

COMMUNITY ECONOMIC DEVELOPMENT PROJECT

Final Report

New Hampshire College

FORT BELKNAP SMALL BUSINESS DEVELOPMENT CENTER

Fort Belknap Indian Reservation, Harlem, Montana

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FORT BELKNAP SMALL BUSINESS DEVELOPMENT CENTER

ABSTRACT

Montana -- Fort Belknap Indian Reservation

Fort Belknap Indian Reservation, established in May 1888 is the homeland of the Gros Ventre and the Assiniboine Tribes. Fort Belknap is one of seven Indian reservations in Montana. It is located in north central Montana, 40 miles from the Canadian border and four miles southeast of Harlem, Montana. It covers an area of approximately 30 miles wide and 45 miles long. Approximately 3800 enrolled members live on or near the reservation. The Fort Belknap Community Council is the official governing body of the Fort Belknap Indian Community. **(See of Montana)**

Fort Belknap Indian Reservation consists of three communities. **Fort Belknap Agency**, located four miles southeast of Harlem, Montana, on U.S. Highway 2, is the site of the Tribal headquarters, Bureau of Indian Affairs, Indian Health Services and Fort Belknap College, and has a population of approximately **2000 residents**. Most people employed on Fort Belknap travel from other areas of the reservation to work at one of the mentioned service centers. A beautiful Senior Center, built in 1995, provides meals and a friendly meeting place for the seniors.

Hays, located at the south end of the reservation, thirty-five miles from Fort Belknap Agency, is at the foothills of the beautiful Little Rocky Mountains, has a population of approximately 1300. Hays originated with the establishment of a Catholic mission, known as **Saint Paul's Mission**, in the late 1800's, when the Jesuit priests and the Ursuline nuns began a boarding school for the native American children. Today, Saint Paul's Mission is no longer a boarding school, however, it continues to serve the community of Hays, educating the youth, in grades K-6 and provides employment for approximately fifteen community members in positions of teacher aids, staff, bus drivers and maintenance.

Hays has a public school for grades 7-12. This is a fairly new school, built in the early 1980's. This school employees approximately forty community members in positions of administrators, faculty, staff, maintenance and bus drivers. A beautiful Senior Center was built by Fort Belknap Housing in the 1980's as part of an elderly complex.

The community of **Lodge Pole**, also located at the foothills of the Little Rocky Mountains, is twelve miles East of Hays. Lodge Pole has an estimated population of 500 people. It has a public school, K-6 and employees approximately fifteen community members in positions of Administrators, faculty, staff, bus drivers and maintenance.

Both Hays and Lodge Pole have Senior Centers and Community Centers, which provide phone and fax access to services offered at Fort Belknap Agency's central offices. These Centers are staffed by the Fort Belknap Community Council with clerical, cooks and maintenance.

The economy of the Fort Belknap Indian Reservation largely consists of transfer payments from the Tribal government, Indian health Service (IHS), Bureau of Indian Affairs, (BIA), Fort Belknap College, Aid To Families with Dependent Children, and General Assistance.

Additional sources of income contributing to the economy include firefighting, dryland farming and ranching. Ninety-three percent of this inflow of income to these agencies on the reservation flows off the reservation and is spent in bordering communities along U.S. Highway 2, Harlem, five miles northwest, Chinook, twenty-five miles west, Havre, fifty miles west and Malta, thirty miles east

Fort Belknap Indian Reservation lacks the basic economic needs for most families, the 3800 residents must travel from one-hundred miles to one-hundred and eighty miles, round trip, to fill their basic economic needs, for purchasing clothing, household items, appliances, auto sales and repairs, hardware, lumber and normal bank transactions.

Other components of Fort Belknap's economic mix include natural resources, construction, and small businesses. Each community has two convenience type grocery stores, which sell gasoline and deli items. Fort Belknap Agency also has a Trading Post and a newly opened grocery store. Small entrepreneurial ventures are developing a long overlooked aspect of economic development on the reservation, the individual with home based businesses. These ventures include art-work, quilt-making, land-scaping services, logging and other services consistent with the cultural and environmental needs of the tribal community.

