



governance toolkit

best practices

Principle: Accountability and Reporting
Government: Membertou First Nation

OPPORTUNITY

In 1995, Membertou Nation in Nova Scotia had 37 employees, a 4 million dollar budget and a 1 million dollar annual operating deficit. The community was poor with low morale and a high unemployment rate. It was then that Chief Terrance Paul decided it was time for a major change. With great determination, he and the Membertou council recruited band members that had left the reserve years prior to pursue their education and were employed across the country by companies such as Lang Michener Barristers & Solicitors, the Union of Nova Scotia Indians and other corporate and government organizations.

Together, this newly-formed leadership decided that the solution for Membertou lay in achieving financial sustainability that was transparent and accountable. In the first critical step toward that goal, they determined that Membertou would work to become ISO compliant.

PRINCIPLE IN ACTION

The International Organization for Standardization (ISO) is a worldwide federation that works to ensure

NCFNG

is a national, independent, First Nations-controlled organization dedicated to supporting First Nations as they work to implement their inherent right to self-governance. The development of a set of shared principles that clearly articulate our approach to effective governance is one way in which we support that work. This NCFNG Effective Governance Case Study profiles a best practice in the principle “Accountability and Reporting”.

To learn more about this case study, contact:
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consistency and quality in companies around the world. The mission of the ISO is to promote the development of standardization to facilitate the international exchange of goods and services, and to develop cooperation in scientific, technological and economic activities.

The value of ISO certification to an organization is enormous. ISO compliance means that client companies can be confident that the organization has the systems and infrastructure in place to consistently deliver quality. This instils confidence and increases business prospects.

In January 2002, Membertou officially achieved ISO status, making them the first aboriginal government in the world to become ISO 9001:2000 certified. With its financial house in order and a vastly improved management capacity, Membertou made three strategic decisions to attain a greater role in the mainstream economy.

The first was to build on the innovations of today while at the same time incorporate indigenous knowledge based on Membertou’s community pillars of sustainability, conservation, innovation and success.

The second was to increase their profile, and through that their partnerships, by setting up the Membertou Corporate Office in downtown Halifax.

The third decision was to initiate education and career-related training programs for citizens of Membertou to leverage the employment opportunities generated by the new partnerships and initiatives.

In fewer than ten years, Membertou’s operating budget has grown from 4 to 65 million dollars. The number of employees has jumped from 37 to over 500.

Membertou’s many new business success stories include Membertou Advanced Solutions, Membertou Mapping Service, Membertou Quality Management Services, and most recently the prestigious Membertou Trade and Convention Centre.

SUCCESS FACTORS

Looking at Membertou's success, three key factors stand out: intention, leadership and the nation's history of human capital development. In the case of Membertou they are interdependent.

The decision to pursue ISO compliance was an intentional act. This intention was based in a clear strategic vision that was shared within the newly-formed leadership.

While Membertou members had a hand in the band's success, everyone agrees that it was the leadership of Chief Terry Paul that has provided the "vision" for, and has been the ultimate driver of, the band's performance. Chief Paul marked his twentieth anniversary on the job in June 2004, and still finds it rewarding and challenging.

Chief Paul's early commitment to advanced education (both university and skilled trades) allowed the band to reap measurable benefits as it implemented its socio-economic development plans. The band's emphasis on education and its direct connection to economic growth is supported by a recent study of that relationship in 16 "emerging economies" (UNESCO 2003). The study concludes that, overall, investments in education during the past two decades may have contributed about half a percentage point to annual growth rates in the countries studied.

CHALLENGES

While bringing together aboriginal and non-aboriginal business leaders can be a challenge, the development of business on reservations can be a path to increased independence by bands and their members. There is tremendous potential as reservations have an often

It is transparency that is the key to not only gaining the trust from your community but also the trust and confidence from those government agencies and financial markets that we would eventually have to approach in our quest to develop our community. Once you have the community's confidence the rest will fall into place.

— Chief Terrance Paul

completely untapped labour potential, are geographically well-placed for development that includes raw resources to tourism, and may enjoy tax and regulation advantages that other jurisdictions do not have.

Some of the challenges that have held back outside development on reserve include the courts' reluctance to enforce contractual obligations on the part of aboriginal businesses, corruption on reserve, and reservations that may simply not be prepared to properly manage and maintain a business. Membertou took the initiative to develop into an attractive place to do business by pursuing ISO certification.

NCFNG GOVERNANCE LESSONS LEARNED

ISO compliance is one way to build capacity as it concentrates on developing an entire organization. Building capacity at the organizational level – rather than developing capacity in individuals alone – is more likely to address underlying governance issues and support the emergence of effective governance.

However, there are also disadvantages to consider. Focusing on the organization can involve higher costs and longer timetables. There is uncertainty about how long these exercises will take and what their status will be when they end. Further, an organizational approach is riskier in that it might imply change to the existing power structures. Sustainability is also an issue. Leadership change, for example, can set the organization backward dramatically.

That said, the benefits to Membertou are significant. Through achieving a rigorous and transparent system of accountability and reporting they ensure community and corporate accountability by providing citizens and partners with the information they need to invest, collaborate and share in decision-making.

LINKS AND MORE INFORMATION

Membertou Business Links

www.membertou.ca/links.asp

Membertou Success Story: National Post

www.nationalpost.com/news/story.html?id=311978

International Organization for Standardization

www.iso.org

A Change in Attitude

www.corymorgan.com/?tag=membertou