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Encouraging Entrepreneurship on the San Carlos Apache Reservation

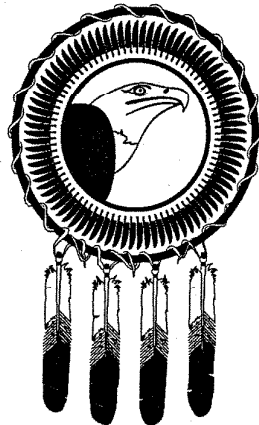
A Report to the San Carlos Apache Tribe

by

Kelly L. Cecil

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Executive Summary

ENCOURAGING ENTREPRENEURSHIP
ON THE SAN CARLOS APACHE RESERVATION

by

Kelly L. Cecil

Kennedy School of Government, Harvard University

American Indian reservations often experience the worst ills of society--high drop-out and unemployment rates, unhealthy economies--in a very concentrated area. Efforts to improve reservation economies by the federal government are often ineffective because they are inappropriate for the particular tribe or situation. How may this problem be overcome?

Encouragement of ideas from individuals within the tribe, separate from tribal or governmental projects, will spur the growth of small businesses on the reservation. These entrepreneurial ventures will not only improve the individual's earnings and the tribal economy, but may help the whole community by providing needed goods and services on the reservation.

Modern entrepreneurship may directly challenge traditional Indian beliefs and values. Encouraging economic growth without antagonizing tribal members is not always an easy thing to do--but may be accomplished with attention to tribal culture as well as business requirements.

Introductions to the business process should be low-pressure and informal. Fliers, door-to-door campaigns and open houses are all ways to spark the first thought of going into business. An introductory seminar covering the very basic elements of starting a business provides food for thought as well as a roster of potential Indian entrepreneurs.

After the initial interest, the 'nuts and bolts' of the business world must be covered. Workshops should follow the introductory meeting and be regularly scheduled on the reservation at a time convenient for the participants. Presentations should include basic accounting, management, and marketing as well as tribal and governmental regulations.

Support systems and resources are essential for the new entrepreneur, and development of a network of local sources for consultation is essential. This may be accomplished

through local colleges or existing business or fraternal organizations to provide access not only to knowledge and experience but also to technical developments.

Encouraging entrepreneurship on the reservation is not easy, but is a worthwhile effort to improve both the tribal economy and the reservation community. The opportunities for growth on both sides of the business and reservation partnership are limited only by the ability and ambition of the participants.

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I. INTRODUCTION

The San Carlos Apache tribe of east central Arizona is prey to problems that face many western reservations--large drop-out rates, large unemployment rates and unhealthy economic systems. Federal economic development projects on reservations historically have a less-than-spectacular success rate. Federal efforts often fail because the program, while valuable, is not particularly suited to or appropriate for the tribe. While the aim of the federal agencies is noble, often the implementation of various programs bypasses or ignores situations peculiar to the targeted tribe, and the program fails because of misunderstandings or inappropriate management.

What factors will shape a program likely to encourage economic development on the reservation while taking local factors as well as Indian cultural and social traditions into account? Encouraging economic development ideas from individuals within the tribe--in other words, establishing a tradition of entrepreneurship among tribal members apart from tribal and governmental endeavors--may encourage the growth of small business on the the reservation. This method of economic growth faces some real challenges when applied to American Indian culture, and both tribal administrators and potential tribal entrepreneurs must be aware of them.

II. ENTREPRENEURSHIP ON THE RESERVATION

II.A. Cultural and Societal Challenges

The modern concept of entrepreneurship is contrary to many traditional Indian beliefs. The ideas of getting ahead of the crowd, of financial independence, and of personal risk-taking are often unaccepted, unfamiliar, or even foreign ideas. However, entrepreneurship depends on these ideas. Encouraging individual economic growth without antagonizing tribal members is a difficult task, but one that can be accomplished with planning and awareness of the tribal culture.

Dr. Robert Brockhaus of St. Louis University identifies the following as key aspects of the entrepreneur:

0 Risk-taking propensity--successful entrepreneurs are not always high risk takers. In fact, the entrepreneurial population is almost identical to the general population when examining risk-taking propensity.

0 "Locus of control"--entrepreneurs tend to believe that they can affect the outcomes of events in their lives.

0 Short-term problem-solving style--tending to deal with the here and now rather than long-term consequences.

0 Pushes--people tend to start a business because they are pushed into it by other circumstances, not because they are drawn to the business world. These circumstances may include dissatisfaction with a previous job or displacement.

0 Role models--potential entrepreneurs look at friends or colleagues who have started businesses and envision doing the same thing. Family role models are also important in initiation and encouragement.

