

**FOSTERING INDIGENOUS ENTREPRENEURSHIP:  
A CASE STUDY OF THE MEMBERTOU FIRST NATION, NOVA SCOTIA,  
CANADA**

*Bob Kayseas, Kevin Hindle, and Robert B. Anderson  
First Nations University of Canada School of Business and Public Administration  
Swinburne University of Technology, Australian Graduate School of Entrepreneurship  
University of Regina, Faculty of Business*

**Introduction**

What are the important factors that foster an environment for investment and entrepreneurship in Indigenous<sup>1</sup> communities? Can these fostering factors, and those that hinder investment and entrepreneurship, be identified and generalized across communities and diverse cultures? If so, can the conditions that have been created within successful Canadian Indigenous communities, communities that foster the development and growth of entrepreneurial ventures, be recreated by other Indigenous nations? These questions form a small part of a research project being undertaken by the authors to explore Indigenous entrepreneurship in search of insight into the questions—what is Indigenous entrepreneurship, why do certain communities succeed at it, and what can be generalized from the success of certain successful Canadian Indigenous communities.

The Membertou First Nation (Membertou) is a Mi'kmaq community of approximately 1,000 persons situated within the city boundaries of Sydney, Nova Scotia, on the eastern seaboard of Canada. In the early 1990's the community was not unlike the majority of Canadian Indigenous communities; it suffered from high deficits, high unemployment, a reliance on government transfers and its population suffered from a variety of social pathologies. However, the Membertou First Nation has been transformed from a typical Canadian Indigenous community to an exemplar of development and progress. In fact

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<sup>1</sup> Note, following Hindle (Hindle and Lansdowne, 2005) as a mark of respect to Indigenous nations, communities and individuals, the word 'Indigenous' will always be used with a capital 'I' whenever it is used as an adjective referring to human beings or the activities – such as entrepreneurship – which they conduct.

in 2003 it was awarded the National Business/Community Economic Developer of the Year Award from the Council for the Advancement of Native Development Officers (CANDO).

The following case study provides a brief glimpse of Membertou's progression from an average Canadian First Nation community with little employment and large government deficits to a model of good governance and a significant player in the provincial economy. The Membertou community experienced a very complex set of circumstances, issues, and events that occurred both within and external to the community. And, given the multitude of individuals and organizations involved in the evolution of Membertou it is unlikely that a case study like this can delve deep enough to provide a complete and thorough 'picture' of what occurred there. However, the following case study, which is based on empirical and documentary evidence, does provide a deep enough perspective to allow for a better understanding of the amazing transformation that transpired in this Canadian Indigenous community.

### **Context of Case Study**

In Canada and elsewhere around the world Indigenous Peoples are struggling to 'rebuild their nations' and improve the socio-economic circumstances of their people. Many Indigenous leaders and community members see economic development as one important avenue to achieving healthier and wealthier communities (Anderson, 1999, 14). And, more and more Canadian Indigenous communities view participation in the global economy, through entrepreneurship and business development, as the key to this economy building and resultant self-determination and nation re-building (Anderson, 2002; Bherer, 1990; Chataway, 2002; Hindle and Lansdowne, 2005; Loizides and Wutunee, 2005). The expectation is that this participation will be on their own terms for their own purposes and traditional lands, history, culture and values will play a critical role. There is an intriguing symmetry between the modernity of the desire for global business competence and

competitiveness and the insistence upon the distinctive importance of cultural heritage in developing new enterprise. The way that the two superficially contrasting concepts of innovation and heritage are combined, in the field of Indigenous entrepreneurship, has been theorized by Hindle and Lansdowne (2005), Hindle, Anderson, Giberson, and Kayseas (2005), and Anderson (2001) and will be examined in greater detail from a Canadian context.

The Membertou case study is the second of six case studies that will form phase one and two of a three stage research project in the search for a grounded theory of Indigenous entrepreneurship. The following case study provides a descriptive analysis of the Membertou First Nation and concludes with a brief analysis of the implications of the study on the overall research program.

### **Background**

Membertou is one of the 614 First Nation bands in Canada. It is located on the east coast of Canada on Cape Breton Island, Nova Scotia. The Aboriginal<sup>2</sup> population in the Maritimes only makes up 4% of the national First Nations population. The majority of First Nations in these eastern Canadian provinces continue to live in rural areas – with a total of 66% living on reserve. There are a total of 31 First Nations bands with 18 having between 250 to 1,000 people (Coates, 1992, 51).

Membertou is one of five Mi'kmaq communities on Cape Breton Island and one of the thirteen First Nations communities in Nova Scotia. Membertou is an urban reserve that is situated within the city boundaries of Sydney – a city with a population of slightly more than 105,000 people.

