

ABORIGINAL CONSULTING SERVICES AND EAGLE FEATHER NEWS

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Shannon Lozinski

John Lagimodiere, owner of Aboriginal Consulting Services (ACS), had been in a reflective mood recently. As 1999 was drawing to a close, he felt he had never been so exhausted in his life. Business at ACS had always been tumultuous at best, but John was convinced that his hard work was finally beginning to pay off. He was hopeful that the fledgling business had finally turned a corner and anticipated a far more stable and financially successful future. He had optimistic growth expectations for his small business and was confident that, despite its shaky past, ACS would flourish in the new millennium.

BACKGROUND

Aboriginal Consulting Services was founded as a partnership in early 1997 to provide seminars to educate mainstream businesses about Aboriginal culture. The intent of these seminars was to help firms attract and retain high quality Aboriginal employees, and to reduce overt and systemic racism from occurring in the work environment.

Located in Saskatoon, Saskatchewan, Aboriginal Consulting Services realized an enormous opportunity for growth given the changing demographics of the province. According to recent studies, population growth among Aboriginal people in Saskatchewan is expected to be much

higher in the future than the growth rate for non-Aboriginal people, resulting in a shift in the demographic picture of Saskatchewan. By the year 2005, 16% of Saskatchewan residents are expected to be of Aboriginal ancestry, and by the year 2025, that proportion will reach 24% (FSIN, *Saskatchewan and Aboriginal Peoples in the 21st Century*, 1997). The implication is that Saskatchewan businesses will need to be prepared to hire more Aboriginal employees, or at the very least, deal with more Aboriginal people as customers.

Although Aboriginal Consulting Services got its start by providing seminars to small groups at the University of Saskatchewan, the firm's first major break came in January, 1998 when SaskTel, one of the province's largest corporations, committed to training all of its employees using ACS's cultural awareness seminars. The seminars were to begin that spring and continue as an ongoing contract. It was at this time that John Lagimodiere, a Métis businessperson from Saskatoon, was approached to begin training to be a facilitator for the SaskTel workshops. John was particularly interested in Aboriginal culture since he had only recently begun to acknowledge his Métis heritage openly and with pride. Little did he know that in less than one year he would

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The case is intended for academic study. Publication and reference, in part or whole, is restricted to the B.E.S.S. Program and the University of Lethbridge, unless otherwise authorised by the author in writing.

not only own ACS, but also the firm's small monthly newspaper, Eagle Feather News.

At 31 years of age, John had developed a respectable resume. He earned a B.A. from the University of Saskatchewan with a major in Sociology and a minor in Native Studies. He gained retail management experience at a national menswear store before moving on to Westfair Foods, where he accepted a unionized warehouse position. During his six and a half years at Westfair, John was actively involved in the union, co-chairing the Occupational Health and Safety committee and participating as a negotiator in the collective bargaining process. After accepting a buyout from Westfair, John secured a contract position with Saskatchewan Social Services in Saskatoon to work with high-risk, high-need youth in the community. After he accepted the offer from ACS, John continued his work at Social Services and at his part time job delivering packages for UPS.

In February 1998, another business opportunity arose. The owner of Thundercloud News, a small monthly Aboriginal newspaper, asked ACS to sell advertising spots in the newspaper on a commission basis. Feeling they had nothing to lose, the owners of ACS agreed. Unfortunately at the end of the month, Thundercloud News did not have sufficient cash to print the paper, or to pay ACS its commission. In order to save the paper from bankruptcy, John Lagimodiere personally financed an operating loan for that month's publication. The paper was renamed "Eagle Feather News" in hopes of changing its image, and its life was extended by one more month. However, a month later the paper was still struggling and rather than floating the owners yet another loan, ACS assumed ownership of the paper in lieu of its commission payments. The unstable financial situation surrounding the company prompted one of the founding partners to leave and pursue other interests. John replaced him by purchasing a 45% share of the newly expanded ACS for the value of the outstanding loan and a Jeep he had been leasing to his new partner. John quit his other two jobs and began to concentrate on his new business.

