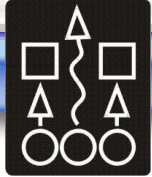


# The BALTA Project

**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**

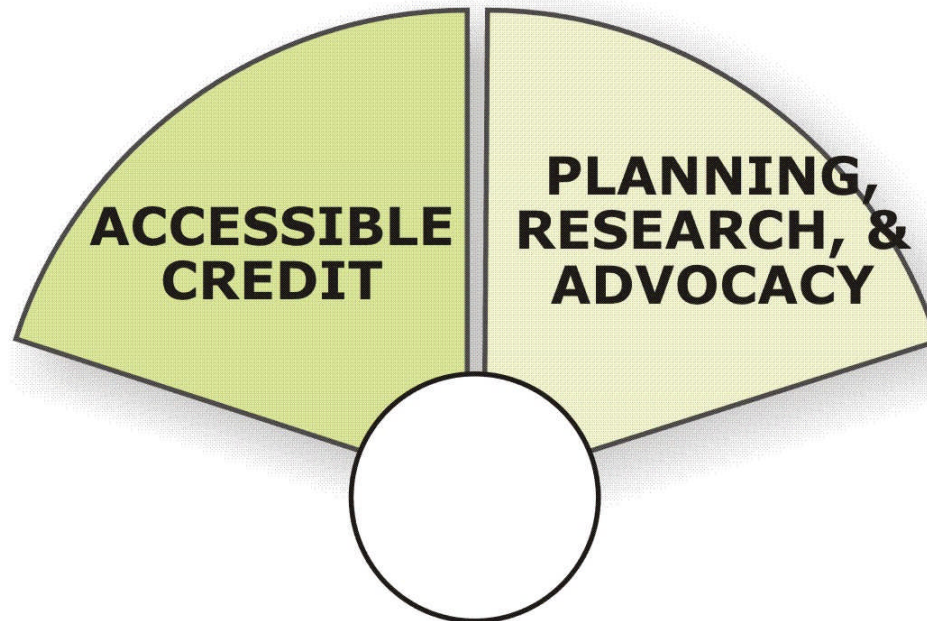
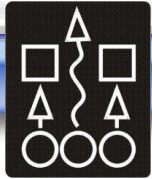
# Key Economic Functions



**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.**

# Key Economic Functions



## Accessible Credit

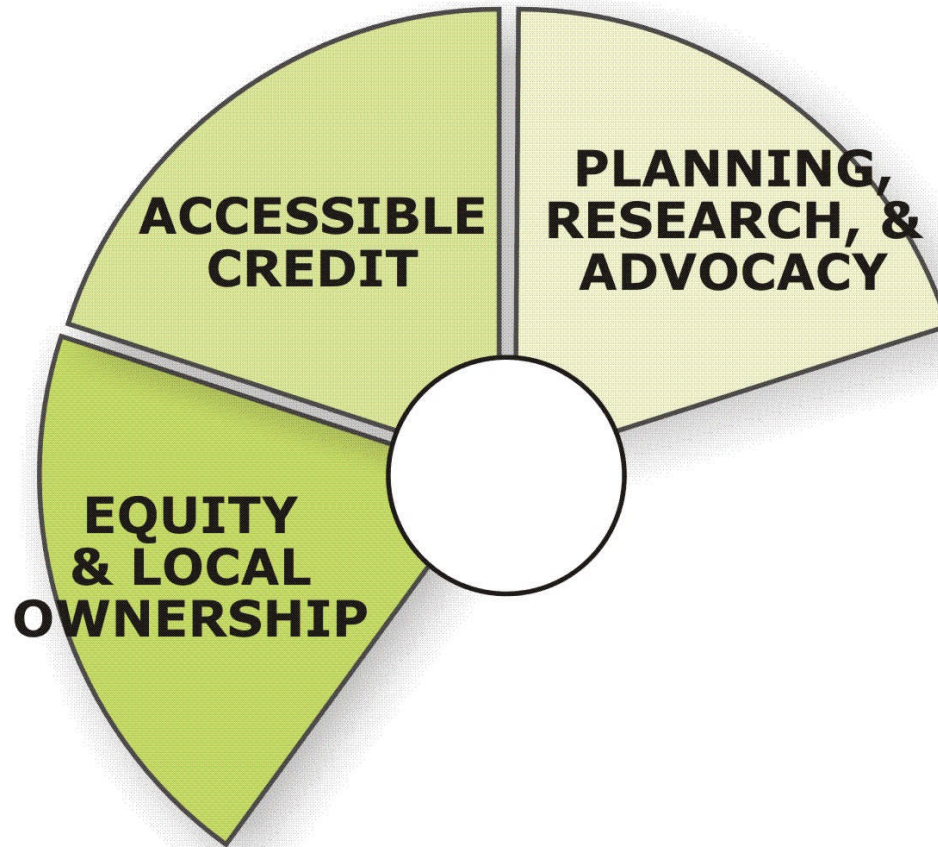
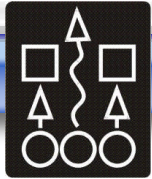
Without access to credit,  
people and businesses  
are blocked from  
productive asset  
building.