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<sup>2</sup> The term 'Aboriginal' is defined in Canada's *Constitution Act of 1982* (Imai 1998: 215). The definition says: '... Aboriginal peoples of Canada includes the Indian, Inuit and Métis peoples of Canada.' Therefore, the terms Indian, Inuit, and Metis are legal terms used to define the segment of society that is considered to be Indigenous to Canada. However, because some Indigenous peoples in Canada are conferred certain rights the Federal government sees fit to legally define who is and who is not an Indian. Indigenous Canadians no longer accept the term 'Indian' as a proper label. Too many non-Aboriginal Canadians have used the term in a derogatory manner. Today, the term 'First Nations' has gained widespread acceptance by Indigenous Canadians as a respectful, acceptable term. Therefore, First Nations will be used to describe the segment of Aboriginal peoples defined as 'Indians.'

Membertou is a community that has experienced many ‘firsts’ in its history. For instance, the community is named after Grand Chief Membertou (1510 –1611). Grand Chief Membertou is said to be the first Indigenous Canadian to be baptized by the Catholic Church on June 24, 1610 (Unknown, 2000). Membertou was also the first Canadian band to be entirely relocated by court order because it was in their ‘best interests’ (Wien, 2005, 1). And, central to this case, it is the first Indigenous government in Canada, and possibly the world, to achieve ISO-9000 certification (Scott, 2004, v). ISO 9000 certification is a set of quality management standards that are recognized in 154 countries. Today the community is well on its way to achieving another milestone – self-determination through active and meaningful participation in the economy. In the last ten years the Membertou First Nation has moved from massive operating debt and high welfare rolls to labour shortages, budget surpluses, capital reserves, and annual dividend payouts (Scott, 2004, v).

### **Situating Membertou Historically**

The Membertou First Nation were relocated to their current location in 1926. The move came as a result of a ruling by the Exchequer Court of Canada on a case forwarded by the federal government. At that time Membertou was formally known as the Kings Road Reserve and was located just off of Kings Road, on the Sydney Harbor. This reserve was granted to a Mr. Paul in 1832 (Wien, 2005, 2). In 1916, the Exchequer Court of Canada ordered the relocation of the 125 Mi’kmaq living on the King’s Road Reserve. This was the first time in Canadian history that an ‘Indian’ community was legally forced to relocate by the courts. The King’s Road Reserve was only 2.3 acres, however it was located on what was considered to be in a very desirable location by many non-Indigenous Sydney residents and to the municipality of Sydney itself. Various groups were able to pressure the Department of Indian Affairs into action. In 1911 the federal government passed an amendment to the *Indian Act*. The newly created Section 49A permitted the federal government to refer

situations like the Membertou case to a judge of the Exchequer Court of Canada for investigation and disposition. However, while the actual relocation ruling occurred in 1916, it took until 1926 for the federal government to find an alternate location and until 1928 to move all but three families from the King's Road Reserve (Wien, 2005, 2). Unfortunately, the Mi'kmaq of Membertou were not left to enjoy their new location for long.

In 1942 the federal government introduced the 'Centralization Program' with the objective of converting the Mi'kmaq from 'migratory hunters/fisherman/handicraft peddlers into settled agriculturists/animal husbanders/industrial workers, thereby moving them gently but pointedly in the direction of assimilation' (Strouthes, 1994, 6). The program involved centralizing the Mi'kmaq population of Nova Scotia in two communities, Eskasoni Reserve for Cape Breton bands, and Shubenacadie for all Mi'kmaq on the mainland. The program was the only one of its kind in Canada – and it only occurred once. The Indian Affairs Branch wanted to move every Mi'kmaq from non-Aboriginal towns and villages to remote locations mainly because of the concerns of 'white' people (6). The program was a total failure. Only one of the five Bands in Cape Breton was completely depopulated, the agriculture program failed and many of the people that moved to Eskasoni and Shubenacadie eventually went back to their original community or to other reserves. The program came to an end in 1949 (7).

### **Membertou today**

Until recently, the Membertou community was an average Canadian First Nation community. It suffered from high unemployment, funding deficits, and social pathologies that offered little hope for a prosperous future for its residents. Chief Terrance Paul remembered, 'Everyone at Membertou grew up poor, and we all had to leave home for work or go on welfare' (Scott, 2004 3). Fred Wien effectively summarised the situation at Membertou from the early 1980's to the 'turnaround' of the mid-nineties saying:

*Band revenue was mostly dependent on government funding plus revenue from tobacco sales. The Band provided much of the employment that was available, including work in the construction field as a very active housing program swung into gear in the late 1980's. People continued to be employed in the Sydney area in occupations such as carpentry and other trades, and in teaching and related work in public schools and what was called the University College of Cape Breton. Others worked for government agencies such as the RCMP [Royal Canadian Mounted Police] and HRDC [Human Resource Development Canada]. There was some activity in fishing as well, with Membertou residents involved in harvesting species such as clams, mussels and lobster. There were few if any links to Sydney businesses and, on the whole, relations with the urban community were often characterized by feelings of mistrust and incidents of racism, as brought out especially by the wrongful imprisonment of Donald Marshall Junior and the subsequent public inquiry (Wien, 2005, 7).*