With a staff of nine, a monthly paper to produce and the bills piling up, managing cash flow at ACS was becoming extremely difficult. The SaskTel contract, though lucrative, was not the cash cow the company had expected. ACS had anticipated facilitating at least three seminars per month, but rarely ran two. John easily

identified the simple reason for his cash flow problems: "To open the doors every month cost us about \$12,000. Revenues usually never exceeded \$10,000."

Since neither partner had experience in the publishing industry, mistakes were made, and tensions soared. Without a controlling share of the company, John was unable to implement the cut backs he felt were necessary to save the struggling company. His partner liked to assert authority and continued to manage in an autocratic manner. As the hostility escalated, morale dropped and the cash flow problems remained unrelenting. A final confrontation in October 1998 resulted in the controlling partner agreeing to a buyout and John assuming full ownership of ACS and Eagle Feather News.

Organizational Change

Major adjustments to the structure and operation of the organization were immediately implemented following the change in management. John recalls the radical changes he felt compelled to make:

"I had to cut the print run the first paper when I took over. I went from 15,000 to 5,000 papers. Drastic but necessary. The payables bin was overflowing. I ran 5,000 [papers] for the next five months, then 7,000, and then 8,000 ever since. We've probably saved over \$10,000 since [my partner] left on printing costs alone."

John quickly discovered that organizational change is not an easy process. He found his first several months as sole owner very challenging. All efforts were directed towards regaining a positive cash flow. Since November and December were typically busy months, John could not afford to reduce staff immediately. At the end of January 1999, two full-time writers were laid off. Both were offered a contract of three stories per month at \$100 per article, but, as John explains, they were not pleased with this alternative: "They were very upset and quit that day. I told them there was no way for me to pay them, but they were still hurt."

From a peak staff of nine, ACS was now operating with only two full-time commission sales people, one half-time office person, and John. The layout of the paper was contracted out, and there were five to ten writers across the

province who regularly contributed stories on a freelance basis. While John facilitated some of the cultural awareness seminars, most were contracted out to a lead facilitator.

Finance

The challenge of financing operations has been the main focus for John after he took over leadership of ACS. He describes the company's dire situation and the steps he took to deal with the problem:

“There was \$16,000 in payables and \$22,000 in receivables at the time of takeover. I had my [personal] line of credit bumped to \$10,000 to help ease the bleeding. I also had a Visa card to help float the tough times. I paid payroll out of my [personal] line of credit more than once.”

A fair amount of financial restructuring has occurred in an effort to improve the company's economic position by reducing its debt load. The Canadian Imperial Bank of Commerce (CIBC) extended a small corporate line of credit of \$3,500 to ACS; however, it was simply not enough. John believed he knew the reason why his efforts to obtain financing through other traditional avenues proved fruitless: “No government lending institutions or Aboriginal lending places would touch us, since newspapers are a bad risk and we had too much debt.”

John had almost exclusively personally financed debt repayment and operational short-falls. He again extended his personal line of credit, this time to \$20,000, in order to finance the final payment in the buyout agreement with his former partner. He also acquired a silent partner who currently holds a 20% share and is willing to leave all earnings in the company for future growth and operations. Other funds were provided by family members, an arrangement for which John is extremely grateful: “I am very fortunate to have family that believed enough to put money on the line and help us out. We would have been bankrupt in March if it were not for my Mom.”

Operations

Aboriginal Consulting Services operates on two levels. Day to day operations focus mainly on the publication of Eagle Feather News, a

TABLE 1
Eagle Feather News
Summary of Circulation

	1998	1999	2000
January		0	0
February		5000	8000
March	5000	5000	8000
April	5000	5000	10000
May	5000	7000	8000*
June	10000	8000	10000*
July	15000	8000	10000*
August	0	0	0*
September	15000	10000	10000*
October	8000	8000	10000*
November	5000	8000	10000*
December	5000	8000	10000*

* projections

“monthly newsmagazine created to highlight the positive people and events in Saskatchewan's First Nations and Métis Communities.” Eight to ten thousand copies are printed monthly and distributed to selected groups and households across Saskatchewan. (See Appendix 1 for Eagle Feather's Distribution Profile.) Table 1 summarizes circulation figures from 1998–2000.