0 Education--surprisingly, individuals opening a shop tend to have below-average formal education. 1

Of these factors, the most important yet most difficult for the reservation are control and role models. It is difficult for most tribal members to assume individual control due to historic dependence on the extended family, the tribe, and government agencies. Role models are often scarce on the reservation, for those individuals who have a drive to succeed in modern society have left the reservation to take advantage of business opportunities in urban areas.

Yet, there has been some success with a limited program of entrepreneurship education and encouragement. Essential to the continuance of individual economic development is the use of previous success to encourage further growth. Extensive use of the experience and influence of successful tribal entrepreneurs will have a greater positive effect on tribal members considering going into business than any outsider's lecture, no matter how inspiring. Hearing the inside story from a neighbor is the most effective means of education and encouragement in a closely knit society such as the reservation.

1 Brockhaus, Dr. Robert, "What Motivates the Entrepreneur?", in Entrepreneurship: The Key to Economic Growth, Stuart M. Butler and William J. Dennis, eds. The Heritage Foundation, 1986.

II.B. The Workshop as Entrepreneurial Tool

Given the various challenges, how should the idea and the skills of entrepreneurship be presented? Business programs currently operating generally use small workshops for business education. These seminars range from an all-day overview of the entire business process to semester-long weekly meetings with in-depth coverage of all aspects of business planning.

The workshop system seems to work for several reasons. It is usually fairly informal and non-threatening, which allows participants to feel comfortable. Of course, the seminar should be held on the reservation, at a time and place convenient to the participants. A longer seminar allows bonds to form between students, and potential entrepreneurs a better opportunity to get feedback from both fellow students and instructors.

The Workshop in Business Opportunities, a New York-based consulting firm, has worked with several tribes, including the Pueblo, Navajo, and Flathead. The organization offers a series of 16 weekly meetings designed to provide the participant with a complete business plan upon completion. Using a series of case studies in combination with planning worksheets, the course allows students to examine the different facets of the business process and to decide how they will plan their own business. Instructors are recruited from local businesses, and are asked to volunteer time both

to lead a session and to be available for questions and consultation after the course. The organization claims to have contributed to starting approximately 1400 minority businesses in 23 years of instruction.

It is also possible for the reservation to sponsor such workshops independently. The San Carlos reservation has offered several workshops in the past, but a concrete series of classes, with firm community support, has even greater potential. Determining what factors contribute to a successful business and how those factors can be successfully presented in a reservation workshop format is the next challenge.

II.B.1. Encouraging Workshop Participation

The key to a successful workshop lies both with the leaders and with the participants, and systematic outreach is essential to fill both positions successfully. For the participant, awareness of workshops through fliers or announcements may not be enough to encourage attendance, even if that individual is truly interested in starting his or her own business. Personal contact is a powerful tool, and should be used to encourage even those who are not quite certain about their ideas or abilities. This may include going door-to-door, getting previous business successes covered in the local paper, open houses hosted by successful tribal entrepreneurs, and a small business fair with

information on neighborhood successes, business ideas, and franchise possibilities.

For the leaders and instructors, the workshops should be seen not only as a form of community service, but also as an investment in the economic growth of the community. An established network of instructors who are willing to serve as mentors and consultants to former students as well as encourage participation from business associates is invaluable. The easiest way to begin this network is to work with an already established group of professionals, such as the Jaycees. Presentation of the proposed program as community service outreach and the potential visibility of the project will appeal to most organizations.

II.B.2. Academic Topics

Once the entrepreneurial idea is present, it must be translated into action. Many on the reservation are unfamiliar with the business skills needed to run a business, and an educational program is necessary to provide a workshop for development of business skills.

The skills needed to run a small business include basic accounting, planning, management, and marketing. The rudiments of these subjects can be introduced effectively in a small workshop, but instruction should be an ongoing process. Because even successful entrepreneurs often lack complete technical skills, actual instruction may be provided by someone outside the tribe, but should be provided on the

reservation and at a time convenient to the participants. If a college or university has the interest and ability, it would be advantageous for both the school and the tribe to develop a working relationship. In this case, the San Carlos Reservation has Eastern Arizona College in Thatcher and Gila Pueblo College in Globe, both junior colleges, close to the reservation. The Center for American Indian Economic Development at Northern Arizona University in Flagstaff offers an outreach program on several Arizona reservations, with classes in accounting, taxation, land use and computer skills. Most workshop leaders are NAU faculty or local business personnel. The university is well suited to providing classroom instruction while becoming a resource for further technical assistance, such as market feasibility studies or financial and accounting help.

