more so than company websites).

What is the role for outside supporters of Aboriginal businesses?

- Many Aboriginal businesses are reaching out to experts, either formally or informally, for advice about their business. This is particularly common among successful Aboriginal firms, who also place greater importance than others on their relationships with suppliers and their partnerships with Aboriginal or non-Aboriginal companies.
- Since 2010, the proportion of companies with experience bidding on a Government of Canada contract has grown (up 11 points to 31%). One in five Aboriginal businesses say they have bid or considered bidding on a Procurement Strategy for Aboriginal Business (PSAB) set-aside and their satisfaction with the current PSAB criteria has improved since 2010. Dissatisfaction stems mainly from concerns that Aboriginal firms are being taken advantage of to qualify for PSAB set-asides.

Next Steps

Based upon the findings of the 2016 National Aboriginal Business Survey, CCAB believes the following actions – on the part of governments, financial institutions and Aboriginal entrepreneurs themselves – will help more Aboriginal businesses achieve success.

#1: Ensure available funding for Aboriginal or small businesses can be accessed by those who need and want it. Aboriginal business owners face several barriers, including locating funding opportunities, meeting the lending requirements (e.g., needing capital in order to access matching funds) and knowing how to properly complete difficult and complex application forms. Efforts need to be made by governments and Aboriginal financial institutions to promote awareness of funding opportunities, to ensure the standards required to access funding are relevant and achievable for Aboriginal businesses, and to support business owners with the application process.

#2: Support human resource development by providing and funding skills training. Aboriginal business owners (and business owners-to-be) can benefit from a variety of educational opportunities, such as developing business plans, how to access financing, leadership and employee management skills, and marketing and social media. Additionally, there continues to be a substantial need for investment in skills training for Aboriginal peoples more broadly, to expand the pool of skilled labour Aboriginal businesses need to grow and succeed.

#3: Update governance and land management policies on reserves. Current policies encourage on-reserve businesses to remain small and local, and to focus on stability rather than growth. Clear and flexible regulations are needed that encourage business creation and long-term success. Clarifying the tax and infrastructure responsibilities and procedures while supporting land use management plans would encourage on reserve businesses to shift their energies towards growth. Tools and knowledge for community run governance would also support a positive business environment.

#4: Be a champion for Aboriginal business. This research provides evidence that many Aboriginal businesses are thriving, despite the obstacles in their path. Aboriginal communities and governments, federal and provincial governments and non-Aboriginal businesses all have important roles to play in helping these businesses achieve their full potential, by *recognizing and promoting awareness of their value – not only for Aboriginal Peoples themselves but for Canada as a whole.*

Methodology

This report presents the results of a telephone survey conducted with 1,101 First Nations (on- and off-reserve), Inuit and Métis business owners across Canada, between February 10 and March 10, 2015.

The research is a collaboration between CCAB and Environics Research, one of Canada's leading public opinion research firms and the organization that conducted the research for the 2011 edition of Promise and Prosperity: The Aboriginal Business Survey.

First Nations, Inuit and Métis respondents were located through various databases and organizations, and a referral approach used to augment the sample. The data are statistically weighted by Aboriginal identity group, business size and type (i.e., with/without employees and incorporated/unincorporated) to ensure the final sample accurately reflects the Aboriginal self-employed population according to the most current Canadian census data (2011).

All of CCAB's research reports, including this current one, are available for download at www.ccab.com.

Research Steering Committee

Brenda LaRose founder of Higgins Executive Search, developed a national practice that is now recognized as a Canadian leader in the recruitment of Indigenous executives.

Dr. Brent Mainprize, is a professor at the University of Victoria, teaching Entrepreneurship and Strategy, Dr. Mainprize has helped new entrepreneurs find success in the marketplace for over a decade.

Chuck Strahl, Canadian businessman and politician, was a Member of Parliament from 1993 to 2011. He became a prominent cabinet minister, serving as Minister of Agriculture, Indian and Northern Affairs, and Transportation.

Miles G. Richardson, Executive Director to the National Consortium for Indigenous Economic Development at the University of Victoria

The Right Honourable **Paul Martin** was Prime Minister of Canada from 2003 to 2006 and Minister of Finance from 1993 to 2002. After leaving politics, Mr. Martin founded many Aboriginal Initiatives focusing on education, entrepreneurship and investments funds investing in Aboriginal business.

Phil Fontaine, former three-term National Chief of the Assembly of First Nations, Phil Fontaine is an articulate advocate for the future of Canada and for our indigenous peoples.

Susan Aglukark, is one of Canada's most distinguished Indigenous artists, a strong northern voice as an influential Inuk from Arviat.

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Aboriginal Entrepreneurs in Canada

The purpose of this section is to provide a picture of the Aboriginal business population in Canada, in terms of size and growth, as well as key characteristics (e.g., Aboriginal identity group, region and industry).

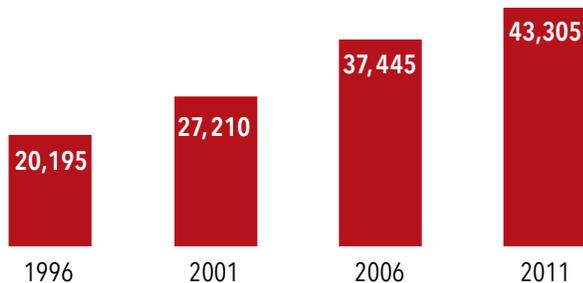
The latest Census data reveals that Aboriginal entrepreneurs are located across Canada, that they compete in every sector, and that their growth rate continues to exceed that of their Canadian counterparts.

Self-employment among Aboriginal peoples

The 2011 National Household Survey (NHS) reveals that the number of self-employed Aboriginal people continues to grow.

In 2011, 43,305 Aboriginal people reported that they were self-employed. This is up from 37,445 in 2006 and represents an increase of 15.6%. Although the growth in self-employment has slowed compared to previous census periods (for example, 37.6% between 2001-2006, and 34.7% between 1996-2001), it remains higher than the growth rate for self-employed Canadians overall, which actually declined by 4.4% between 2006 and 2011.

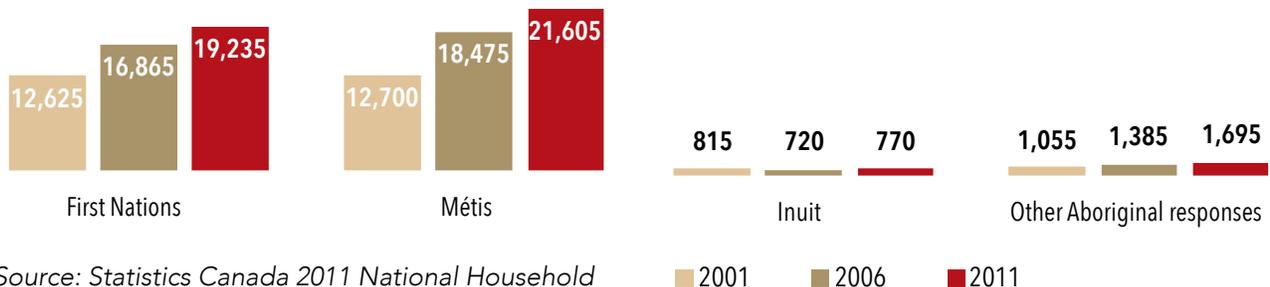
Self-employment rates among Aboriginal peoples



Source: Statistics Canada 2011 National Household Survey and 2006, 2001 and 1996 Censuses

According to the 2011 NHS, Métis comprise the largest proportion of the self-employed Aboriginal population (50%), followed by First Nations (44%), while two percent of self-employed Aboriginal people identify as Inuit. The remaining four percent represent multiple or "other Aboriginal" responses. These proportions remain essentially unchanged between 2006 and 2011. Individually, Métis experienced the largest increase in self-employment (13.7%), followed by First Nations (10.8%), and Inuit (4.2%).

Self-employment rates among Aboriginal peoples By identity group



Source: Statistics Canada 2011 National Household Survey and 2006 and 2001 Censuses

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

Proportion of the Aboriginal population. Another way to look at statistics on Aboriginal entrepreneurship is to look at self-employed Aboriginal people as a percentage of the overall Aboriginal population. In 2011, self-employed Aboriginal people represented 6.3 percent of the Aboriginal labour force, age 15 or over. This is substantially less than the 10.7 percent of the general Canadian population who identify as self-employed.

The proportion of self-employed Aboriginal people within the Aboriginal labour force did not grow between 2006 (when 6.6% declared self-employment) and 2011 (6.3%).² While this seems contrary to the growth rate described in the previous section, it is because the Aboriginal population is younger and growing at a quicker pace than the rest of the Canadian population. Between 2006 and 2011, the overall Aboriginal labour force, aged 15 and over, grew by 19 percent, compared to 6.7 percent growth in the Canadian labour force. Overall, both the number of Aboriginal people in the labour force and the number of self-employed Aboriginal people have grown substantially. As a result, the number of self-employed Aboriginal People as a percentage of the population remains flat and substantially lower when compared to the non-Aboriginal self-employed population.

Regional distribution

Consistent with 2006, the 2011 Census found that self-employed Aboriginal people are most likely to reside in Ontario (24%), British Columbia (22%) and Alberta (18%). When compared to the total Aboriginal population, self-employed Aboriginal people remain overrepresented in British Columbia and Alberta and underrepresented in Manitoba and Saskatchewan.

Source: Statistics Canada
2011 National Household
Survey

Aboriginal self-employment rates by region (2011)

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

² By comparison, in 2006 and 2011 the percentage of self-employed among the total Canadian population was 11.6% and 10.7% respectively.

Industry

Aboriginal entrepreneurs continue to build businesses across a wide range of industry sectors in Canada. Despite a marked difference in the overall self-employed population, the distribution of self-employment among Aboriginal and non-Aboriginal peoples is similar across the primary, manufacturing, wholesale and retail trade, and arts and entertainment sectors.

As in 2006, there continues to be a noticeable gap between the proportion of self-employed Aboriginal people (34%) and their counterparts in the general Canadian population (41%) in the professional, scientific and technical, education, health and social services sector. Aboriginal people also remain slightly over-represented in construction.

Self-employment rates by industry (2011)

Region	Aboriginal entrepreneurs		Canadian entrepreneurs	
	N	%	N	%
Primary	4,315	10	196,985	10
Construction	7,885	19	284,845	14
Manufacturing, transportation, warehousing	3,855	9	173,165	9
Wholesale, retail trade	3,625	9	200,850	10
Professional, scientific and technical services, education, health & social	14,155	34	829,095	41
Arts, entertainment, accommodation, food & cultural	3,930	9	174,920	9
Other	4,280	10	175,940	9
Total – Self-employed population	42,100	100	2,035,810	100

Source: Statistics Canada 2011 National Household Survey

A note on the NHS data. While NHS data is the best source of information on the number of Aboriginal people who identify as self-employed, data on the Aboriginal labour force, and the number and characteristics of Aboriginal entrepreneurs and small businesses, is not widely available.

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The characteristics of Indigenous entrepreneurship are difficult to analyze and understand using traditional definitions and metrics. Many are small, community-based, unincorporated, and operated by entrepreneurs with goals and strategies that often privilege cultural values, community investment, and concern for the environment ahead of profit.³

By allowing us to track growth trends and make comparisons with the non-Aboriginal population, the 2006 Census and 2011 NHS offer the most recent and detailed statistics on Aboriginal self-employment and business organization in Canada. However, responses are voluntary and the self-employment category, which includes individuals who do not own businesses, is not a completely accurate measure of entrepreneurship. Alternatively, the mandatory National Labour Force Survey (LFS) is broad in scope and updated monthly, but uses the same definition of self-employment. Neither the LFS nor the 2012 Aboriginal Peoples Survey (APS) include reserve communities and both have data gaps in northern Canada.⁴

The CCAB research results presented in the remainder of this report complement the Statistics Canada data on Aboriginal self-employment growth.

Transformation International

Social and Economic Development

Carol Anne Hilton, CEO & Ainjil Hunt, Principal

Taking an inclusive approach to economic development, Ainjil Hunt and Carol Anne Hilton created Transformation to improve community wellbeing. By weaving culture, health and identity into the fabric of business, Hunt and Hilton aim to change the processes of economic development and health in tandem to promote improved social and economic outcomes. Focusing too narrowly on profit generation can disconnect economic development corporations from the broader impact of economic change on language, community, organizational behavior, and governance. Confronting these issues and challenges allows Transformation to bring meaningful change to the lived realities of Aboriginal peoples.

Establishing governance and decision-making structures well before a business is created, prepares communities to take advantage of regional growth. A key part of Hunt and Hilton's role is facilitating community discussion about the risks and opportunities of business development, the nature of business cycles, and strategies to succeed in the market. These entrepreneurs have successfully applied this model to Aboriginal businesses and organizations in Canada, the United States and South America. Hunt and Hilton are justifiably proud of their company, which has been awarded the Creating Wealth Award by the National Council of Indigenous Elders, the Vancouver Island Economic Development Corporation Business of the Year Award, and the British Columbia Aboriginal Achievement Award.

³ Statistics Canada, "Definition of self-employment," Rural and Small Town Canada Analysis Bulletin, Vol. 9, No. 1, Catalogue No. 21-006-X, p. 4-5.

⁴ Statistics Canada, Aboriginal Peoples Survey, Cat. No. 2012, 89-653-X; Guide to the Labour Force Survey, 2012, Cat. No. 71-54G; National Household Survey Dictionary, 2011, Cat. No. 99-000-X2011001.

3

Business Characteristics

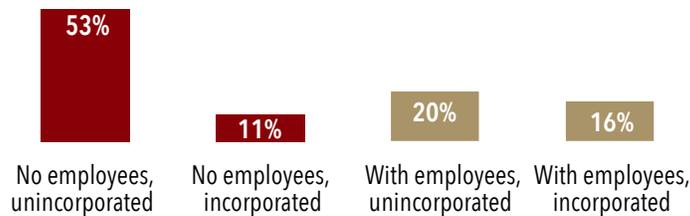
Business Type and Location

Aboriginal businesses tend to be quite small: the majority are unincorporated and have no employees. Since 2010, the proportion of First Nations businesses located off-reserve has increased to more than four in ten.

Size and corporate structure. The survey sample was designed to match the population of Aboriginal business owners in Canada by size (number of employees) and corporate structure, according to the most recent Census data (2011).

Most Aboriginal businesses (73%) are unincorporated, operating as either a sole proprietorship (61%) or a partnership (12%), while one in four (27%) are incorporated under a federal or provincial charter.⁵ Moreover, most Aboriginal business owners (64%) operate without employees. Although this profile is similar to Canadian businesses as a whole, Aboriginal businesses are less likely to be incorporated.

Business size and corporate structure



Q2b. Do you have any employees other than yourself?