Most of the newspapers are given away, so the majority of the paper's revenues are generated through the sale of advertising. Advertising revenue averaged about \$7000 per month in 1998 and 1999; however, that number has been increasing as the paper gains popularity and credibility. (See Table 2 for a summary of advertising revenue.) John was certain advertising revenue would increase in 2000: “In November we had over \$11,000 and December looks to be around \$15,000. We foresee [advertising] sales increasing next year by 20% for sure.” (See Appendix 2 for a Schedule of Corporate Advertising Rates.)

It costs Eagle Feather News about \$4,000 to print and distribute the paper every month, based on production of 10,000 newspapers. In addition, writers are paid \$100 per article (average of fifteen articles per month) and sales people earn a 15% commission.

The second level of operations is the facilitation of Awareness Seminars. (See Appendix 3 for an outline of a typical workshop.) During 1999, ACS ran an average of 1.5 programs per month. Though infrequent, these workshops are

TABLE 2
Eagle Feather News
Summary of Advertising Revenue

	1998*	1999	2000
January	\$ —	\$ —	\$ —
February	\$ —	\$4,700	\$12,000
March	\$ —	\$9,500	\$9,000
April	\$ —	\$7,533	\$17,000
May	\$ —	\$7,600	\$15,000**
June	\$ —	\$10,000	\$17,000**
July	\$ —	\$7,800	\$18,000**
August	\$ —	\$ —	\$ —**
September	\$ —	\$6,600	\$15,000**
October	\$ —	\$6,400	\$15,000**
November	\$ —	\$12,000	\$17,000**
December	\$ —	\$15,000	\$20,000**
TOTAL	\$84,800	\$87,133	\$155,000**
AVERAGE	\$7,067	\$7,261	\$12,917**

* A monthly breakdown for 1998 was not available.

** projections

very profitable and currently subsidize the production of the paper. John explains his pricing policy as follows: “[If the program is for SaskTel] we take in a minimum of \$3,800 per program, and if the class has over fifteen people, we charge another \$175 per person.... If the program is for the general public, we charge \$250 per person, because we have to pay for the facility and catering at Wanuskewin[†].” Efforts to

TABLE 3
ACS — Awareness Seminars
Summary of Annual Revenue

	1998	1999	2000
Revenue	\$47,293	\$34,839	\$61,700*

* projection

increase this aspect of the business have resulted in a significant increase in bookings for 2000, as indicated in Table 3.

Direct costs associated with the Awareness Seminars are few: It costs ACS \$250 to print support material for the workshop and \$1000 to hire a lead facilitator.

Additional overhead expenses include a salary for John and other non-commission wages, administration expenses, and debt financing. John recognizes the need to control fixed overhead such as wages. “I contract out as much work as possible. Those payroll taxes are a killer! At one point we were paying over \$600 per month, now it is under \$200.” Table 4 highlights the major operating expenses incurred by ACS.

A typical week at ACS begins with a staff meeting on Monday morning to review the upcoming week and to deal with any pressing issues or problems. The first week of the month is spent trying to pay bills and hand delivering the newspaper to various organizations

TABLE 4
ACS/Eagle Feather News
Monthly Operating Costs

<i>Newspaper Production</i>		<i>Fixed Costs</i>	
Printing per month	\$3,200	Salaries/Commissions	\$3,600
Distribution	\$800	Lease/Rent Payment	\$1,400
Cost for articles	\$1,500	Phone	\$600
Seminars		Debt Financing	\$1,500
Facilitator @ \$500/day	\$1,000	Miscellaneous Overhead	\$400
Support Material/seminar	\$250		

[†] Wanuskewin Heritage Park is a National Historic Site showcasing the culture and history of the Northern Plains Indians and is located near Saskatoon, Saskatchewan.

in Saskatoon. The following two weeks are spent making sales calls, writing stories, attending press conferences and conducting any Cultural Awareness seminars that may have been booked. The last week of the month is spent finalizing the layout of the paper, collecting stories from the writers and getting final ad layouts from the businesses that purchased ad space that month. According to John this last week of the month is the most difficult to manage: "This is the worst part. People do not understand deadlines. It is really more of a self-imposed deadline, but I like to be out early to prove to people that we are professional."

