

INTERVIEW WITH CHIEF LOUIE OSOYOOS FIRST NATION, BRITISH COLUMBIA

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RESEARCHER

Sherry: Could you give me a quick update on the major projects you've had since winning the CANDO Economic Developer of the Year award in 2000.

Chief Louie: The biggest would be the hundred million dollar Nk'Mip Resort, which includes a hotel (a partnership with Bellstar), a conference center, and the Nk'Mip cellars (a joint venture with Jackson-Triggs of Vincor International).

Our cultural centre opened in 2000, along with our recreational vehicle park and our renovated camp ground. And of course, we've updated all of our businesses — they've had additional growth and additional money put into them. Our championship golf course also opened in 2000 on the north end of our reserve, Nk'Mip canyon. Other than that, all of our other businesses have seen growth and additional jobs and we have continued to invest additional capital into our existing companies. Our first off-reserve business purchase also occurred in 2000 when we bought and moved a cement plant on to the reserve.

Sherry: Can you give me a quick profile of what's occurring at the moment? Didn't you just sign a mining agreement?

Chief Louie: Yes, we just signed our first natural resource agreement. From a mining industry

perspective, it's a small mine. The mining agreement is a first for our band and for the Okanagan Nation territory. What's different about our mining agreements is that we are actually sharing royalties with the other Okanagan bands. Most mining agreements don't do that. Typically, the individual band that signs the agreement gets all the royalties and whatever else comes of it. We have a formula where we're sharing with the other bands in our territory. Of course jobs are a part of it, as well as scholarships and donations toward environmental programs.

Sherry: Can you expand on that project and focus in on how you went about establishing the relationships necessary for that deal? What were the building blocks and how did you go about partnering with the communities and government and getting this deal going?

Chief Louie: A couple years ago, we signed a ski hill agreement with American investors out of Idaho. We also have a revenue sharing agreement with the province. But whether you're signing agreements with governments or with other entrepreneurs, for joint ventures, it's about bringing the right people to the table with business experience because there is always those on every Indian reserve or non-Native business

organization that wants the scale tipped totally in their favour. You'll never do a deal if you want everything in your favour.

Business is give and take; good business is reasonable cost, development and service. Some people say immature stuff—"They'll make money off this deal!"—I say, "Well, of course! Why else would they do it, and if you had to operate the business would you not expect to make money also?" I don't know of any successful business people that do deals or lease land to lose money. If someone wants a higher percentage of something and they've never put any money into it, or they say, "It's my traditional territory and I want 50% of the profits." Well, those are unrealistic expectations. There are a lot of unrealistic expectations among some of the Native leadership, but I am encouraged to see more and more Native people understanding business and engaging corporate Canada.

If you're going to do a partnership with someone, the scale has to be as level as it can get. You can't have everything tipped in your favour, neither can the other side get unreasonable. If that's what you want, you'll never do a deal, and there are a lot of Native people where that's fine with them. They have no deal but continue to depend on the Federal government to provide for all their needs. These bands holler and scream and then deliver underfunded social programs. Then they stand up and say they've never done a deal because the deals they've been presented have never been good enough. Yet, their community's biggest budget remains welfare and the biggest employer is still the band office. Well, I know personally that I, and many other Natives, wouldn't do business with most First Nations, or many Native people, because their business expectations are too unrealistic. Few have started a business or have risked their own money, and they've grown up on grants or are always going to the funding trough. Well, the funding trough is one lifestyle, and then there's the business lifestyle of risk and making money, give and take, and putting your money where your mouth is. There are too many Native people on the grant funding trough and that's their experience. I like being around Native people who strive to make their own money and create their own jobs and put their own self-generated money where their mouth is. Putting their own money into their own First

Nations social, cultural, recreational, educational and health needs.

Sherry: In order to move away from that, you have to establish partnerships and relationships with many different people...

Chief Louie: Yes, smart people surround themselves with smarter people; only dumb people hang around dumb people. If you want to hang around lazy people I guess you go to school on bad examples. There's a lot of that around. There are a handful of First Nations and First Nation people that are starting to realize that business is a risk and in business you don't get everything you want. You can't wait around for the world to be perfect, because it isn't perfect and never will be perfect.

Sherry: What advice would you give to other communities who are trying to establish relationships and partnerships with either government or business, or other communities to get some projects going?

