The BALTA Project

The BC and Alberta Research Economy Alliance (BALTA) is currently conducting a shellfish aquaculture research project to provide insights into the GM franchise model in the following three areas:

1. Experience in mussel production, including social enterprise & other financial support in shellfish aquaculture
2. Extent to which social enterprise has had systematic replication in any sector; and documentation of lessons learned
3. Best practices in Social Enterprise Franchising, key lessons & analysis of relevance to GM Franchise
Key Economic Functions

Planning, Research and Advocacy

A capacity to gather intelligence and then apply it to making or influencing decisions in the community’s interest is a fundamental and ongoing necessity.
Accessible Credit

Without access to credit, people and businesses are blocked from productive asset building.

Lack of Access = Marginalization
Building Equity & Local Ownership

For individuals, assets ownership is a key to escaping poverty. Within territories, businesses that generate profit and reinvest help build the economic base. Maximizing local ownership helps maximize local reinvestment.
Key Economic Functions

Develop People’s Capacity

Ranging from the marginalized to a community’s leadership, getting people willing, ready and able to participate in strengthening a local economy is an ongoing strategic function.
Infrastructure

Clean water, grain storage, transportation, internet access are all examples of infrastructure necessary to the development of a territory.
To rev up the community revitalization engine put social & economic development on the same track.
GM Project – Phase One

- Collecting lessons learned from others’ experiences to help guide the design of Golden Mussel social enterprises
- 3 literature reviews
Literature Review 1

- Exploring mussel aquaculture industry development in:
  - New Zealand
  - Spain
  - Washington State
  - Atlantic Canada
  - British Columbia
Areas explored

- Supports to industry development:
  - Eg. Technical assistance, industry bodies, financial supports
- Use of social enterprise ownership models
- Aboriginal involvement
Key Lessons Learned

- Cooperation facilitates growth
- A large industry based on many small producers is possible
- Importance of a clear regulatory regime and coordinated government support
- Limited use of social enterprise model
- Degree of aboriginal involvement varies
Literature Review 2

- Lessons learned from the systematic replication of social enterprises
- Diverse array of specific cases:
  - Fishery cooperatives
  - Agricultural cooperatives
  - Micro-finance
- Literature on SE replication and scaling up in general
Key Lessons Learned

- Systematic replication can be successful on a large scale
- Balance between adaptation to local context and remaining consistent with key elements of original enterprise
- Importance of local ownership and support
Literature Review 3

- Best practices in franchising
- Franchising social enterprises
- Examples of social enterprise franchises:
  - Aspire (mail-order sales)
  - Centro ACCION (microenterprise training)
  - Fifteen Restaurants and Foundation
Best practices in franchising

- Strong, tested business model
- Ability to articulate key knowledge
- Effective training and technical assistance
- Balance between standardization and adaptation
- Two-way communication
- Monitoring and quality control
Franchising social enterprises – lessons learned

- Proven enterprise model needs to be clearly defined in both economic and social parameters
- Balance between the dual missions of SE
- Importance of personnel selection and training
- Facilitating communication and learning
- Adapt to targeted markets
Recommendations for GM industry development

• SE franchise model would be appropriate
  – Proven business model in place

• Articulate and incorporate social goals in institutional design process

• Careful franchisee selection – understand existing strengths and weaknesses

• Provide training to address capacity gaps
Recommendations for GM industry development (continued)

- Identify core and peripheral elements of GM enterprise
- Develop shared understanding of franchise goals
- Set up regular forums and opportunities for communication
- Create monitoring and evaluation systems
Golden Mussel (GM) Aquaculture Initiative

To Establish a Coast-Wide First Nation Owned & Operated ‘Pacific Golden Mussel™’ Industry Over the Next 10 Years

Blue Frontier adventures Inc (BFI)
Blue Frontier Inc
Corporate Mission

Mussel Rattle by Aubrey Johnson

A. Develop a ‘World Class’ Mussel
B. Trademark Brood Stock & Progeny
C. Position Trademark in Market Place
D. Transfer Trademarked Brood Stock & Progeny to Aboriginal Ownership
GM Initiative Purpose

1. Establish a First Nation Controlled Industry
2. Base Operations on Community Interest & Compatibility
3. Produce, Harvest & Market a First Nation Branded Product
4. Share Knowledge that Supports Community Values and Pride of Ownership
5. Provide Coast-Wide Aboriginal Opportunity and Benefits
6. Achieve 10,000 Tons Coast-Wide Production in a Decade
FN Coastal Context

The BC coastline offers lots of potential for First Nation shellfish aquaculture. This includes production, processing & marketing. There are many First Nation communities interested in economic development & capacity building. But currently, there are few viable marketing based shellfish aquaculture successes.

