

ACR Aboriginal Programs Project Program Template

Program Area:	3.0	Business Development
Sub Program:	3.1	Providing Business Opportunities
Template:	3.1.2	Aboriginal Business Development Policy
Sponsor(s):	<i>Synchrude Canada Ltd.</i>	

1. Objective

To support the development of sustainable economic capacity by providing an opportunity for Aboriginal suppliers in the Wood Buffalo region to supply goods and services to Synchrude and develop as competitive players in the bigger marketplace.

2. Description

Synchrude uses the following strategies to support Aboriginal business development:

- **Create networks with Aboriginal businesses using an Aboriginal business coordinator.** The coordinator provides access to information on Synchrude procurement policies, practices and opportunities; assists prospective suppliers in raising their qualifications to obtain business contracts and aligns business needs to Aboriginal contractors' (current and new) capabilities.
- **Establish contract management policies.** Synchrude requires its contractors and suppliers to provide employment opportunities to local Aboriginal people. In awarding contracts, where all other factors are equal, preference is given to Aboriginal suppliers, then to local businesses, and finally to other contractors and suppliers who maximize the use of local Aboriginal business, local business, and employment of local Aboriginal people.
- **Ensure internal commitment and accountability.** Senior management plays an active role in communicating its approach to Aboriginal businesses with both internal and external audiences. Operational units are responsible for stewarding and meeting business objectives for Aboriginal participation.
- **Clearly define the requirements for an Aboriginal business.** To be considered an "Aboriginal business", the business must have at least 51% ownership by an Aboriginal person(s) who take(s) an active role in the day-to-day operation of the business.

These strategies are designed to:

- Ensure success and increase competitiveness of current Aboriginal businesses
- Encourage other contractors to employ Aboriginal people and to subcontract work to

Aboriginal businesses

- Communicate objectives and plans to key stakeholders to ensure their understanding and commitment

Syncrude believes that Aboriginal businesses are only truly successful when they compete in the marketplace with non-Aboriginal companies and expect that over time they will do so. However, in order to allow local Aboriginal businesses to develop to that point, Syncrude will, for a period of time, provide a supportive environment in which Aboriginal businesses can grow and develop.

3. Implementation

Implementation of the Aboriginal business development policy includes a number of important operational elements:

- Ensuring that Syncrude's contracting strategies are consistent with its local and Aboriginal business development policy and with the capacity of Aboriginal businesses to compete and deliver. This may require tenders to be broken up to allow local contractors to bid on work they are capable of handling. Syncrude creates internal mechanisms to provide leadership, manage work issues and steward progress.
- Making sure a wide range of people and organizations are knowledgeable about opportunities and Syncrude's commitment. This includes holding regular meetings with key associations and groups; supporting local initiatives such as the Northeastern Alberta Aboriginal Business Association, Chamber of Commerce, Construction Association; maintaining key contacts and relationships ("Tell me, not the local newspaper."); and communicating upcoming work on a regular basis.
- Building capability of people and companies in the local area by conducting workshops on preparing bids and tenders with the Fort McMurray Regional Business Development Centre; providing access to training - safety Courses, CSTS, computer skills, first aid, etc; and sharing resources and expertise, such as contract administration or maintenance on equipment.

4. Timeframe for Results

The policy has a long-term timeframe and improvements are made continuously as experience is gained. Syncrude developed a strategic plan in 1992 for working with Aboriginal businesses in the Wood Buffalo region. The position of an Aboriginal business coordinator was created in 1997 to assist Aboriginal entrepreneurs in becoming aware of the opportunities presented by Syncrude's substantial and growing oil sands operations. The coordinator reports to Senior management every quarter on the progress of the program.

5. Measurable Criteria

Syncrude believes that it is good business to include local Aboriginal people as participants in the development of the oil sands through creating opportunities for the provision of goods and services because this:

- Creates wealth and employment in the region
- Enables local communities to fully participate in Syncrude's success and future growth

- Strengthens relationships with key stakeholders
- Enhances Syncrude's reputation of being socially responsive and responsible

Measurable criteria include the value of contracts awarded to Aboriginal businesses, the number of Aboriginal businesses operating in the local area, and the range of goods and services provided by Aboriginal businesses.

6. Budget

Approximately \$200,000 a year.

7. Partners and Sponsors

Syncrude Canada Ltd. is the sole sponsor. Key partners are the Northeastern Alberta Aboriginal Business Association (NAABA) and Keyano College.

8. Experience with the Program

Syncrude set a target in 1992 of \$30 million in procurement contracts with Aboriginal businesses. This goal was surpassed in 1994 and Syncrude shifted its focus from increasing spending targets to working with contractors to increase competitiveness. In 2004, \$107 million was awarded to Aboriginal contractors. Since 1992, Syncrude has awarded about \$768 million in procurement contracts to Aboriginal businesses (to the end of 2004).

Syncrude has business contracts with over 23 Aboriginal contractors supplying the following goods and services: janitorial, waste management, labour supply, grounds care, shutdown safety watch, environmental monitoring, bison herd management, pallet manufacturing, safety clothing manufacturing, work clothing cleaning and repair, conveyor belt slicing, heavy equipment washing, electrical maintenance on facilities, shuttle service, long distance pipe hauling across Canada, sand blasting, fireproofing, material and mail delivery, furniture moving, sewage removal and water supply, ultra sonic cleaning, high pressure washing, welding and fabricating, drafting, reclamation of trees and grasses.

Syncrude played a role in 1993 in the formation of Northeastern Alberta Aboriginal Business Association (NAABA), which provided a means of networking for Aboriginal entrepreneurs. NAABA has delivered proven value to both Aboriginal businesses and Syncrude. In 2003, Syncrude also provided three scholarships for Aboriginal students to attend the Aboriginal Entrepreneurship Certificate Program at Keyano College.

Syncrude believes that their approach has been successful because:

- There has been strong senior level commitment that has been re-enforced throughout the organization and supported by action at all levels.
- There has been a great deal of learning as the policy has developed and Syncrude has been willing to make the necessary changes to make the policy a continued success.
- Syncrude has been transparent and accountable to community stakeholders.

9. General Applicability

This policy may be of interest to companies looking for an integrated approach which utilizes corporate procurement spending to foster and promote Aboriginal business development. It is an effective strategy to maximize the productive participation of Aboriginal business and at the same time, build stronger, self-sustaining Aboriginal communities.

10. Additional Information or Support

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Date Updated: July 14, 2005