

# FACILITATING THE DEVELOPMENT OF SUCCESSFUL ENTREPRENEURS IN KAHNAWAKE: *A Program That Is Working*

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## **ABSTRACT**

*The start-up and the first in a series of training programs designed to enable youth to start or expand businesses is discussed. The funding for the program was obtained by Kahnawake with an investment from the Department of Industry Canada designed to help youth develop their own businesses through debt financing. Thirteen people completed the course and six loan applications — supported by business plans — were submitted. Five of the loans were approved; and after one and a half years all five businesses are operating. All have been repaying their loans in a timely manner and are growing at a moderate pace.*

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Robert J. Oppenheimer is an Associate Professor of Management at Concordia University. He earned his Ph.D. in management and also has an MBA. He has provided consulting services to a broad range of organizations in both the private and public sectors. This has included designing, delivering and coordinating training provided by the Faculty of Commerce and Administration of Concordia University with the Cree communities of Quebec. This training was based upon a training needs diagnosis he conducted with Tom O'Connell. Robert, with Louie John Diabo and Tom O'Connell developed and implemented the program described in this article.

Tom O'Connell has an MBA and has taught Entrepreneurship and Small Business at Concordia University, in Montreal, for the past thirteen (13) years. He teaches Community Economic Development and Entrepreneurship to members of the Cree communities of Quebec, including the Directors of Operations, Treasurers and Economic Development Officers. In addition to Tom's involvement in the design, development and delivery of the entrepreneurial training described in this article, he also mentors entrepreneurs who have graduated from this program.

Louie John Diabo is a Mohawk from the Kahnawake Territory (Quebec) who has been working in the field of Economic Development for approx. 9 years as both a summer student (4) years and a full time Services Officer (2 years) and Manager (3). He graduated from Austin Peay State University in Clarksville, Tennessee in 1995 with a Bachelor's degree in Business Administration. The Kahnawake Youth Business Fund is one of his success stories as he was project manager since its inception (1998). His current duties include managing of the corporation called the Kahnawake Loan Guarantee Fund Inc. (KLGf Inc.). Louie is currently a member of the National Aboriginal Capital Corporation Association (NACCA) Board of Directors, representing the KLGf and Quebec ACC's (Aboriginal Capital Corporations).

## Introduction

There is a clear relationship between the growth of a nation's Gross National Product and its entrepreneurial activity. Reynolds, Hay and Michael Camp (1999) studied this relationship among ten countries and found that the three nations in which this was most strongly the case were the United States, Canada and Israel, in that order.

The relationship between this study and aboriginal communities is that if a community or a nation is seeking to improve its economic well being, it may be well advised to facilitate the development of its current and potential entrepreneurs. This article discusses a program that was established to do this and highlights the results achieved and the learning points obtained, including some of the things that could be done differently to improve the effectiveness of the program.

The program was open to youths between 15 and 29, but in order to avoid encouraging students to drop out of school it was stressed that the program was mainly for those who had finished their high school education. All of the participants were between 20 and 29 and only three were still in school. Those three were in university and have continued their university studies. Two of those three were among the five who obtained loans and are still in business.

## Obtaining Funding

The funding for this program was provided by a contribution to Kahnawake from Industry Canada. It was for the development of aboriginal youth businesses through direct loans. Considerable time and effort went into the proposal requesting the funding. It was important that there was considerable support within the office for economic development within Kahnawake for this program. This allowed for people to spend the time needed for the development of the proposal and it also ensured that there would be a person (the third author) dedicated to ensuring the program's success, once the funding was obtained.

### *Lessons Learned — Obtaining Funding*

In obtaining funding it is necessary to know about the alternative funding sources, what they are seeking and putting together a proposal that

accurately and clearly responds to their criteria. In addition, it is extremely helpful if there is a team of people who are working together to ensure that there is the internal support for the program. It is often better to resolve internal differences regarding how a program will be managed before a proposal is submitted, rather than after the funding has been obtained. A program is more likely to be successful if the question of how the key individuals within the community will work together to ensure its effectiveness is resolved to the mutual satisfaction of the people involved. This can be obtained by providing stakeholders with the opportunity to have significant input into the project.

## Selecting the Consultants

The criteria for selecting the consulting team was established and a call for proposals was put forward. Three consulting groups, all of whom were known to those involved in establishing this project, were invited to submit proposals. Their proposals were evaluated against the criteria that had been established. Two of the three consulting team's proposals were evaluated to be very close. One was somewhat stronger in certain areas and the other was seen more favorably in other areas. The key criteria that differentiated the team that was selected was their willingness and ability to be flexible and to modify their approach as needed as well as their being supportive of the participants and the staff.

