

The Indigenous perspective on entrepreneurship

It's safe to say Alberta's small and mid-sized enterprise (SME) owners have not had an easy go over the last few years. Two years of recession with a slow climb back into economic recovery, trade uncertainty, labour shortages, technological advancements and public policy—all are common themes that come up when discussing Alberta's business landscape. But how do these themes look through an Indigenous lens?

With 43 First Nations, 140 reserves in three treaty regions and eight Metis settlements, Indigenous Peoples represent one of the fastest growing pools of workers, entrepreneurs and businesses in the province.

We explored whether the challenges and opportunities facing Indigenous-owned or -operated SMEs were similar or different from those facing their non-Indigenous counterparts. In order to ensure we were thoughtful in our approach and truly gaining insight into the Indigenous entrepreneurship experience, we partnered with the Canadian Council for Aboriginal Business (CCAB) for this issue of Business Beat.

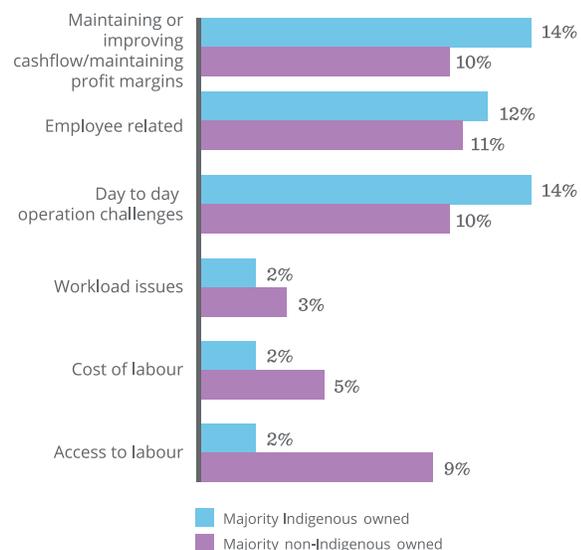
And as always, we asked whether Alberta SMEs believe that the Alberta economy, and their businesses, will be better off, the same or worse six months from now.

What keeps you up at night

When asked what keeps them up at night, the challenges identified by entrepreneurs in both survey groups mostly landed in one of three categories. The first was maintaining business. The second was growing business, and the final category was the provincial economy and policies.

The groups did differ in some areas, however. For example, nine per cent of non-Indigenous owned/operated organizations identified access to labour as a challenge, compared to only two per cent of Indigenous owner/operator respondents. The economic climate was also a greater concern for non-Indigenous owned and operated SMEs.

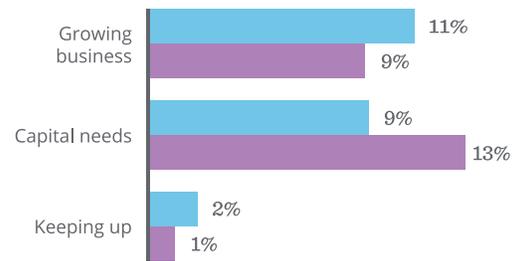
Challenges that keep entrepreneurs up at night related to maintaining their businesses



Challenges that keep entrepreneurs up at night, related to growing their businesses

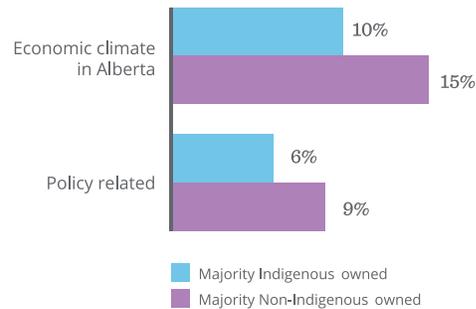
Both majority Indigenous-owned and majority non-Indigenous-owned businesses face challenges finding new projects, clients, keeping up with technology and competition.

Majority non-Indigenous businesses more often reported capital needs as a challenge that keeps them up at night.



Challenges that keep entrepreneurs up at night, related to the Alberta economy and policies

A higher proportion of non-Indigenous business owners mentioned the Alberta economy and policy related issues as challenges that keep them up at night.