Q3. Is the business a sole proprietorship, partnership or corporation that is incorporated under a federal or provincial charter?

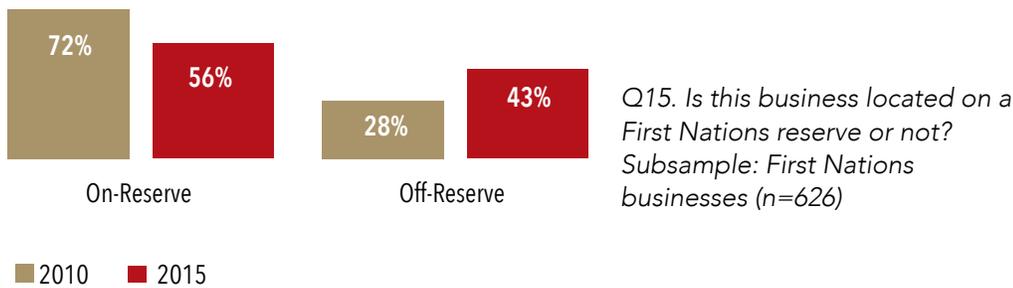
Sole proprietorships are the business model favoured by Aboriginal entrepreneurs, likely due to their relative ease of set-up. This model is most popular among businesses owned by women as well as those operating in the secondary or service sectors, and in the province of Quebec. Not surprisingly, sole proprietorships are also more likely to be smaller businesses with no employees and lower annual revenues.

Incorporated Aboriginal businesses remain most common in Alberta, and are typically larger businesses with employees and higher revenues. Because incorporated companies are not eligible for tax exemptions under Section 87 of *The Indian Act*, on-reserve businesses are much less likely to be incorporated (14% vs. 32% located off-reserve). As a result, incorporated businesses remain more common among Métis (34%) than First Nations (19%) business owners.

Location. More than half (56%) of First Nations entrepreneurs have established their business on a reserve. The remaining four in ten (43%) are located off-reserve, a proportion that has increased substantially from 28 percent in 2010.

⁵ To qualify for the survey, businesses that are not a sole proprietorship must be majority-owned by Aboriginal persons, but not a community-owned business.

Business located on a First Nations reserve
Among First Nations business owners



The majority of Aboriginal businesses also continue to be home-based. Two-thirds (66%) of Aboriginal business owners report that their business currently operates from their home or the home of their business partner, which is essentially unchanged from 2010 (66%).

Home-based businesses are more common off-reserve than on-reserve, and among smaller companies without employees and with lower revenues. They are also more common among start-ups and established businesses that are focusing on stability, and less common among established businesses focusing on growth.

Markets

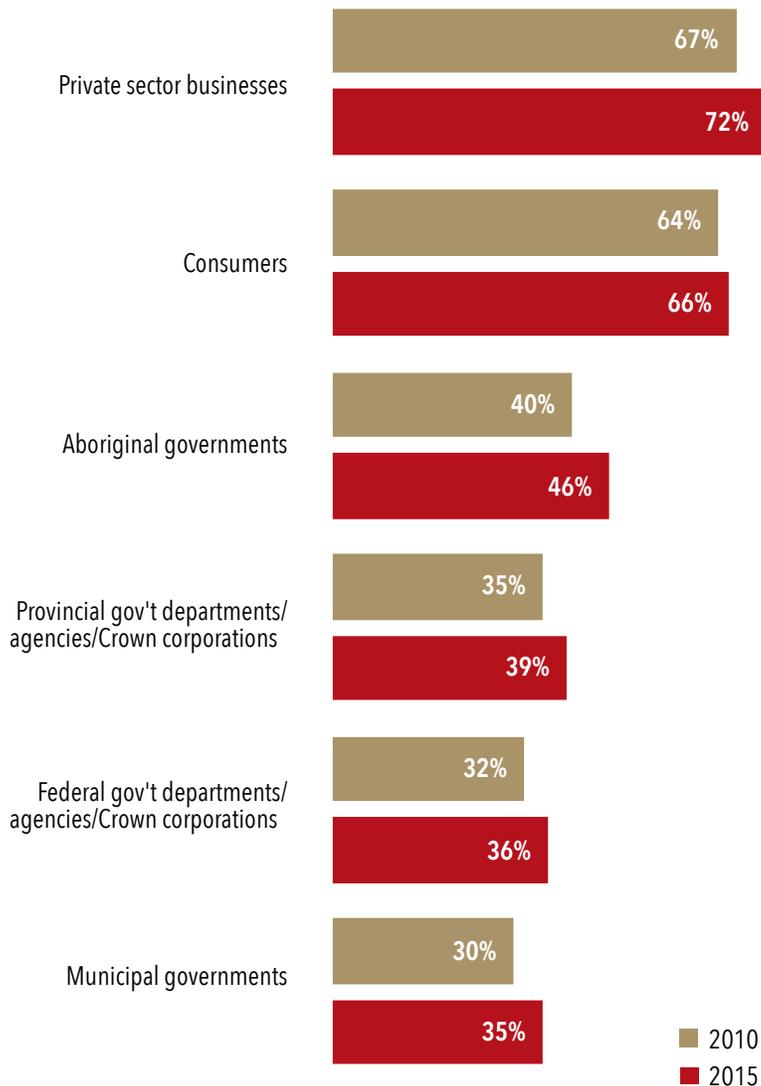
Since 2010, Aboriginal businesses have continued to grow their customer base in all sectors, including the private sector and at all levels of government. The geographic profile of their clients remains largely unchanged: most continue to focus on local markets, although a substantial minority also have international clients.

Type of client or customer. The results indicate that Aboriginal businesses are working to diversify their customer base. They remain most likely to supply goods or services to private sector businesses (72%) and consumers (66%). Close to half (46%) supply Aboriginal governments, while more than one-third each supply provincial government departments, agencies or Crown corporations (39%), federal government departments, agencies or Crown corporations (36%), and municipal governments (35%). Most importantly, since 2010, the percentage of businesses that now supply each of these client types has increased, demonstrating that efforts to build a robust customer base have yielded positive results.

Larger businesses (i.e., incorporated companies with employees and those with annual revenues over \$100K) continue to have the most diverse clientele; they are more likely than others to have clients in the private sector and at all levels of government (federal, provincial/territorial and municipal).

On-reserve firms are more likely than off-reserve firms to do business with Aboriginal governments. Otherwise, on-reserve businesses have more difficulty gaining access to almost all of the other customer types.

Types of clients in past year



Q17. In the past year, did you supply goods or services to any of the following...?

Across the country, firms in the territories (i.e., Yukon, the Northwest Territories and Nunavut) continue to be the most likely to do work for governments at the federal, provincial/territorial and municipal levels; businesses in the territories and Saskatchewan are also the most likely to work with Aboriginal governments.

Successful businesses (i.e., firms that have been profitable in the past year, had increased sales and expect income growth in the next two years) are more likely to have supplied all these types of customers or clients.

Location of clients. Aboriginal business owners remain most likely to have clients in their own community or province/territory, but as in 2010, half have clients in other provinces or territories, and smaller proportions operate internationally.

When asked where their clients are located (from a list provided), most Aboriginal business owners say that they have clients in their local community (85%) and in their province or territory (76%), and these proportions are essentially unchanged from 2010.

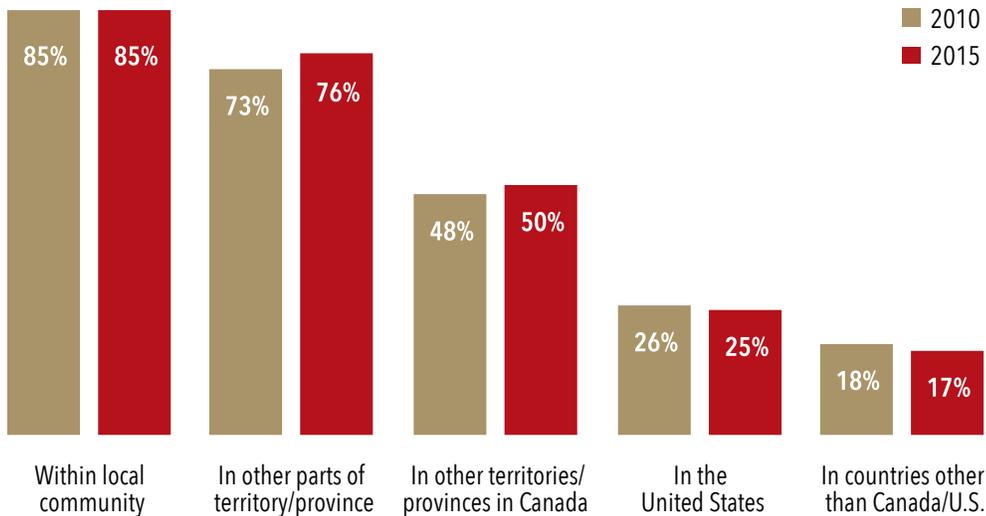
The proportion of Aboriginal business owners who have cast their sights further afield also remains consistent with 2010. Half (50%) continue to have clients elsewhere in Canada, one-quarter (25%) have clients in the U.S., and almost two in ten (17%) have clients in countries other than Canada and the U.S.

Local clients are the most common source of business regardless of the type of Aboriginal business. This is particularly true for start-ups, who are less likely than established businesses to have clients outside their local community.

In contrast, established businesses with a growth focus, and businesses in the secondary and service sectors have the most diversified client base that includes clients located in other parts of Canada, the U.S. and internationally. Businesses in B.C. and Ontario are most likely to have American or other international clients, perhaps due to proximity to the border and shipping access.

Businesses located in British Columbia and Ontario are most likely to have international or American clients, which may be due to proximity to the border and international shipping access. Similar factors may also explain why off-reserve businesses are more likely than on-reserve businesses to have clients in other parts of the province or territory where they are located, and in other parts of Canada. Businesses owned by Aboriginal women and older entrepreneurs (55+) are also more likely than others to say they have accessed U.S. and international markets.

Location of clients



Q16. In the past year, in which of the following places did your business have clients?

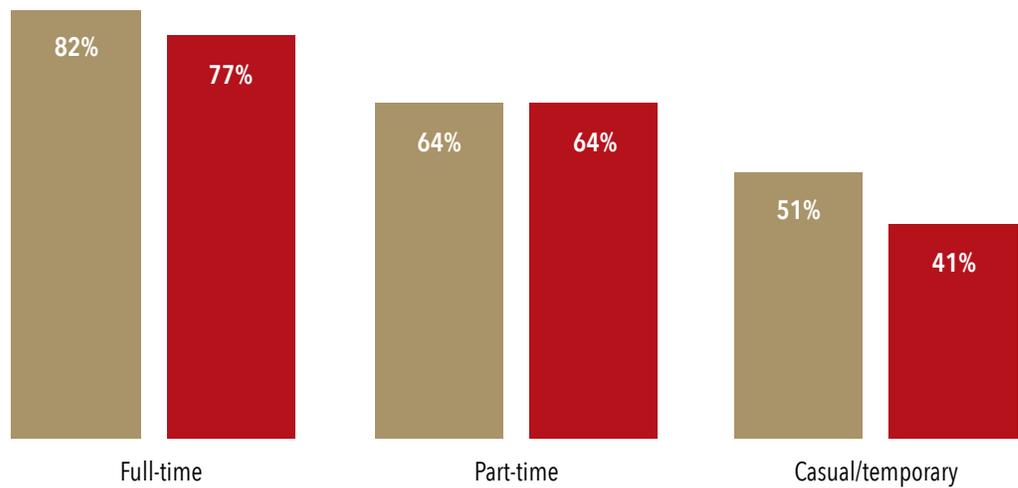
Employees

More than one in three Aboriginal business owners in Ontario create jobs for others, and almost all have at least one Aboriginal employee. However, since 2010, the proportion creating full-time or temporary employment has declined, as has the rate of Aboriginal employment within these companies. There is widespread acknowledgement of the difficulty finding qualified Aboriginal employees, particularly among owners of larger businesses.

Employment Type. Consistent with the 2011 Census, more than one in three (36%) Aboriginal business owners in this study report having at least one employee and these are most likely to be full-time, permanent workers. About three in four (77%) currently have full-time employees (representing 28% of all Aboriginal businesses). These businesses are also a source of part-time and casual work. More than six in ten (64%) currently have permanent part-time employees and four in ten (41%) have casual or temporary employees (representing 23% and 15% of all Aboriginal businesses, respectively). Since 2010, the proportion of Aboriginal businesses with full-time or temporary employees has declined, while the rate of part-time employment remains unchanged.

On average, these businesses report having five permanent full-time employees, four part-time employees, and two casual or temporary employees.

**Proportion of businesses creating employment by category
Among businesses with employees**



■ 2010 Q18. Excluding yourself, how many employees does your business currently have who are...? (Subsample: Businesses with employees, n=740)
■ 2015

Aboriginal employees. Almost all (83%) of Aboriginal businesses with employees say they employ at least one Aboriginal person (representing 30% of all Aboriginal businesses).

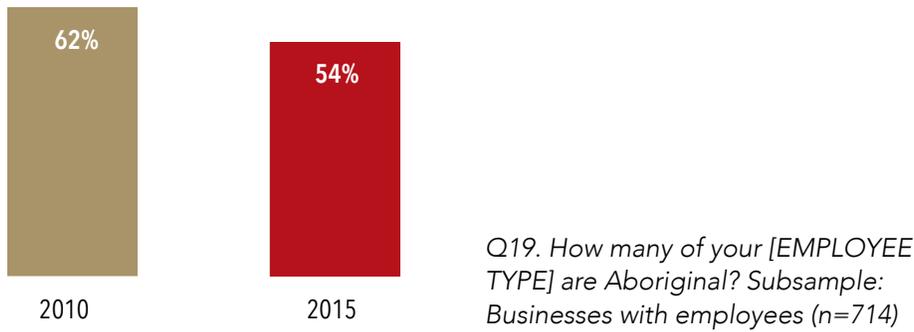
On average, Aboriginal people comprise 54 percent of a company's employees, which is down from an average of 62% in 2010. This average is higher among non-incorporated businesses (61%) and those with annual revenues under \$100K (70%), suggesting that as small businesses grow, they experience difficulties finding sufficient numbers of skilled Aboriginal employees. Inuk (71%) and First Nations owned businesses (68%), as well as those located on-reserve (76%), all tend to have a higher number of Indigenous employees.

Finding and retaining Aboriginal employees. Aboriginal business owners with employees report that they face challenges finding qualified Aboriginal employees, but once they are hired, it is easier to retain them.