Lack of Access

=

Marginalization

# Key Economic Functions



## Building Equity & Local Ownership

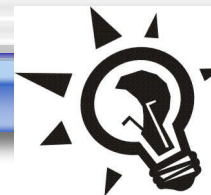
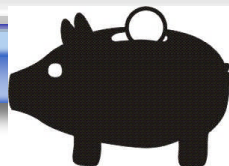
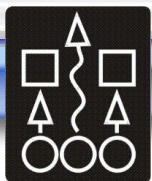
For individuals, assets ownership is a key to escaping poverty.

Within territories, businesses that generate profit and reinvest help build the economic base.

Maximizing local ownership helps maximize local reinvestment.



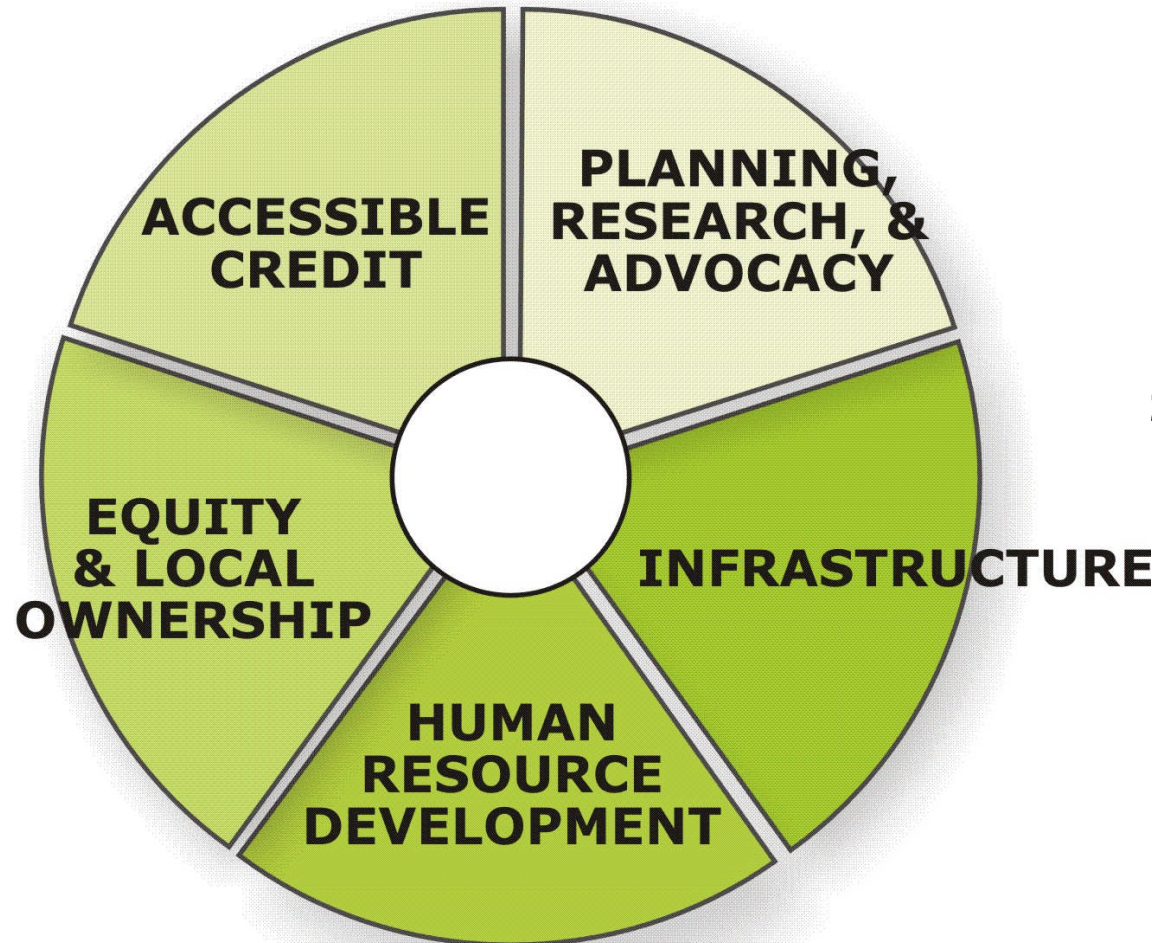
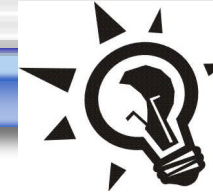
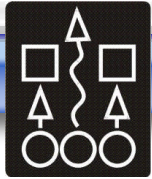
# Key Economic Functions



