

This planning tool is a condensed version of “*Strategic Analysis for Native Nations*” by Professor Stephen Cornell, Co-Director, Harvard Project on American Indian Economic Development, The University of Arizona. It is designed to assist with thinking through situations and options for improving the quality of economic development decisions making. It will help with identifying strengths and weaknesses as well as areas of opportunity and areas of concern – it will show where work needs to be done as sustainable, self-determined economic development is pursued.

The analysis has six sections:

1. Strategic Vision
2. Priorities and concerns
3. External environment
4. Internal environment
5. Assets
6. Project analysis

1. STRATEGIC VISION

Any strategic analysis has to answer some very concrete questions – what circumstances do we have to deal with, what resources do we have to work with, and what should we do? – it begins addressing the question: what are we trying to accomplish? This has to do with goals:

As you imagine your community 25 years from now, what do you hope will be different in the way your people live, work, interact with each other, and interact with the non-Aboriginal world around them? What in your society today do you hope will last? What do you hope will still be a characteristic of your society? Identify 4 items that you hope will be different and the same 25 years from now.

Different

Same

What do you think are the most important positive and negative changes that have taken place in your society in the last 25 years? When you measure the changes that have occurred – positive and negative – against the vision you articulated in your answer to Q1, would you say that is moving forward (toward that vision) or moving backward (away from it)? Why?

What kind of society are you trying to build for your children, their children, and all those who come after? Be specific:

Strategic visions can sound like dreams, but their purpose is very concrete. They give you a basis on which to consider choices. Does a particular development option or relationship move you closer to the society you want to build? Does it introduce positive changes? How can you, as leaders, keep this vision in front of you as you deal with the pressures of day-to-day life?

2. PRIORITIES AND CONCERNS

Strategic vision is a source of broad, long-term guidelines for decision making and policy. The task of achieving that vision involves establishing shorter-term priorities and identifying specific concerns. Knowing your priorities and concerns allows you to figure out which of the various options you have are most likely to achieve your goals.

The purpose of answering these questions is to help establish guidelines and criteria for decision making. Some projects may raise concerns that are overshadowed by the benefits they produce – that is, by their ability to bring you closer to your goals. Your answers to these questions help with identifying the trade-offs. Knowing what the trade-offs are can help you decide which projects or directions or relationships make the most sense.

a. Priorities

As you consider economic development or a specific business activity/opportunity, you may have a number of things in mind that you hope to accomplish or to produce. Among the possibilities are:

- Jobs for community members
- Increasing household income
- Provision of good and services
- Stimulation of new business
- Strengthening sovereignty
- Strengthening culture
- Increasing income
- Member business ownership
- Training and skills development
- Reducing dependence
- Long-term growth
- A stronger public image

Which of these are most important to you or your community? List your top three priorities (you can include goals not on this list):

- 1.
- 2.
- 3.

Which of these goals do the following projects support?

Project 1 – supports:

Project 2 – supports:

Other projects: _____ supports:

b. Concerns

Most economic development activities create change in the community which raise concerns for its members. For each of the following, indicate the level of impact you are willing to accept:

Indebtedness	Lots	Some	None
Environmental Deterioration	Lots	Some	None
Natural Resource depletion	Lots	Some	None
Social Impacts			
Presence of non-Aboriginals	Lots	Some	None
Disruption of cultural activities	Lots	Some	None
Disruption of social relations	Lots	Some	None
Reductions in sovereignty	Lots	Some	None
Participation in certain economic sectors (specify which sectors, if any, are of concern - gaming, tourism, forestry - and how much concern they raise)			
Sector:	Lots	Some	None
Sector:	Lots	Some	None

Other concerns:

If you are considering a specific project, which, if any, of these concerns does it raise?