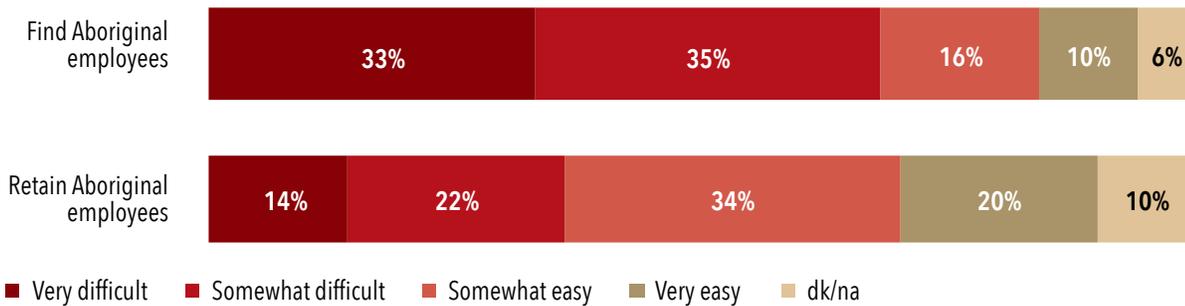
Two-thirds (68%) say they find it very or somewhat difficult to find qualified Aboriginal workers. This is particularly challenging for larger incorporated businesses (78%) and companies with annual revenues over \$100K (73%).

However, fewer than four in ten (36%) say it is difficult to retain their Aboriginal employees; just over half (54%) say it is very or somewhat easy. Once again, this challenge is greater for larger businesses: four in ten (41%) incorporated firms say it is difficult, as do four in ten (43%) firms with annual revenues of \$500K or more.

Proportion of employees who are Aboriginal among businesses with employees



Ease of finding and retaining Aboriginal employees Among businesses with employees



Q20. In your experience, is it very easy, somewhat easy, somewhat difficult or very difficult to...? Subsample: Businesses with employees (n=718)

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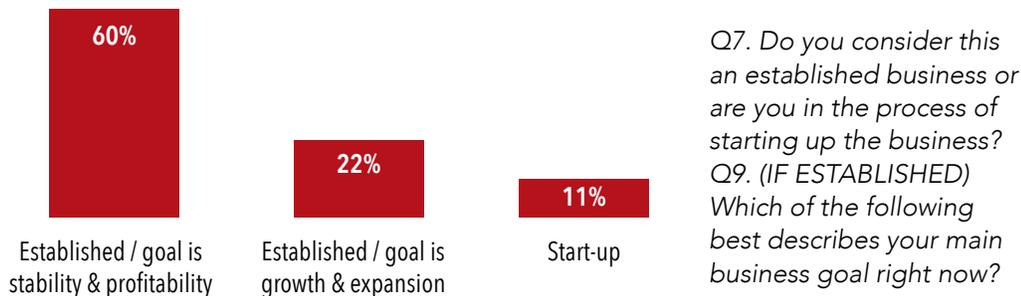
Business Objectives and Success to Date

Business stage

The majority of Aboriginal entrepreneurs consider their business established and focus on stability and profitability over growth and expansion. One in ten Aboriginal business owners describe themselves as being in the start-up phase.

The majority (60%) of Aboriginal business owners describe their businesses as established, with the primary goal of stability and profitability. By comparison, two in ten (22%) say they are established with the goal of growth and expansion. One in ten (11%) are still in the start-up phase. (Another five percent are established businesses with a focus on both stability and growth, while the remaining three percent could not classify their business).

Business stage



Established businesses focused on stability are the most common business type in all regions and subgroups, although they are more evident in the territories (74%), the Atlantic provinces (73%) and on reserves across Canada (66%).

A growth focus is more evident among larger businesses (i.e., those with employees, annual revenues of \$500K or more).

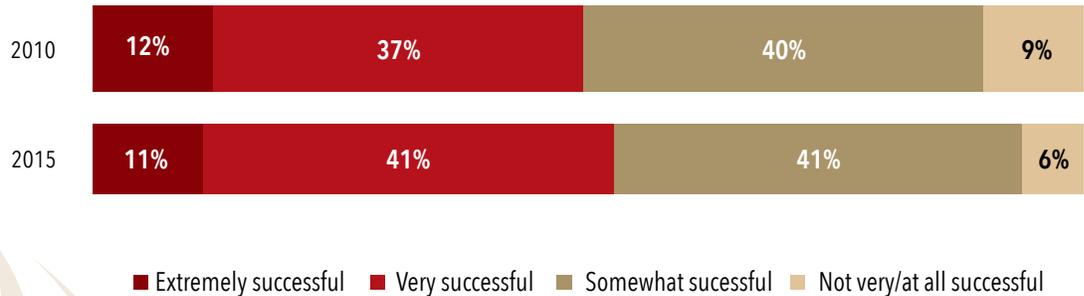
As one would expect, start-ups are more likely than average to be owned by younger entrepreneurs (45% under 45 years vs. 27% average), and less likely to have employees (only 18% vs. 36% average). Start-ups are also most common in Saskatchewan (19%) and in the natural resource sector (22%).

Perceptions of business success

Consistent with 2010, almost all Aboriginal business owners believe they have experienced at least some degree of success and half consider their businesses to be very or extremely successful.

Based on what they personally hope to achieve, Aboriginal business owners remain largely positive about their success to date. Half (52%) say their business has been extremely (11%) or very (41%) successful, which is consistent with the 2010 results. Another four in ten (41%) describe their business as somewhat successful and fewer than one in ten (6%) report that their business has not been successful.

Perceptions of business success



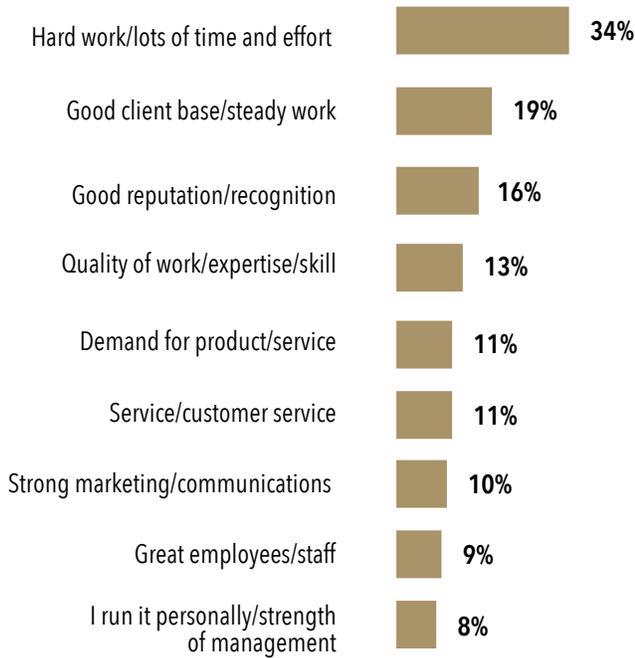
Q10. Based on your own personal objectives for your business, how successful do you feel your business has been to date?

Not surprisingly, businesses with annual revenues of \$100K or more) and those who have achieved financial success (defined as firms that have been profitable and had increased sales in the past year, and expect income growth in the next two years) are more likely to perceive themselves as successful. This is also true of businesses with employees and firms in operation for more than five years. By comparison, small businesses, defined as unincorporated and without employees, are less convinced than others of their business success and are more apt to describe themselves as somewhat successful.

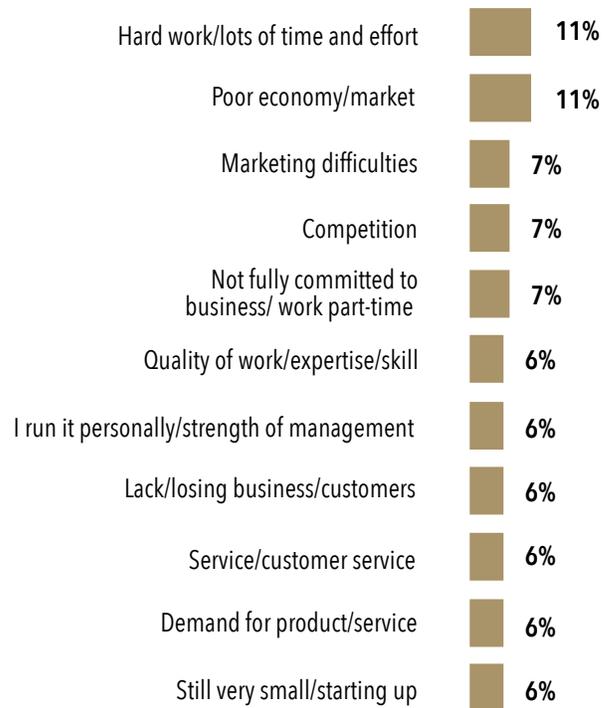
Start-ups are among the least likely to feel they have been successful based on the objectives they have set for themselves; only one-quarter (23%) feel extremely or very successful, with an almost equal number (26%) who say they have not been successful to date.

Perceived reasons for success. Aboriginal business owners who feel their business has been extremely or very successful (52% of total sample) were asked to what they attribute their success (unprompted, without being offered response options). They are most likely to cite the sheer amount of effort and hard work (34%). Others credit a steady client base (19%), their strong reputation (16%), quality of work (13%), demand for their product or service (11%), and their level of customer service (11%) for their success.

Reason why business has been extremely/very successful (top responses)



Reason why business has been somewhat successful (top responses)



Q11. In your opinion, what is the main reason why your business has been (extremely/very) successful to date?
 Subsample: Those who feel their business is extremely or very successful (n=643)

Q11. In your opinion, what is the main reason why your business has been somewhat successful to date?
 Subsample: Those who feel their business is extremely or very successful (n=402)

Perceived reasons for less success. Aboriginal business owners in Ontario who consider their business to be moderately successful (41% of the total sample) cite a mix of reasons for this. There are references to both positive aspects – the amount of hard work they have put into the business (11%), the quality of their work (7%) and their dedication (7%) – as well as to obstacles or challenges they have faced, including a weak economy (11%), marketing difficulties (7%) and competition (7%). The very small group of Aboriginal business owners who feel they have been unsuccessful to date (6% of the total sample) cite several factors including marketing difficulties, a weak economy, competition and a lack of financing or because they operate their business on a part-time basis only.

Expectations for the Future

Most Aboriginal business owners continue to have confidence in the long-term viability of their business.

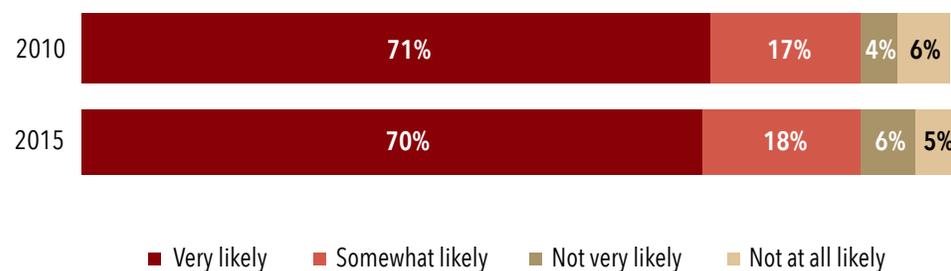
Aboriginal business owners remain largely confident that their business will be around for some time to come. Seven in ten (70%) say it is very likely that they will still be running their business in five years' time, a level of optimism that remains unchanged from 2010 (71%). Another two in ten (18%) say they are somewhat likely to be in business five years down the road, while only one in ten (11%) think this is unlikely.

The Aboriginal businesses surveyed have been operating for 13 years, on average, and their optimism that they will continue to do so remains high regardless of length of time in business.

As one would expect, business owners who have experienced a high degree of success (defined as those firms that have been profitable in the past year, had increased sales and expect income growth in the next two years) are more likely than entrepreneurs who have been less successful to believe they will still be in business five years from now.

Although only a minority express serious doubts about the long-term viability of their business (i.e., say they are not very or at all likely to be operating in five years' time), this group is comprised of a greater proportion of established businesses in operation for more than 15 years, older entrepreneurs (55 years or older) and firms in secondary industries (i.e., manufacturing, transportation, warehousing, retail and wholesale trade).

Likelihood of running business in five years



Q12. Thinking ahead, how likely is it that in five years time you will still be running this business? Is it...?

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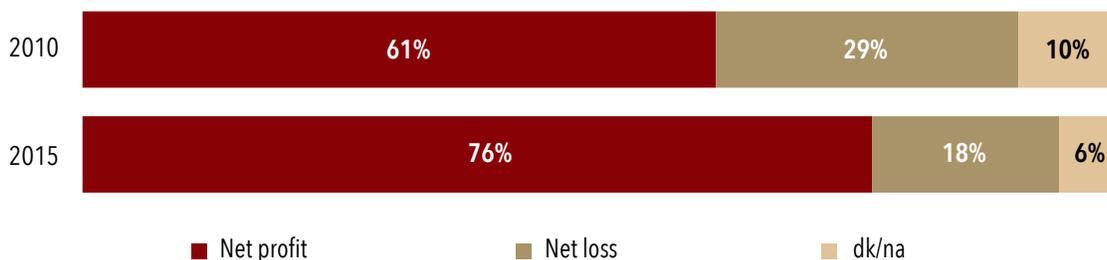
Business Profitability and Growth

Profitability

Three-quarters of Aboriginal business owners reported a net profit for their previous fiscal year, up from six in ten in 2010.

Aboriginal business owners are four times as likely to have experienced a net profit as a net loss in their most recent fiscal year. Three in four (76%) say their business experienced a net profit, a proportion that has increased significantly since 2010 (61%). By comparison, two in ten (18%) say they had a net loss, down from three in ten (29%) in 2010. (Six percent could not say or declined to provide this information). A net profit is more commonly reported by organizations with higher annual revenues (\$100K or more) and by companies in business for at least five years.

Net profit or net loss for most recent fiscal year



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

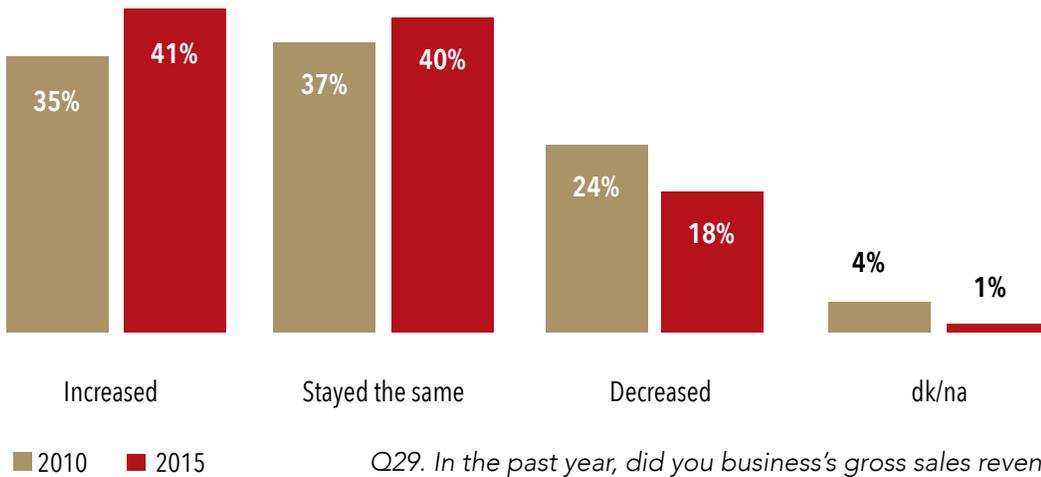
Revenue growth

Four in ten Aboriginal businesses saw their revenues increase over the past year, up from one-third in 2010. There also continues to be a high level of optimism about achieving revenue growth in the near future.

