

ACR Aboriginal Programs Project Program Template

Program Area:	3.0	Business Development
Sub Program:	3.1	Providing Business Opportunities
Template:	3.1.1	Aboriginal Business Development
Sponsor(s):	<i>Suncor Energy Inc.</i>	

1. Objective

To implement targeted procurement measures as part of an Aboriginal affairs strategy to achieve economic self-sufficiency through community-based business development.

2. Description

Suncor's Aboriginal affairs strategy supports local First Nations and Métis communities in their goal of achieving economic self-sufficiency through community-based business development. The strategy includes procurement measures for creating economic opportunities for Aboriginal businesses. Suncor has in place a target of \$50 million per year in long-term contracts to Aboriginal businesses by 2005.

Suncor established an Aboriginal business development committee in 1995 to implement the business development component of its Aboriginal affairs strategy. The committee looks for business opportunities that can be developed in the Wood Buffalo region. The specific mandate of the Aboriginal business development committee is:

- To increase the value of commercial contracts between Suncor and local Aboriginal communities
- To help Aboriginal communities develop the capacity to do business with Suncor and other industrial parties

The committee operates under the following guidelines:

- Facilitate relationships and focus on First Nation and Métis communities in the Wood Buffalo region
- Focus on business development. The measure of success is value of contracts, not the number of jobs.
- Focus on new opportunities. Suncor will not displace existing local employees, suppliers and contractors.
- Communicate the committee's mandate within Suncor and report on progress to employees and management
- The aim of all business relationships will be Suncor obtaining quality, cost-competitive goods and services

- The committee sets targets and measures success
- Individuals from the business unit most directly affected will be involved in developing any particular opportunity. The decision to implement lies with the user department.

3. Implementation

Some of the key elements for implementation and management of this program are:

- The Aboriginal business development committee is sponsored by, and reports on a quarterly basis to the vice president, human resources support and community affairs.
- Suncor applies its procurement strategy to contractors by including the following policy statement in all tender documents:

“Suncor is to invest in local and Aboriginal Businesses through its purchasing expenditures. Contract award decisions made by Suncor shall take into consideration the local and Aboriginal content offered by tenderers, including but not limited to: (a) the use of local labour, supplies, and contractors; (b) the use of Aboriginal labour, supplies, and contractors; (c) notwithstanding the lowest or any contract prices tendered, Suncor may give preference to a tender offering demonstrated local and Aboriginal content.”
- The definition of an Aboriginal business is “not less than 51 percent ownership by an Aboriginal person(s)”.

4. Timeframe for Results

The Aboriginal business development committee was established in 1995, followed by the policy and strategy in 1996. The Aboriginal business development strategy was last updated in 2001 and is reviewed for results every year.

5. Measurable Criteria

- Success in meeting procurement targets for Aboriginal content
- Value of contracts awarded to Aboriginal businesses
- Number of Aboriginal businesses receiving contracts
- Success of Aboriginal suppliers in diversifying their customer base

6. Budget

There is no direct budget for this program. The main cost is internal staff time in participating on the Aboriginal business development committee and working with Aboriginal businesses to help them become successful in bidding on contracts.

7. Partners and Sponsors

Suncor Energy Inc. is the program sponsor. Suncor is an Associate Member of the Northeastern Alberta Aboriginal Business Association (NAABA) and works directly with its members to promote Aboriginal business opportunities and development.

As an additional business support, Suncor has committed up to 10 bursaries in partnership with the Northern Alberta Development Council (NADC) towards the Aboriginal Entrepreneurship Certificate Program at Keyano College.

8. Experience with the Program

The program has been successful. In 1996, Suncor achieved its goal of \$30 million per year in long-term contracts with Aboriginal businesses. This goal was set as part of the company's strategy to increase the total value of Aboriginal business contracts in the Regional Municipality of Wood Buffalo while ensuring Suncor receives cost-effective and quality goods and services.

The annual amount spent on contracts with Aboriginal businesses has grown consistently since 1992 to reach \$47 million in 2000. Suncor plans to establish a new target - to increase the value of long-term contracts to a consistent level of \$50 million per year by 2005, excluding expansion projects.

9. General Applicability

This program may be of interest to companies willing to consider the aggressive use of targeted procurement measures as a corporate strategy to increase the value of commercial contracts awarded to Aboriginal businesses.

10. Additional Information or Support

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