From a coast wide perspective, the First Nations sector exists as largely small scale fragmented operations that are lacking marketing prowess.
GM INITIATIVE & FIRST NATIONS CONTEXT

- Few First Nation Successes in Aquaculture
- Conduct/Review S.W.O.T. (Strength, Weakness, Opportunity & Threat) Assessment & Analysis
- Link S.W.O.T. Assessments & Analysis’s to GM Risk Management Strategy
- Link Risk Strategy To GM Business Planning
- Incorporate Risk Strategy into Formal Project Implementation Agreements
Key Missing Factors for Success

The S.W.O.T. review and analysis identified some key missing factors for success as follows:

1. A viable business model adapted to many First Nations community interests & lifestyle
2. An identified strategy: market, supply & access
3. Effective ways of creating pride of ownership
4. Measurably effective First Nations, government, corporate, research & capacity building support
5. First Nations and long term investment capital
The GM and FN Compatibility

a. Compatible work style consistent with First Nations communities
b. Set requirements for a viable First Nations business success
c. Decade of R&D and commercial production & market promotion
d. Positioned in the market as a unique trademarked product
e. Ready to expand production
f. Willing to transfer experience and trademark to First Nations
The GM ‘Transfer Package’

A key ‘Building Block’ is a complete BFI business package including:

1. Being well positioned in the market to expand production to meet demand
2. A professional Marketing Plan
3. Relevant fixed and variable costs and performance requirements defined
4. Specifically tailored to First Nation Demonstration Project sites to model the basis for expansion
Golden Mussel Start-Up
Demonstration Projects

Two initial sites with the Huu-ay-aht and Quatsino First Nations have signed Letters of Expectation (LOE):

1. The LOE’s provide the basis to establish transparent management & operational schedules
2. The individual schedules identify clearly defined tasks required to establish each site-specific operation
3. Each LOE will lead to a more formal Memorandum of Understanding (MOU)
4. Each MOU in turn will lead to a Project Implementation Agreement (PIA)
The GM ‘Transfer Package’ - Cont’d

BFI business package based on an intermediate scale of equipment and technologies for:

5. Brood stock production demand
6. Growing, harvesting and processing recoveries
7. Labor and training needs & capacity building expectations
8. Environmental considerations
9. Inventory and quality control
10. Risk management strategies
First Nation Ownership & The Franchise Model

The approach will be to proceed with a Franchise Model directly related to the key elements of the business plan:

A. It is anticipated initial ownership will be through BFI which will conditionally be transferred to a Trust
B. There is the potential to move from the Trust to an Aboriginal Development Corporation
C. The franchise model is well developed in Canada and the US with ongoing refinement of franchisor (BFI) and franchisee (a First Nation) roles & responsibilities
D. The establishment of Producer Cooperatives will fit the franchise model and can be pursued
The BFI/FN Framework has three basic elements:

1. A **TRUST** will be used to transfer ownership conditionally from BFI to First Nations
2. Two First Nations ‘Demonstration Projects’, each guided by a joint COMMUNITY PROJECTS STEERING COMMITTEE
3. A broadly based joint SENIOR ADVISORY COMMITTEE will provide support as needed
The Social Enterprise Franchise Approach

A Social Enterprise Franchise Organization is Central to the GM Initiative:

A. **Trademark Control Enables Franchisee conditions**
B. **Franchisor Has Marketing, Technical Assistance & Quality Control**
C. **Encourages First Nations Socially Constructive Entrepreneurialship**
D. **Utilization of Capital Assets Provides Community Benefits**
Next steps: Grounding the Institutional Design

• Action research project
• Work with two pilot communities
  – Quatsino First Nation (Coal Harbour)
  – Huu-ay-aht Band (Bamfield)

To develop an understanding of community characteristics and context

And

Dialogue with community about GM enterprises and proposed model
Research Tools

• Semi-structured interviews
  – Experience with other businesses
  – Perceptions of ownership models
• 1-day workshop:
  – Describing community development context
  – Strengths and weaknesses of proposed GM enterprise model
Relevance to design process

- Ensures a good “fit” between GM model and community
- Allows for adaptation of institutional design to local context
- Opportunity to learn from past experience
From a RA to an MRM

- Applied research project was shaped through interactions with project team as an RA
- Provided a topic for MRM major research project
- Opportunity to be involved in research that is directly applicable to the real world