### *Lessons Learned — Selecting the Consultants*

Prior to calling for proposals for a project, it is advisable to clearly identify what you want to achieve and what are the critical criteria that are needed to help you to accomplish those objectives. Pre-screening those who are invited to submit a proposal, as was done in this case, is a useful strategy if you are confident that those being invited to bid are qualified. Generally, when this is done, it is recommended that at least three parties be asked to submit proposals, as per government requirements. Alternatively, opening the request to submit proposals to multiple sources provides the opportunity to identify a consulting team that may not have been previously considered. However, in projects of this nature, it is critical to assure oneself of the competence of those selected.

## Recruiting and Selecting Potential Participants

A critical component of the success of any project is determining who will be the participants. In this case, we wanted as many people as possible to be aware of the program. This was accomplished by describing the program in the community newspaper, discussing it on the community based radio station and announcing it at various meetings. Two information sessions were then held by the director of the program, who explained the objectives and the design of the program and responded to questions. Two meetings were held in order to accommodate any potential conflicts in the schedules of those interested in the program. Application forms were circulated and 23 people indicated that they were interested in the program.

Each of the 23 applicants were interviewed. The interviews were conducted by the consultants who were selected to help develop the program and provide the training and follow-up support. The interviews were conducted to better determine the applicant's needs, motives, interests and readiness to start the program. They also were useful in helping to customize the training to respond to their skills and knowledge base. The interviews also provided an opportunity for the applicants to ask any personal questions they had and to obtain a better understanding of the requirements of the program.

None of the applicants were "rejected"; however, those who did not have any idea of what type of business they were interested in or were rather uncertain whether they wanted to go into business were encouraged to wait a few months until the next round of training would be provided. As a result of the recruitment and interviewing process, 17 of the 23 applicants started the training program.

### *Lessons Learned — Recruitment and Selection*

Providing an extensive recruitment campaign, by advertising, word-of-mouth and information sessions was helpful in attracting a larger number of applicants. The personal interviews, which provided the applicants with a better understanding of the program and the requirements associated with starting one's own business, were very useful. Both of these are strongly recommended.

## Designing and Delivering the Training

The training program was designed in a manner which aimed to combine the objectives of the overall program with the needs of the participants. The program was developed to provide financial and business support to youths, so that they could create or expand businesses and thus contribute to the economic well being of their community. This would require the participants to be able to plan what they wanted to do and to make it happen. The planning part was emphasized as they would need to submit and defend their business plan in order to obtain the financing associated with the program.

To achieve these objectives, the training program was designed to provide the participants with the ability to identify the key aspects of their business, obtain a basic understanding of managing their business and to learn how to create a business plan. Therefore, the training program covered the areas of marketing, market research, operations and finance. In addition to these core business functions, the need for goal setting, understanding the ways successful entrepreneurs work, idea generation, creative approaches to problem solving and basic elements of managing a business were included in the training. In conjunction with the material that was specifically developed for the training, a textbook on entrepreneurship, by Chiste (1996) was used and given to the participants.

The training was provided in three hour sessions over a ten week period. During the first two weeks, two sessions were held per week and afterwards one session was conducted per week. All of the sessions were given in the evening from 7:00 P.M. to 10:00 P.M. as this was the preferred time for the participants. The first two weeks were devoted to laying the appropriate foundation. That is, the areas covered included an overview of the business plan they would develop, the need for setting meaningful goals, the role of the entrepreneur, a review of successful entrepreneurs from the community and creative approaches to problem solving. These were then followed by each of the core areas critical to developing a business plan and managing a business.

The objective was for each of the participants to create the different aspects of their business plan during the week. They were to learn what was to be done during the three hour

training session and were expected to complete that portion of their business plan before the next class. These were then to be discussed at the beginning of the next session and in the later part of the class the next core business area would be examined and explained. Each participant was assigned to a Business Service Officer (BSO), which is similar to an Economic Development Office (EDO) in many other communities, who were to work together to complete that week's portion of the business plan. It was emphasized that the prime responsibility for completing the business plan was that of the participant, because it was going to be his or her business and not the BSO's.

### Results of the Training Program

At the first session there were 17 participants. Four of those participants dropped out of the program after the first class. The remaining 13 participants completed the training program. At the completion of the training, six of the participants presented their business plans to the Loan Committee. This committee, which was created for this purpose, consisted of respected members of the community with the appropriate backgrounds in business and economic development. They were familiar with business matters and were also trained as part of this program. Five of the six loan applications were approved. The sixth applicant was asked to provide additional information, but chose not to respond to the committee's request.

One and a half years following the training, all five of the businesses that received loans were still in business. The terms of the loans have all been fulfilled and everyone is paying back the loans on schedule.

