

Native Entrepreneurship in South Dakota: *A Deeper Look*



NATIVE ENTREPRENEURSHIP IN SOUTH DAKOTA: A DEEPER LOOK

A REPORT TO THE NORTHWEST AREA FOUNDATION

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ABOUT THE NORTHWEST AREA FOUNDATION

The mission of the Northwest Area Foundation is to help communities reduce poverty. We work with communities in Minnesota, Iowa, North Dakota, South Dakota, Montana, Idaho, Washington, and Oregon providing knowledge, financial resources, products and services. We assist communities in acquiring the skills, information, and connections they need to plan and lead sustainable strategies for lasting change. We believe communities can successfully tackle poverty.

Our aim is to identify, share, and advocate community-focused strategies that work. We do this through our three programs – Ventures, Connections, and Horizons – and through an expanding network of community practitioners, nonprofits, educational and research institutions, policymakers and service providers, and civic and business leaders.

With these strategies in mind, we work with communities to achieve four primary community outcomes: expanded economic opportunity, asset identification and development, increased community capacity to reduce poverty, and increased use of inclusive decisionmaking. We work to capture and share knowledge about poverty reductions with communities throughout our region and nationwide in a variety of ways including publications, workshops and conferences, practical products, and electronic communications.

Although the eight states are contiguous, it is history more than geography that brings them together into the Foundation's service area. These eight states were served by the Great Northern Railway, founded by James J. Hill. In 1934, Hill's son Louis W. Hill, Sr. established the Northwest Area Foundation.

ABOUT CFED

CFED works to expand economic opportunity so that every person can participate in, contribute to, and benefit from the economy. As a leader in economic development, CFED works at the national, regional, state and local levels in collaboration with diverse partners. We are driven by the belief that expanding economic opportunity to include all people will bring greater social equity, alleviate poverty and lead to a more sustainable economy for all of us.

CFED's proven and unique strategy for expanding economic opportunity combines the innovation of a think tank with the "on-the-ground" insight of practitioners to identify ideas that make the economy work for everyone. We focus on communities that have been excluded from the mainstream economy. We conduct research, seeking ideas that have potential for practical application and real results. We work with local communities and the organizations that know them best to help test and refine promising ideas. We pilot programs and provide funding to design and modify effective strategies to be successful in different cultures, regions, and economic conditions. We develop and advocate for federal and state policies that move the nation toward a more equitable and inclusive economy. We share verifiable information and bring community voices to the table to participate in the policymaking progress. We drive the application of proven ideas until other stakeholders are invested enough for these strategies to stand on their own. We market ideas to interested partners and help create intermediary institutions to broker skills, information and funding.

Founded in 1979 as the Corporation for Enterprise Development, CFED is a national nonprofit organization headquartered in Washington, DC with offices in San Francisco, CA and Durham, NC.

TABLE OF CONTENTS

ACKNOWLEDGEMENTS	3
EXECUTIVE SUMMARY	4
INTRODUCTION	11
BACKGROUND: A LOOK AT THE CHEYENNE RIVER AND ROSEBUD RESERVATIONS	15
NATIVE ENTREPRENEURSHIP: WHAT IS IT?	19
ENTREPRENEURIAL ACTIVITY ON THE CHEYENNE RIVER AND ROSEBUD RESERVATIONS	29
SUPPORT FOR ENTREPRENEURSHIP ON THE CHEYENNE RIVER AND ROSEBUD RESERVATIONS	43
STATE ENTREPRENEURSHIP ENVIRONMENT	71
OVERALL CONCLUSION, KEY THEMES, AND RECOMMENDATIONS	97
APPENDIX 1: DETAILED DEMOGRAPHIC AND SOCIAL DATA ABOUT THE CHEYENNE RIVER AND ROSEBUD RESERVATIONS	103
APPENDIX 2: BACKGROUND DATA ABOUT ROSEBUD AND CHEYENNE RIVER	110
APPENDIX 3: INTERVIEW LIST	111
APPENDIX 4: RESEARCH TOOLS	114
ENDNOTES	117

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communities to help individuals become thriving entrepreneurs.