Verbatims—Indigenous business owners

// Expanding the company—difficult to do it in this environment. //

Owner/operator

Energy or Oil and Gas industry, 9 years in business, male, 55–64 years old, 5–19 employees, \$1M–\$3M revenue, \$1M–\$3M borrowing

// Being able to produce fast enough to meet the demand. //

Other

Manufacturing industry, 3 years in business, male, 24–34 years old, 5–19 employees, revenue \$500,000–\$1M, less than \$1M borrowing

Verbatims—non-Indigenous business owners

// Hiring the proper people with the proper education is a challenge. //

Managing Director

Education industry, 37 years in business, female, 50–99 employees, 55–64 years old, \$1M–\$3M revenue, no borrowing needs

// Collecting accounts receivable, because everybody seems to be in the same boat. Money is tight and everybody is pushing the envelope. //

Owner/operator

Business Services industry, 27 years in business, male, 65–74 years old, no employees, less than \$250K revenue, less than \$1M borrowing needs

Indigenous businesses are finding their niche

Insights from CCAB

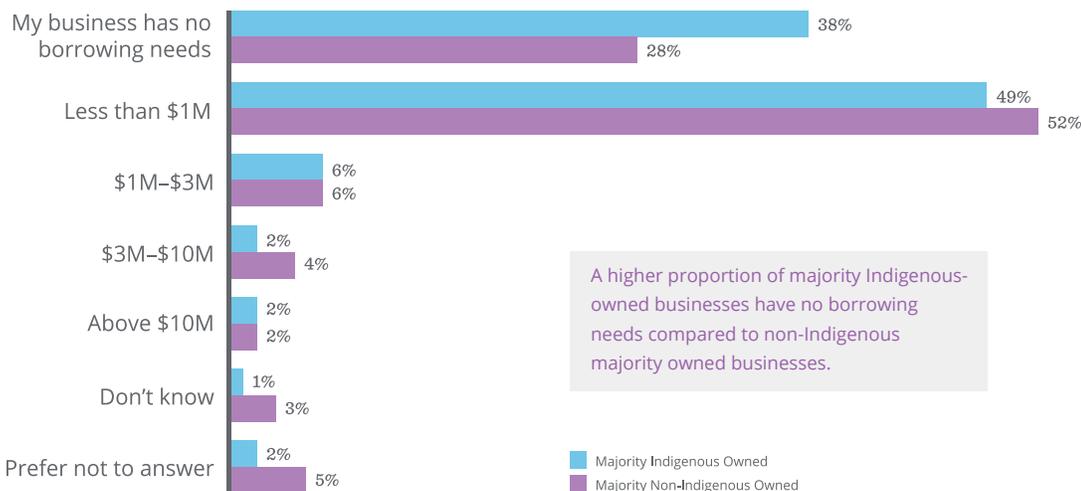
Despite the challenges noted by Indigenous owned/operated organizations, Indigenous business in Alberta—not to mention the national Indigenous economy—is growing at a significant rate. In 2016, privately-owned Indigenous businesses contributed upwards of \$12 billion to the Canadian GDP and this figure has only been growing in recent years. The strength of the Indigenous economy and success of Indigenous-owned businesses in Alberta reflects several factors, including a continued optimism for future growth and a tendency for innovation among these firms. A particularly interesting finding from this research was the higher proportion of majority Indigenous-owned businesses that have a B2B or B2G procurement model, compared to their non-Indigenous counterparts.

“For CCAB, the success of Indigenous business owners in Alberta most notably reflects the high number of business-to-business operations and the ability of Indigenous organizations to tap into corporate supply chains in the province. CCAB has recognized this important trend to prosperity and is supporting this work through its Supply Change initiative. When it comes to procurement best practices in Canada, Indigenous SMEs in Alberta are leading the way.” – JP Gladu, president and CEO, Canadian Council for Aboriginal Business

The banking experience

Banking business activity was high for both survey groups, as roughly one third of the SMEs surveyed (36 per cent) applied to borrow money. The success rate in applications were markedly different, though, as only 34 per cent of Indigenous-owned or -operated SMEs were approved for funding, compared to 46 per cent of non-Indigenous-owned or -operated SMEs. Six per cent of Indigenous-owned or -operated businesses reported having no success in their applications for borrowing as opposed to only three per cent of their non-Indigenous counterparts.