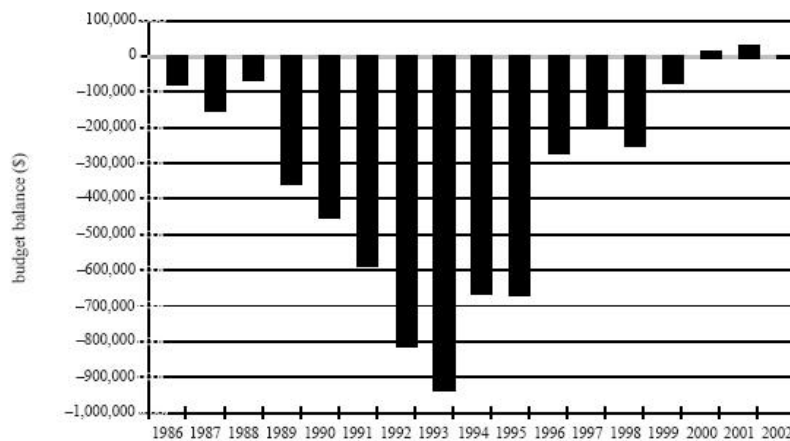
Membertou did attempt to get involved in business - in the 1980s the Band invested in a silver hake fishery experiment, the assets of which were eventually sold for five cents on the dollar. And, later, an irrigation pipe company attempted to establish a manufacturing plant on the reserve. However, because the location displaced a traditional gathering space and the firm required round-the-clock shift work, the business collapsed (Scott, 2004, 5). In 2005 Dan Christmas, Senior Advisor at Membertou, remembered the situation in his community during the early 1990s:

*Fifteen years ago we had a four million budget and ninety-nine percent of that was INAC or government dollars. HRDC at the time (Human Resource Development Canada is now two separate departments; Human Resources and Skills Development Canada and Social Development Canada) Health Canada and INAC, those were the three main funding partners. Ninety-nine percent of our revenue was [from] government and when you are that far in deficit there is very little room to move. You can't invest, you can't really train, your training dollars are limited, you have a limited amount of staff, there is only so much housing you can do (Dan Christmas, 2005).*

Deficits had been accumulating since at least the fiscal year 1984/85, when Terrance Paul took over as chief. By the 1993 – 1994 budget year the community was almost \$1,000,000 dollars in deficit. Chief Paul says erasing deficits was a necessary step toward self-determination for the Band, “If you are in debt, you have a noose around your neck, and the federal government controls all your decision-making power,” (Scott, 2004, 6). Figure 1

shows how the Band’s budget situation worsened each year – until the turning point in 1995. Chief Paul realized that something had to be done – he sought Band members that had moved away; people that he felt could form a new team to take an ‘unprecedented approach’ in Membertou’s development (Membertou, 2006). The impact of Chief Paul’s approach could be seen by the drastic change in Membertou’s deficit position in the 1995 – 96 budget year (see Figure 1).

**Figure 1 - Deficit Reduction - Membertou 1986 - 2002**



Source: Jacqueline Thayer Scott (2005).

When Membertou reached that critical point in the mid 1990’s the community received approximately \$4.5 million in funding from the federal government to finance all of its programs and services. At that time Membertou had almost no income from other sources. By 2004 – 2005, the Membertou First Nation had a budget of \$55.1 million – with only 11% of this coming from government transfers. The 2005 – 2006 budget was projected to be \$65.5 million (Wien, 2005, 6). The complete turnaround in the financial situation is an amazing story in itself. Add to this turnaround the ISO certification and the drastic change of the living conditions and attitudes of the Band membership and you begin to realize that something truly path breaking happened here. The next section provides a brief profile of the

Membertou First Nation, a description of its governance structure and economic development strategy follow.

### **Community Profile**

Membertou's main land holding consists of 344.23 acres situated slightly more than one point five kilometres from downtown Sydney, Nova Scotia. All of its on-reserve membership, approximately 80% of the 1067 overall membership, resides in this area – one of three 'reserve' land holdings. The other two are Caribou Marsh and Lingan. Caribou Marsh, at 540 acres is the band's largest land holding. It is located four kilometres southwest of Membertou. The community once considered the construction of a residential development at Caribou Marsh but that idea was rejected due to unreasonably high economic and social costs (Membertou, 2004, 9). Lingan is a twelve-acre land holding situated four kilometres northeast of Membertou. This land was also considered for residential development. The suggestion was also rejected because it is surrounded by industrial development and is described as solid rock (Membertou, 2004, 9). Membertou also shares ownership with the four other bands of Malagawatch, a one thousand six hundred and thirty four point one acre property approximately sixty-two kilometres south west of Sydney.