Aboriginal business owners report mixed results in terms of the change in gross sales revenues (i.e., the total amount of money received for goods sold or services provided) between 2014 and 2015. Four in ten (41%) report increased revenues for the past year, similar to the proportion (40%) who say revenues stayed the same, while the remaining 18 percent say their revenues declined. Since 2010, the percentage of businesses reporting revenue growth has increased slightly (up 6 points), while fewer than before report declining revenues (down 6 points).

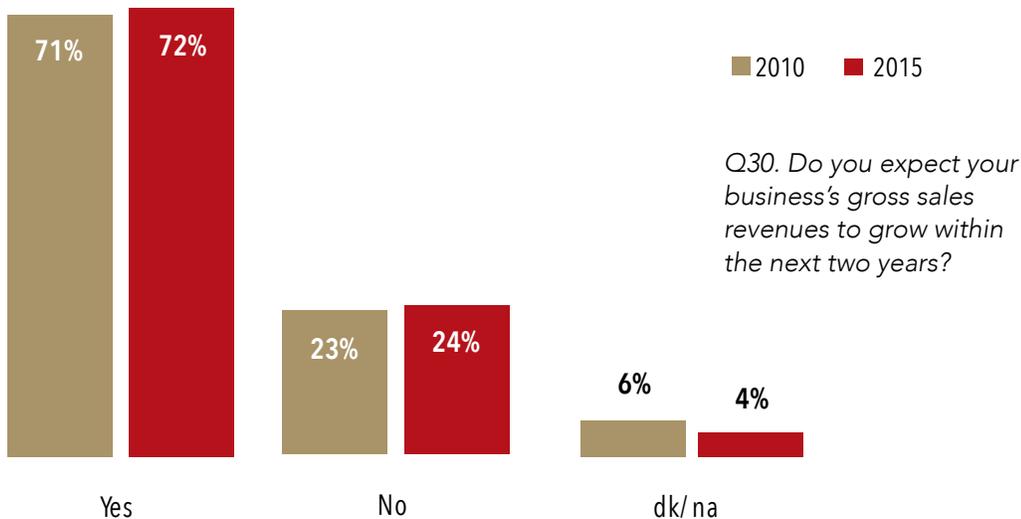
Revenue growth is more likely to be reported by incorporated businesses, businesses with employees, firms with higher annual revenues, businesses located off-reserve, and established companies focused on growth.

Change in gross sales revenues for the past year



Expectations of future growth. Although only a minority of Aboriginal business owners reported revenue growth in the previous fiscal year, they are nonetheless optimistic about future growth. Consistent with the level of optimism expressed in 2010, seven in ten (72%) Aboriginal business owners expect increased sales revenues over the next two years, while only a quarter (24%) do not

Expect growth in sales revenues over the next two years



A majority of Aboriginal business owners also expect their business income, or the amount remaining after all expenses have been deducted from revenues, to increase over the next two years. Eight in ten (79%) say they expect their business income to grow in the next two years, up slightly from 75 percent in 2010. By comparison, two in ten (19%) do not expect business income growth (and another 2% are unable or unwilling to say whether or not they expect business income to grow).

Higgins Executive Search

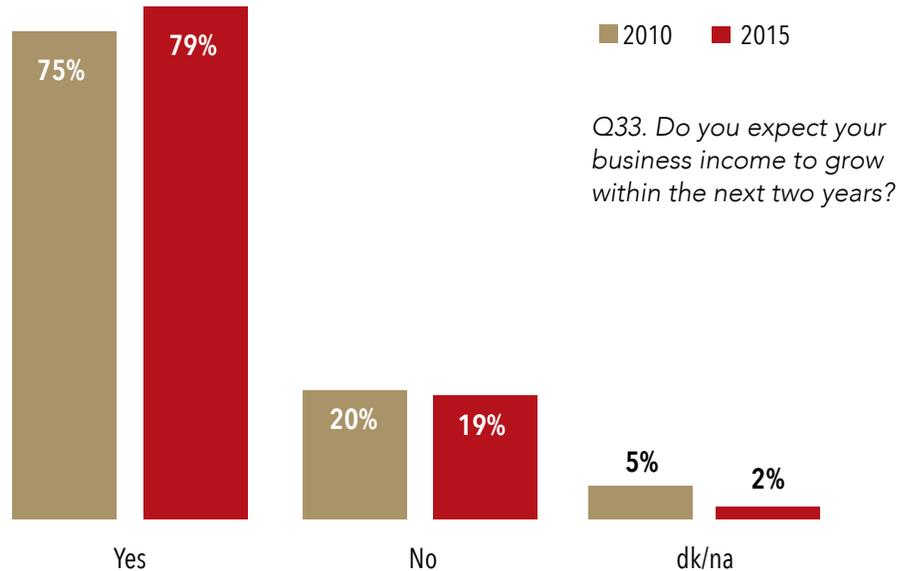
Recruitment diversity for specialized expertise

Brock Higgins

Higgins Executive Search, a family-run business started by Brenda LaRose in 1999, provides executive search services for corporations, government, institutions and Indigenous organizations throughout North America. Brenda LaRose previously worked for an executive search firm where she found that Aboriginal business people were regularly stereotyped and discouraged from applying for jobs, seeking placements and even entering the lobby! Today, Higgins Executive Search has grown and is now at the forefront of placing Indigenous executives. Both as a traditional executive search firm and an innovator, Higgins is breaking boundaries and reshaping institutions with Aboriginal leadership.

Through Higgins Executive Search, Laurentian University addressed one of their strategic priorities; increasing the number of Aboriginal faculty throughout the institution. Laurentian University hired 7 Aboriginal professors creating a critical mass of Indigenous educators. The University believes this will be the driving force behind better educational outcomes and increased mentorship opportunities for First Nations, Inuit and Métis students. Increases in post-secondary achievement in turn, will help close the gap in human capacity, identified as one of the most pressing challenges faced by Aboriginal businesses.

Expect growth in business income over the next two years



Incorporated firms with employees and businesses headed by entrepreneurs under the age of 45, express greater optimism with respect to both revenue and income growth. Similarly, firms in operation for fewer than five years, companies focused on growth and businesses reporting increased sales revenues for the previous year, are also more optimistic about the growth of their business income in the next two years.

Obstacles to growth

Aboriginal business owners in Canada consider attracting skilled employees and overall economic conditions as the top barriers to future growth.

There are a number of growth hurdles facing Aboriginal businesses across Canada. When asked to rate a list of 11 potential concerns on a scale of 1 to 5, Aboriginal entrepreneurs rated attracting employees with the right skills (39%) followed by overall economic conditions (35%), as the greatest obstacles to growing their business in the next two years.

Close to three in ten Aboriginal business owners anticipate that their growth will be impacted by access to equity or capital (31%), government policy (31%), difficulties retaining valued employees (30%), and access to financing (29%).

At least one in five also expect competition (27%), the cost of doing business (24%), reliable IT (21%), and access to support for employee training (21%) to be challenges to future growth. Of least concern to Aboriginal businesses is infrastructure such as electricity, water and roads (19%).

Obstacles to business growth over next two years (Rated 4 or 5 out of 5)

	All businesses	Businesses that expect revenue growth in next 2 years	
	2015	2015	2010
Attracting employees with right skills/ qualifications*	39%	40%	n/a
Overall economic conditions	35%	37%	46%
Access to equity or capital	31%	36%	38%
Government policy, rules and regulations	31%	33%	34%
Retaining valued employees*	30%	29%	n/a
Access to financing	29%	34%	43%
Competition	27%	28%	38%
Cost of doing business, such as input costs	24%	25%	38%
Reliable Internet access, telephone and other IT technologies	21%	22%	n/a
Access to support for employee training and skills development*	21%	20%	n/a
Other infrastructure such as electricity, water and roads	19%	18%	n/a

Q31. To what extent do any of the following present obstacles in growing your business over the next two years? Please use a scale from 1 to 5, where 1 means "not at all" and 5 means "a great deal."

* Asked of businesses with employees

When compared to 2010, business owners anticipating revenue growth in the next two years are less likely than before to hold concerns about economic conditions (down 9 points), access to financing (down 9), competition (down 10) and the cost of doing business (down 13), perhaps additional signs of growing optimism.

As was the case in 2010, business owners in 2015, who experienced a net loss the previous year continue to have greater concerns about access to financing, equity and capital, and about the costs of doing business, than those who recorded a net profit. As opposed to their more established counterparts focused on stability, start-ups and growth-focused companies also express greater concerns about access to financing and equity/capital.

Businesses with annual revenues of \$500K or more are also more likely than smaller firms to express concerns about several barriers, including economic conditions, competition, the cost of doing business, infrastructure needs like roads and water, and challenges associated with retaining valued employees. Finally, concerns about overall economic conditions are notably higher in Alberta (46%) and British Columbia (43%) than in the rest of Canada.

6

Growth Factors for Aboriginal Business

Financing

As reported in 2010, Aboriginal business owners not only rely heavily on personal savings for start-up financing, but continue to rank it as a major source of ongoing financing. Locating potential sources of funding remains a key barrier to business growth and development in 2015.

Start-up financing. Aboriginal entrepreneurs continue to rely heavily on personal savings rather than on loans, equity or debt to start their business. Up from 55 percent in 2010, two-thirds (65%) of owners say they used their own personal savings to start their businesses. At a distant second, two in ten report using business loans or lines of credit (19%), others relied on loans from Aboriginal lending agencies (14%), personal loans/lines of credit (10%), or grants/loans from the federal (9%) or provincial/territorial (4%) governments.

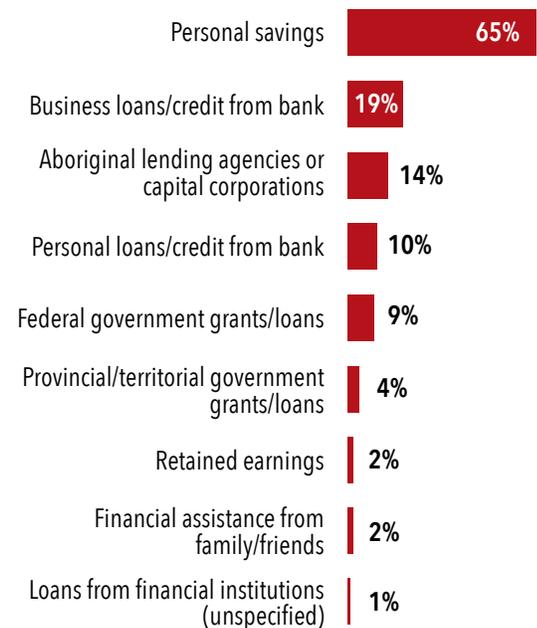
For Aboriginal business owners across Canada, personal savings are, by far, the most widely used source of start-up funding. However, smaller businesses without employees and annual revenues under \$100K, find it particularly difficult to access alternate sources of funding. A greater percentage of male entrepreneurs, larger businesses with employees and annual revenues of \$500K or more, firms located off-reserve (and thus, Métis businesses), as well as companies in the construction industry, report using either personal or business loans from financial institutions.

First Nations businesses located on-reserve and established firms with a growth focus more commonly use Aboriginal lending agencies as a source of start-up funding. Reported use of federal and provincial/territorial government grants and loans is fairly consistent across all business types.

Current sources of financing. Since 2010, the sources used by Aboriginal business owners for their current financing needs have not changed substantially.

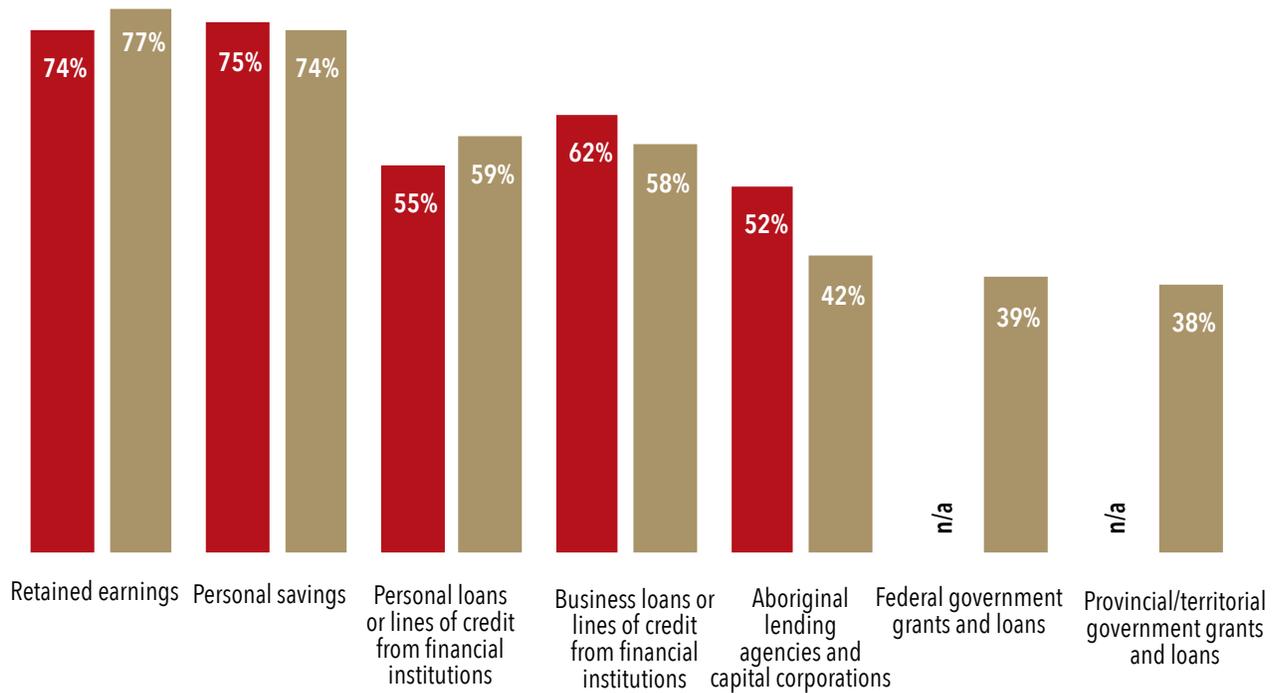
When asked how important various financial sources are to their business at the present time, retained earnings (77%) and personal savings (74%) remain at the top of the list. Financial institutions form a second tier of importance for securing both personal (59%) and business (58%) loans or lines of credit. Fewer business owners than in 2010 say that Aboriginal lending agencies and capital corporations (42%, down 10 points) are important current sources of financing for them, now similar to the level of importance ascribed to federal (39%) and provincial/territorial (38%) government grants and loans.