Borrowing

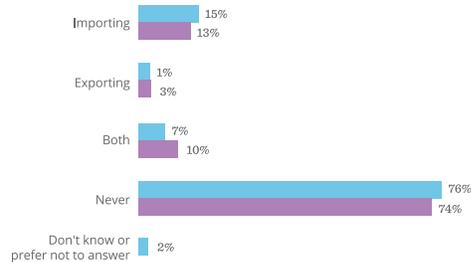


Technology, innovation and staying ahead of the curve

SMEs across the province show a surprising commitment to keeping up with the relentless pace of technological innovation. This is seen in both survey groups, with more than 50 per cent of respondents introducing new products, services and/or processes in the past three years. Eighty per cent of Indigenous operators and owners and 75 per cent of non-Indigenous operators and owners believe they are investing adequate time in keeping up with the latest technological advancements. With a high percentage of both Indigenous and non-Indigenous SME owners identifying technology as a catalyst for change in their businesses, Alberta's entrepreneurs aren't planning on being left in the digital dust anytime soon.

Import/export

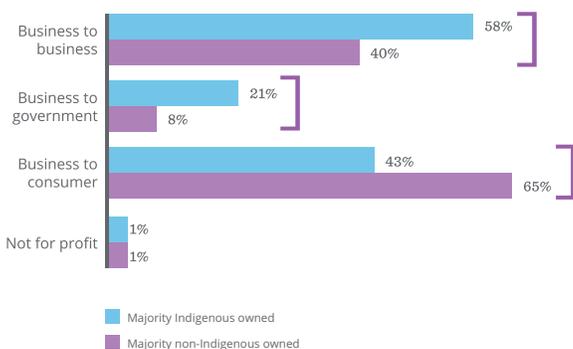
Does your business do any of the following?



A higher proportion of majority Indigenous-owned businesses have a B2B or B2G procurement model compared to majority non-Indigenous owned businesses.

Business model

Which of the following best describes your business model?



B2B contract opportunities

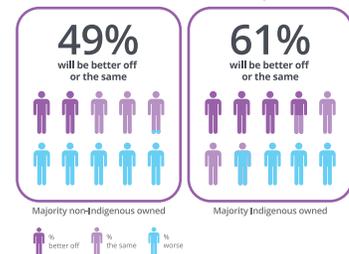
In the past year, has your business approached or been approached by the following groups?

| | Majority Indigenous-owned | Majority non-Indigenous Owned |
|--|---------------------------|-------------------------------|
| Majority Indigenous-owned businesses | 23% | 16% |
| Majority non-Indigenous owned businesses | 50% | 65% |
| Oilfield businesses | 6% | 1% |

Overall optimism continues to slide for SMEs

When it comes to the direction of the provincial economy over the next six months, Alberta's SMEs are struggling to find optimism. ATB's Economy Index took a sharp dive from 47.6 in the third quarter of 2018 to 34.3 in the fourth quarter. When it comes to how they think their own business will be doing in six months, the ATB Business Index is 52.9—about the same as it was in the previous quarter.