Project: _____ Concerns: _____

Project: _____ Concerns: _____

3. EXTERNAL ENVIRONMENT

This is the economic and political/legal conditions under which the nation or entrepreneur has to operate. These conditions constrain or facilitate self-determined economic and business activity, making some activities impossible and making others more or less likely to succeed. Evaluating the external environment is a way of asking “what are we up against, and where do the opportunities lie?”

a. Political/Legal Conditions

Degree of “De Facto” Sovereignty – regardless of what the law says, who really makes the decisions in your community affairs? Who really call the shots when it comes to (circle one for each line; if the answer is “Other”, indicate who):

Land use within Community territory	Comm unity	Feds	Prov.	Other:
Use of natural resources	Comm unity	Feds	Prov.	Other:
Economic Development Strategy	Comm unity	Feds	Prov.	Other:
Whether to start a Community business	Comm unity	Feds	Prov.	Other:
What type of Community business to start	Comm unity	Feds	Prov.	Other:
Use of Community funds	Comm unity	Feds	Prov.	Other:
Contracts between and non-Aboriginal vendors or JV partners	Comm unity	Feds	Prov.	Other:
Administration of social programs	Comm unity	Feds	Prov.	Other:
Distribution of housing	Comm unity	Feds	Prov.	Other:

If, in most cases, you circled Community, the defacto sovereignty is high. Overall, would you say de facto sovereignty is (circle one):

High Medium Low

Intergovernmental Relations

From a strategic point of view, are community initiatives likely to encounter support, opposition, or indifference from other governments?

How would you describe relations between your community and the federal government (circle one):

Confrontational Cooperative Non-Existent

How would you describe relations between your community and the provincial government (circle one):

Confrontational Cooperative Non-Existent

Regulatory Issues

What comparative regulatory advantages, if any, does your community have (taxes, environmental regulations, or other legal constraints that non-Aboriginal communities experience) that may impact development choices?

The answers to these questions tell you something about your community's chances of success in economic development. To the extent that Your community is making decisions for itself, those chances rise. The most important thing is simple: When your community makes its own governing decisions; it pays the price of bad decisions and reaps the benefits of good ones.

b. Economic Conditions

Markets

Markets are for specific products or services. For products or services offered by one of the existing, active projects, or for one of the future planned

projects, consider the following questions with that in mind. To the best of your ability, describe each of the following markets (circle “yes” or “no” or fill in the blanks):

The internal market (the community itself):

Significant in size	Yes	No	Specific Market Needs
Accessible	Yes	No	
Has buying power	Yes	No	

Regional markets (nearby buy outside the community):

Significant in size	Yes	No	Specific Market Needs
Accessible	Yes	No	
Has buying power	Yes	No	

Distant markets (more that 200 kms away):

Significant in size	Yes	No	Specific Market Needs
Accessible	Yes	No	
Has buying power	Yes	No	

If distant market are inaccessible, is there any evidence that persons in those markets can persuaded to come to you in search of product or service (for example, casino, eco-tourism)?

Yes No

If yes, for what products(s) or service(s)?

What export opportunities might you have in which distance to markets is a minor factor (for example communications services, arts and crafts, etc.)?

Do you have evidence that there are, in fact, markets for such export products or services (circle one)?

Yes No Haven't looked into it

Can your community effectively compete in those markets? Why? What is the community's competitive advantage(s)?

Sector Outlook

Before deciding to commit to a particular business activity, you probably will want to complete some kind of more detailed market analysis. A useful preliminary step is to review what you already know or can easily find out about the sector that you are considering getting into.

What sectors of the economy are you considering entering?

What is the current condition of that sector(s): growing, stagnant, or declining?

Sector:

Condition:

Sector:

Condition:

What is competition currently like in that sector(s): heavy (in which case it may be difficult to keep costs low enough to compete) or light (in which case there may be an opportunity for you to be a major player)?

Sector:

Competition:

Sector:

Competition:

If you don't know the current condition of the sector(s), how might you find out?

This quick and dirty survey of market condition may indicate areas of economic activity that either make no sense or are promising. When you consider a project, you will need to measure it against answers to these questions. If it still looks promising, you may want to move to a more in-depth market analysis - depending on your internal capability and/or financial means to carry out such an analysis.