According to Statistics Canada Membertou's population grew by 72% between the 1986 and 2001 censuses. During the same period there was an 81.5% increase of people in the labour force and a 150% increase in the number of people actually employed. Jane Bernard, Director of Human Resources, has been in her current position for the last four years, and an employee of the Membertou government for the last 25 years. She remembers that twenty years ago Membertou had only one business, Caribou Marsh Enterprises. The jobs at Caribou Marsh Enterprises and at the Membertou band office totalled approximately twenty positions. Today, the band employs four hundred and eighty six people, two hundred and ninety four Indigenous and one hundred and ninety two non-Indigenous employees.



Membertou band members make up the majority of the Indigenous workforce with only twenty Indigenous employees coming from other bands (Bernard, J., 2005).

**Table 1 Membertou Population and Employment Statistics**

	1986	2001	% Growth ('86 to '01)
Population	361	621	72%
Potential Labour Force (people 15 years +)	230	385	67.4%
In the Labour Force	135	245	81.5%
Employed	70	175	150%
			% Change
Participation Rate	55.3%	63.6%	↑ 15%
Unemployment Rate	41.7%	28.6%	↓ 31.4%

The significant changes in the employment status of Membertou band members between the 1986 and 2001 census periods resulted in a change in the community's income statistics. For instance, along with a 13% decrease in unemployment there was an 8.6% decrease in the amount of government transfer income. Given that government transfers also include employment insurance payments, and Canada Pension Plan payments, both of which are likely to increase with rising employment; this decline in the relative level of transfer payments must be associated with a considerable decrease in social assistance payments, the component of government transfers that can be expected to decline as employment increases.

**Table 2 - Composition of Income**

Composition of Income	1986	2001	% Change ('86 to '01)
Employment Income	61.3%	66.6%	↑ 8.6%
Government Transfer	38%	33.3%	↓ 8.6%
Other Income	0.7%	0.7%	0%

The income level reported in Membertou did change quite significantly between 1986 and 2001. In 1986 one hundred people reported income under \$10,000 and forty below \$29,000. These numbers were reversed by 2001 with slightly more than fifty reporting an income under \$10,000 and more than one hundred reporting an income of under \$29,000. These changes cannot be attributed solely to inflation, as it, inflation, would only account for a rather small change. Another important change at Membertou involved the number of people that reported income over \$30,000, \$40,000 and higher. While in 1986 there were only five people in each of the three categories ranging from \$30,000 to \$59,999, and none above, in 2001 there were fifteen in each of the first two categories and twenty-five in the \$50,000 to \$59,000 and fifteen in the \$60,000 to \$69,999 category. These increases indicate a significant rise in the number of higher paying jobs in the Membertou community.

**Table 3 - Income Levels**

Income Levels (Household Income)	1986	2001	%Change ('86 to '01)
Under \$10,000	100	55	↓45%
\$10,000 - \$19,999	25	70	↑180%
\$20,000 - \$29,999	20	35	↑75%
\$30,000 - 39,999	5	15	↑200%
\$40,000 - \$49,999	5	15	↑200%
\$50,000 - \$59,999	5	25	↑400%
\$60,000 - \$69,999	0	15	
Average Income (Household)	\$17,725	\$25,037	

The employment and income levels reported in the 2001 census will show significant increases in the 2006 census and a shift in government payments – especially the social assistance component. Why? Because, there has been several more new businesses, either established since 2001 or soon to be established, and these new ventures will also have significant impacts on many of the categories described above.

## Governance

The Membertou First Nation took direct control of the administration of INAC funded programs and services in 1970.

The community has had a very stable political leadership for the last two decades. Terrance Paul became Chief in 1984 and has been the political head of the community for the past 21 years. The membership of the council has also been relatively stable over the years. In 1984 there was four councillors – the *Indian Act* stipulates one councillor for every one hundred-band members – and three out the four were in office for the next two terms. And even as the council grew to five in 1986, seven in 1988 and to eight in 1996 there have been council members in office for multiple terms. Eight of the nine current councillors were incumbents from the 2000 elections, six took office in 1998, and four in the 1996 elections (INAC, 2005). Bernd Christmas, the current Chief Executive Officer offers his views on Membertou's political situation as follows,

*Our chief has been elected twenty straight years... He and the Council work extremely well together. It's a democracy. Just because he is the chief he can't do everything on his own. He has to listen to what the Council says too. I think that this just shows the maturity of where they are and most of those men and women on our Council have themselves been re-elected ten years on average straight as Councilors so you have this corporate memory of what it was like way back: how destitute everyone was, no jobs, it was the community against the council, the community against the administration, the council against the administration. It was a just terrible situation and nothing was being done So, I would really credit Chief Terrance Paul and his Council for taking that bold step. It was a hard political decision to make. To basically say, "No we are not going to do this any more... we have to start moving our community forward" (Journal of Aboriginal Economic Development, 2005, 12).*

The Membertou Band government operates under the authority of the *Indian Act*. The eleven councillors and the chief are elected every two years by the registered membership as stipulated by this legislation. The administration is led by a small team, Chief Terrance Paul; Dan Christmas, Senior Advisor; and Bernd Christmas, Chief Executive Officer (CEO). The CEO and fifteen department directors or general managers manage the day-to-day operations

of the community's government and various agencies and programs, for example, health, education, public works and housing, social services, and finance. The CEO and General Managers also oversee Membertou's business operations. These include Membertou's Seafood and Commercial Operations, Trade and Convention Centre, Gaming Commission, GIS Consulting Services, Market and Gas Bar, Retail Operations, Quality Management Services, Information Technology Services and Data Housing and Management Services (Membertou, 2006).