HUMAN RESOURCES

The permanent employees at ACS are a diverse lot who performs a variety of tasks for the organization. Ivan Morin, who usually focuses on sales has been doing more writing recently because he is currently serving time at the Saskatoon Correctional Center for drug related offences. He is due out in December 1999. He had previously earned a degree while in jail and has passed the Mensa[‡] test. John appreciates Ivan's contribution to the organization despite this disruption and insists: "He will be welcomed back. When he is straight, he is a ball of fire. We just have to keep it that way."

Karen Trochie is responsible for sales and distribution. John recognizes the positive impact she can bring to his company and speaks highly of her qualifications: "Karen is smart and wonderful and very politically connected at the Métis Nation of Saskatchewan." At the age of 42, Karen has a wide array of experience and some post secondary education. She has been involved with Métis Women of Saskatchewan and has served with that organization as Area Director and later as Vice President. She has been actively involved with "Stay in School" youth initiatives and has developed a proposal for the "Head Start Program" at a local pre-school. In her younger days, Karen also spent some time in prison for assault and prostitution and is currently participating in a drug rehabilitation program. Her employer, however, is not disturbed by this fact, but rather appreciates her contribution and particularly the value her association

with the Métis Nation of Saskatchewan brings to the company.

Arnold Wardman, another sales person, has extensive education in very diverse fields, having earned his BAC, studied three years of Native Studies at the University of Regina and taken one year of an Early Childhood Development program. He also brings a wealth of experience from work at other newspapers.

Jacqueline Gabriel, originally from Corner Brook, Newfoundland, is the office administrative assistant. After completing high school, she attended Saskatoon Business College and has held a variety of jobs, from waitressing to construction and landscaping work. She also has earned her designation as an Emergency Medical Technician (EMT) and has held jobs and done extensive volunteer work in this area.

In John's opinion, the diversity of his staff is certainly not the norm in mainstream business. He asserts that although many mainstream businesses would find the diversity of his staff difficult to manage, ACS finds strength in such diversity: "The different worldviews in our office would paralyze a bank boardroom. They would have no comprehension of the life many of these people have lived. By me backing them, it may be the first time a boss actually related to them like that...I believe that if you treat your employees with patience and understanding, they will pay back in loyalty and goodwill. They have friends and family who ask about work, and if the buzz is good, that spreads."

ACS's reorganization has resulted in significant employee turnover during the last year. John contends that high turnover in a struggling company is a cost ACS can simply not afford, so every effort is made to retain trained employees. "We have had high turnover [because we hired] the wrong person who didn't have the skills, but we needed a cheap body anyway; ...[however], to bring in a new sales person takes two months to bring them up to speed. That lost two months can be very expensive."

It is important for ACS to employ a qualified staff, yet John is reluctant to have a large number of workers on payroll as he believes the additional costs would be onerous. He states: "It would be nice to have a qualified trustworthy editor to fill my shoes, but that person would

[‡] Mensa International is a society dedicated to intellectual exchange among members. To qualify for membership, applicants must take an IQ test and earn a score that is within the top 2% of the population.

have to be multi-talented and cheap, a combination very hard to find. Once we are rolling, that is the first position I will fill."

In the year 2000, ACS will hire an intern to help with sales, distribution and writing. The intern's wages will be covered for six months by the National Aboriginal Achievement Foundation (NAAF). This nationally registered charity assists young, talented Aboriginal people through various initiatives including financial assistance for education and training programs, such as internships. (National Aboriginal Achievement Foundation, March 1999, <http://www.naaf.ca>) John hopes the extra person will take some pressure off him and allow for more time to devote to growing the business.

COMPETITION

There are many people in Saskatchewan who have the ability to conduct Cultural Awareness seminars like the ones that ACS offers; however, only two other companies pursue it as a full-time venture. One such organization is Wanuskewin Heritage Park. "They have the building and a thick booklet they produced with SaskEnergy, but they charge \$500 per person, twice what we charge. The other firm operates out of Regina and is going after some Crown Corps right now."

Rather than viewing the competition as a threat, ACS recognizes that there are some synergies between the companies and would welcome the opportunity to work co-operatively, particularly with the Regina firm. "The time is right. We can co-operate as facilitators. I can help him out up here [in Saskatoon] and he can help me in Regina. ...Demand is high." ACS has a solid reputation and is beginning to see the benefits of referrals from SaskTel. Many of the contacted facilitators do not have the time nor inclination to put forth the sales effort required to secure regular seminars and prefer to pick up contract work from ACS.

