



Leading the way: Terrance Paul has been Membertou chief for 27 years and plans to run for office again in 2012. "I'll run as long as the people want me."

Native uprising

Everyone knows the 'who' and the 'what': in 15 years, Membertou has gone from the verge of bankruptcy to one of the most prosperous native communities in Canada. This is the 'how'.

By Jon Tattrie

When Terrance Paul was born in Membertou, N.S., in 1951, the Cape Breton First Nations community offered bleak prospects. It had a couple of dirt streets, a string of cramped one-room houses and almost no work. The once proud band, named for the legendary Mi'kmaq leader Henri Membertou (1510-1611), had been run into the ground by decades – even centuries – of abuse and neglect.

In 1926, Membertou was accorded the dishonour of being the first aboriginal community in Canada to be 'legally' relocated by court order. The band was forced off its Kings Road, Sydney Harbour home and moved to Mira Road, on the outskirts of town. Then, in the early 1940s, they were dislocated again when the federal government implemented a scheme to centralize Mikmaq across Nova Scotia on two reserves. The plan was to convert the people from hunters and fishers to agriculturalists and industrialists. The plan failed and most Membertou band members drifted back to their Mira Road home – the little of it that remained.

When Paul reached adulthood in the 1970s, he joined the exodus out of the dying community in search of work. He ended up in Boston where, ironically enough, he worked with social services, helping to provide disadvantaged people with skills training. It was a good job, and he was good at it, but he missed home and returned in 1978, becoming chief in 1984.

Membertou was beautiful, but still sick. "It was a bit better (than the early '70s). There was more opportunity. Our community, our band council, had more authority and took on more services from Indian Affairs," he recalls.

But by the mid-1990s, things were reaching a crisis point. The band was more than 100 per cent reliant on the federal government for its \$4.5-million budget. Overspending meant it was spiraling \$1 million into

debt. There was one business (Caribou Marsh Enterprises), 37 band jobs and unemployment peaked at 41.7 per cent. If it had gotten any worse, Indian Affairs would have taken control of band management.

Today, however, Membertou is a very different place. Jennifer Deleskie, the band's senior business development officer, says the bustling community's 2010 operating budget was \$106 million, with just 13.2 per cent of that coming from government transfers. It's a turnaround so stunningly dramatic that it literally begs the question: *how?*

Step 1: achieve financial stability

Chief Paul says the recovery started when the band council dispatched him to bring Membertou's sons and daughters home. "It comes down to getting people who are smarter than you and getting them to work for you," he says.

That included people such as Bernd Christmas, a hotshot lawyer Paul met in his legal office on Bay Street. "I offered him a job with Membertou. It was less pay and a lot of hope," Paul laughs.

To Paul's surprise, Christmas came home and became CEO. His first order of business was to slash deficits and debt, which Paul described as a noose around the community's neck. Christmas then opened Membertou Corporate Office in downtown Halifax. That boosted the community's profile with private sector companies and led to the formation of a number of lucrative partnerships in oil and gas, engineering, mining, I.T., aerospace, business management and consulting services.

The band also embraced transparency, publishing all of its financial statements and band salaries online.

Step 2: make room to grow

In 2002, the band took a big gamble – literally – by opening the Membertou Gaming Commission. It currently has five locations in Cape Breton and operates 23 hours a day, seven days a week. The aboriginal gambling sites, including dozens of video lottery machines, can stay open longer than non-aboriginal ones and allow smoking. That, plus the proximity to Sydney, brings in off-reserve money, employing about 50 people and pumping

millions of dollars into the Membertou economy. Some of that goes directly to band members (about \$1,500 each annually) and the rest can be invested in other potential growth areas.

Thanks largely to the gambling profits, the band now has 500 employees in a range of industries, including Membertou Market, Membertou Advanced Solutions, Membertou Mapping Service, Membertou Quality Management Services, and most recently, the Membertou Trade and Convention Centre. It draws customers from across Cape Breton and has become one of the few areas on the island experiencing a surge in growth and population.

Bob Kayseas, a business professor at the University of Regina, did his PhD on Membertou's success. He says a breakthrough occurred in 2002, when Christmas guided Membertou to become the first aboriginal community in Canada – and possibly the world – to achieve ISO-9000 certification, a sought-after stamp of approval for good governance and business practice from the International Organization for Standardization. That increased the confidence of the private sector in working with Membertou.

Kayseas sums it up as the three-stage

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Signs of prosperity: Membertou's new trade and convention centre is a 47,000 sq. ft. facility including a great hall, conference rooms, executive boardroom and full catering and banquet services. It even has its own onsite aboriginal art gift shop.

Membertou Model: capacity building, preparation and economic development. "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," writes Kayseas.

Jeff Slivocka, one of the non-aboriginal bright minds Paul recruited, is the current CEO of Membertou Development Corporation. The lawyer says economic growth has brought independence and encouraged entrepreneurship.

Membertou curates a high graduation rate from high school and post-secondary education, preparing the next generation to continue the success. A diverse economy means they can have fulfilling careers in Membertou.

"That's what's making Membertou stable over the long term," he says. "It isn't just about economic development, but it's about community survival too."

Community health is further strengthened by preserving the native language and culture via projects like the new Membertou Heritage Park.

Step 3: broaden horizons

A danger for the band is that they've got one goose that keeps laying golden eggs. In 2010, gaming accounted for 68.6 per cent of band revenue. The band acknowledges that is a business problem. "We need to diversify away from being a company town. That hasn't worked in Cape Breton," Slivocka says, referencing the area's collapsed mining industry. "Too strong a reliance on a single industry can be catastrophic."

Paul admits it's also a social problem. "It's the area that makes us the most

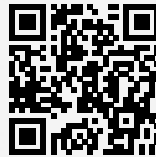
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Under construction: Membertou's economic revival, though impressive, is not complete. The band's development corporation continues to pursue new investment, such as the Membertou Hampton Inn (shown left, under construction) and a mini-mall.

money, unfortunately, as it has these social issues about problem gambling," he says. That's why he and other band members are looking to increase other revenue streams – like renewable energy. To that end, Membertou recently partnered with Spanish-based Grupo Guascor to form AnaiaGlobal Renewable Energies and lobby Nova Scotia municipalities to develop wind turbine projects.

The Membertou Hampton Inn is being built and a mini-mall is in the works. "When you look at Membertou, it seems like there's a dump truck or a loader going through the community all the time because there's always new things being built," Slivocka says.

With two decades of transformation behind him, Chief Terrance Paul is eager to share his learning with other First

Nations bands finding themselves where Membertou was 20 years ago. He says it can be tempting to go madly off in all directions pursuing lots of great business ideas, but advises bands to instead select the best and doggedly develop them. Stay close to your financial means and make sure you bring the whole community along in the path to prosperity. Don't discourage youngsters from leaving, but do make sure you provide them a reason to return.

Paul, for his part, plans to run for chief again in the 2012 elections. "I'll run as long as the people want me. A wise sage once told me, don't walk away, don't quit. Let the people kick you out," he laughs. | ABM



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