## 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.

# Key Economic Functions

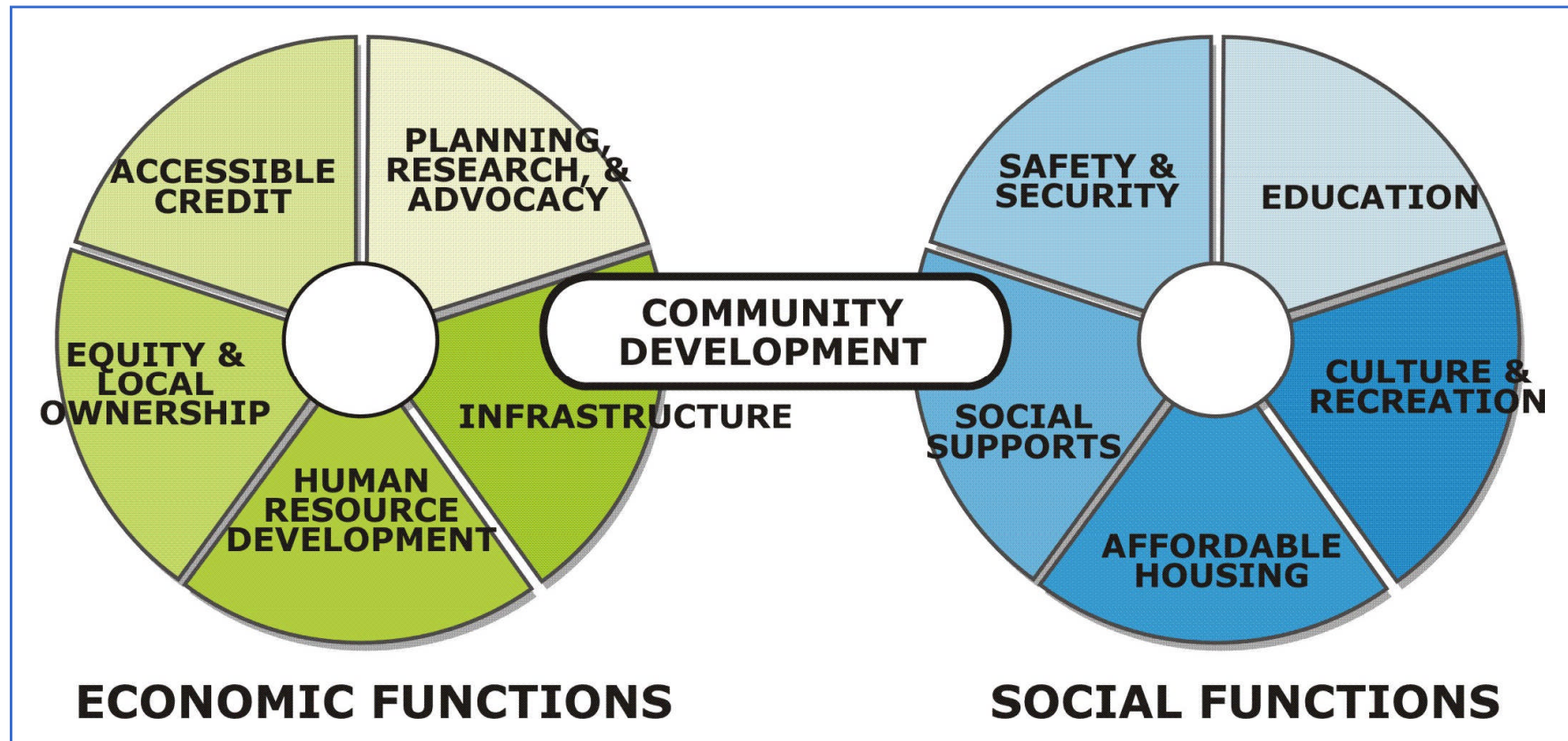


## Infrastructure

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'<sup>TM</sup> 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**

Mussel Rattle by Old Bear Grinning

# **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**
- 4. Memorandum of Understanding (MOU)**
- 5. 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**

QuickTime™ and a  
discompenant  
are needed to see this picture.