4. INTERNAL ENVIRONMENT

It is one thing to have sovereignty, it is another to be able to exercise it effectively. One of the crucial factors in economic development is the internal environment created by the governing institutions, politics, and culture of the community. These form the environment in which potential investors – including your community members – decide whether or not to bet their time, money, energy, or ideas on the future of the community. If that environment is unstable or highly politicized, investors will look elsewhere for opportunities. Regardless of how much capital, education, or natural resources are available to your community, without sound governing institutions, few businesses will last. Understanding the internal environment in which business has to operate, is therefore a key component of a strategic analysis.

a. Governing Institutions

For businesses to succeed and for lasting economic development to take root, governments have to provide:

- A stable institutional environment
- Separation of politics from business operations
- Effective and fair dispute resolution
- An administration that can get things done

Stability

Does your community have a written constitution that is the basis of your community government?

Other things being equal, longer terms of office for your community's elected political leaders provide more stability in government than shorter terms do. What is the term of office for the Chair/Chief and Council?

Are the terms staggered for council members?

Can a new Chair/Chief replace anybody in the administration if they choose to or is the Chair/Chief limited in the ability to replace people at will?

Separation of Politics From Business Operations

Systemic research indicates that those businesses that are insulated somehow from political interference are four times as likely to be profitable as those where First Nations governments play a significant role in the day-to-day business operations.

This separation does not mean that political decisions have no place in economic development. Strategic decisions about the long-term future, about the kinds of development your community wants to pursue, and about the priorities and concerns belong in the hands of elected leaders and the community at large. Day-to-day decisions involved in running a business belong in the hands of those with the training and experience to make them effectively.

Do the your community enterprises have their own charters that specify how they are to operate and what their relationship to your community is?

Fair Adjudication of Disputes

Fair, effective, and non-politicized dispute resolution is a critical component of lasting economic development and business success. It is important that those working for or with your community or its enterprises, or those operating businesses on your community lands, believe that they will be fairly treated in disputes with others, including disputes with the community or its leadership.

Administration

How would you describe morale in your community administration (check one)?

High

Medium

Low

Are administrative procedures clear and consistent?

Yes

No

Research worldwide shows clearly that governing institutions are the foundation on which successful economic development has to be built. Sovereignty has to be exercised effectively if it is to lead to lasting benefits.

c. Politics

Most communities have disagreements about strategic direction, priorities, people, and other topics. There are 2 major issues from the point of view of economic development and business activity. Do disagreements tend to be about real issues or do they represent long-standing division within the community (as, for example, along family lines)? Do disagreements make the government incapable of effective decisions?

How would you describe the politics in your community (check one)?

- Lots of conflict, very intense
- Sometimes there's conflict, sometimes not
- There are disagreements, but not a lot of serious conflict
- Everyone agrees about everything!

If there are major conflicts, would you say that they are the products of recent events or current issues and may change, or that they go back farther than anyone can remember and seem to be rooted in long-standing divisions (check one)?

- Products of recent events or current issues, may change
- Go way back, tied to long-standing divisions

When conflict arises, does the community have effective ways of dealing with that conflict and deciding a course of action, or do politics often bring everything to a halt, immobilizing the community (check one)?

- We usually deal with conflict effectively
- We are often immobilized by internal conflicts

d. Culture

Does the development strategy chosen by your community fit the culture of the people? The following questions may help determine what kinds of development strategies are the best fit for your community's cultural situation.

Communities where primary allegiance among community members is to the community as a whole are often good candidates for large enterprises that require the centralization of resources and effort and that are closely identified with the tribe.

Communities where primary allegiance among community members is to a district, clan or other subgroup within the community often are better candidates for smaller-scale, locally run enterprises or for cottage industry.

Where does the primary allegiance lie in your community?

Community/Nation_____ Clan_____ Other__

Would you describe the culture of your community as (check one):

More individualistic _____

Less individualistic _____

Somewhere between the two _____

_____ Insular (generally don't like working with outsiders or having them around)

_____ Less insular (don't mind working with outsiders or having them around)

5. ASSETS

Human, cultural, financial, natural and other resources that your community and/or its individual members can contribute to economic development or to specific business activities.