Chief Louie: Go to school and educate yourself about other people and other experiences. The bad, and not just the good. Learn about the bad too. Failed arrangements, failed deals, and bankrupt operations. Some people with degrees might think they're know-it-alls but they have little real-life business experience. I've never met someone who actually knows it all! I don't care how many degrees you have behind your name, you're not a know-it-all. I rarely hear about the failed operations. Where are those? They tend to get shoved under the rug and no one wants to talk about them.

Sherry: Can you address a failure that you've had and describe the lessons you've learned from it?

Chief Louie: Like Chief Philip Martin from the Choctaw Tribe said, "never do anything without a proper feasibility study." There are a lot of Natives that want to go into business and want to do this and that—ideas are easy to come up with. Anyone can come up with ideas. Ideas and dreams are a dime a dozen. But getting those ideas off the drawing board and transforming them into reality takes skills, discipline, and a lot of money. You need an outside opinion; you

need to have a professional feasibility study, not just the opinions of your inner circle. We got into a failed cattle operation because we didn't do a feasibility study. We just listened to people that said they needed jobs and, without getting an outside professional opinion—be it an auditor or banker—simply spent band money because we thought it would be a good thing to do. And most Natives don't understand business plans. You can't just say "I want to do this and I want to do that" and not even put it to paper with critical numbers! If you can't put it to paper, then you haven't thought about it enough. Too many Native people don't want to do a business plan. They don't want to have that business plan vetted by their auditor or their accountant. They just have an idea and they think it over and want somebody, the band or government grants, to fund it. That's one of the big problems I see. That's been our failed operation. In our case, we thought that we were smart business people and that we could go out there and do a project without a feasibility study. It failed and it went bankrupt.

Sherry: If you were to define it, what would a relationship mean to you?

Chief Louie: A business relationship? Whoever puts up the most money gets most of the profits. If you want 50/50, then what are you bringing to the table? It is usually First Nation land or a combination of land and money. You've got to be able to quantify what you want in a relationship and not just sell it on philosophies or Native rhetoric. If I'm going to take my own money and bring it to the table, and if you want 50% of whatever it is we say we're going to achieve, then you had better be covering 50% of the risk. You had better be putting your money where your mouth is. If someone is putting up more of the money, then they should be getting more of the profit. They should be making more of the business decisions. Most people would never say, "Well, I want equal say to you, yet you're putting up more than 50% of the money." If I'm putting up more than 50% of the money then I should have more than 50% of the say, because I have investment at risk. A relationship is not always 50/50 unless you've got 50% of the risk and you've brought 50% of the money to the table.

We own 25% of the Spirit Ridge hotel. We don't own 50% because we didn't bring 50% to the table. Just because it's on a reserve doesn't mean we have a majority of the say because we've never run a hotel in our lives. We're partnered with people that have run many high-end tourism resorts. You've got to be willing to take advice from people and listen to experienced professionals. That's where advisors come from. Every successful person in the world has advisors. You ask most Indians "Who are your advisors?," the Elders, your parents? You gotta find people you trust. Elders have cultural experience, and valuable life experiences, we go to them for cultural or personal advice. But when it comes down to operating a business, you need business advisors that have a proven record, not because they are an Indian, or a band member, or are on Chief and Council. It's the reality of the business world. Like if you want legal advice, get a lawyer. Doctor's advice? Then go find somebody who has a degree in medicine. Even lawyers think they know everything about business, but most lawyers aren't business people. Have them involved in the legalities of the company, but keep them out of the business side of things. Same with accountants. Accountants usually have never run a business. You don't have accountants in on the marketing of your vineyard or winery because they've never run that sort of business. So there are specific areas where you need advice from specific, experienced people.

Like I said, smart people surround themselves with smarter people. We have a core of advisors we get advice from, but our businesses are a little bit different because they are community-owned businesses, they're not individually owned. That adds a layer of political difficulty and bureaucracy. There is a lot of give and take when you're a community-owned business as opposed to a privately-owned business. If you own a business privately, you can call the shots and don't have to report to anyone. But in a band business, there's a lot of give and take and there's a lot more politics involved. Which for the most part impedes business development but that's the way things are on an Indian reserve. You can't separate politics and business, you can only try to manage it and put in rules and regulations to minimize its impact.

Sherry: Let's say you're developing a business idea, and you're seeking partners, how do you go about that process? Deciding who it is that you want to partner with, and then getting there?