**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**



# BFI/FN Franchise Ownership Framework

Mussel Rattle by Ed McDougall

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

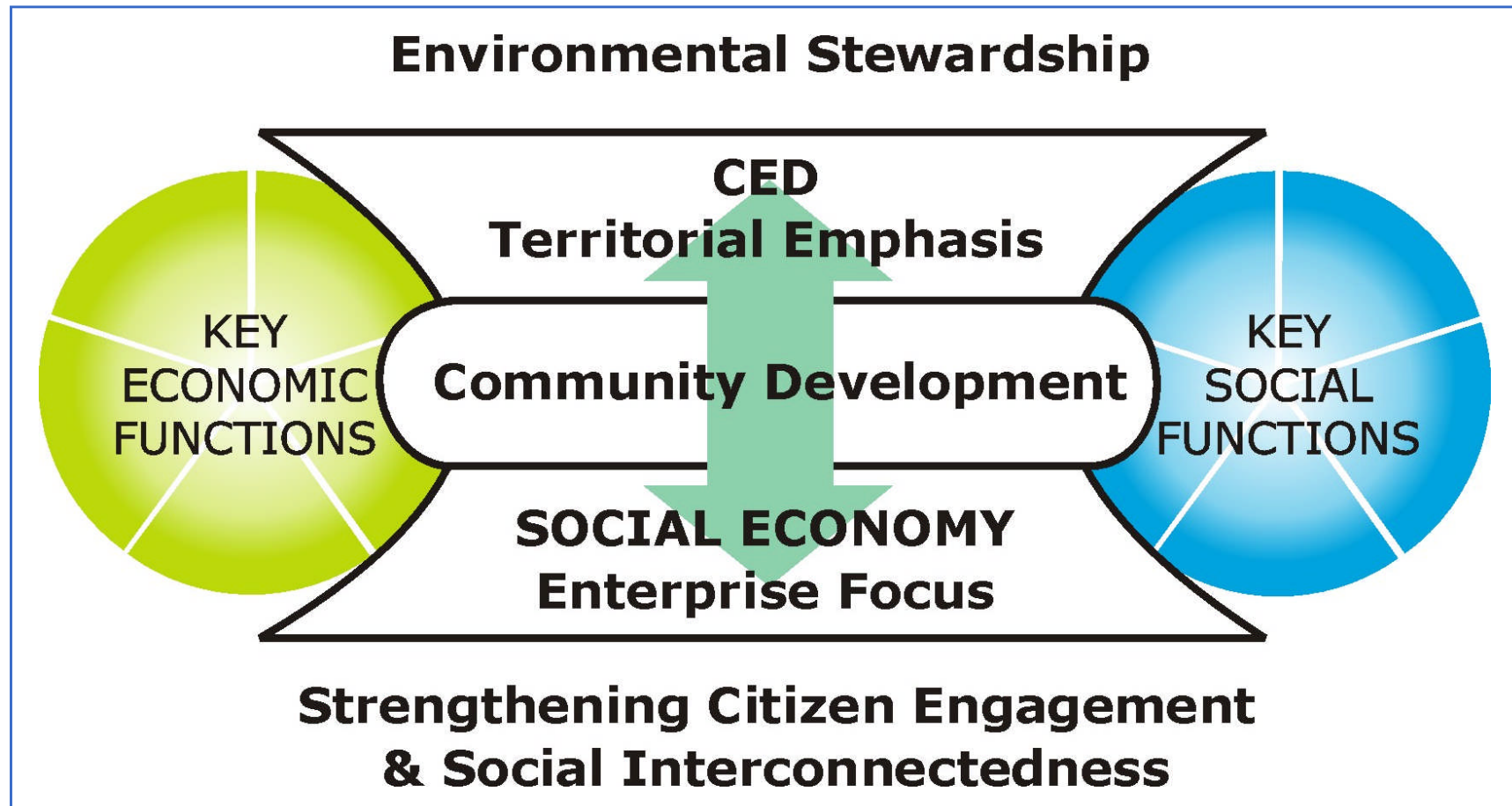


# From a RA to an MRM

- 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



# Community Economic Development Social Economy Linkage



# GM First Nations Social Enterprise Franchise Model

