

# ACR Aboriginal Programs Project Program Template

<b>Program Area:</b>	3.0	Business Development
<b>Sub Program:</b>	3.1	Providing Business Opportunities
<b>Template:</b>	3.1.3	Aboriginal Business Development Success Models
<b>Sponsor(s):</b>	<i>Cameco Corporation</i>	

## 1. Objective

To identify and facilitate business opportunities for Aboriginal entrepreneurs, companies and communities in Saskatchewan in ways that build on existing business capacity and readiness.

## 2. Description

Cameco Corporation has developed and implemented an Aboriginal business development strategy for its mining operations in northern Saskatchewan. It resulted from consultations with Aboriginal communities that want economic opportunities for themselves and their children while mining activity is undertaken in the North, and they want the employment and business skills necessary to participate in the economy after mining activity is completed.

The strategy contains three broad principles and associated specific elements that are essential to the success of Aboriginal business development:

- **Create a corporate mindset.** Secure senior management commitment to the strategy; establish and communicate the business case; establish a policy framework; establish basic business parameters; establish procedural guidelines; and set internal performance expectations.
- **Create a community mindset.** Formalize internal and external expectations; formalize guidelines for business management; and separate politics from business.
- **Create Aboriginal business partnerships.** Set expectations and standards; establish flexibility in partnership models; and encourage independence and sustainability.

Four models have been used successfully by Cameco to encourage Aboriginal business development through the use of company procurement:

- Identify and custom fit existing entrepreneurial capacity
- Facilitate joint ventures with existing experienced contractors and suppliers
- Encourage and/or facilitate acquisitions by Aboriginal entrepreneurs
- Act as the joint venture partner and incubate a future Aboriginal supplier

### 3. Implementation

A number of issues and prescriptive factors need to be considered in the implementation of an Aboriginal business development strategy.

#### Create a corporate mindset

**Secure senior management commitment to the strategy.** Executive management commitment is critical for success; recognize significant potential for loss of resolve; recognize other vested interests; meet the needs of all levels of management to avoid the potential for sabotage; pay particular attention to the procurement department; and commit internal resources.

**Establish and communicate the business case.** Good intentions are not enough to sustain commitment; be prepared to engage in cost/benefit analysis; and outline and communicate economic value - these include the value of relationships with local suppliers, social license to develop, political support through "buy local" program, regulatory peace, being viewed as a socially responsible developer, being viewed as the developer of choice both nationally and internationally, and investor confidence.

**Establish a policy framework.** Capture what the company hopes to accomplish; establish formal process for identifying opportunity; deal with the issue of preferential treatment; reference other obligations required by legislation; and set the stage externally by liaison with all levels of government, direct liaison with Aboriginal groups and conditioning external suppliers.

**Establish basic business parameters.** Ownership requirements (who qualifies and how); corporate expectations - quality, timeliness, cost competitiveness; and vendor obligations - management, subcontracting, employment, and training.

**Establish procedural guidelines.** Qualifying potential suppliers; tendering/bidding or call for proposals; bonding and financing; and how to handle expressions of interest from Aboriginal entrepreneurs - deal with reality.

**Set internal performance expectations.** Set annual corporate targets by \$ volume, type or even diversification; set annual targets by operation, department and individual manager; provide for internal and external monitoring and reporting; hold people accountable; and cherish the successes - move on from the failures.

#### Create a community mindset

**Formalize internal and external expectations.** Set business philosophy (create wealth through profits); connect community's social and economic goals; decide what to do with earnings and dividends; strategic planning (long-term); secure a commitment of finances; hire business planning expertise; engage potential partners and customers; and show pride in your successes.

**Formalize guidelines for business management.** Decide whether to support community-operated enterprises or individual entrepreneurs; assess capability in business management; understanding of the importance of customers; and desired level of management control (direct management control, joint management or limited

partnership).

**Separate politics from business.** Identify and deal with potential political problems; establish separate structure for business; resist temptation to draw operating funds or profits too early; train managers and administrators to operate the company; develop a process to identify entrepreneurs; test for commitment and provide regular feedback; and secure commitment from boards, councils and leaders.

#### **Create Aboriginal business partnerships**

**Set expectations and standards.** Communicate with existing suppliers; establish expectations on financing, management control, training, employment and Aboriginal participation; encourage cultural integration beyond business relationship; and decide on support for individual entrepreneurs vs. community-based economic development groups.

**Establish flexibility in partnership models.** Build flexibility into tendering and bidding process. Waive bonding when necessary; be prepared to get involved in financing; prepare to engage in business management and mentoring; commit to openness and communication; and give and receive feedback regularly.

**Encourage independence and sustainability.** Discourage contract dependency over extended periods; insist on preparing enterprise for diversification; and encourage joint ventures to grow beyond existing contract.

#### **4. Timeframe for Results**

Revisions to Cameco's policy on procurement of goods and services in 1999 directed the Saskatchewan operations to give preference to utilizing vendors located in northern Saskatchewan. The results are assessed and reported on an annual basis as required in Cameco's surface lease agreements and impact management agreement.

#### **5. Measurable Criteria**

- Dollar value and percentage of company procurement expenditures in northern and Aboriginal communities
- Number of Aboriginal business partners

#### **6. Budget**

No direct budget. Staff time is spent by purchasing, northern affairs and sustainable development departments to help northern businesses.

#### **7. Partners and Sponsors**

Cameco Corporation, 15 northern Aboriginal business partners (Cree, Dene and Métis) in 12 different sectors including aviation, trucking, environmental services, catering, mining, industrial maintenance, heavy construction, civil construction, road maintenance, janitorial, security, fabrication.

#### **8. Experience with the Program**

Seen as very successful. Cameco spent approximately \$81 million in 2004 on services supplied by

northern businesses; 72% of all service contracts were awarded to northern companies. As a result of this policy, Aboriginal businesses are being developed. Northern Resource Trucking (NRT) is one example. In return for an exclusive six-year contract for all Cameco hauling, NRT reorganized and invited the participation of nine other Cree, Dene and Métis communities into its already successful business. In 2004, NRT revenues were approximately \$12 million. In addition, many of the Aboriginal drivers for NRT are now lease operators, running their own businesses.

## **9. General Applicability**

This program may be of interest to companies looking for guidance on how to use procurement as a tool to encourage Aboriginal business development.

## **10. Additional Information or Support**

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