The delivery of the programs and services is defined through the Bands agreement with Indian and Northern Affairs Canada. Membertou has revised the Indian Affairs model to better suit the needs of the community. This includes:

1. A single vision supported by Chief and Council.
2. Ensuring accountability to band members by making transparency a foundation of the governance model.
3. Adopting ISO (International Organization for Standardization) as a model for day-to-day operations.

(Membertou, 2004, 25).

The Band government's revised Indian Affairs model ensures accountability to the membership by introducing a communication system that allows for everyone to be aware of what the Band is doing, in all areas.

*But I think the major thing, you know, is that in the past because of Indian Affairs bureaucracies, in the past, we always felt that we are only accountable to Indian Affairs! But, this ISO changed that now all of us are thinking that we have to be accountable to our community, to our customers, to our clients, to our Band members. Before it was only our chief and council but not all of our staff are oriented that way! Now Indian Affairs is sort of an after thought! (Dan Christmas, 2005).*

According to the CEO, Bernd Christmas, communication is the key to achieving proactive and accountable governance. It is also the first phase of the "First Nations

Progression Model” an approach adopted by the Membertou government that is based on using a business like attitude to government, management, and economic development to achieve social objectives (Scott, 2004, 14). Communication occurs within the administration through weekly meetings between the directors and senior managers. The managers and directors then hold intra-departmental meetings so that all staff knows what the administration and the businesses are doing (McBride, 2002, 95). Communication also occurs to the community through the staff of the businesses and administration taking the information they are provided to their relatives and friends. The CEO describes what ‘probably’ occurs after a staff meeting, “a phone call is made and you hear: ‘did you know that these guys are going to do this?’ Then two family members tell three or four more family members...then a thousand people know all of a sudden what’s going on...” (McBride, 2002, 96). Two other methods of communication are used, the first assures transparency in the administration of the Band’s affairs, and the second provides an effective two-way communication tool for all of the community. Every year financial statements are delivered to every home in Membertou – and they are also available for download on the Membertou First Nations web page. Chief Paul describes his experience with his decision to provide audited financial statements to all Band members:

*In fact, I remember when I first did it an Elder wrote back to me saying, “What[s] the good of this? I don’t even understand it.” I replied in a letter explaining the purpose of the audit; that it was be open about what was happening in the community. I encouraged him to read the newsletter and attached letter. I also encouraged him to ask questions of anyone—the auditors, council, or myself—about any part of the audit (Chief Terrance Paul, 2005).*

The second method of communication involves the use of a community newsletter. The weekly on-line newsletter contains notices from all administrative divisions, reports on corporate activities, notices from chief and council, notices and requests from band members. For example, in a recent newsletter there are requests for egg cartons from a band member, a

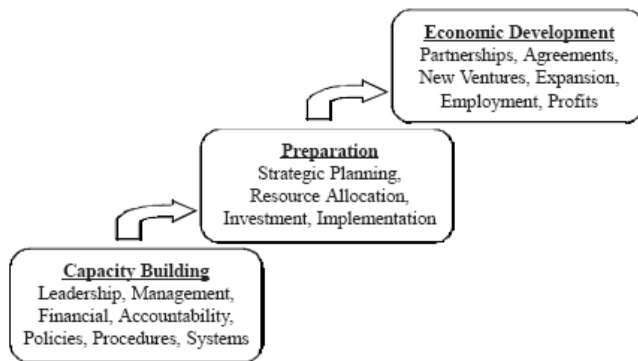
thank you to search participants from a parent that had a lost child, church and birthday notices, events at the Membertou Trade and Convention Centre, best attendance awards for children in grades one through six, job notices and citizenship awards for Membertou adults (Membertou, 2006).

The communication process described above forms the foundation for the shifting of the accountability structure in the community from an external focus, that of the band being accountable to the Department of Indian and Northern Affairs, to an internal focus where the band is accountable to its members.

Another essential component of capacity building, phase one of the First Nations Progression Model or Membertou Model (see Figure 2), is leadership. In 1995 Chief Paul and his Council addressed the leadership issue by initiating a recruitment campaign for off-reserve band members that had left Membertou to pursue their education and were now working throughout the country.