Chief Louie: It's not really done at my table until it has gone through the scrutiny of other people. We have a finance committee with many layers and checks and balances in our system. We have a full time experienced EDO [Economic Development Officer] who has run his own businesses off the reserve and has been involved in million-dollar operations and created a lot of jobs. We have a COO, our financial person. It's got to go through all of them before it comes up to the Council table. People often call me about getting involved in business ventures and I tell them that "your business concept may eventually get to me, but in our structure it must first go through other doors". You've got to go through these layers before it comes up to the Chief and Council table. The process doesn't start at the Council table or with me, the Chief. You've got to walk the plank with these others. If you can get through them, and they've vetted your idea or proposed relationship, then it will come to the Council table to be kicked around even more. There the financial scrutiny is done, and other people get involved and analyze it because there are a lot of "pretend business people" and phoney and bad arrangements out there, and they each expect the First Nations to have access to government-funded money. So they want us to fund their idea, fund their dream. They want to come on a reserve and get away from, I guess, the zoning off the rez, or whatever other requirements that they have to abide by off the reserve. The majority of business people that I've run into are not the kind you want to do business with. There are a few reasonable ones out there and we have been able to partner with some experienced, quality companies, but again it's all about checks and balances: You check the hell out of it. Analyze the heck out of it.

Sherry: In your experience, was there any particular approach that worked best? You may have addressed this with the checks and balances system you described.

Chief Louie: Yes. Most bands and their development corporations, through their staffing or

corporations, advisors and their consultants, have a checks and balance system where they analyze possible ventures or operations and the performance of key staff members. I guess one of the best things is like what banks do. They aren't going to lend you money until they analyze things and determine whether you're credible and figure out what the risk is on their part — a risk analysis. I think most First Nations have some of that, whether or not it's very good. We've been able to develop a relationship with banks where they lend us money in much same way that they would lend to non-Native business. I don't believe the concept that we cannot do business on Indian reserves. We have two different banks that want to do business with us and a few other First Nations because they have proven themselves to be business-ready and don't have the political chaos that's usually associated with their Chief and Council or their band membership.

You've got to be willing to go into debt. Every business person, real business person, goes into debt. You don't run a business based entirely on the money you have in your bank account. I don't know any successful business that runs like that. Most First Nations are either scared to go into debt or have not developed the passing grade that banks require; the banks don't feel that they're a safe risk because of their record. Most bands don't even have a business record. So in order to borrow the sizable amounts of money it takes to get into business or to develop a business, you've got to have a bank on your side. In the business world you don't run businesses on cash. You run it on loans and on debt. Most Natives don't realize there's such a thing as good debt. Most people go into debt for their cars or house; that's good debt. Most people don't have the cash to go out and buy a car, they borrow the money. Most people don't have the money to build a house, they finance it. It's the same in business. You've got to be able to finance your business. It's taken us a while to get to the point where the banks have a level of comfort to lend us money at prime rates.

We've proven ourselves to be stable enough. Many First Nations have their internal civil war. Every band has, even Osoyoos. We try to keep that out of the media and you don't air your dirty laundry in public. Banks and business peo-

ple aren't going to come into your community and look for joint ventures or any sort of business relationships when all they hear about is internal strife and conflict. [White] customers will not spend their hard-earned money at sites where there is political strife and conflict—strife that I know exists in every Native community. It exists in Osoyoos, but it also exists in every town because not everyone agrees with the elected leadership. That's democracy. There's always the majority and always the opposition. There's opposition here. That's fine. That's democracy. You can't run a business based on consensus. Business decisions cannot wait around for consensus.

Sherry: Do you have any other advice you'd like to share with EDOs?

Chief Louie: Nothing other than to get pertinent training and always be a student of good and bad examples. There are a thousand

business 101 courses, there are a thousand marketing or accounting or finance courses. But there's a big difference between those and seeking out real-life experiences. You've got to go out there and learn the "street smarts" that other people have developed down in the trenches, from being in the real business world and not just the book world. Although the book world is important, just as important is going to First Nations and learning from their experiences. Learn how they handle the politics around their Council table, or the business table, or the bank. Educate yourself about the bands or Native entrepreneurs that have accomplished things in the real business world or about the individuals that have accomplished things and not just talked about them. Go find people who have created real money-making jobs, not just grant-dependent jobs—and not just talked about them or wrote term papers. Get some advisors from the real business world.