History of Fort Belknap Small Business Development Center:

In 1988, the Fort Belknap Community Council began a Strategic Planning Process, identifying the needs of the reservation and recognizing the resources available and the challenges that hinder progress. This planning process continues to take place every two years. The last Strategic Planning session was held in February 1997. Tribal Council, Tribal staff, Government employees and members from throughout the reservation are involved with this process.

In 1988, five Major Goals established were as follows:

1. Stronger Tribal Government
2. Economic Self-Sufficiency
3. Natural Resource Development
4. Establish a Financial Institution
5. Health Improvement

Almost ten years later, Fort Belknap has been successful in addressing the basic intent of four of the five Goals resulting from the first Strategic Planning Process as follows:

1. **Stronger Tribal Government** - Constitutional Committee appointed in 1992 to address need for a Constitutional Revision. In 1996 a Constitutional Election was held and Several changes were made to Tribal Constitution.
2. **Economic Self-Sufficiency** - Fort Belknap Community Council and Fort Belknap College collaboratively sought funding to establish A Small Business Development Center to promote Economic self-sufficiency on Fort Belknap.
3. **Natural Resource Development**-Fort Belknap Community Council and Fort Belknap College are working together to preserve and protect the natural resources on FB.
4. **Health Improvement** - Fort Belknap Community Council and Indian Health Service are presently building two new health facilities for both Fort Belknap Agency and in Hays for the communities of Hays and LodgePole.
5. **Establish a Financial Institution**-has not been accomplished yet. The Tribe attempted to get a Credit Union in 1989-90, however, with the Saving & Loan scandle and the closure of some credit unions, the Tribes request was denied. This need will be addressed again in the near future.

In 1994, the Fort Belknap Community Council and Fort Belknap College recognized a need to build a self-sufficient economic base within the Fort Belknap Indian Reservation. In 1995, the Fort Belknap College was awarded a two-year planning grant in the amount of \$69,000 for each year, from the Ford Foundation to participate in a Rural Community College Initiative. This Initiative is a national demonstration project designed to help community colleges in economically distressed rural areas create economic opportunity for their people and communities through economic development and by providing access to education. The Ford funds provided the salary for a Director of the Small Business Development Center for two years, along with operational costs and training and travel funds.

In 1995, the Fort Belknap Community Council obtained Community Development Block Grant funds to renovate, furnish and equip the newly established Small Business Development Center and provide salaries for two employees to manage the Tribe's Small Business Loan Program, which they had created with \$300,000 from CDBG funds. The Fort Belknap Community

Council also received funds from the U.S. Small Business Administration to assist in the establishment of the Small Business Development Center. Both the Bureau of Indian Affairs and the Small Business Administration pooled their efforts and provided computer hardware, software, resource manuals, and videos for the establishment of the Small Business Development Center's resource library.

Fort Belknap's Small Business Development Center held its Grand Opening in April 1996.

A. DEFINITION OF THE PROBLEM

The 3800 residents of Fort Belknap Indian Reservation have the opportunity to build upon their skills and talents with a goal for creating businesses that will provide a self-sufficient economic base, creating jobs, and reducing the high unemployment rate the presently exists on Fort Belknap Indian Reservation.

During the 1950's and 1960's there was a large demand for trained craftsmen and laborers for private corporations with large labor intensive Department of Defense contracts. The Relocation Program of the Bureau of Indian Affairs enabled many Fort Belknap members to relocate and receive training in urban areas. In the late 1960's and the early 1970's, a recession occurred, which generally terminated labor intensive employment. Fort Belknap witnessed the return of many unemployed Tribal members to the reservation. With no demand for their services, many of these trained and semi-skilled individuals have remained unemployed or underemployed. Even with increased attainment of higher education of Fort Belknap Community members, the level of economic distress is reflected in the rate of unemployment. The current rate of unemployment is **69.39%**, which is thirteen (13) times higher than the state and national levels. **(See Unemployment Rate Chart)**

The 1996 Labor Force Report for Fort Belknap Indian Reservation represents the number of people residing on Fort Belknap, the number of potential workers, and the number of unemployed people. **(See Labor Force Report)**

A summary of past BIA Labor Force Reports from 1976 to 1996 reveal that unemployment rates remain extremely high. The unemployment rates for Fort Belknap have had little fluctuation during the past years and are not comparable to the state and national averages, as the rates are consistently considerably higher. The rise and fall of the unemployment rates reflect federal Indian Policy changes of the past, an increase of population, the decrease in financial assistance in federal programs and recent attempts in economic activity on Fort Belknap Indian Reservation.

