

Canadian Council for
ABORIGINAL
BUSINESS



Promise and Prosperity

Ontario Aboriginal Business Survey

Research Report Highlights 2014

In partnership with

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About the 2014 Ontario 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. In Ontario alone, there are close to 9,000 First Nations, Métis and Inuit people who have their own businesses, according to the 2006 Census.

While there is considerable data available for Canadian – and Ontario – business owners generally, relatively little is known about Aboriginal entrepreneurs, in terms of who they are, what their experiences have been, and what they need for future growth and success. The Canadian Council for Aboriginal Business (CCAB) embarked on the 2014 Ontario Aboriginal Business Survey, in partnership with the Ontario Ministry of Aboriginal Affairs (MAA), to develop a better understanding of these issues.

This research builds on a national survey of Aboriginal businesses conducted by the CCAB in 2011 entitled Promise and Prosperity: The Aboriginal Business Survey, which was conducted with Aboriginal small businesses across Canada.

The CCAB's goal is to widely communicate the findings of this research so it can be used by Aboriginal people, businesses and communities, as well as by the mainstream business community and governments, to develop tools, initiatives and policies that fully realize the potential of Aboriginal business in Canada.

Reports for both the 2014 Ontario Aboriginal Business Survey and Promise and Prosperity are available for download at www.ccab.com.



(Stef MacLeod, Marketing Coordinator, Wasaya Prop Shop Inc. and JP Gladu President/CEO, CCAB touring the workshop at Wasaya Prop Shop Inc. in Rosslyn, Ontario, December 2013)



(Hidden Hills Stables, Garden River First Nation)

Research Highlights

Aboriginal business owners in Ontario are largely positive about what they have achieved to date and optimistic about their future.

Aboriginal businesses in Ontario tend to be small, typically unincorporated and without employees, and most with sales revenues of \$100,000 or less. Nonetheless, they demonstrate diversity in terms of the markets (local, other parts of Canada and even internationally) and clients (consumers, private sector and governments) that they access.

They are also achieving success, in terms of profitability and growth but also in light of the personal goals they have set for themselves. Three-quarters are confident they will still be running their business in five years time.

Consistent with the findings of the 2011 national Aboriginal Business Survey, the Ontario results also suggest that having a business plan and introducing innovation into a business (through processes or products) is linked to success. While more than six in ten Aboriginal businesses have innovated in the past three years, only one-third report having a business plan in place.

Aboriginal entrepreneurs' experiences running their businesses reveal key risks to future growth: finding qualified workers, access to financing and IT infrastructure. Government and financial institutions are in a strong position to provide needed support in these areas.

One in three Aboriginal businesses in Ontario create jobs for others, and particularly for other Aboriginal people. Among these organizations, attracting and retaining skilled workers is identified as a top obstacle to growth, and the challenge of finding qualified Aboriginal employees increases as firms grow in size.

Access to financing remains a significant barrier to growth. Most Aboriginal-owned businesses in Ontario rely on personal savings not only for start-up financing, but also rank it as a top source of ongoing financing (together with retained earnings). Larger businesses appear to benefit from greater access to loans or lines of credit from financial institutions, while lack of collateral is a barrier particularly for smaller businesses and younger entrepreneurs.

Internet access is not universal: eight in ten Aboriginal businesses in Ontario have an Internet connection, a proportion that is lower (63%) on-reserves. Most (but not all) of these say their connection is sufficient to do everything they want related to their business, which is primarily marketing, e-commerce and customer relations management. Consistent with the broader trend, younger Aboriginal entrepreneurs are more apt to be using the Internet and social media – meaning these tools will become increasingly important in the Aboriginal business landscape.

Aboriginal business owners in Ontario rely primarily on local contacts, including Aboriginal organizations, for support and advice. There is a strong opportunity for the Ontario government to reach out and engage these businesses, most of whom do not currently use any provincial government programs.



Design Deplume offices in Sudbury, Ontario

Next Steps

Based upon the findings of the 2014 Ontario 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 **Develop partnerships.** Building bridges with other larger, successful ventures (Aboriginal or non-Aboriginal) is a key growth strategy for Aboriginal entrepreneurs. Not only can this provide access to much-needed capital, but it is an opportunity to take advantage of other forms of collateral that can flow from partnerships, such as training and experience, mentoring and advice, equipment, physical location or a skilled workforce.

2 **Support workforce development.** One area where governments can make a significant contribution to Aboriginal business is in developing programs and policies to help train and retain skilled Aboriginal employees. In addition to directly benefiting Aboriginal businesses, for which workforce development is a major obstacle, a skilled, local labour source will also be of value to companies in the resource sector (e.g., Ring of Fire in northern Ontario).

3 **Simplify access to financing.** Financing – where to find it, how to apply for it, and how to meet the necessary requirements – remain obstacles to growth for Aboriginal businesses. Anecdotal evidence suggests that many give up on outside financing and the proportion who rely mostly, if not entirely, on their personal savings seems to support that. Financial institutions who consult with Aboriginal businesses to identify simpler and more effective ways to provide financing will be better positioned to take advantage of this growing business community.

4 **Build visible networks.** The opportunity to build stronger Aboriginal business networks was identified in the 2011 national Aboriginal Business Survey, and bears repeating here. Aboriginal entrepreneurs need to know where to turn when they require help, support or advice (for example, about how to develop a business plan). Bringing together Aboriginal businesses, governments and private sector in local or regional networks would be a useful first step in making this type of information more widely available.

Methodology

This report presents the results of a survey conducted with 329 First Nations (on- and off-reserve), Métis and Inuit business owners in Ontario, from September 30 to December 6, 2013.

The research was undertaken as a collaboration between CCAB and Environics Research Group, one of Canada's leading public opinion research firms and the organization that conducted Promise and Prosperity: The Aboriginal Business Survey (published in 2011).

The extended field period allowed for 29 of the interviews to be conducted in-person by CCAB staff at locations throughout Ontario; the remaining 300 interviews were conducted by telephone by Environics.

Qualified respondents were located through various databases and organizations, and a referral approach was used to augment the sample. The data are statistically weighted by identity group, business size and type to ensure the final sample accurately reflects the Aboriginal self-employed population according to most recently available Census data (2006).

For the full report please visit
www.ccab.com/research

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