Special thanks go to Charlie Colombe, president, Rosebud Sioux Tribe; Harold Frazier, chairman, Cheyenne River Sioux Tribe; Elsie Meeks, executive director, First Nations Oweesta Corporation; Tanya Fiddler, Four Bands Community Fund, Inc.; Fiona Adams, consultant; and Kim Pate, field development director, CFED.

Finally, this report would not have been possible without the unwavering vision, guidance and support of Karla Miller, community liaison, Northwest Area Foundation.

EXECUTIVE SUMMARY

In December 2004, CFED, with funding from the Northwest Area Foundation, published: *Native Entrepreneurship: Challenges and Opportunities for Rural Communities*. This initial national report found that the rate of Native entrepreneurial activity is growing nationally and entrepreneurship can help Native communities to overcome poverty and achieve economic growth. The report also found, however, that very little information exists that documents the activities and challenges of Native entrepreneurs operating on or near reservations.

To address this information gap, the Northwest Area Foundation commissioned CFED to produce a follow up report, *Native Entrepreneurship in South Dakota: a Deeper Look* to:

- Better understand the relationship between Native Lakota culture and entrepreneurship strategies.
- Assess the level of entrepreneurial activity on the Cheyenne River and Rosebud Reservations and statewide.
- Identify supports currently available to Native entrepreneurs on these reservations and across South Dakota.

- Identify effective practices currently underway that could offer lessons for other Native communities nationwide.

- Explore additional steps to promote Native entrepreneurship on these two reservations and across South Dakota.

THE RATE OF NATIVE ENTREPRENEURIAL ACTIVITY IS GROWING NATIONALLY AND ENTREPRENEURSHIP CAN HELP NATIVE COMMUNITIES TO OVERCOME POVERTY AND ACHIEVE ECONOMIC GROWTH.

The South Dakota research revealed important lessons about the impact of the cultural, social, and economic environment on the Cheyenne River and Rosebud Reservations. The research found that history and culture have had a significant impact on the way in which entrepreneurial efforts have evolved on these reservations, and needs to

be taken into account when determining appropriate entrepreneurship development strategies. Findings also revealed that the majority of Native people living on the Cheyenne River and Rosebud Reservations are suffering from some of the highest poverty, unemployment and substandard housing rates in the country and for many, the move from poverty and the survival mode to entrepreneurial vision, planning, and success can be daunting.

By patching together available data, the authors found that a small but emerging formal private sector exists on both reservations. Approximately 5-6% of those of working age are engaged in formal entrepreneurial activities on or around the reservation. Tribal licensing figures suggest, however, that less than half of the businesses operating on or near the reservation are Native owned.

Interestingly, Native individuals comprise the majority of the informal economic activity on the reservation, and the growth in entrepreneurship support services has encouraged many to consider formalization.

These trends are also consistent at the statewide level. South Dakota stands out in the sheer number of people in the labor force who are creating and growing small enterprises. Almost 17% of the state's labor force own their own businesses (defined as employer and non-employer firms), ranking the state 3rd nationally.¹ Native entrepreneurs, however, own private businesses at a much lower rate per capita than the non-minority population. Out of every 1,000 Native South Dakotans, 16 own their own business compared with 97 for the non-minority population.² In addition, the businesses they own produce less income on average than non-minority businesses.³

The future vitality of rural South Dakota is inextricably linked to the economic health of its Native communities. The potential economic impact of tribes and Native entrepreneurs on the state's economy (particularly its tourism sector) is significant. Additionally, the large numbers of youth living on reservations means that tribal

communities offer hope for struggling rural regions facing significant population loss.

**AN ENTREPRENEURSHIP
DEVELOPMENT SYSTEM IS A
NEW STRATEGY DESIGNED
TO REVITALIZE RURAL
REGIONS AND PROMOTE
COLLABORATION ACROSS
THE NONPROFIT, PRIVATE,
AND PUBLIC SECTORS.**

An Entrepreneurship Development System (EDS) is a new strategy designed to revitalize rural regions and promote collaboration across the nonprofit, private, and public sectors. Specifically, an EDS has three key goals:

- Promote a supportive community and policy environment in which all entrepreneurs feel supported and can flourish.
- Create a pipeline of entrepreneurs by nurturing a large and diverse pool of aspiring and existing entrepreneurs.
- Enhance business services and financing for entrepreneurs through a coordinated system of business support products and services that are customized, high quality, and flexible.