Alberta economy

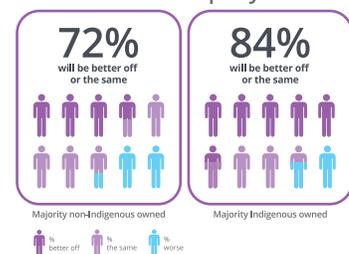


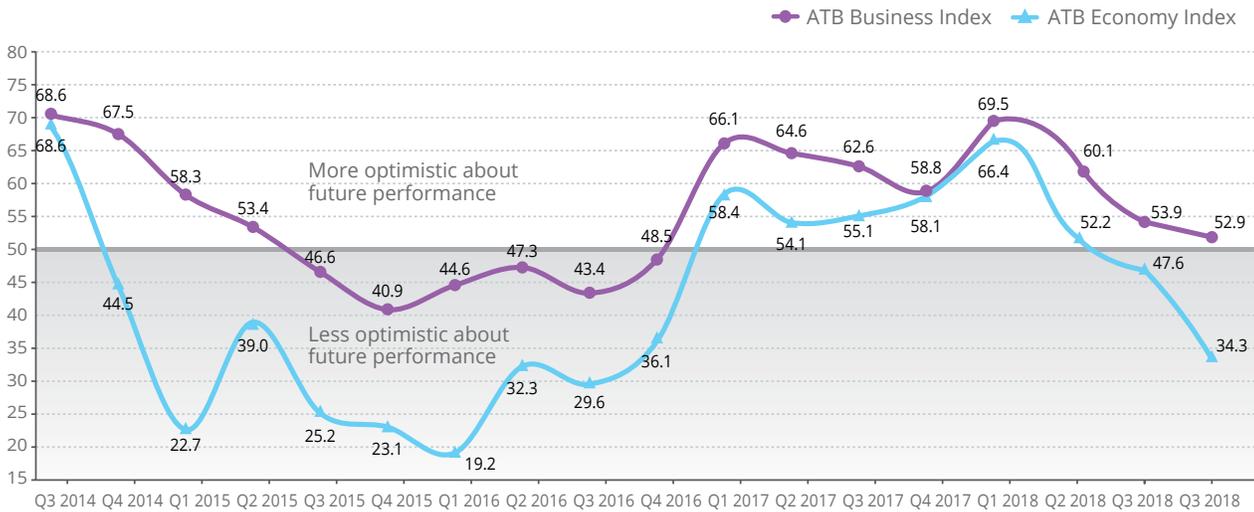
The ATB Business Beat Index

Indigenous majority owned vs. Non-Indigenous majority owned businesses

| | Business Index | | | Economy Index | | |
|-------------------|---------------------------|-------------------------------|-----|---------------------------|-------------------------------|-----|
| | Majority Indigenous owned | Majority non-Indigenous owned | Gap | Majority Indigenous owned | Majority non-Indigenous owned | Gap |
| ATB Index overall | 67.6 | 52.9 | 15 | 46.4 | 34.3 | 12 |

Your company





About this report

This is the last issue of Business Beat’s newsletter format. But don’t worry: we’re going to keep sharing insights you care about. Keep your eye on read.atb.com/business-advice to see all our latest research.

CCAB is a national, Indigenous-led not-for-profit with a mission to foster sustainable business relations between First Nations, Inuit and Metis people and Canadian business. The CCAB research team has been working across Canada for the past nine years to provide Indigenous people, business owners, government, corporate and academic communities with data-driven insight into the state of Canada’s emerging Indigenous economy.

About ATB Financial



ATB (atb.com) is the largest Alberta-based financial institution, with assets of more than \$54.3 billion. ATB offers retail financial services, business and agriculture financial services, corporate financial services and investor services to over 760,000 Albertans and Alberta-based businesses in 247 communities

across our province. Teresa Clouston, executive vice-president, leads the Business and Agriculture team which provides services to Alberta’s small and mid-sized businesses, farmers and other agriculture customers.

[f](https://www.facebook.com/ATBFinancial) ATBFinancial [@ATBBusiness](https://twitter.com/ATBBusiness) atb.com

About NRG Research Group

NRG Research Group (nrgresearchgroup.com) is a leading Canadian public affairs and market research company with offices in Calgary, Vancouver and Winnipeg.

Who did we talk to?

These findings are from an ATB Business telephone survey conducted during November 5–26, 2018 with 289 randomly selected Alberta SME financial decision makers. An additional 131 interviews were conducted with majority Indigenous owned businesses to allow a greater understanding of their unique needs and challenges. Study exclusions: agriculture (farms or ranches), government, financial institutions, and large businesses (500+ employees). Business size definitions: single owner/operator (0 employees), micro (1–4 employees), small (5–49 employees) and medium-sized (50–499 full-time employees).