#### *Lessons Learned from the Training*

The design of the training should be consistent with the objectives of the program and the needs of the specific participants. One of the objectives of the participants was to get their business started or expanded as quickly as possible, but another was to obtain the skills and knowledge that would help them to succeed. These two objectives create a dilemma.

From a training perspective, more sessions are better for providing and transferring skills and knowledge. However, from a practical point of view, if the training takes too long, the

participants may drop out. This is particularly true of successful entrepreneurs who tend to be impatient and results oriented. In the training that was provided, the twelve sessions were not perceived to be too long. Nonetheless, it is recommended that twelve in-class type sessions be close to the maximum number that should be given in a formal training program of this type.

The training that was provided could have been improved upon by including more elements that would have been more immediately applicable. This would entail more coverage on topics such as market research and marketing, which would include selling techniques and customer service. In order to limit the length of the training, less emphasis could be placed upon topics such as ways successful entrepreneurs work, idea generation and creative approaches to problem solving.

The textbook by Chiste (1996) that was used in conjunction with the course was highly relevant. However, the readings that were associated with each topic was not sufficiently reviewed or discussed or made use of in the training sessions. The result was that most of the participants did not do the reading that was assigned. To overcome this, it is recommended that any reading and/or written assignments are discussed and feedback is given on all assignments. The participants need to perceive any assigned or suggested readings to be useful, otherwise many will not invest their time with them.

Another aspect of the training that could have been modified was the emphasis placed on the concept that completing the business plan was the prime responsibility of the participant and that the BSO's would provide support when called upon. The result was that most of the participants did not call their BSO and did not complete their business plan.

Regardless of whether the BSO's or the trainers worked with the participants between the training sessions, it would make the process easier if business plan templates were provided. These would ask specific questions about the different aspects of the business plan and the participants would provide the information needed. This type of an approach would provide more structure for the completion of the business plan and would simplify the process, while ensuring that the needed information was obtained.

## Developing the Policy, Administrator and Loan Manuals

From the very start of the program it was recognized that it was important to have clearly defined policies regarding the administration of the program. This included the criteria for acceptance into the program and the terms and conditions of the loan, including what was needed to be done to qualify for a loan, loan application forms, who would evaluate the loan applications, the criteria to be used in evaluating the loan applications and how late payments and bankruptcies would be handled.

It was also determined that there should be an Administrator's manual that would provide the rationale and operational aspects of the program. This was done to help ensure that the program would not be dependent upon the Program Director, who was the central person in establishing the program, nor upon the consultants who worked closely with the Program Director in developing the different components.

The result of the decision to ensure thorough documentation of all aspects of the program was that a Policy Manual, an Administrator's Manual and a Loan's Committee Manual were created. The Policy Manual specified the criteria for participating in the program, the training and support to be provided and the terms and conditions of the funding associated with the program. These were all reviewed during the training program with the participants and copies were distributed to them.

The Administrator's Manual provided more of an overview of the entire program. It indicated what was needed for entrepreneurial success, the purpose and contents of a business plan, the importance of the fit between the entrepreneur, the business and the community as well as the internal loan processes and documentation. The manual was reviewed with the Program Director and the BSO's. This ensured that everyone involved had a common understanding and were in agreement with the objectives, concepts, policies and procedures associated with the program.

A Loans Committee Manual clarified the objectives of the program and provided an explanation and a listing of the criteria that should be considered in determining whether a loan should

be granted. The manual was used in conjunction with a training session that was provided to the Loan Committee members. The criteria included the entrepreneur's attitude, vision and skills, the opportunity itself, the marketing strategy, the fit with the community as well as the financial considerations of projected revenues, expenses, assets and probability of repayment and profitability. These were compiled into a checklist and a quantitative evaluation format.

### *Lessons Learned from Developing the Policy, Administrator and Loan Committee Manuals*

The development of the policy manuals was very helpful in clarifying how things were to be handled and in establishing appropriate and realistic expectations. One critical issue that was important to everyone involved was determining what was needed to be done to qualify for a loan and what would happen when the loan was repaid or in arrears or in default. Clarifying these issues early, by discussing them with the participants during the training sessions, may be one of the reasons why all of the loans are still being repaid on a timely basis.

## Conclusions

The results of this program demonstrate that it is possible to create a program that facilitates the development of businesses by aboriginal youth. The conditions that were in place in this program and appear to have contributed to the successes achieved were the commitment of the participants, the training, coaching and encouragement provided to the participants, the availability of financing in the form of loans, the clearly defined terms and conditions associated with the program and the funding and the support provided by the BSO's and the consultants.

## REFERENCES

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