Sources of financing used to start up business (unprompted)



Q34. What was the main source of financing you used to start up your business? Did you use any other sources of start up financing?

Current sources of financing (very or somewhat important)



Q35. Please tell me whether each of the following sources of financing is very important, somewhat important, not very important, or not at all important to your business at the present time?

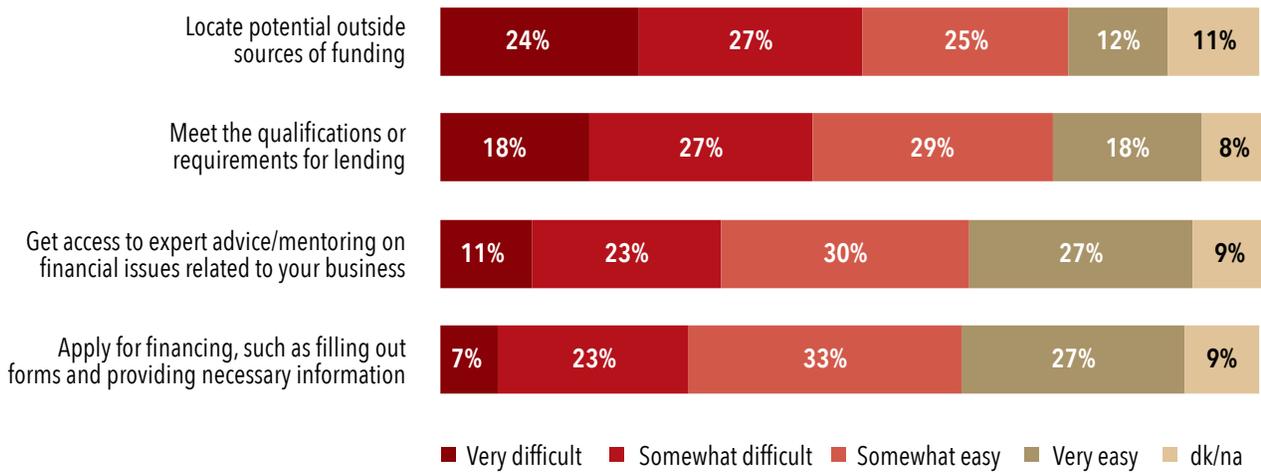
The importance of business loans/lines of credit from financial institutions is higher among larger businesses (i.e., incorporated firms with employees, those with revenues of \$500K+). Sole-proprietors, along with start-ups, rank personal savings as a particularly important source of current financing.

Current sources of financing also vary in importance according to gender. More men rank personal and business loans and lines of credit as important sources of current financing, suggesting that women may have a harder time accessing institutional financing.

Ease of obtaining various forms of financial support. Throughout CCAB’s research on Aboriginal entrepreneurship, Aboriginal businesses consistently identify lack of access to financing as a major barrier to business development and growth. For this reason, the 2015 survey included a new question that more closely pinpoints the obstacles in the financing process.

When asked about four things that can hinder access to financing, the biggest challenge is locating potential outside sources of funding: half (51%) of Aboriginal business owners say they have found this to be very or somewhat difficult, in their own experience. Additionally, once lenders or programs are found, nearly half (45%) found it difficult to meet the qualifications or requirements for lending. By comparison, only about one in three each say it is difficult to access expert advice or mentoring on financial issues (34%) or navigate the application process (30%).

Ease/difficulty of obtaining various types of financial support



Q36. In your experience as a business owner, are each of the following very easy, somewhat easy, somewhat difficult or very difficult to do?

In general, businesses in operation for less than five years, those in the start-up phase and those who suffered a net loss in the past year are more likely to encounter difficulty with each of the aspects of financing noted above. Business owners without a university education are also more inclined to report difficulty locating sources of financing and meeting lending qualifications, while women are more apt than men to report that accessing expert advice is challenge.

Innovation

The percentage of Aboriginal businesses that have recently introduced innovation in the form of new products or services, or new processes has increased since 2010 and is now reported by more than six in ten Aboriginal business owners.

Aboriginal businesses increasingly recognize the importance of innovation. More than six in ten (63%) introduced either new products or services, or new processes into their business in the past three years, up significantly from 49 percent in 2010.

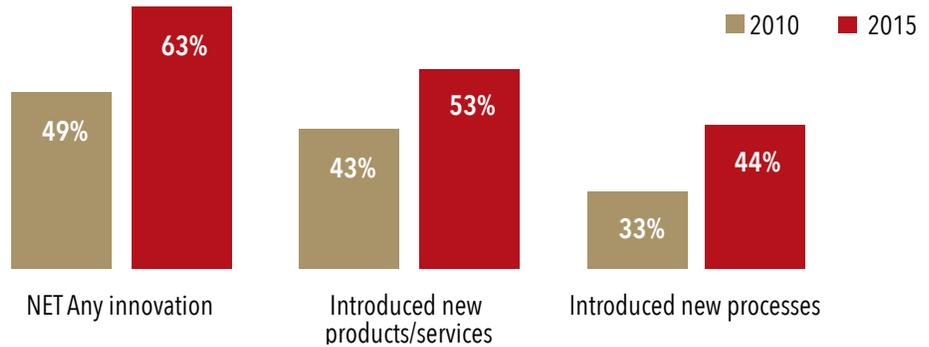
SAY Magazine

Leslie Lounsbury, Owner

Leslie Lounsbury founded SAY Magazine in 2002. Driven by passion and a desire to publish positive and inspiring stories about Aboriginal people, Lounsbury sought to combat the frustratingly negative portrayals in the media with a publication that celebrated culture and knowledge, and provided information and hope to all Indigenous Peoples.

To know success, one must know failure. Lounsbury knew she could tell plenty of inspiring stories, but the underlining question was, could she sell them? Feeling that nobody was interested, she took matters into her own hands. Lounsbury achieved success by reaching out to her network and engaging with Aboriginal Business Canada. Though she was initially denied funding, SAY Magazine was finally approved for startup financing. Lounsbury also attributes her success in the publishing industry to thorough market research and to meaningful experience gained from past employment as a civil servant and editor of career and education tabloids. Ultimately SAY Magazine's founder stresses the importance of dedication and developing a business model that can generate sustainable revenue—that is a solid foundation for any aspiring entrepreneur.

Innovation in the past three years



Q25. I would now like to ask you about innovation within your business. In the past three years, did your business introduce any...?

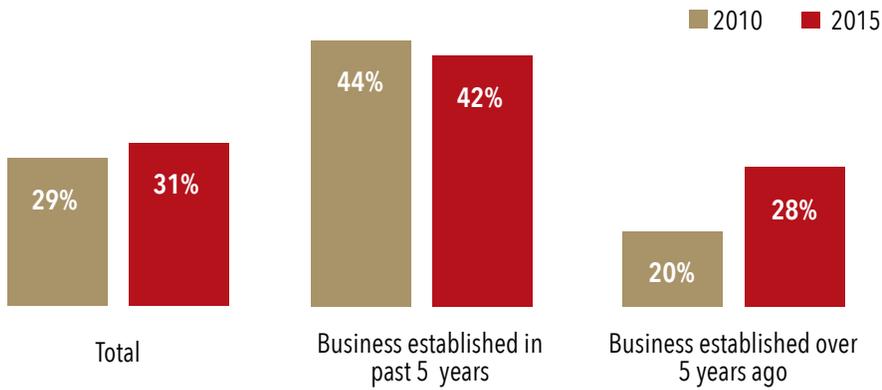
Aboriginal businesses most likely to introduce innovations in the past three years include larger businesses with employees and annual revenues of \$500K+ and established businesses with a growth focus. Successful companies (defined as firms that were profitable in the past year, had increased sales and expect income growth in the next two years) also introduced new products at a higher rate than Aboriginal businesses overall (73% versus 63%).

Business plan

Three in ten Aboriginal businesses have a formal business plan, a level that is essentially unchanged since 2010. Those without a business plan tend not to see the value or don't have the resources to devote to creating one.

A minority (31%) of Aboriginal businesses report having a written business plan in place for the past year, a number that has not improved since 2010 (29%). A current business plan remains more common among newer ventures established in the last five years (42%) in comparison to businesses established over five years ago (28%). Larger firms with employees and annual revenues over \$500K or more, those located off-reserve, firms in the natural resources sector and businesses owned/operated by entrepreneurs with a university degree are also more likely to have a formal business plan.

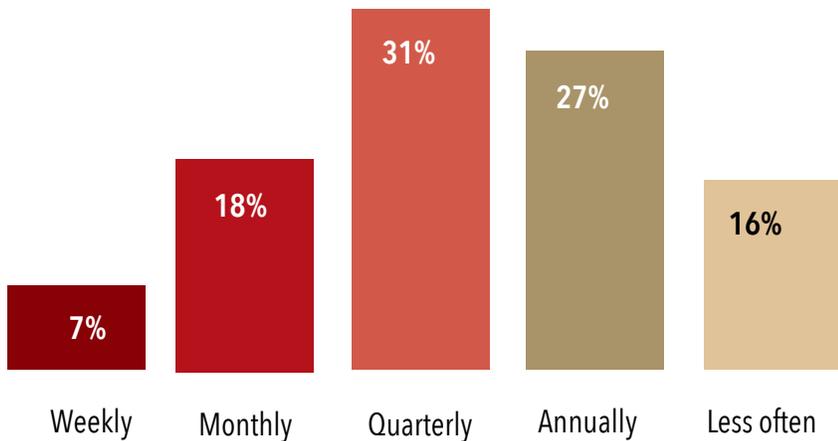
Written business plan in place (for past year)



Q21. Did your business have a written business plan in place for the past year?

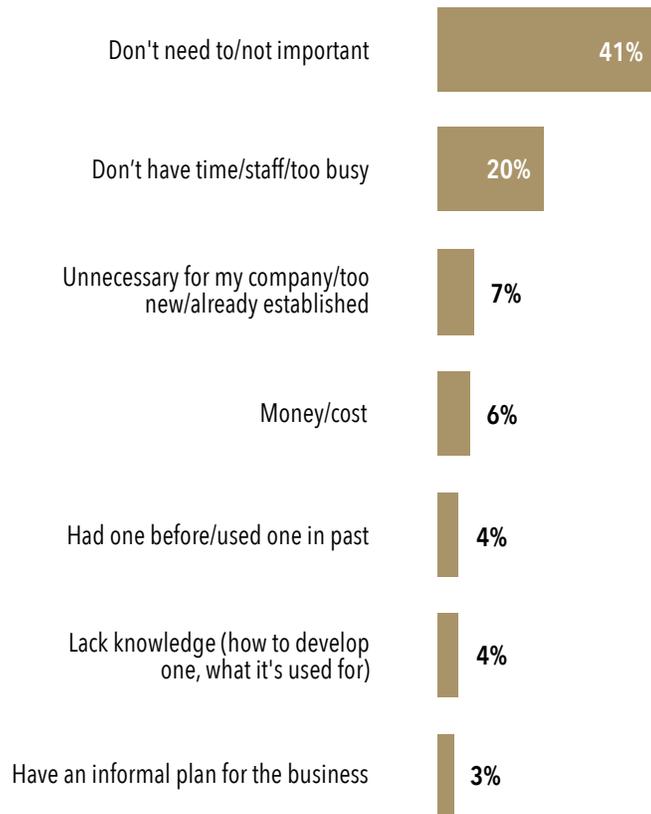
More than half (56%) of owners with a business plan refer to them quarterly or more often, more than the one in four (27%) do so annually and the remaining 16 percent who refer to them less frequently. Not only are larger firms with employees and higher sales revenues more likely to have a business plan, they are also more apt to review it frequently (i.e., at least quarterly).

How often refer to a written business plan
Among those with a business plan for the past year



Q23. How often do you refer to your business plan to determine the extent to which you are meeting your objectives? Subsample: Businesses with business plans (n=390)

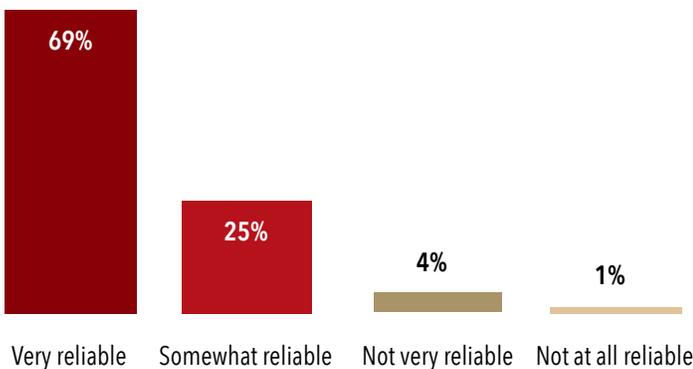
Top reasons for not having a business plan
Among those without a business plan for the past year



Q22. Is there any particular reason holding you back from developing a business plan?

Subsample: Businesses with no business plans (n=709)

How reliable is your business Internet connection?
Among businesses with an Internet connection



Q27. How reliable is your business Internet connection?
Subsample: Have Internet (n=971)

Reasons for not having a business plan. When asked why they haven't developed a business plan, businesses without one (69% of total sample) are most likely to say they don't see the value in this planning tool (41%). The next most common reason is a lack of resources, in terms of either time (20%) or money (6%), to spend developing a business plan. A smaller percentage believe that a business plan is unnecessary for their business type or stage (7%), or acknowledge that they don't know enough about business plans or how to develop one (4%).

Internet and social media

A majority of Aboriginal business owners have an Internet connection, and most describe it as reliable, although less so in the Territories and the Atlantic provinces and on reserves. There is widespread use of social media for business purposes, although this skews to younger and female entrepreneurs.

The large majority (86%) of Aboriginal businesses have an Internet connection. Having an Internet connection is more widespread among businesses in the services sector (91%) and less common in the Atlantic provinces (72%), on reserves (77%) and among entrepreneurs without a university education (82%).

Seven in ten (69%) businesses with an Internet connection say it is very reliable, while most of the remainder (25%) describe it as somewhat reliable. Only five percent report that their connection is not very or not at all reliable. Businesses in the Territories (41%) and the Atlantic provinces (59%) give their Internet connections considerably lower ratings for reliability than businesses in other regions. Internet reliability is also rated lower by on-reserve businesses (63%) compared to those off-reserve (72%).