The comparison of poverty levels between the national percentages, the state and counties, and Fort Belknap taken from the 1990 Census reveal that Fort Belknap's residents are among the poorest in Montana and the United States. **(See Poverty Level Chart)**

Definition of the Problem - Continued

Fort Belknap Indian Reservation has a very high unemployment rate as well as a very high number of people existing on very low fixed incomes. The Bureau of Indian Affairs 1996 Labor Force Estimates Report Indicated the unemployment rate on Fort Belknap Indian Reservation was at 69.39%, with a potential workforce population of 1,859, only 569 earned more than \$7,000 per year. This indicates that the majority of reservation residents reside in poverty level conditions.

B. PROJECT GOALS

The Fort Belknap Small Business Development Center was established to provide **education, training and technical assistance** to individuals who would like to start their own business and for entrepreneurs, who may wish to expand an existing business, in an effort to promote self sufficiency and economic independence. Technical assistance will combine personal effectiveness, business development and training strategies. Focus will be on the individuals development of competencies, self-confidence and the development of basic business skills that will enable one to own and effectively manage their own business.

The Small Business Development Center's Project Goal is being accomplished by providing educational classes and workshops in Marketing and Feasibility Plans, Business Plans, Computerized Accounting for Small Businesses, and training in the latest computer technology, such as using the Internet for researching and advertising, and how to develop a Web Page. Reaching out to, not only the **traditional students** to make them aware of the opportunities available in entrepreneurship, but also, to the **non-traditional students**, who may never have anticipated attending college classes, to realize that they have an opportunity for economic independence also, through ownership of their own business.

Intended Outcomes:

Education, training and technical assistance for the abundant Labor Force on Fort Belknap has been a major priority of the SBDC. Based on community needs, all future economic endeavors have the goal **to create and provide steady, meaningful employment**. Because industry requires large capital investments, there is limited opportunity to see results in economically distressed locations, such as Indian Reservations. Therefore, Fort Belknap's community needs have reflected the more practical needs of the reservation population. Those needs are as follows:

1. **Create long term employment opportunities** which are meaningful to the individuals and provided in an atmosphere which will foster pride and self-esteem.
2. To develop local business enterprises which will help individuals to **utilize the human and natural resources** found at Fort Belknap.

3. **Develop capital avenues** which will allow individuals and the tribe to solicit grants or loans for business ventures.
4. Develop services which will **increase the standard of living** and provide basic necessities for the residents of Fort Belknap.

These goals address the need for **creating employment opportunities for the large labor force** available on Fort Belknap by providing steady, meaningful employment, and also the need to **increase the income levels** earned by Fort Belknap residents.

These goals address the root causes of the problem definition of 1) high unemployment rate, 2) below poverty level income, and 3) lack of a self-sufficient economic base on Fort Belknap Indian Reservation.

C. METHODS

Since January 1996, the Small Business Development Center has been providing basic business classes in business planning, marketing, finance, computer classes on the Internet, computerized accounting for small businesses, Entrepreneurship and Consumer Credit Counseling.

February 1996, the SBDC had a display booth at the Tribe's Mid-Winter Fair. A questionnaire was placed in the booth for the public to respond on the types of classes they would like the SBDC to offer, which would be helpful to them in preparing them for a business venture. The results of this survey was the foundation used by the SBDC in establishing the classes and workshops offered by the Center.

Summer 1996 through Spring 1997, the Small Business Development Center offered sixteen classes and workshops in the following: Child Care Licensing, Quicken for Businesses, Grant Writing, Marketing, Entrepreneurship, Consumer Credit Counseling, Tax Preparation, Internet, Word, Excel and Finance. **Class participants totaled 166.** The following is a breakdown by age and gender:

Age	Female		Male		Total	
18-25	9	8%	3	6%	12	7%
26-40	38	32%	16	34%	54	33%
41+	71	60%	29	60%	100	60%
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	118	100%	48	100%	166	100%

An analysis of the participants attending the classes and workshops offered by the SBDC, clearly indicate that the age group of 41+ are the ones taking the most advantage of the education and training offered by the SBDC. The females out number the males 2:1 in participants.