The report examines the extent to which the following six components of an EDS are in place to support Native entrepreneurs at both the reservation and statewide levels:

- Community support
- Policy support
- Entrepreneurship education
- Training and technical assistance
- Access to financing
- Access to networks

The research revealed that at the reservation level, entrepreneurship strategies are only recently emerging and are generally not coordinated with other efforts in the local community, region or state in a way that creates a seamless system of support for Native entrepreneurs. At the statewide level, resources are available, although not effectively reaching Native entrepreneurs. Importantly, the lack of infrastructure in reservation-based rural areas serves as a significant barrier to business development.

Policymakers and stakeholders at both the tribal and statewide levels are increasingly recognizing the importance of promoting individual Native entrepreneurship to a healthy economic future for South Dakota, but much more needs to be done.

The Cheyenne River and Rosebud communities are faced with new challenges in achieving a balanced approach to economic development that encourages both tribal enterprise development and individual entrepreneurship. Both strategies are critical to expanding economic opportunity and growth and countering poverty and welfare dependency. The degree to which the public, private and nonprofit sectors collaborate on the reservation and statewide to foster a supportive business environment for Native entrepreneurs and Native youth will greatly impact the economic success of both the

reservation and the overall statewide economy. As Native and non-Native people work together to promote entrepreneurship strategies in Native communities, the role of history and culture should be acknowledged, addressed and incorporated into planning efforts.

Native Entrepreneurship in South Dakota: a Deeper look is designed to raise the profile of Native entrepreneurship in South Dakota and offer lessons for policymakers, foundations, tribes, and nonprofits in developing effective policies and strategies. The research identified the following key recommendations to promote Native entrepreneurship in South Dakota.

COMMUNITY SUPPORT

RESERVATION-BASED

- Sponsor a permanent community radio talk show or newspaper column that would allow for discussion and 'call ins' about many of the issues that face Native entrepreneurs within their communities.
- Given that the populations of both Cheyenne River and Rosebud are predominately youth, promote youth entrepreneurship educational initiatives.
- Seek elder support and advice about culturally appropriate ways to communicate the role of entrepreneurship and raise the profile of entrepreneurs in the community.

STATEWIDE

- Support and enhance programs such as *Made in South Dakota* (www.madeinsouthdakota.com) to

increase awareness of South Dakota's home-grown entrepreneurs, across the state, nationally, and internationally.

- Launch an ongoing statewide media campaign about the diversity of South Dakota's entrepreneurs and the importance of entrepreneurship to the future of South Dakota.
- Provide funding and communications support to rural and reservation communities across the state interested in developing strategies to enhance community support for entrepreneurs and develop coordinated service delivery systems.

ENTREPRENEURSHIP POLICIES

TRIBAL

- Encourage policymakers, entrepreneurship support organizations, and the local media to serve as champions of entrepreneurs by publicly recognizing the contributions of entrepreneurs to the local economy.
- Increase investments by the tribal government in collaborative efforts to provide entrepreneurship education and coordinated services to aspiring and existing entrepreneurs.
- Develop entrepreneurship educational seminars and workshops for tribal policymakers and community and economic development personnel.
- Learn from other current efforts to foster greater cooperation among tribes, individually owned Native businesses, and tribally owned businesses. Cheyenne River and Rosebud tribal government and tribal enterprises may benefit from

exploring ways to form mutually beneficial relationships with local individual Native small businesses.

