



**BUSINESS GUIDE
FOR FIRST NATIONS
FORESTRY**



**PREPARED BY
THE ABORIGINAL FOREST INDUSTRIES COUNCIL**

This guide is the result of contributions from many First Nations professionals who are leaders in an expanding Aboriginal forest sector. It summarizes the key needs of First Nations forest businesses and proposes the tools needed to meet those needs.


There are four categories of business priorities discussed: **Marketing, Skills Development, Partnerships & Planning/Finance.**

The goal of this booklet is to promote an exchange of ideas among the growing community of First Nations forestry businesses.




MARKETING: THE NEEDS


These are the key needs identified by First Nations forestry leaders to build marketing capacity.

 A major research effort to fully explore the market potential for forest products with an Aboriginal brand.

 A process to share this market research with all First Nations forest businesses.

 Templates to help First Nations businesses form clusters or groups so they can share marketing costs and branding concepts.

 Networking opportunities to build ideas on cooperative marketing.

 Persuading government to support First Nations market exposure in the same way they do for major forest companies and other business sectors.



MARKETING: THE TOOLS

The priority is for some immediate and comprehensive market research on the potential for First Nations forest products in major markets.



An important first step will be to learn what volumes are available from First Nations forest businesses for various products. In order to be taken seriously by potential major customers, there is a minimum volume threshold needed to enter the market with a unique Aboriginal product. To establish a clear identity for that product in the marketplace, a First Nations producer must have enough volume and capability to be recognized as a viable, long-term supplier.

Research is needed now on the volume levels required for various forest products in order to justify marketing investments.

Branding Basics

Saying a product has a FIRST NATIONS BRAND means that First Nations are **branding the management processes** that created that product. For forest products, this means being able to demonstrate that First Nations business manages resource development in a unique way. In defining the First Nations forest product brand, it will be essential to **demonstrate some credible and distinct approach by the First Nations business** to resource management.

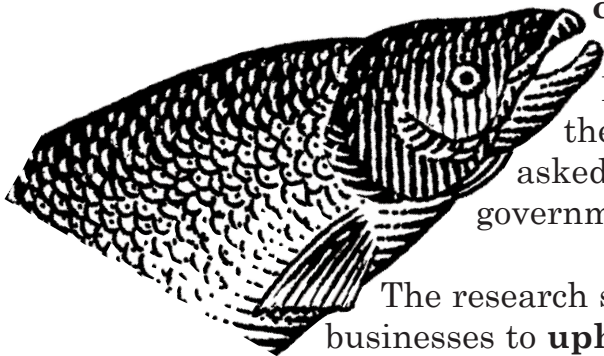
Simply saying the product is produced by a First Nation business will not be enough.



The research initiative needed will clarify what the marketplace will regard as a credible First Nations brand. The market research needed into Aboriginal branding should also answer the question “Who cares?” This means determining whether or not First Nations branding will beat price considerations in the marketplace. **Will the market pay a premium for a First Nations brand?** A number of sources can be approached to gain insight into this question. These include purchasing departments, consumers and traders who have represented First Nations businesses.

A growing number of First Nations enterprises in BC, in a number of sectors, have had encouraging success in building market recognition for their brand. Their experience should form part of the research effort.

It is very important that the market research study **investigate the procurement strategies of large companies.** This means conducting research to find out if large companies, in BC and the US, have a formal procurement policy to buy First Nations products. If they do not, the research would determine if they would be open to having such a policy. The same question should be asked of government. AFIC could play a role in consulting companies and government on such a strategy.



The research should also tell us if the marketplace would expect First Nations businesses to **uphold a higher standard of sustainable management.** If so, can First Nations businesses afford the cost of being that much better than their competitors? If the market



expects higher sustainability standards to back up an Aboriginal brand, this would make the product more expensive and less competitive. That could be a core question at the heart of First Nations branding.

The market research effort should also encompass the Forest Ministry and other government agencies to find out if there had been any interest expressed in First Nations forest products in trade missions such as trips to China.