Classes and workshops offered Summer and Fall 1997 indicate a total participation of 88 for the two academic quarters. Number of clients using the Center for the Third Quarter 1997 totaled 136. Number of clients using the Center for the Fourth Quarter 1997 totaled 319. This increase in use of the Center can be attributed to the new computers available and having the latest in computer software available for students and clients use.

Fall 1997, Fort Belknap College has implemented an Entrepreneurship Program in conjunction with the already established two-year Business Degree Program. The development of the Entrepreneurship curriculum is the result of two-years of planning and collaboration with the College's Dean of Academic's office, the Business Instructor and the Small Business Development Center working together to fill the needs of our community members who are interested in entrepreneurship. **(See Entrepreneurship Curriculum)**

The Small Business Development Center has made efforts to seek input from community members on the types of educational classes most desired. The survey taken at the Mid-Winter Fair was a source, and another, was the evaluation responses indicated more requests for classes on Business Plans, Finance and computers. These responses are the communities input on their educational needs to build their self esteem, competencies and basic business skills to enable the individuals to feel confident enough to start their own business, if that is their desire, or they may find that they want to pursue more education, leading to a two-year degree or higher.

Small Business Survey:

In June 1997, a Small Business Survey was conducted throughout the reservation. One hundred and fifty surveys were handed out and ninety-three were filled out and returned. This resulted in a 60% response to the survey. The response provided the SBDC valuable information on the businesses that the community members deemed are needed at Fort Belknap and in each of the three communities. **(See Small Business Survey)**

The results of the Small Business Survey indicates the areas of business the community members feel are most needed on Fort Belknap Reservation to satisfy the basic economic needs of the residents. The survey also tracked shopping patterns of the community members, with a majority of the residents traveling to Harlem, because it is located only five miles from Fort Belknap and secondly, to Havre to fill the majority of their grocery, clothing, dining out and entertainment needs. The SBDC will use the results of this survey as a guideline for researching the feasibility of these businesses being successful on Fort Belknap.

The SBDC is presently in the process of conducting an Educational and Economic Development Needs Assessment for Fort Belknap. The results of this study will be extremely helpful to the SBDC, the College and the Tribal Planning Department in determining the future educational needs of community members, and what they feel are the economic development needs for Fort Belknap. Both the SBDC and the College will be able to use this assessment in determining future educational programs to be implemented by both educational and training entities and

helpful to the Tribal planning Department in writing proposals for funding for specific areas of economic interest to community members.

Advantages of Networking:

The Small Business Development Center found the importance of utilizing other resources available in an effort to accomplish the goals of the Center. The other resources the Center found to be extremely helpful were as follows:

Montana Tribal Business Information Centers, consisting of the seven Tribal Business Information Centers located on each of the reservations. Being able to contact a similar center to discuss a matter of importance has proven to be the most helpful to Fort Belknap's SBDC. We are faced with similar problems, such as the lack of funding for operational costs, and program development.

Bear Paw Development Corporation, who provided technical assistance to the staff and who was available for instructional courses in marketing and finance. In the first year the SBDC was in operation, the Coordinator of the Bear Paw Development Corporation was called upon many times. However, with the passage of time and as the staff of Fort Belknap's Small Business Development Center gained more self-confidence and expertise, the need to call on Bear Paw occurred less.

Montana Department of Commerce, has always been a willing source of valuable information on aspects of marketing, exporting, regulations and a source of trainings available for entrepreneurs.

SCORE - Service Core Of Retired Executives, have been another willing source of sharing their knowledge and expertise. Each Entrepreneurship Classes offered by the SBDC, members of SCORE were invited as guest speakers. They would have to travel fifty miles from Havre to Fort Belknap. However, they were always willing to accept the invitation to speak with Fort Belknap's Entrepreneur Class. The presentations given by SCORE representatives were always enlightening and valuable information to the class participants.

Fort Belknap Credit Department, originally committed training and technical assistance in the overall training and development of both the Business Development Center staff and participants. Tribal Credit Department identified the need for the SBDC and the need to offer business loans.

Fort Belknap Montana State University (MSU) Extension Office, located on Fort Belknap Indian Reservation extended their support for the SBDC and committed to providing training and technical assistance in the development and training of project participants, as well as staff development for continued success of the project. The MSU Extension office maintains a wealth of training resources for small business development.