To what extent do Aboriginal entrepreneurs use social media tools for business purposes? A majority (67%) of Aboriginal businesses with an Internet connection report some form of social media use in their business activities, which translates to six in ten (58%) of all Aboriginal businesses.

Social media usage is higher among businesses in the services sector (74%) and those located off-reserve (71%). Otherwise, the major factor determining the frequency of social media use is demographic: entrepreneurs under the age of 45 (77%), women (73%), and owners with at least some post-secondary education (71%) report higher rates of social media use for business purposes.

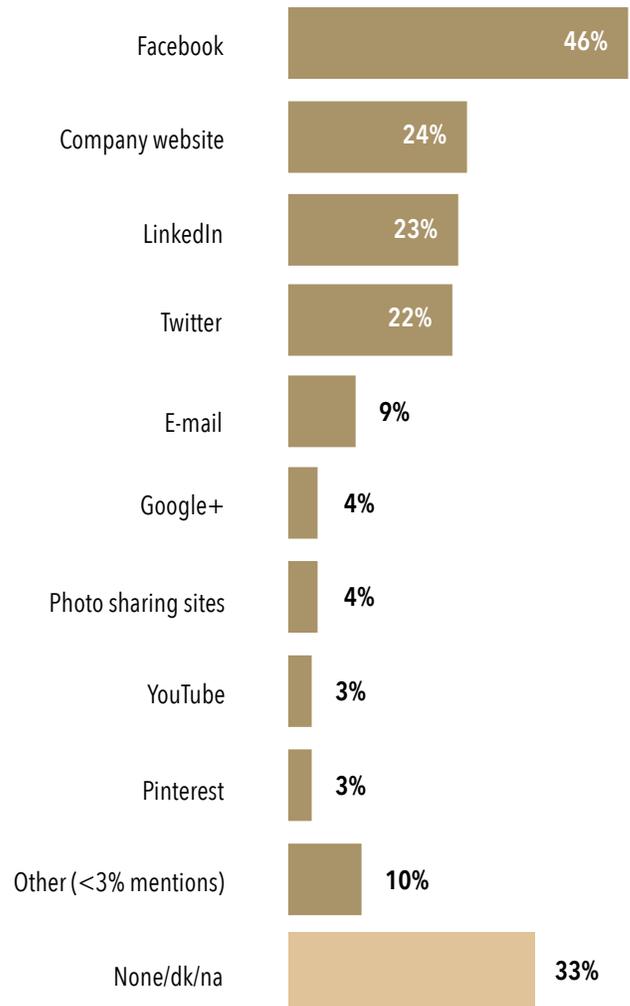
Facebook is the most widely used social media site (46% of businesses with an Internet connection). More than one in five each say they have a company website (24%), a LinkedIn profile (23%) and use Twitter (22%). Considerably fewer use photo (4%) or video sharing sites (e.g., YouTube; 3%) or Pinterest (3%). One percent mention that they have their own blog.

External support

Many Aboriginal business owners reach out to experts, either formally or informally, for advice about their business. They also cite strong relationships, particularly with suppliers and their local communities, as important factors in their success.

Business owners face a multitude of challenges, financial and otherwise. To what extent do Aboriginal entrepreneurs seek outside advice to help maximize their chances of success? A majority (59%) of Aboriginal business owners report that they often or sometimes seek informal networking or mentor support. One-quarter (23%) seek more formal support by convening an advisory board or hiring a consultant.

Social media tools used in business
Among businesses with an Internet connection



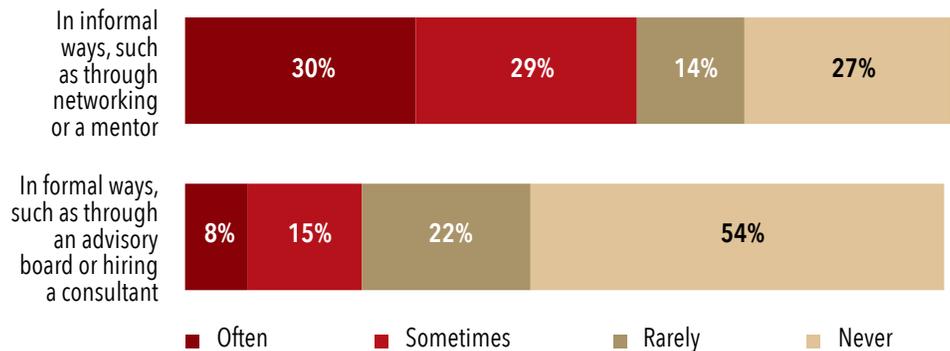
Q28. Which, if any, social media tools do you use in your business? Subsample: Have an Internet connection. (n=971)

Neechie Gear Inc.

Kendal Netmaker
Award-Winning Entrepreneur | Motivational Speaker

Through hard work, dedication and perseverance Kendal Netmaker established himself as a successful entrepreneur and motivational speaker. He attributes his success to his family, culture, mentorship and ultimately associating himself with positive people. This dates back to his upbringing; in elementary school Netmaker's best friend's family acknowledged his hardships and supported his activity in school sports. It was at that very moment he grasped the importance of positive, influential people and how they allow you to grow and excel in many aspects of life. Building upon that early experience, Netmaker established a successful sports clothing line, donating a portion of profits to assist underprivileged Aboriginal youth who wish to participate in sports. Acknowledging his success and self-worth, Kendal furthered his passion for giving back by taking to the stage and inspiring many others as a motivational speaker. " *Consistent action will give you all the results you desire over time. Don't make excuses, start today and go after it! Keep moving forward!*"

Actively seek external advice or input for business



Q24. To what extent do you actively seek external advice or input for your business...?

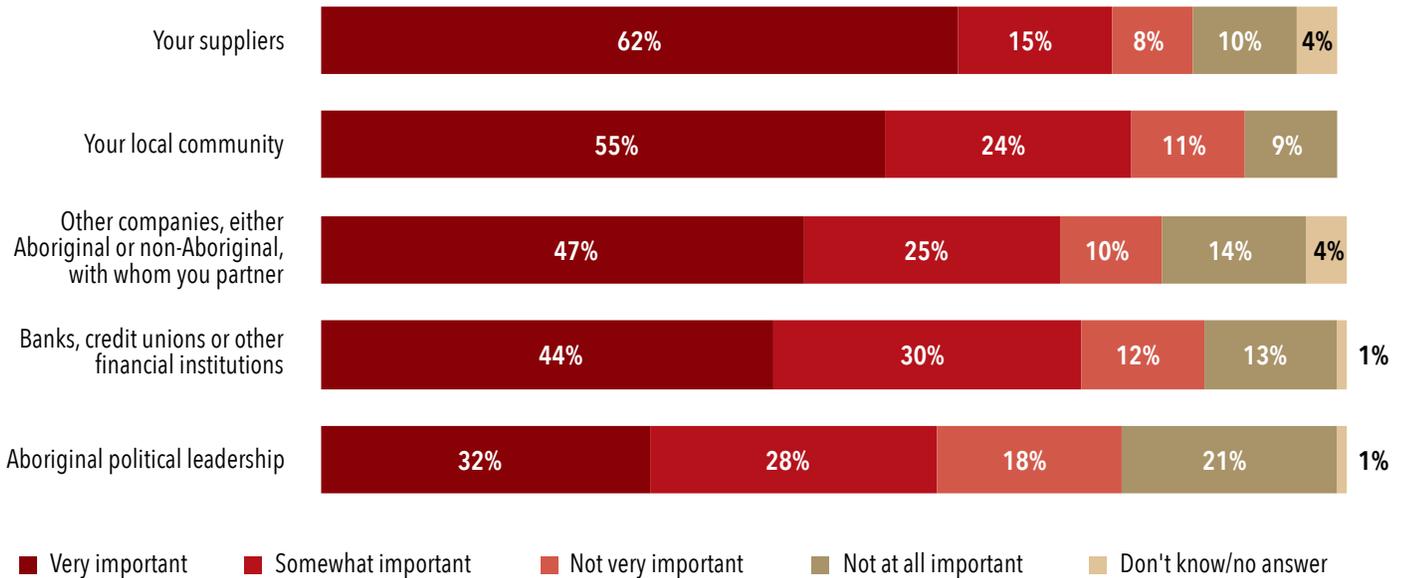
Informal advice is sought out most often by businesses with employees, in the services sector and those located off-reserve. Entrepreneurs under the age of 45, those with businesses less than five years old, women and business owners with a university education also report seeking out informal advice as a matter of course.

Formal advice is more frequently sought by larger incorporated businesses with employees and annual revenues of \$500K or more. Notably, this is also more common among businesses reporting a net loss for the previous fiscal year. However, the extent to which this financial situation contributes (or not) to the use of formal advice mechanisms cannot be determined from the present data and requires more research.

While good customer relationships are crucial to business success, to what extent do Aboriginal business owners find other relationships play a central role in their company's performance?

In fact, majorities of six in ten or more say that their ongoing business relationships are very or somewhat important to their success. Business owners place the most emphasis on their relationship with suppliers (62% very important) and their local community (55%), followed by partnerships with other companies (47%) and financial institutions (44%). Slightly fewer (32%) place the same degree of importance on strong relationships with Aboriginal political leadership.

Importance of ongoing business relationships



Q37. How important to the success of your business are ongoing relationships with each of the following?

As would be expected, on-reserve business owners place greater importance on relationships with the local community and with Aboriginal political leadership. Relationships with suppliers and with financial institutions are rated as more important by businesses with employees, firms with revenues of \$500K or more and companies in the natural resources, construction or secondary sectors (compared to the services sector). Notably, newer companies (in business less than five years), and established businesses with a growth focus (rather than a stability focus) place greater value on partnerships with other companies.

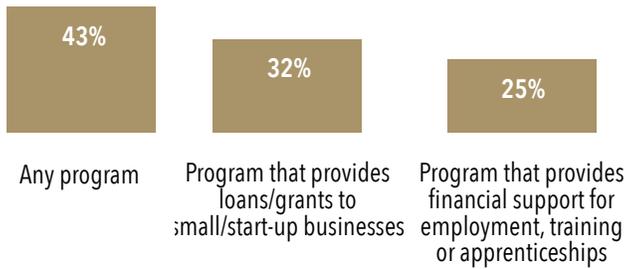
Use of government programs

Four in ten Aboriginal business owners have used a government program in the past year. The main barrier to use appears to be a lack of perceived value for such programs, although difficulty locating appropriate programs is also an issue. Entrepreneurs most commonly find out about government programs through word-of-mouth.

Use of government programs. Four in ten (43%) Aboriginal business owners report ever using a government program (the question did not specify level of government). It is more common to have used a program that provides loans or grants to small or start-up businesses (32%) than one that provides financial support for employment, training or apprenticeships (25%).

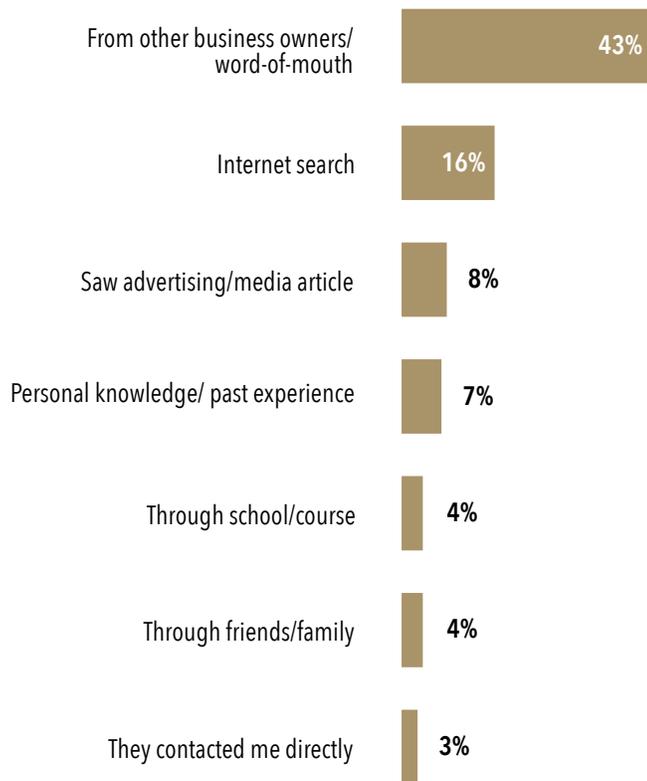
Reported use of government programs is higher among larger companies with employees and annual revenues over \$100K, and by more established businesses in operation for 5 years or more. Businesses in Alberta are the least likely to report using any government programs (31%), followed by Ontario-based businesses (38%).

Ever used government programs



Q38. Have you ever used any government programs that...?

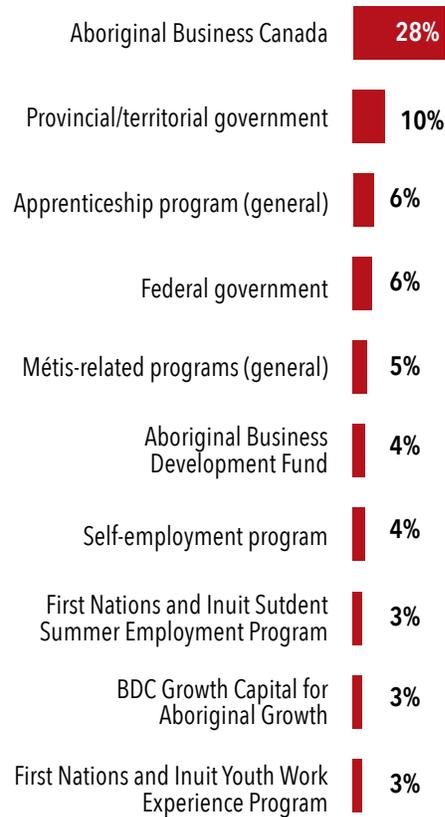
Where heard about the program (top mentions) Among businesses that have used any government programs



Q41. How did you find out about the program?
Subsample: Ever used any government programs (n=514)

Among Aboriginal businesses that report ever using government programs, the most widely used program is the now defunct Aboriginal Business Canada (28%). The patchwork nature of programs intended to assist small businesses is evident in the wide range of other programs cited: in total, 27 different programs (or sources) were mentioned, most of them by fewer than five percent of businesses (the adjacent graphic presents only the top mentions)

Government programs used (most frequent responses) Among businesses that have used any government programs



Q40. Which government programs have you used?
Subsample: Ever used any government programs (n=514)

Aboriginal business owners, and particularly those who oversee established companies focused on growth, are most likely to have heard about the government program they used from other business owners (43% and 55%, respectively). Less common sources of program information include Internet searches (16%), advertising

or other media (8%), past experience (7%), access through a school or course (4%), or friends and family (4%). Three percent say they were contacted directly by the program.