If so, we need to know if governments have done anything to respond to that interest.

Sharing the Research

Market research on the potential for First Nations forest products should be made available to all First Nations forest businesses through AFIC's magazine Forest Horizons and on the web.

To promote the networking that is vital to First Nations marketing, the regional workshops being organized by AFIC **will provide a networking model** that First Nations forest companies can use in the future. This model will promote information exchange as well as mentoring guides.











Networking opportunities also need to be explored with First Nations organizations that have similar and compatible interests, values and markets.

To make a case to either level of government for support of major market research, it must be demonstrated that government would benefit from the results. Government wants to move wood volumes. The potential for First Nations businesses being part of the answer to that goal has not been explored.



SKILLS DEVELOPMENT: THE NEEDS

Key needs identified to build the business leadership and skill base for a thriving First Nations forestry sector.

-  An institute or process to build a First Nations management culture.
-  Templates to create arm's length management structures for FN businesses.
-  Templates to build employee loyalty and motivation through incentives, fair evaluation processes and transparent management and succession policies.
-  Tools to reach Aboriginal youth at an early age in order to spark an interest in First Nations forestry and keep them in the community.
-  Communication tools that illustrate the diverse nature of forestry jobs and the future impact of technology and other trends on job potential.
-  Tools to help communities realistically assess the job potential of training programs before investing in them.
-  Building a team of Aboriginal trainers.
-  Getting the message to government about immediate business needs among First Nations enterprises.



SKILLS DEVELOPMENT: THE TOOLS

A fast-track program is needed to build a First Nations management corps with the ability to oversee all aspects of First Nations forestry. Arrangements must be explored with post-secondary institutions as well as continuing education organizations for programs that meet the unique management challenges facing First Nations enterprise.



A **blueprint** is needed to show government the scope of management development programs needed, the cost, the best manner for program delivery and the importance of early action. Funding opportunities should also be explored with Foundations and the corporate sector.

Keeping the best people in a First Nations business means assuring them that the **managers will be free to manage without interference**. Many successful First Nations businesses in BC have established autonomous operations that **work in harmony** with their community's goals. Samples of these governance templates would be of value to emerging First Nations businesses. These template documents could be provided through Forest Horizons or a website.

As well, templates from successful First Nations companies that have built motivated organizations through fair human resources practices could be broadly shared through Forest Horizons.

Communities need to know where they are going before they can ask youth to be part of their future. To do this, communities need help in making realistic projections about their future. Without a workable plan to establish sustainable businesses, communities will have difficulty sending a credible message to their young people.

Resources that can help communities in the task of long-range planning for economic development can help meet the goal of convincing youth to stay.







Helping communities realistically assess the job potential for training programs is a three-step process. First, they need to do a capacity assessment that paints a clear picture of the skills needed at all levels by First Nations in order to be successful in forestry in the next decade.

Next, First Nations business leaders need support to build a case for government funding for the training dollars needed. Third, the message to government must clarify that the skills developed in a comprehensive training program are transferable and **not restricted to forestry**.

PARTNERSHIPS: THE NEEDS

Partnerships are an essential bridge in First Nations business development. Here are the vital needs for better partnerships as seen by contributors to this Guide.



-  Templates for community consultation to help the community define expectations and minimum terms before entering partnerships.
-  Templates for governance models that will ensure that the partnership can operate like a business.
-  Tools that First Nations can use to assess the potential of various forestry companies to offer attractive partnerships.
-  A database that permits First Nations to learn from other successful partnership models.
-  Communication tools to improve the understanding among major forest companies, media and government with respect to the expectations of First Nations for partnerships.
-  Networking opportunities to promote nation-to-nation partnerships.

PARTNERSHIPS: THE TOOLS

To move towards improved partnerships, the following tools were suggested.

There is a need for user-friendly information sheets that would help First Nations forest companies identify and clarify their expectations under a number of partnership scenarios.

A survey of First Nations enterprises that have entered partnerships with forest companies should be

circulated. It would not ask them to disclose commercially confidential information. It would get an evaluation from them in terms of what they see as the most critical results of a good partnership.