STATE

- Create opportunities for dialogue between tribes and state government to increase trust and relationship building.
- Close the information gap about Native entrepreneurs in the state, including developing an active database on Native companies across the state.
- Increase communication between tribal economic development officials and the state tribal liaison around opportunities to support Native entrepreneurship development.
- Develop a rural infrastructure finance program to provide gap financing and complement federal programs.
- Hire people from each of the tribes to conduct an explicit market research to assess needs and market demand.
- Increase outreach across state-sponsored entrepreneurship-related efforts to Native reservations and Native entrepreneurs in urban areas, with guidance from tribes and Native nonprofits.
- Partner with tribes, Native entrepreneurship organizations, and Native entrepreneurs to increase access to statewide, national, and international markets for Native businesses through statewide programs such as *Made in South Dakota* and other efforts through the office of tourism and state development.
- Invest in the state's cultural tourism and the Indian arts market. Work with tribes, Native entrepreneurship support organizations, Native communities, and

Native entrepreneurs to support cultural tourism, in a culturally appropriate manner.

- Support a coordinated system of support for entrepreneurs across the state that is inclusive of Native entrepreneurs. Partner with the Oweesta Collaborative and other Native entrepreneurship organizations across the state on these efforts as appropriate.
- Invest in access to capital programs, such as angel networks and IDAs, which increase access to start-up equity capital for Native entrepreneurs.

ENTREPRENEURSHIP EDUCATION

RESERVATION-BASED

- Identify current effective practices in Native entrepreneurship education.
- Adopt and integrate formal youth entrepreneurship education strategy and/or curricula into tribal elementary and high schools.
- Educate tribal leaders, policymakers, and teachers about the importance of entrepreneurship education and provide them with the training and resources to guide the implementation of culturally relevant entrepreneurship education curricula for youth.
- Create “real world” opportunities for youth to be exposed to the practices of business and business management (such as mentorships with existing business owners).
- Capitalize on the energy and interest in youth entrepreneurship education to form an advisory circle of both youth and adults.

- Identify and acquire additional funding support for youth entrepreneurship education efforts such as American Indian Business Leaders chapters.

STATEWIDE

- Prioritize K-16 entrepreneurship education as a state economic development priority.
- Support existing efforts to develop culturally relevant curricula and integrate it into the K-12 schools, after-school programs, and tribal colleges.
- Establish an educational facility that offers ongoing professional development for teachers on effectively integrating entrepreneurship education into their classrooms and provides a permanent, stable environment for training.
- Develop an ongoing network of teachers who have been trained in entrepreneurship education at the K-12 and tribal college levels.
- Award grants to implement entrepreneurship education in the classroom, train teachers, and provide for ongoing technical assistance and distance learning opportunities.
- Build upon existing partnerships between tribal colleges and mainstream universities. Include tribal colleges and universities in state efforts to foster research with links to commercialization.

ACCESS TO FINANCING

RESERVATION-BASED

- Conduct in-depth study to better determine the level of business lending on

South Dakota reservations as well as models of success.

- Conduct further research on the impact of sub-prime lending and fringe services on/around South Dakota reservations.
- Promote increased access to debt capital through support of Native-owned CDFIs, credit unions, banks, etc.
- Facilitate dialogue between tribal leaders, tribal members, and outside investors and financial institutions to share knowledge, identify challenges and opportunities, and pursue mutually beneficial investment strategies.
- Increase awareness of the need for personal finance skills and support existing efforts to promote financial education.
- Encourage mainstream financial institutions to invest in financial education programs.
- Provide guidance to local banks on strategies to increase their provision of financial products and services to Native entrepreneurs.
- Develop or expand access to IDAs and other equity sources.

STATEWIDE

- Prioritize financial investment in rural infrastructure and Native economic development as part of the state's economic development strategy
- Utilize State Department of Revenue and other state funds to support Native community development financial institutions.
- Increase the level of partnerships between CDFIs and guaranteed lenders.

- Increase the level of partnerships among the state, banks, and tribes to develop mutually acceptable commercial codes and banks' acceptance of Uniform Commercial Code efforts.
- Increase the level of outreach to Native entrepreneurs and Native entrepreneurship organizations by state financing programs.
- Educate banks about innovative efforts nationwide to provide business financing to Native entrepreneurs.
- Develop a Native business-specific angel investor network or cultivate Native businesses to be primed for the existing networks.