Eagle Feather News faces its greatest competition from The Saskatchewan Sage, a monthly newspaper produced by The Aboriginal Multi-Media Society (AMMSA). AMMSA is an "independent Aboriginal communications organization committed to facilitating the exchange of information reflecting Aboriginal culture to a growing and diverse audience." (AMMSA Corporate Mission Statement, October 1999, <http://www.ammsa.com>) This large, successful media

company, based in Edmonton, Alberta, not only prints the Saskatchewan Sage, but also Windspeaker, Canada's only national newspaper dedicated to coverage of Aboriginal issues and people. Additionally, AMMSA publishes two other provincial newspapers, Alberta Sweetgrass, and Raven's Eye (which serves readers throughout British Columbia and the Yukon), and owns and operates a FM radio station in Alberta. John is unperturbed by ACS' s most formidable rival and asserts: "My advantage is a stronger local distribution. And [ACS] is 100% Saskatchewan owned."

Because of the company's cash flow difficulties, very little money is spent on advertising and ACS is continually looking for new ways to acquire free publicity, or at least cash-free advertising. Currently, ACS advertises its Cultural Awareness Seminars on Missinippi Broadcasting, a local Aboriginal radio station in exchange for advertising spots in Eagle Feather News. In January 2000, ACS will apply to Aboriginal Business Canada for a marketing grant. John states: "They pay 40% to 60% of your marketing if you qualify for this program and I think I do. That is the only concession I will make in taking government money."

Future marketing plans include purchasing a mailer for the Chamber of Commerce monthly newsletter to advertise both the Cultural Awareness seminars and Eagle Feather News. Marketing efforts are targeted at businesses as potential advertisers or seminar participants. Very little effort is extended toward acquiring personal subscriptions to the newspaper, or individual attendance at seminars.

MOVING INTO 2000

Employee diversity continues to be major factor for ACS. Karen Trotchie left the company in the first quarter of 2000. Her drug rehabilitation was not successful and she was unable to continue working. Ivan Morin was released from prison on March 22, 2000, and returned to work immediately as Sales Manager and Sports Editor. Two additional sales reps were hired early in the year. One, a former cellmate of Ivan's, the other, a young Aboriginal man with writing skills and sales experience in the publishing industry. They are both paid on commission and seem to be working out quite well. The internship that was scheduled to begin in January 2000 had to be postponed because the woman selected for the

position was diagnosed with serious health problems in December 1999 and has been unable to work. Instead, a young non-native man was accepted under a work placement program for the Canadian Mental Health Association. After this seven-week program, he was hired for a part-time position and is very eager to contribute to the company's success.

Opportunities continue to arise in the consulting area of ACS. Sask-tel has increased its use of Awareness Seminars, significantly impacting both the company's revenues and John's workload. In addition, new opportunities are available as an increasing number of smaller, private companies within Saskatchewan, and as far away as Nova Scotia, are beginning to request similar training seminars. The Saskatchewan Indian Federated College has hired John to teach their Summer Institute of Print Journalism in May 2000, which is an honor and opportunity John feels he simply cannot pass by. For the first time ever, ACS will be participating in the Native American Journalist Association's annual convention in June. While John happily accepts these new opportunities and challenges, yet fully realizes that the impact on his personal workload will be tremendous and is somewhat apprehensive about how he will handle it all.

THE FUTURE

John eyes the future with optimism inherent to entrepreneurs. He intends to focus his efforts on Saskatchewan, beginning with the Saskatoon area and later moving further south to Regina. He wants Eagle Feather News to become a widely recognized newspaper throughout Saskatchewan in both Aboriginal and non-Aboriginal communities. Once the newspaper becomes more self-sufficient, he will be able to focus his energy on pursuing more Cultural Awareness projects.

John sees his newspaper and seminars as providing similar services. Both educate people about Aboriginal issues in a positive and dignified manner. His ultimate goal is a more lofty ambition than simply growth and profitability. "I want to create awareness and reduce racism. Ignorance leads to racism. My newspaper can help by educating people."

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