Two people recruited early on played a significant role in Membertou's development. Sometime in 1994-95 Chief Paul recruited Bernd Christmas as Chief Executive Officer and General Counsel. Christmas earned his law degree at York University's Osgoode Hall Law School. At the time he was practising law with the Bay Street law firm Lang Michener (Scott, 2004, 5). Another important recruitment was Dan Christmas, as Senior Advisor to the Chief. Dan was working for the Union of Nova Scotia Indians, a provincial Aboriginal political organization, when he was invited back to Membertou. Since then there have been many other well-educated Membertou band members that have joined the team. For instance, Mike McIntyre, the current Chief Financial Officer is a Chartered Accountant; Trevor Bernard, Executive Director of the band's administration centre, is a lawyer. Other staff have degrees in education, commerce or business.

**Figure 2 - The First Nations Progression Model (The Membertou Model)**



Getting their fiscal house in order was the next step. Bernd Christmas explained, “...we began by cutting all unnecessary spending...it was amazing (to see) the results (that you can get) by uttering the word, ‘No.’ It took about three years to do this” (McBride, 2002, 97). It was also Bernd’s idea to organize the Band like a business or commercial organization. He wanted a shareholder/corporate body relationship between Band members and the Membertou Band government, and he wanted the Department of Indian and Northern Affairs to be considered as an investor instead of a funding organization (11).

The organizational structure reflects the new model of the Membertou government. Bernd Christmas explained, “We think the First Nations Progression Model does work...thinking like a business but operating within the context of a government, being true to who you really are and working for your constituents” (McBride, 2002, 100). This new model allows for the chief and council to act as the board of directors and Bernd Christmas in the role of head of the corporation as Chief Operating Officer.

ISO 9000 certification was achieved in November of 2001. Among other things, this internationally recognized certification involves an external audit of management processes, including ‘links between policy decision-making and implementation, human resource and communication practices, and evaluation activities.’ (Scott, 2004, 12). The achievement of

ISO certification, the first Indigenous government in the world to do so, was the thing that was needed to ‘make the wave break’ and open the ‘floodgates’ for the business world to enter (McBride, 2002, 99). Chief Paul expresses his thoughts on ISO certification in a community plan,

*This is an extremely dynamic time in our history, a history that recalls the fact that the Mi’kmaq Nation never ceded or surrendered their rights to these lands. We are a strong and proud people and today we stand ever proud. I venture to say that the community of Membertou is an exciting place to be, to live and to work. With our ISO designation we extend our hands and say to Canada and the world, Membertou is open for business, come and join us (Membertou, 2004, 41).*

How have the changes affected the economic opportunities available to the Band? It’s difficult to state exactly what led to the drastic change in this Canadian Indigenous community – the answer to that question requires more in-depth research and analysis. One thing is certain – the opportunities and choices the Band and its members currently can choose from are not available in many other Canadian Indigenous communities. Moreover, the changes that the leadership have made within their community have transformed the business climate immensely. Huge multinational corporations are seeking to partner with Membertou on multi-billion dollar projects. The reason for this may be because Membertou has created an environment that is attractive to business, one that fosters entrepreneurship and innovation.

It’s important to note that everything the community has achieved in respect to its governance and development has been accomplished within the context of a strong recognition and respect for their heritage and culture. Bernd Christmas provides his insights on this topic in a 2004 study done by the Atlantic Institute for Market Studies:

*Conservation and sustainability, including stewardship of the land, are traditional native values that have been important to Mi’kmaq people over hundreds and thousands of years...There is only one economy – the mainstream economy – but we have to bring our concepts into the monetary system built on innovation and success. There’s no dishonour in measuring success through profit and return on investment. But it has to occur within native cultural values framework (Scott, 2004, 14).*



Conservation and sustainability are two of the four value pillars that form the foundation for the Membertou First Nation's economic development strategy. This strategy and its outcomes to date are the topics of the next section.

### **Economic Development**

The Membertou First Nation is located in a 'relatively isolated location' with a population of slightly more than 1,000 people, situated on 'very terrible land – swamp and rocks' (McBride, 2002, 93). Within these conditions the community went from a gas station and convenience store, and an almost one million dollar deficit on a four million dollar budget to a 'thriving economic hub' with an annual budget of over \$60 million in six years (93). How did they do it? Did they receive a large land claim settlement? Did they rely on outside, non-Indigenous help? No. Instead, the band utilized what they term as the First Nations Progression Model or the Membertou Model. The model consists of three stages; capacity building; preparation, and economic development and it rests on four value pillars, conservation, sustainability, innovation and success.

Membertou provides the authors with a unique opportunity to begin to examine the dynamics of culture, tradition with innovation and mainstream business. The community has proven, at least in the short term, that an 'Indian' band can continue to exist as a collective, with collectively owned assets, maintain a strong tie to its culture and heritage and still engage in mainstream business, and succeed! One important tool that Membertou has utilized in order to develop their economy and create employment opportunities is partnerships, which is in fact a component of the third phase of the First Nations Progression Model.