TRAINING AND TECHNICAL ASSISTANCE

RESERVATION-BASED

- Utilize culturally relevant materials that reflect the realities facing Native entrepreneurs doing business on the reservation.
- Allocate funding to support and expand local and culturally relevant training and technical assistance services.
- Support training and technical assistance models that require collaboration and networking among service providers and all sectors of the local and regional community.

STATEWIDE

- Entrepreneur support organizations should collaborate to provide higher levels of customized coaching and training and technical assistance to entrepreneurs at all

stages of development, with explicit outreach to Native entrepreneurs. State government and non-Native organizations could better understand the appropriate protocols for outreach to Native entrepreneurs and tribes.

- Training and technical assistance providers should recognize the Native arts and cultural tourism industries as valuable resources and prioritize them as mutually beneficial state and tribal economic development strategies.

ACCESS TO NETWORKS

RESERVATION-BASED

- Identify and catalog the diverse Native-owned businesses and services currently operating on the reservation.
- Finalize planning and development of the Chambers of Commerce.

- Consider innovative strategies for creating forums for entrepreneurs to network including virtual networks, print media features, radio talk-shows, business plan competitions, entrepreneurship convenings and award ceremonies, and facilitated forums that focus on a specific sector or stage of business development.
- Promote access to regional, statewide, and national networks and markets that facilitate local networking opportunities.

STATEWIDE

- Produce a state-supported directory for Native entrepreneurs and support services.
- Support the development of local and statewide Native Chambers of Commerce.
- Promote partnerships between tribal enterprises and individual Native businesses particularly around efforts to deliver culturally relevant e-commerce and facilitate local/regional Native entrepreneurial networks.

INTRODUCTION

BACKGROUND

Entrepreneurship development has received tremendous attention for several years, but little research has been done on the role of entrepreneurship in promoting healthy tribal economies. This has contributed to a poor understanding of the needs of Native entrepreneurs and has made attracting new business services and financial investments difficult.

To address this information gap, in December 2004, CFED, with funding from the Northwest Area Foundation, published: *Native Entrepreneurship: Challenges and Opportunities for Rural Communities*. The report is a study of Native entrepreneurship in rural communities nationwide with a focus on the eight states included in the Northwest Area Foundation's service region: Idaho, Iowa, Minnesota, Montana, North Dakota, Oregon, South Dakota, and Washington. It is based on quantitative data, a review of existing research, and interviews with more than 60 Native and non-Native leaders in entrepreneurship development.

Native Entrepreneurship: Challenges and Opportunities for Rural Communities highlights the following key findings:

**TODAY, MORE
NATIVE ENTREPRENEURS
ARE STARTING AND
GROWING BUSINESSES
THAN EVER BEFORE.**

Individual Native-owned businesses have significant impact on tribal economies. Long before tribal gaming became a national economic development issue, Native peoples were creating and growing small businesses, on and off reservations. Today, more Native entrepreneurs are starting and growing businesses than ever before. To put the impact of small businesses into perspective, in 2004 gaming enterprises generated \$18.5 billion in revenue, while in 1997 individual private Native businesses generated \$34.3 billion—nearly double. Individual Native businesses also employed almost 300,000 people that year.⁴

Entrepreneurship can be a ladder out of poverty and into economic stability for low-income families. In many Native communities, particularly on rural reservations, self-employment serves as the main source of jobs and income. In many communities, few other sources of employment exist. A study on the informal economy on the Pine Ridge Indian Reservation found that 83% of households operated informal businesses and generated half or more of their income from their informal entrepreneurial activities.⁵ A study by the Aspen Institute found that over five years, poor entrepreneurs increased their household incomes and assets by \$8,500 and \$16,000, respectively, and 53% moved above the poverty line.⁶

Many Native leaders believe culturally relevant entrepreneurship is an important economic development strategy for Native communities. Native entrepreneurship is perceived by many Native leaders and community members as compatible with past and present Native culture and an important vehicle for expanding tribal economic sovereignty. However, entrepreneurship development strategies must consider the differences between Native and non-Native cultures in both their design and implementation.

Native entrepreneurs face resource barriers that inhibit business success. While the U.S.