Capital

What funds does your community control that can be used for a business start-up?

What has to happen for those funds to be made available (e.g. council decision, shareholder decision, managerial decision, etc.)?

What other sources of capital are available or might be available to ? How would you describe your community's capital situation (both for existing and future new community-owned businesses and businesses owned by your community entrepreneurs)?

Accessible capital	High	Med	Low
Access to financing	High	Med	Low
Grant possibilities	High	Med	Low

Natural Resources

What natural resources does your community control that can be used in development or as the basis of a business?

What has to happen for those resources to be made available (e.g. land use planning board has to decide, council has to approve lease, etc.)?

People

What, in general, is the educational level of the community (check one)?

- High (a lot of people have some college or professional training)
- Medium (most adults are high school graduates)
- Low (few adults are high school graduates)

What, in general, is the skill level of the community (check one)?

- High (a lot of people have worked in skilled jobs or know skilled crafts)
- Medium (some people have worked in skilled jobs or know skilled crafts)
- Low (few people have worked in skilled jobs or know skilled crafts)

Are there particular skills that are widespread in the community? If so, what are they?

Are there other characteristics, attributes, or qualities that you see in the people of the community that should be considered a community asset and that might help in economic development or in business activity? If so, what are they?

Culture

What cultural resources in the community may be marketable or otherwise useful in economic development (check all that apply)

- Artistic or craft abilities
- Knowledge of the land or animals
- Dense kinship ties and other social relations
- Other (specify)

Location

Are there reasons, other than natural resources of the area, why your location may be important in economic development (e.g. a pipeline, roadway or railroad crosses or will have to cross you land)

6. PROJECT ANALYSIS

This final section is designed to help evaluate the pros and cons of pursuing particular development opportunities. It can give you a preliminary view of how promising each opportunity is, allowing you to reduce the list of options fairly quickly to the two or three most promising candidates. You can then move to a more detailed feasibility analysis of those.

a. Enterprise requirements

For each proposed project, answer the following questions, filling in the blanks or circling the best response:

Project A:				
Initial capital investment required	High	Med	Low	estimate
Continuing capital needs (are you likely to have to put in additional capital down the road for equipment, expansion, etc.?)	High	Med	Low	
Skills (will this require highly, moderately or unskilled labour?)	High	Med	Low	
Is the right mix of labour supply available?	Yes	No		
Infrastructure needed (utilities, roads, etc.)				
Does it make sense for this enterprise to be owned by or by and individual entrepreneur?	Public		Private	
System fit (is the fit with other activities in the area good or bad)?	Good		Bad	
If bad, why?				

b. The Business Context

For each proposed project, answer the following questions as best you can:
Where's the market?

How big is it? (your best estimate)

What's the competition?

Given the size of the market, would you say there is lots of competition, some competition, not much competition?

Lots Some Not Much

What's the sector outlook?

Growing Stable Declining

e. Your Assets

For each project and to the best of your ability, estimate whether the assets you have are adequate for this project – bearing in mind that conditions may change over the life of the business (check the appropriate columns).

Assets	Adequate	Inadequate	Likely to Improve	Likely to Deteriorate
Natural Resources				
Access to capital				
Skills				
Institutional foundation (do your governing institutions protect investments; are they stable; can they get things done?)				

What do you have that gives you a competitive advantage over others who are already in the same business or may enter it? (check as many as you think you have)

Experience	_____	Access to market	_____
Skills	_____	Regulatory relief	_____
Labour costs	_____	Tax relief	_____
Access to materials/resources	_____	Culture	_____
Other (specify)	_____		_____

d. Strategic Priorities and Concerns

Which of the priorities you identified in Section 2 on Priorities and Concerns (see above) does this project support?

Which of the concerns you identified in Section 2 on Priorities and Concerns (see above) does this project raise?