The basics of the technical skills may be read from any beginning textbook--but the real advantage of the workshop format is not the instruction but the opportunity for interactive learning. The sessions should be used to encourage as well as instruct, and students should be share their plans and opinions during the class--if not with the entire class, in small working groups formed from the participants. This not only will encourage greater learning in a non-threatening environment, but it will help build a network of interested entrepreneurs which will be valuable as economic development continues.

II.B.3. Rules, Regulations, and Paperwork

As with any small business proposal, rules and regulations abound. On the reservation, these rules take the form of tribal regulations and federal requirements. A tribal business ordinance is essential to encourage entrepreneurship. Without an established system of due process, the prospective entrepreneur is not protected from personal or tribal animosity. Familiarization with tribal regulations applying to taxation, licensing and leasing requirements is key to establishing a workable business plan and to applying for funds and grants. This part of the seminar should be presented by the tribal business manager or by someone else similarly involved with the tribe.

The type of business proposed will determine the extent of federal involvement. If natural resources (including land on trust land status reservations) are involved, the entrepreneur must present a full proposal to the federal government, then meet with the natural resources committee of the tribe. Service businesses, such as beauty parlors and restaurants, may be subject to different zoning and tribal regulations and must go through different channels. It is the job of the tribal business council to know where to direct the various types of requests, and it is essential for the encouragement of entrepreneurship that the tribal business council be dedicated to encouraging individual small business whenever possible. The best solution to this

problem is a full-time staffer able to advise potential entrepreneurs of regulations applying to their specific business, or a "one-stop" regulation office, with all relevant paperwork available in one location. This would reduce some of the headaches acquired when dealing with the federal and tribal bureaucracy.

Tangling with federal agencies, while unavoidable, may provide valuable resources for the Indian entrepreneur. The Small Business Administration has regional offices which provide written information on all aspects of small business management along with specialized bureaus dealing with women and minority business ownership. The BIA has a realty office branch on most reservations with the essential information on zoning requirements when trust lands are involved. (Tribal government provides leasing information on reservation buildings.) BIA and SBA representatives should also present information about their respective organizations to the tribal members, and should remain accessible to them throughout the development of the business.

Cash management is crucial for any entrepreneur, and the most crucial area for Indian entrepreneurs is learning how to obtain the resources needed to start a business, and how to use those resources effectively. The SBA and the BIA both have loan guarantee programs, and the BIA also provides direct loans and grants. There are also non-profit and private resources available to the Indian borrower. A large

part of the continuing education should be devoted to the different ways to raise capital, how to accomplish business transactions with purchase orders as collateral, and how to deal effectively with outside suppliers and buyers.

There are also several non-profit organizations established to assist Indians in economic development activities. A good source of information is the Economic and Community Development Resource Guide for Native Americans, published by the Association on American Indian Affairs. Some organizations will only assist tribes with large development grants, but some will assist individual members in business plan development and strategy. For example, the American Indian Consultants in Tempe will help Indian clients develop a workable business plan at no cost to the client. These resources should be used whenever possible to lay out possibilities for strategic thinking, but should be used only as a base for business planning. The only way an entrepreneurial business will succeed is if the entrepreneur is totally committed to the project--and this will happen only if the individual is totally involved in every phase of the planning and development. Outside expertise and advice is useful, but only where the basic and original inspiration for the project continues to lie with the individual.

III. ENCOURAGEMENT FOR ENTREPRENEURS

The base for a growing network of Indian entrepreneurs and established business contacts begins in the workshops. The possibilities for such a partnership are almost limitless if encouragement is provided to both sides. As economic development increases on the reservation, opportunities for greater mutual involvement also increase. By involving Phoenix-area businesses in the workshop process, awareness of the reservation as a viable economic community will increase. Greater knowledge could lead to greater business investment on the reservation. Encouragement from the SBA's Minority Small Business and Capital Ownership Development Program, which authorizes the SBA to contract with government departments and then to subcontract with minority small businesses could assist the cause of entrepreneurial economic development even more.

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Carey, Omer and Dean Olson, Financial Tools for Small Business, Reston Publishing Co., 1983.

Doyle, Peter H. and Candice Brisson, Business-Higher Education Development Strategies, Northeast-Midwest Institute, 1985.

RESOURCES

American Indian Consultants, 2070 E. Southern Ave.,
Tempe, AZ 85282, 602-945-2635. Contact Pete Cooper.

Association on American Indian Affairs, Inc., 95 Madison
Avenue, New York, NY 10016, 212-689-8720.

Center for American Indian Economic Development at
Northern Arizona University, College of Business
Administration, Flagstaff, Arizona 86001, 602-523-3657.
Irving Fox, Interim Director.

Workshop in Business Opportunities, 126 East 31st
Street, New York, NY 10016, 212-481-0180. Contact Walter
Geier about Indian Workshops.