Reasons for not using government programs. For Aboriginal business owners who have not used any government programs, the most widely cited reason is that they don't see the need for or value in these programs (41%). Others report that these opportunities are hard to find (22%) and that too much bureaucracy is involved in applying (16%). Smaller numbers of business owners have consciously decided not to use government assistance (8%), haven't found any programs applicable to their business (7%), or do not qualify (7%).

Competing for federal government contracts

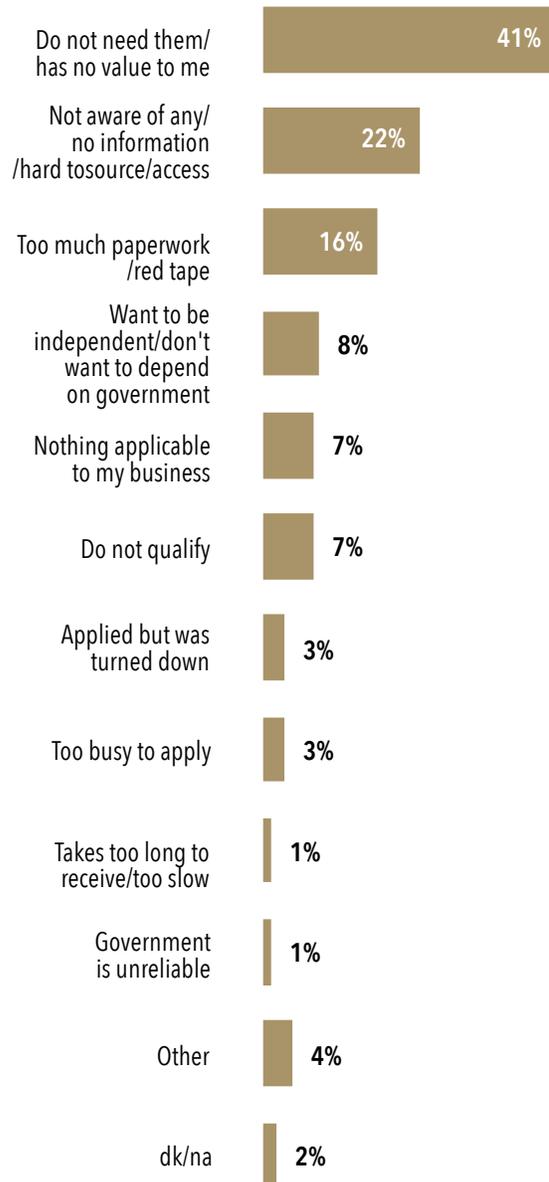
One in five Aboriginal business owners have bid or considered bidding on a PSAB set-aside, up slightly since 2010. Satisfaction with the current PSAB criteria has also increased.

The Government of Canada developed the Procurement Strategy for Aboriginal Business (PSAB) to increase the number of Aboriginal suppliers bidding for, and ultimately winning, federal contracts.

Three in ten (31%) Aboriginal business owners say they have bid on a Government of Canada (GOC) contract, which is a substantial increase over 2010 (20%). The percentage who say they have considered bidding has remained unchanged at 19%. Combined, the proportion of owners who have bid or considered bidding on a federal contract has reached half (50%) of all Aboriginal businesses, up from 11 points in 2010.

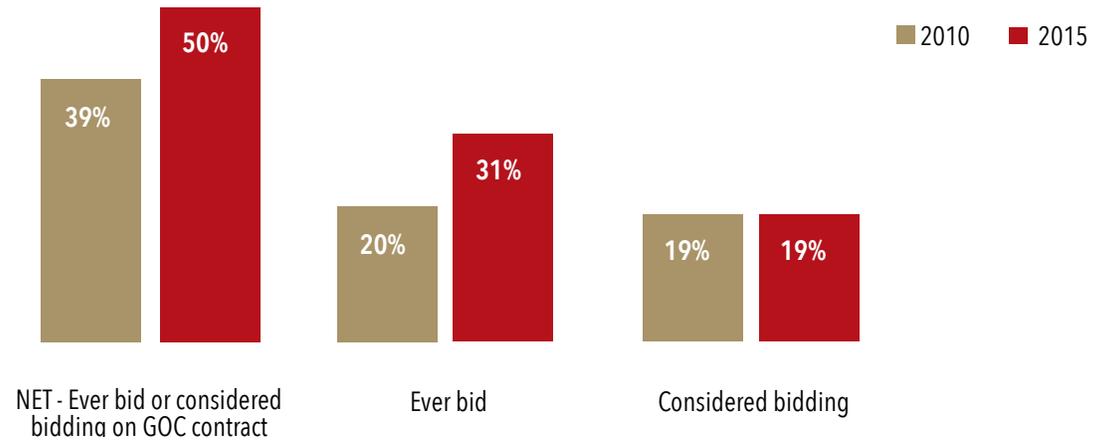
With the exception of new businesses in operation for five years or less, the number of business owners who reported bidding on a federal contract increased in most segments of the business population. Larger incorporated businesses with employees, firms with revenues of \$100K or more and companies located in the territories remain most likely to have bid on a federal contract.

Reasons for not using government programs Among businesses that have not used any government programs



Q39. What is the main reason why you have not used any government programs? Subsample: Never used any government programs (n=587)

Experience bidding on a Government of Canada contract

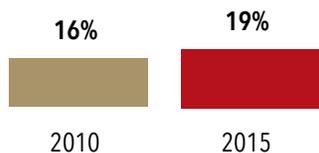


Q42. Have you ever bid or considered bidding on a Government of Canada contract?

Among Aboriginal business owners who have bid or considered bidding on a federal contract, a minority (38%) indicate that the contract was a PSAB set-aside. This level remains relatively consistent with the 2010 findings (40%). When translated back to the total population, this means that 19 percent of the Aboriginal business population has bid or considered bidding on a PSAB set aside – up slightly from 16 percent in 2010 and a reflection of the overall increase in bidding on federal contracts.

Over the last five years, support for current PSAB eligibility criteria has increased. Among Aboriginal businesses owners experienced with a PSAB set-asides, seven in ten (72%) agree that the criteria are a reasonable way to prove a business is Aboriginal, up from six in ten (59%) in 2015.⁶

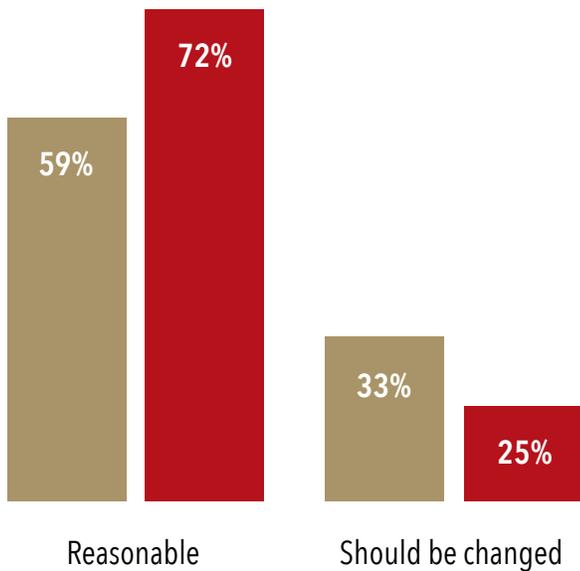
Experience bidding on PSAB set-aside



Q43. [IF BID OR CONSIDERED BIDDING ON GOC CONTRACT] Was the contract a PSAB set-aside, which helps Aboriginal businesses access federal government procurement opportunities?

⁶ To be considered an Aboriginal business for a PSAB set-aside, a firm must meet the following criteria: at least 51 percent is owned and controlled by Aboriginal people, and at least one third of the employees, if it has six or more full-time staff, are Aboriginal. If a firm is starting a joint venture, at least 51 percent of the joint venture must be controlled and owned by an Aboriginal business or businesses, as defined above. Indigenous and Northern Affairs Canada. Procurement Strategy for Aboriginal Business Frequently Asked Questions. Accessed February 17, 2016. http://www.aadnc-aandc.gc.ca/eng/1354798736570/1354798836012#c_hp4

Are PSAB criteria reasonable or should they be changed?
 Among businesses who bid/considered bidding on PSAB set-aside



Q44. Do you think the current criteria are a reasonable way to prove a business is an Aboriginal business, or should the criteria be changed? (Subsample: Those who bid/considered bidding on a PSAB set-aside, n=230)

Genuine partnerships with non-Aboriginal businesses provide much-needed assistance to Aboriginal small businesses to help them win contracts and grow their own capacity. However, partnerships designed simply to satisfy criteria and take advantage of an Aboriginal partner to qualify for PSAB set-asides are a concern. When asked how and why they think the criteria should be changed (unprompted, without offering response categories), business owners dissatisfied with the criteria most frequently recommend better monitoring to ensure that Aboriginal ownership/employment criteria is truly met (41%) and not held by a silent partner or contracted out once the bid is won. Others recommended increasing the required percentage of Aboriginal ownership (19%), lowering the required percentage of Aboriginal employees (9%), and simplifying the bidding process as a whole (8%).

Animkii

Technology Solutions from an Indigenous Perspective.

Jeff K. Ward – CEO

For more than 13 years, Animkii has been providing technology-based solutions for socially-minded Indigenous entrepreneurs, non-profits, and organizations. CEO Jeff Ward, believes he has found success using technology to improve Indigenous and settler relationships. Jeff strives to infuse Indigenous values and practices into every level of operations at Animkii by giving more than he receives and building meaningful relationships within his personal and professional networks.

A focus on treating others with respect has allowed Animkii to build an impressive network of partnerships which the company can draw on for opportunities. This network, as well as a reputation for quality work, has allowed Animkii to establish and grow the business on a sustainable foundation.

7

Aboriginal businesses by degree of success

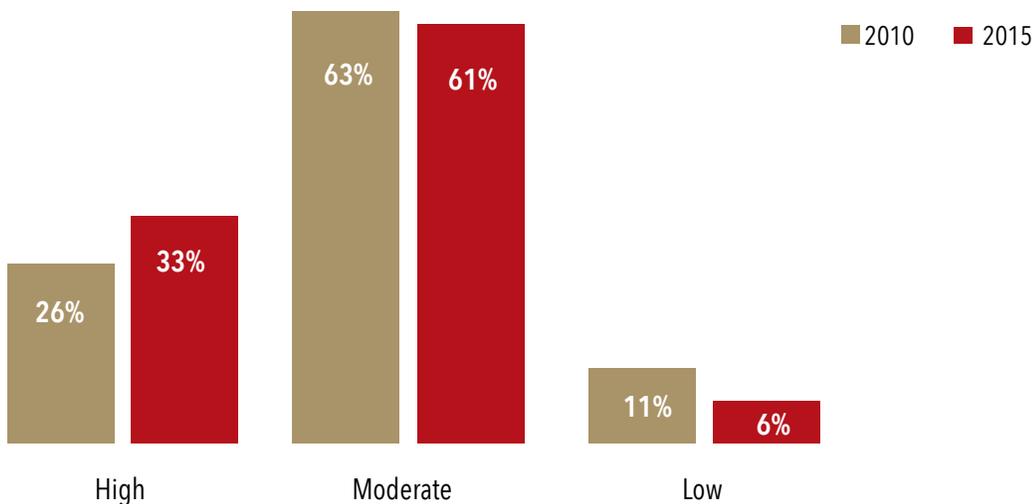
This chapter examines the differences between Aboriginal businesses that have achieved varying levels of success in terms of profitability, revenues and growth in business income. Some of these differences have been noted throughout the report. The aim of this section is to provide a summary of those differences and provide insight into actions that less successful Aboriginal business owners might take to improve their financial performance.

Based on financial performance information available in the Aboriginal Business Survey (ABS) questionnaire, the data set was divided into the following three categories:

- A “high success” group comprised of profitable businesses that reported increased sales in the 2014-2015 fiscal year, and that expect an increase in business income over the next two years.
- A “moderate success” group that has one or two of the profit and growth characteristics of the high success businesses, but not all three.
- A “low success” group that has none of the profit and growth characteristics of high success businesses.

One-third (33%) of the Aboriginal businesses surveyed can be categorized as “high success” firms, a significant increase from 26 percent in 2010. The majority (61%) of businesses continue to experience “moderate success”, while the number of “low success” companies declined from 11% in 2010 to 6% in 2015.

Aboriginal businesses by degree of success



The following paragraphs explore the relationship between financial success (as described above) and other indicators explored in this report.

Business stage

Aboriginal business owners are most likely to describe themselves as established businesses with the goal of stability and profitability regardless of their individual level of success. However, highly successful businesses are more likely than moderately and least successful firms to demonstrate a growth mindset – that is, they identify growth and expansion as their main business goal (37% vs. 16% and 6% respectively).

Business plan

Successful business owners are more likely to have a written business plan. Almost four in ten (37%) highly successful owners and three in ten (29%) moderately successful owners say they had a written business plan in place for the past year, compared to 14 percent of the least successful.

Innovation

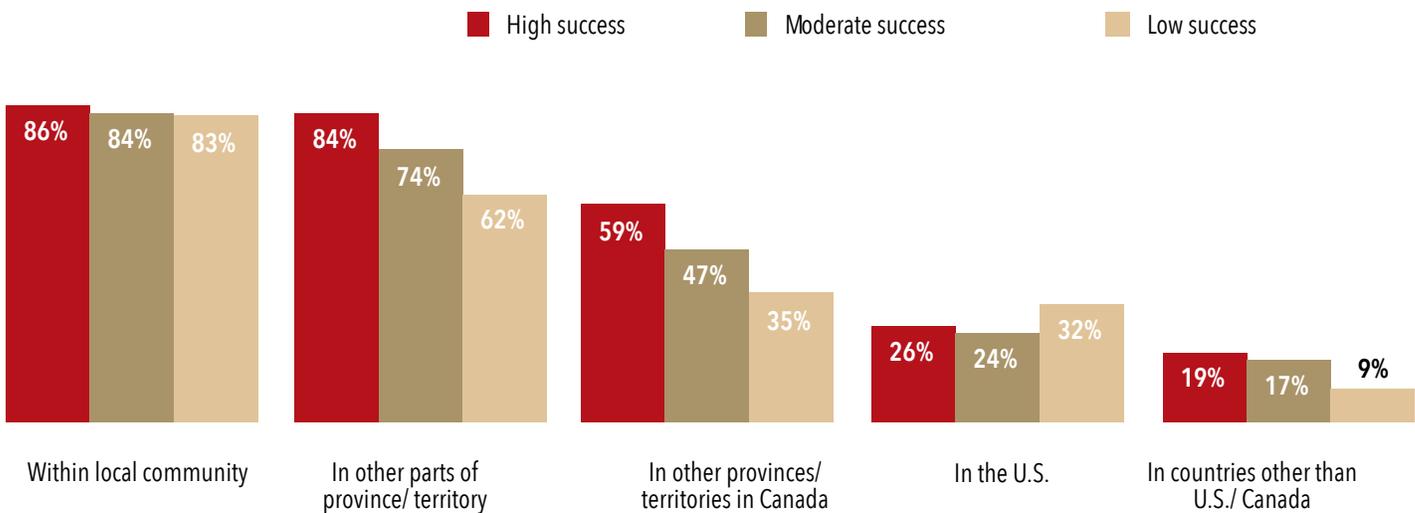
Successful companies are much more likely to innovate within their business. Almost three-quarters (73%) of highly successful businesses introduced either new products/services or new processes in the past three years, compared to six in ten (62%) moderately successful companies. In contrast, only one-quarter (24%) of less successful owners reported business innovations.