Local Businesses Owners were invited as guest speakers for the Entrepreneur Classes. These speakers proved to be some of the most enjoyable and informative of all presenters invited. First, the class participants could easily relate to their business, their location, their politics, and whatever challenges that they might mention. Secondly, their advise was always taken as sound, relevant experience from someone, with whom they could relate.

Montana Tradeport Authority, has provided invaluable technical assistance to both the Small Business Development Center staff, business owners and potential entrepreneurs in areas of contracting regulations, and government contracts available for bids.

Montana Department of Transportation, has provided information on the Disadvantaged Business Enterprise Program and how it can help both minorities and women owned businesses. They have held workshops at Fort Belknap's Small Business Development Center to inform illigible business of the opportunities available to their business provided they become certified by the Montana Department of Transportation.

Montana Business Information Center, Helena, has been very cooperative in sharing information and has held a workshop at Fort Belknap on the development of a Business Plan. The Montana BIC has also held a workshop in Helena for all Tribal Business Information Center staff in becoming familiar with the all the resources made available by the Small Business Administration.

D. RESULTS OR OUTCOMES OR ACCOMPLISHMENTS OF PROJECT?

The establishment of the Small Business Development Center by both the Fort Belknap Community Council and Fort Belknap College represents a **human resource development goal and strategy to promote economic self-sufficiency**, increase the quality of life and generate capital reinvestment on the Fort Belknap Indian Reservation.

In the two years, the SBDC has offered classes and workshops relevant to small business entrepreneurs, the Center has received a tremendous response by participants from the community. This participation indicates a desire by community members to take advantage of educational opportunities, which not only prepares them for entrepreneurship, but also increases their "employment" abilities making themselves more employable with the more educational courses they are able to take.

Since Spring 1996, the Small Business Development Center has offered four Entrepreneur Courses, one in the Spring and one in the Fall of each of the two years. This is a four credit course, in which the participants learn how to do a feasibility study, marketing analysis and a business plan, with all the financial statements. The trend of the participants taking advantage of the classes offered by the SBDC indicate that **Female** participants clearly outnumber the **male** participants 2.5:1. The age category most inclined to take the SBDC classes is the 41+ age group. Compared to the younger age group, the 41+ group, for both male and female, continues to be

60% of all SBDC class participation.

The **Development of Entrepreneur Curriculum** as an emphasis to Fort Belknap College's two-year Business Degree is one of the most important accomplishments of the SBDC's two years of existence. This option gives students the opportunity to choose Entrepreneurship while pursuing a Business Degree.

Fort Belknap's Small Business Loan Program:

In 1995, the Fort Belknap Community Council set aside \$300,000 of CDBG funds for the establishment of a Small Business Loan Program on Fort Belknap. Since May 1997, the Fort Belknap Community Council approved ten small business loans through their CDBG Small Business Loan Program. A requirement for the small business loan was for the applicant to have completed the business plan course at the SBDC. This course enables the individuals to understand their business from all aspects of feasibility, marketing, management and finance. Upon completion of the business plan course, the individuals have a new confidence about their business venture that they did not have in the beginning. This self-confidence and increased self-esteem has given the prospective entrepreneurs more enthusiasm and confidence to face the challenges of entrepreneurship.

The second greatest accomplishment of the SBDC is the approval of the ten small business loan applicants, who participated in the Entrepreneur class and completed their business plans with the assistance from the SBDC staff

The ten new businesses started on Fort Belknap since the establishment of the Small Business Development Center and all receiving Tribal Small Business Loans are as follows:

1. Native American Arts and Crafts
2. Mobile Shower Unit
3. Mobile Welding Unit
- 4&5. Gutter Installation Service
6. Quality Star Quilts
7. Data Processing Service
8. White Clay Embroidery
9. Native American Gift Baskets
10. Native American Art Gallery

One individual, who completed the Business Plan Class, was able to refinance his family's farm operation by seeking a private investor to finance their operation.

Presently three individuals are working on their business plan. However, because the Tribe's CDBG Small Business Loan Program has been depleted with the ten loans made during this past Summer, these individuals will have to pursue loans from either a local bank or Bear Paw

Development Corporation's Micro Loan Program, located in Havre, Montana.