The partnerships Membertou has created have provided significant opportunities for the community. For instance, a partnership with Clearwater Fine Foods, a major Atlantic fish products company, not only includes contract fishing with a fifty-fifty profit split, but also the

branding of Membertou fish products. Approximately twenty to sixty Membertou band members are employed on a seasonal basis with 20 working at Clearwater's Highland Fisheries processing plant in Glace Bay (Scott, 2004, 7). This seasonal employment is one of the reasons why an increase in employment has also resulted in an increase in the employment insurance component of government transfer payments. Chief Paul believes that this partnership also allows for the Membertou community to reconnect with the past. 'Fishing has always been a livelihood for the Mi'kmaq people, and our partnership with Clearwater allows us to reclaim our relationship to the sea while building indigenous [sic] economies' (Christmas, B, 2003). Membertou Seafood's has a fleet of six vessels that harvests a variety of ground fish, shellfish and large Pelagic including Tuna and swordfish (Membertou, 2006)

In February of 2001 Membertou entered into a strategic partnership with SNC-Lavalin. The partnership was developed in order to provide Membertou with environmental technologies opportunities. The band hopes to be involved in a meaningful way with large-scale monitoring and clean-up operations associated with the Sydney Tar Ponds Project and remediation of Cape Breton Development Corporation lands. The partnership has so far generated a \$420,000 government contract designed to transfer environmental expertise and technologies to Membertou (Scott, 2004, 8). Another partnership with Lockheed Martin/Fujitsu allows Lockheed Martin to increase its chances of success in obtaining the federal government contract for a \$4 to 5 billion Maritime Helicopter Project (Membertou, 2003). Membertou also created a joint venture, Membertou Technologies Inc., with Fujitsu Consulting. Lockheed Martin subsequently agreed to use the company in its work with the Department of National Defence. A \$500,000 project to consolidate and secure health records for Canada's military personnel was the first joint initiative of this partnership (Scott, 2004, 8). Other strategic alliances and partnerships include:

- In 2001 the Membertou Band partnered with Sodexo-Canada – the largest provider of food and facilities management in North America. The objective of this strategic alliance was to jointly obtain large catering contracts for offshore oilrigs.
- An alliance with Grant Thornton LLP will allow the Membertou Band and this chartered accountant and management consultant firm to develop solutions for other First Nations governments in Canada that are focussed on building internal financial capacity.
- The Laurentian Group is a Sydney, Nova Scotia based consortium that owns Sydport – the major ports facility for the Sydney Harbour. The partnership will develop as projects are identified (8).
- An agreement with Techlink Entertainment, a Sydney, Nova Scotia based gaming technology company that manufactures video lottery terminals allowed the band to be the exclusive provider of Techlink's new-generation PERFORMER I VLT.

Another important agreement with the Province of Nova Scotia led to the Band developing five gaming facilities throughout the community. These gaming establishments, that form the operations division of the Membertou Gaming Commission – have taken a different approach in gaming than that of other Nova Scotia First Nations. The province first offered bands the opportunity to conduct gaming operations in 1994. At that time Membertou held a referendum on whether or not the band should be involved in gaming – the community voted no. The reason for the negative vote involved band members fearing that only a small majority would benefit from gaming. Other Nova Scotia bands have allowed gaming in their communities but individuals reap the profits and pay the band fees. Membertou then held a second referendum on gaming with a re-worked proposal outlining its intention to operate the Gaming Commission and keep all the profits for the band as a whole – this referendum passed with an 87% yes vote (Scott, 2004, 8). The Membertou Gaming Commission operates

24 hours a day, 7 days a week, and employees approximately 50 people. The band uses the profits to assist in the creation of new business, capital investments and also provides a \$1,500 dividend to all band members every year (Membertou, 2006b).

As stated above new ventures, expansions, and the creation of employment and profits are the final components of phase three of the First Nations Progression Model. Membertou is actively engaged in all three areas. For instance, Membertou Fisheries Inc., in an attempt to expand their operations, purchased two Class B ice-breakers for \$900,000 each. The business was expected to bring in \$300,000 to \$400,000 in revenues in 2004 with an approximately 16% profit. Overall, Membertou Fisheries employs fifteen to twenty people on a seasonal basis and brings in several million dollars a year in sales and contract revenues from the Department of Fisheries and Oceans (Scott, 2004, 7).

The Membertou Trade and Convention Centre (MTCC) officially opened in October 2004. The MTCC is a forty seven thousand square foot, \$7.2 million dollar meeting and convention facility equipped with state of the art technology, video conferencing services, a state of the art sound and lighting system, and smart board technology (Membertou, 2005). The MTCC provides conference and meetings services that range from a nine hundred seat concert in the 10,000 square foot Great Hall to slam board meetings in the Executive Boardroom (Membertou, 2006a). Mescalero's Open Grill and Steal House is a one hundred forty seat restaurant that offers a variety of dishes like traditional Mi'kmaq foods and Atlantic seafood. The restaurant opened in November 2004 and it served over eighty thousand plates of food in its first six months of operation (Membertou, 2006b).