Markets

Geographic vs Geographical distribution. Regardless of their level of success, Aboriginal businesses concentrate on selling to local markets, with more than eight in ten reporting least some sales in their local community.

However, highly successful businesses are more likely than moderately or less successful businesses to be active in the wider Canadian market. A larger proportion of higher success firms have clients in other parts of their province or territory (84%) and in other provinces or territories (59%).

Location of clients
By level of business success



Q16. In the past year, in which of the following places did your business have clients?

Type of client or customer. A diverse client base is also a common trait among successful Aboriginal businesses. Successful owners are more likely than less successful ones to supply goods or services beyond their local communities to private sector companies, consumers, provincial/territorial governments and municipal governments. Interestingly, moderately successful companies are the least likely to have supplied the federal government (31% vs. 44% of high success and 40% of low success).

External support

Successful business owners are more likely to seek external advice. Two-thirds (67%) of highly successful owners have sought informal support in the form of networking or mentoring (compared to 56% of moderate and 41% of low success companies).

Additionally, when asked about ongoing relationships that are important to their business success, highly successful owners place greater importance on their relationships with suppliers (66% say they are very important, compared to 49% of low success companies) and their partnerships with Aboriginal and non-Aboriginal companies (54% vs. 37% of low success companies).

Other Indicators

Highly successful Aboriginal businesses owners are also more likely to:

- Employ paid help (45%, compared to 19% of low success companies);
- Be located off-reserve (77% versus 69% of moderate and 62% of low success companies);
- Be under 45 years of age (35% compared to 7% of low success companies)

Businesses that experience the least success tend to have been in operation for longer (46% in business for 15 years or more vs. 32% average) and are overrepresented in the Atlantic Provinces (22% vs. 6% average).

In contrast, factors that are not significantly different between successful and less successful Aboriginal businesses are the gender of the owner, reported use of government programs and reported barriers to growth that they are facing.

Financing

Sources of financing are another area that doesn't typically vary by level of success. For instance, success is less likely than other characteristics to be a major factor than when it comes to start-up financing, since start-up businesses have yet to demonstrate their success.

The notable difference is that successful firms are more likely to say that retained earnings are an important source of financing (84% for high success firms, vs. 76% for moderate and 50% for low success firms).

8

Methodology

These results are based on a telephone survey with 1,101 First Nations, Métis and Inuit business owners across Canada, conducted from February 10 to March 10, 2015. The margin of error for a sample of 1,101 is +/- 3.0 percentage points, 19 times in 20. The margin of error is greater for results pertaining to regional or other subgroups of the total sample.

Sample design

The primary methodological challenge in conducting this survey was defining and locating a representative sample of Aboriginal business owners across Canada. While there are various organizations that maintain databases of Aboriginal businesses, there is no single, comprehensive sampling frame available for the Aboriginal small business population. The solution was to use the 2011 National Household Survey (NHS), which provides the best available and most current statistics of Aboriginal small businesses, to construct an ideal profile of this population based on Aboriginal identity, business type and size. Quotas were established for these characteristics and interviewing was conducted with the goal of “populating” all these cells until quotas were full.

The sample list of Aboriginal businesses from CCAB’s 2011 national Aboriginal Business Survey was used as the basis for the current sample frame. CCAB updated the list by identifying and mining existing databases and/or lists for contact information for Aboriginal businesses and by networking with a range of organizations to locate willing, qualified respondents. A referral approach (i.e., study participants suggest friends or colleagues as possible new participants) was also employed to boost the sample.

Within this sample frame, respondents were screened to ensure they self-identify as an Aboriginal person and own a business.

The final results were weighted by identity group, business size and type. Weights were assigned based on 2011 NHS data on self-employed Aboriginal people in Canada.

Questionnaire design

The questionnaire for this research was based on the 2011 Aboriginal Business Survey, with some questions removed and others added to properly address the current research objectives. The questionnaire was designed to include both structured questions, to obtain quantifiable information, and open-ended questions, to capture greater depth and unprompted response to certain types of questions. Input on the questionnaire design was solicited from the 2015 ABS Research Advisory Committee and study sponsors.

Prior to the launch of the survey, the questionnaire was pilot tested with “live” respondents. The pilot test consisted of interviews with a small sample of participants, conducted in the same manner as for the full survey. A small number of relatively minor questionnaire changes were implemented following feedback from the pilot test.

Data collection

Interviews were conducted by telephone from central facilities in Ottawa using Computer-Assisted Telephone Interviewing (CATI) technology. Field supervisors were present at all times to ensure accurate interviewing and recording of responses. A minimum of 10 percent of each interviewer’s work was unobtrusively monitored for quality control.

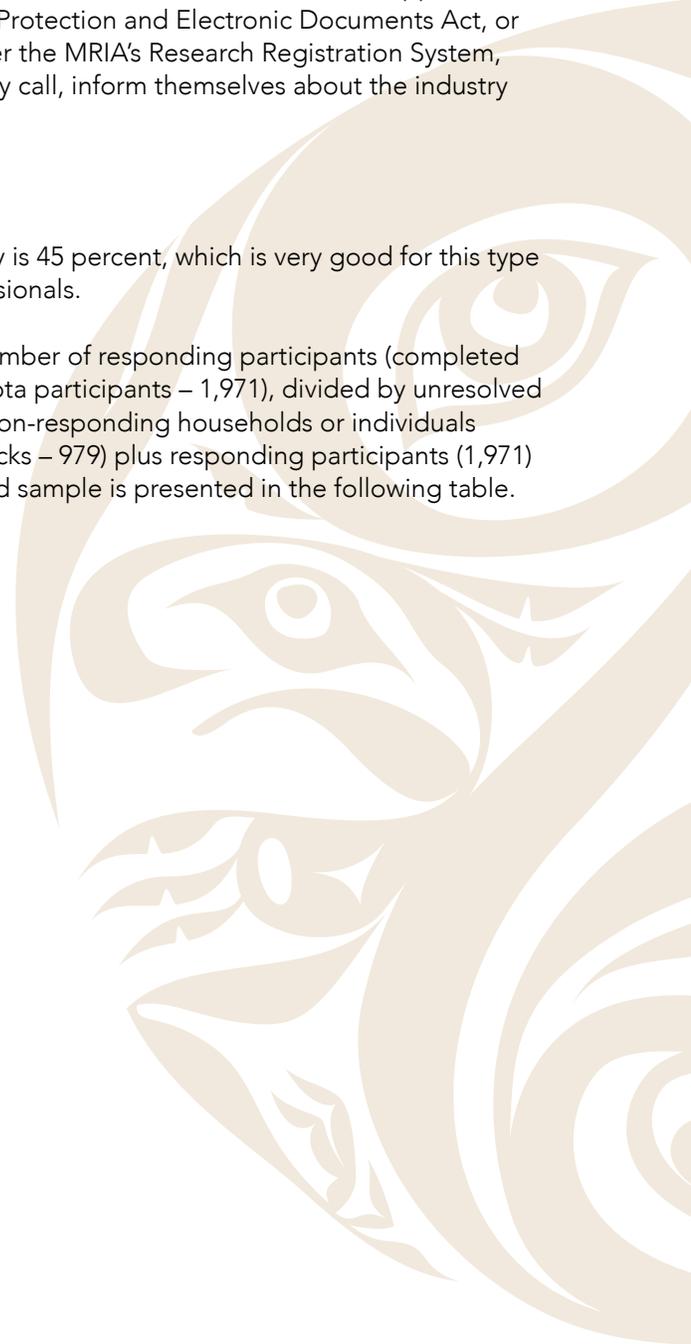
All interviews were conducted in the respondent's official language of choice. The average length of the interview was 17 minutes. A minimum of five calls were made to each business selected into the sample before classifying it as a "no answer."

The survey was conducted in accordance with the professional standards established by the Marketing Research and Intelligence Association (MRIA), as well as applicable federal legislation (Personal Information Protection and Electronic Documents Act, or PIPEDA). The survey was registered under the MRIA's Research Registration System, which permits the public to verify a survey call, inform themselves about the industry and/or register a complaint.

Completion results

The effective response rate for the survey is 45 percent, which is very good for this type of survey with busy, hard-to-reach professionals.

The response rate is calculated as the number of responding participants (completed interviews, disqualifications and over-quota participants – 1,971), divided by unresolved numbers (busy, no answer – 1,424) plus non-responding households or individuals (refusals, language barrier, missed callbacks – 979) plus responding participants (1,971) $[R/(U+IS+R)]$. The disposition of all dialled sample is presented in the following table.



	N
Total sample dialled	6,515
UNRESOLVED NUMBERS (U)	1,424
Busy	44
No answer	263
Answering machine/voicemail	1,117
RESOLVED NUMBERS (Total minus Unresolved)	5,091
OUT OF SCOPE (Invalid/non-eligible)	1,907
Non-business	540
Not-in-service	1,245
Fax/modem	122
IN SCOPE NON-RESPONDING (IS)	979
Refusals – other than respondent (e.g., gatekeeper)	145
Refusals – respondent	338
Language barrier	30
Callback missed/respondent not available	438
Break-offs (interview not completed)	28
IN SCOPE RESPONDING (R)	1,971
Disqualified	870
Quota filled	0
Completed	1,101
RESPONSE RATE [R / (U + IS + R)]	45%

Respondent profile

The table below presents a profile of the final weighted sample of Aboriginal business owners, by both personal and business characteristics.

	%
Identity	
Métis	52
First Nations	47
Inuit	2
Gender	
Male	63
Female	37
Age	
Under 35	7
35 - 44	20
45 - 54	30
55 or older	38
Education	
Did not complete HS	14
HS graduate	14
Some post-secondary	12
Completed college	28
Completed university	19
Post-graduate studies	13

	%
Type of Business	
Sole proprietorship	61
Corporation	27
Partnership	12
Size of Business	
No employees	64
Employees	36
Sector	
Service	62
Secondary	17
Construction	12
Primary	10
Year Established	
Over 15 years (prior to 2000)	32
6-15 years (2000 - 2009)	43
Past 5 years (2010 - 2015)	23
Annual Sales Revenues	
Less than \$25,000	14
\$25,000 – less than \$100,000	21
\$100,000 or more	35
Refused/no answer	29

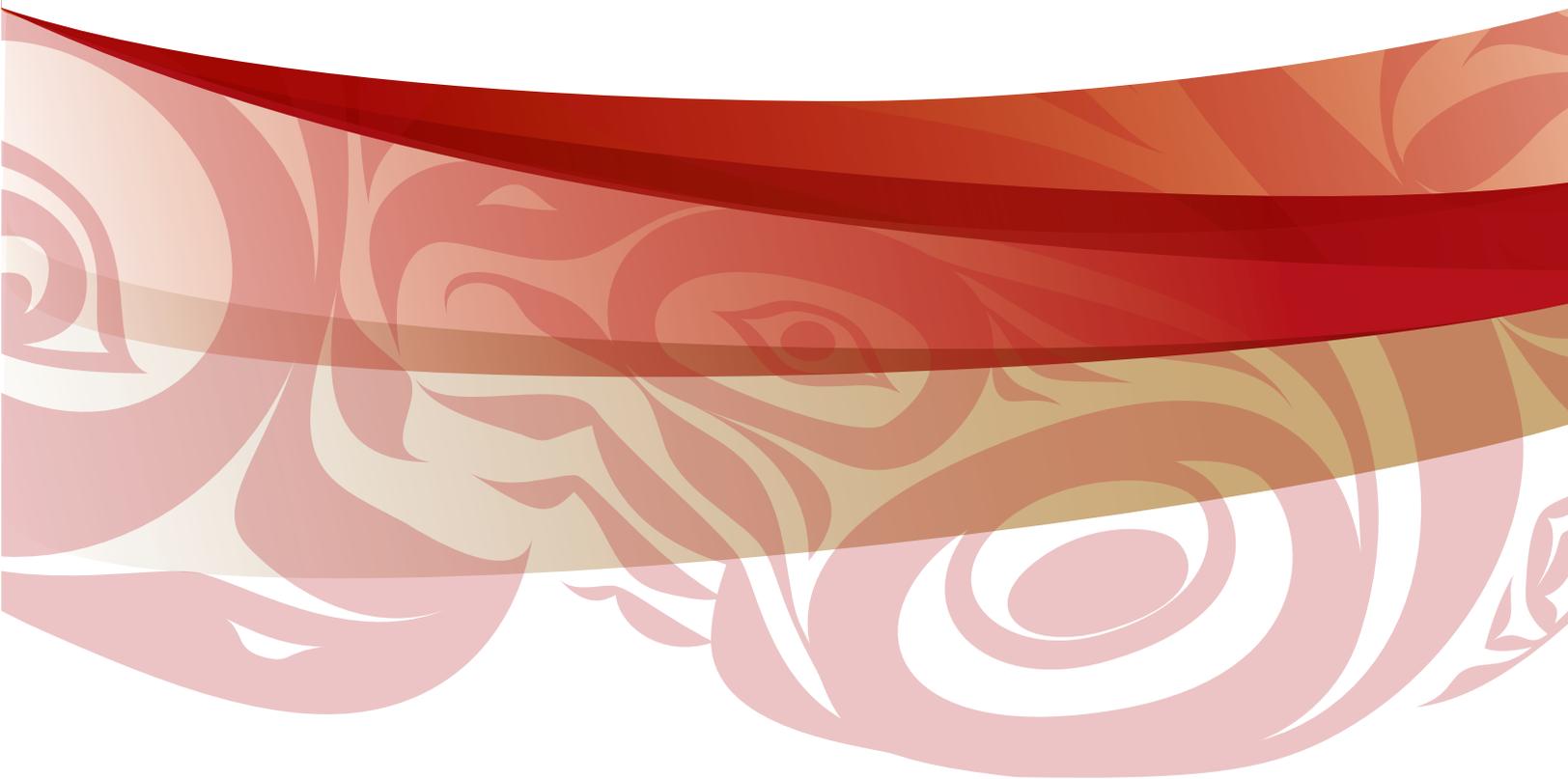
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