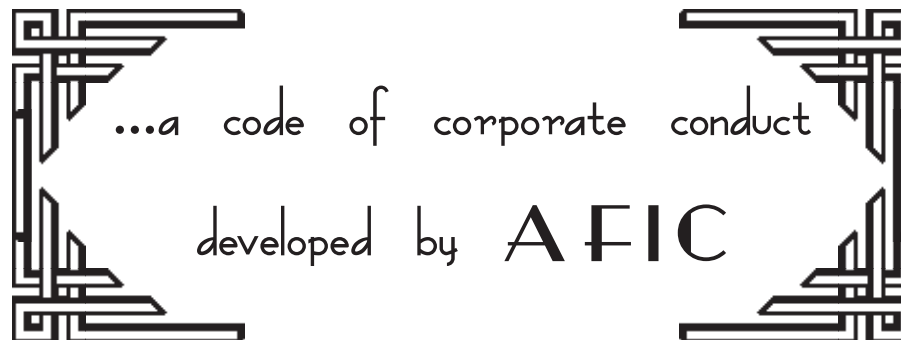
Aboriginal forest companies also see a need to set the bar higher for partnerships. There was support for the idea of AFIC developing a **code of corporate conduct for First Nations partnerships**. This code would set out the key principals that large corporations should follow if they intend to develop meaningful partnerships with First Nations. It could involve a recognition program meaning that the code of conduct would act as a carrot rather than a stick and companies would value the recognition awarded by AFIC.



It was also felt that a code of corporate conduct developed by AFIC would be an important starting point for communities entering the early stages of partnership discussion. It would also give individual First Nations forest enterprises a first-stage agenda for discussions with individual companies.

On a province-wide basis, the code will also encourage the forest industry collectively to pursue higher standards in its relationships with First Nations. For this to happen, the code of conduct for First Nations partnerships will need some publicity support in its own right to bring attention from media and government.

Participating First Nations forest companies agreed that a quarterly publication of **Forest Horizons**, AFIC's **magazine**, would help to build the strength of the First Nations forestry sector by **profiling success stories** and bringing recognition to some of the top management in First Nations forest businesses.



PLANNING AND FINANCE: THE NEEDS

How First Nations business leaders view the priorities in this area.

- 🐾 Networking sessions to help First Nations sharpen finance/planning skills.
- 🐾 Tools to help First Nations communities conduct reliable research on business potential before investing in a new enterprise.
- 🐾 Templates to help communities conduct feasibility studies in order to understand their ability to take on a new enterprise.
- 🐾 Business writing guidance to help First Nations prepare clear credible business plans.
- 🐾 Mentoring financial management practices that have clarity and integrity.
- 🐾 Tools to help First Nations get an early warning on financial problems.



TOOLS: IMPROVING PLANNING & FINANCIAL MANAGEMENT

The regional workshops planned by AFIC for the balance of 2005 will build planning skills by having participating First Nations companies profile the stages of their business growth. Because of the unique nature of First Nations forestry, **planning skills can best be learned through an open idea-exchange** rather than academic discussions on planning theory.

Regarding helping communities with research, Forest Horizons could help provide reliable snapshots of different business sectors of interest to First Nations and their potential. These can be clear, plain English descriptions of the current potential for various types of business and can be used as a starting point by First Nations for more in-depth research.

AFIC could develop some basic guides to allow First Nations enterprises to conduct a preliminary investigation of local skills & local management strengths without needing to access outside consultants. Roadmaps are required to help First Nations build on their existing talent pool with local training programs.

First Nations companies will be encouraged to share their business development profiles with other First Nations who are at the first stages of similar business development. This involves a personal approach with help from AFIC directors.

Financial management tools are already available through AFIC as well as other First Nations business associations.

Last Word...

Good community decisions are based on getting reliable advice from well-trained people who are part of the community & committed to its future. The intention of this business guide is to encourage development of First Nations business leaders who can provide that guidance.

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