The ten individuals who received the Tribes Small Business loans were reluctant to approach a lender off the reservation. Even though at least half of them already had well established credit, they still preferred to use the Tribe's Small Business Loan Program. It was evident that the individuals were "afraid" that they might be refused their loan, if they went to a bank or another lender. However, the individuals did have a fair amount of confidence that they would be approved for their loan by the Tribal Council.

Establishing a Native American Art Cooperative:

Fort Belknap has many talented artists and artisans who have home based businesses and who produce works only when they are in need of funds. In October 1996, the Small Business Development Center held a workshop on the Business of Art. The participants attending this workshop expressed a desire to organize into either a cooperative or a corporation for profit. In December 1997, the same artisans held an organizational meeting and expressed a firm desire to start the organizational process to proceed by obtaining more information in forming an Art Cooperative. In February, Intertribal Agriculture Council will meet with the Artisans on the process for forming an Art Cooperative.

E. ANALYSIS/CONCLUSION/RECOMMENDATIONS

Since the inception of the Small Business Development Center, the Center has focused on **development and training strategies**. Primarily by first surveying the public on the types of educational courses they felt were needed by individuals desiring to start a new business. Then building upon these courses by responses made on class evaluations for additional courses needed by potential small business owners. Other forms of input on course development came from individuals and administrative office's request for specific types of classes, mainly computer classes. Seeking community input on SBDC course development from the beginning is the reason for the **successful response** by community members who have attended classes offered by the Center. Without this **community input**, the SBDC would have been at a loss of exactly where to begin with the scheduling of classes and workshops.

The **challenge** facing the Small Business Development Center from the beginning was the **development of entrepreneur curriculum** that would be acceptable to potential entrepreneurs. The original Small Business Survey of classes desired by potential entrepreneurs proved to be the secret to having community members willing to take classes offered by the Center. In an effort to encourage community members to take classes offered by the Center, the College decided to charge a minimal fee of \$10 per class credit. Most of the classes offered by the SBDC are for only one or two credits, with only the Entrepreneurship Class being offered for four credits. Each one credit class is required to meet for ten hours. This length of educational training appears to be sufficient and does not over burden the potential entrepreneur who may not be accustomed to classroom training. The potential entrepreneurs are finding delight in

successfully completing one or two of the small business classes, and a few have eventually become a full time student, pursuing a degree.

Other challenges facing the Small Business Development Center staff are the potential entrepreneurs who are discouraged by the knowledge they gain in learning 1) that they lack **the necessary collateral** for obtaining a loan, few members have the collateral banks require for a loan. 2) that one **must have a certain percent** of the necessary funding required, before a loan is approved, such as a bank lending only 80% of what is needed. Again, few members have the required capital to apply for a loan. 3) Because of **jurisdictional issues** on Indian reservation, most banks are reluctant to lend money to individuals living on the reservation, because they feel that they do not have a recourse through the Tribe's Court System, to collect on their collateral, should that be necessary.

Next Step for SBDC:

The Small Business Development Center desperately needs to seek funds for salaries and administrative costs for SBDC staff. The present \$100,000 award from the Ford Foundation covers only 50% of the SBDC staff salaries. This year, Fort Belknap College will be providing the remaining 50%0%. The SBDC will continue to seek funds that will help sustain the Center in its efforts to build a sound economic base on Fort Belknap Indian Reservation.

Additional **micro loan funds** to establish a micro loan program on Fort Belknap for future entrepreneurs. Banks are reluctant to loan money to individuals living on Indian Reservations, because of the jurisdictional issue. This poses a real barrier to the potential Native American entrepreneurs on all Indian reservation.

The SBDC has a remaining goal to work with the schools on the reservation in an effort to promote entrepreneurship in grades K-12.

Community's attitude:

The Small Business Development Center has had favorable responses from community members on Fort Belknap Indian Reservation. Their comments are that they find that the courses offered by the Center are helpful and the instructors and staff are willing and friendly in providing technical assistance.

Comments from governmental agencies and other technical assistance providers has been favorable. They see Fort Belknap Small Business Development Center as reaching out to the communities needs and providing the assistance necessary for the potential entrepreneur.

Advice to others who may be planning to start a Small Business Development Center, is to always have community participation. Allowing the community to have input in the program, is allowing the community to have ownership in your Project.