Membertou Market is best described as a hybrid, 'it's bigger than a convenience store and smaller than a market' (Cann, 2005). The business has been growing ever since it opened in December of 2001 and today it serves an average of two thousand customers a day! There are forty five staff with approximately twenty three Membertou band members employees (Cann,

2005). The band also created new consulting divisions such as Membertou Geomatics, Membertou Advanced Solutions, and Quality Management Services.

In order to foster entrepreneurship at the individual level the band also established an Economic Development Fund to assist members who are interested in establishing or expanding a business enterprise (Scott, 2004, 9). And, in October of 2005 Membertou signed an agreement with the Sydney YMCA Entrepreneur Centre. The deal will allow Membertou's entrepreneur's to receive free training to turn their idea's into successful businesses (MacDonald, 2005). Even before signing the agreement with the YMCA the band had significantly increased the number of small businesses on the reserve, for instance the following list are businesses that are owned by individual entrepreneurs in the community; Anthony's Convenience; Mi'kmaq Gas and Convenience; Membertou Radio Station, 99.9 FM; Herney's Convenience; H.K. Ranch; Satchel's Skate Sharpening; Kabaty 180/Hairstyling; Moore's Flooring; Sound Factory DJ Service; Edna's Antiques and Collectibles; Kukwes Consulting; Dozay's Art Gallery; Shaylene's; JR and Buck's Convenience; Jacob Marshall's Delivery; Kitpu Welding; Mi'kmaq Gifts and Collectibles and two that are located in Caribou Marsh; Simon's Auto body and Marshall's Paintball (Membertou, 2004, 42).

All of the economic development activities described above, save the businesses owned by individual entrepreneurs, operate under the authority and direction of the Membertou Corporate Division which is based on the seventeenth floor of the Purdy's Wharf Tower on Halifax's waterfront. Membertou leadership desired to position themselves 'aggressively' to pursue business opportunities with government and the private sector. Therefore, they decided that they needed to be situated in the business core of Nova Scotia in downtown Halifax (Membertou, 2006b). The corporate mission statement states, 'The Membertou Corporate Division is committed to creating and enhancing business relationships between

Membertou First Nation and the Canadian and international business community. The corporate strategy is built on the foundations of integrity and fairness, and a dedication to maximizing financial benefits for its partners and the Membertou Community' (Atlantic Canada Opportunities Agency, 2003). The CEO of the Membertou Corporate Division, Bernd Christmas said the following in his speech to the First World Summit of Indigenous Entrepreneurs' Conference:

*The relationships we have embarked upon will continue to ripen. We are excited about the possibilities that are ahead of us. We are now actually talking about projects that we could not have imagined before. Memberou is at the threshold of a great wave of potential. We can see it and we can feel it (Christmas, 2003).*

### **Concluding Comments:**

A report by the Conference Board of Canada released in spring of 2005 identified six key factors that contribute to successful Aboriginal community owned enterprises. The factors are; strong leadership and vision; a strategic community economic development plan; access to capital, markets and management expertise; good governance and management; transparency and accountability; and the positive interplay of business and politics. The authors of the study examined the development activities of ten Canadian Indigenous communities that had established community based and owned enterprises as a foundation for their economic and social development (Loizides and Wutunnee, 2005). The preceding case study discussed the Membertou First Nations own economic development of its community. If the Membertou First Nation were to be evaluated on each of the six categories noted above they would score a high mark. After all, Membertou band is the first Indigenous government in the world to obtain ISO Certification – this achievement alone indicates that the community has achieved a level of vision, leadership, transparency, accountability, governance and management that is unparalleled in Canadian First Nations communities.

And, the First Nations Progression Model also provides a strong indication of the level of planning the community was involved in order to get to where they are today.

Slightly more than 10 years ago the Membertou First Nation was a community that had almost no economic activity. Today the band's entrepreneurial activities make more than \$130 million contribution to the economy of Nova Scotia (Christmas, 2003). The band employs more than five hundred people and there is also a large number of self-employed within the community. Membertou has provided more opportunities to engage in entrepreneurial activities or to become employed than is possible in the majority of Canadian First Nations communities. What about the impact on the people? Giancarla Francis, Business Development with the Membertou Corporate Division said;

*Oh, there is a huge change! I can tell you from my own perspective and my own peers, people my age, I am one of the younger employees here! I guess one of the things that I am most proud of is the morale in the community. The community members that people are so proud to say that they are from Membertou and I know it wasn't always like that! Including myself I am so proud to be a community member here! Perhaps if Membertou wasn't they way it is I wouldn't! (Francis, 2005).*

The Membertou First Nation provides a very good example of what Indigenous leaders all over the world need to do in order to create the entrepreneurial spirit within their communities. Membertou's First Nations Progression Model created the environment that attracts business; good governance, leadership and vision, stable governments, transparency and accountability – hallmarks of ISO 9001 certification and magnets for corporate partnerships. Membertou is an ideal example of what it takes to transform a community from one that inhibits development and progress to one that is an exemplar of good governance and progress, a place where the entrepreneurs flourish.

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