Department of the Treasury has characterized Native communities as America's "domestic emerging market"—ripe with economic growth potential—Native entrepreneurs still face barriers that make starting and growing successful businesses particularly challenging:

- Inadequate federal, state, and tribal policy support for Native entrepreneurship.
- Lack of entrepreneurship education in the K-12 or college level systems and very few business role models, resulting in lower levels of business management and financial skills among aspiring Native entrepreneurs.
- Incomplete systems of business development resources for aspiring and existing entrepreneurs, particularly on reservations.

- Lack of access to appropriate debt and equity financing, particularly on Indian trust land areas. Lack of control of tribal assets (trust land and natural resources) often inhibits Native people from leveraging these resources for business financing and development.

- Inadequate physical, technological, telecommunications, and legal infrastructure.

- Remoteness from markets and business networks (for reservation-based entrepreneurs).

NATIVE ENTREPRENEURS STILL FACE BARRIERS THAT MAKE STARTING AND GROWING SUCCESSFUL BUSINESSES PARTICULARLY CHALLENGING.

Effective Native entrepreneurship development practices are currently underway.

Despite their early stages of development, an increasing number of Native institutions and programs are working to address the barriers facing Native entrepreneurs and support their development through policy, education, training and technical assistance, financing, and networking initiatives.

Building on these findings, the national report recommends specific opportunities for policy action and key next steps to advance Native entrepreneurship across the country.

Native Entrepreneurship: Challenges and Opportunities for Rural Communities represents a first-cut attempt to document the state of Native entrepreneurial activity **and** the system of supports available to Native entrepreneurs nationwide, but the report is only a first step. There is still very little

publicly available data or analyses about the state of the private economy on Native reservations or about effective strategies for promoting Native entrepreneurship. (Private economy is defined as the part of the economy that is under private ownership and control. The private sector includes all privately owned corporations, small businesses, farms, professional firms, and non-commercial organizations such as unions, nonprofit agencies, and churches.)

PHASE II: A DEEPER LOOK

CFED and the Northwest Area Foundation (NWAf), in partnership with Rediscovering the Seventh Direction (RSD), a nonprofit organization located on the Cheyenne River Sioux Tribe (Cheyenne River) Reservation, embarked upon a second phase of research to take a deeper look at individual Native entrepreneurship at the state and reservation levels. Phase II research took place across South Dakota and on two reservations in the state: Cheyenne River and Rosebud Sioux (Rosebud) Reservations, two of the four reservations that make up the Lakota Nation. The research was designed to collect and analyze information about individual Native entrepreneurial activity on the reservations and across the state as well as supports offered on the reservations and statewide. The research project had five specific goals:

- Better understand the relationship between Native Lakota culture and individual entrepreneurship strategies.
- Assess the level of individual entrepreneurial activity on the Cheyenne River and Rosebud Reservations and statewide.
- Identify supports currently available to Native entrepreneurs on these reservations and across South Dakota.
- Identify effective practices currently underway that could offer lessons for other Native communities nationwide.
- Explore additional steps to promote individual Native entrepreneurship on these two reservations and across South Dakota.

The research analysis offers lessons in developing effective Native entrepreneurial development policies and strategies to policymakers and representatives of foundations, tribes, and nonprofit organizations.

METHODOLOGY

It is important to note that this research is not intended to be a comprehensive overview of entrepreneurship development activities in South Dakota. Rather, it highlights key efforts that have come to light through statewide interviews and data analysis, with a particular focus on the entrepreneurship environment on the Cheyenne River and Rosebud Reservations. CFED and RSD acknowledge that this is a limited inquiry and that many other relevant efforts that are not cited in this report may be operating on and off reservations in South Dakota. The authors welcome additional information about such efforts.

CFED, the Northwest Area Foundation, and RSD selected South Dakota as the research state for a number of reasons. Phase I research revealed that South Dakota had little explicit state policy support for Native entrepreneurs, according to U.S. Census

Bureau (Census) data, and reflected some of the lowest levels of Native American entrepreneurial activity per Native population when compared to other states in the Northwest region. Further, South Dakota's reservations are among the poorest in the country and few tribal governments have enacted entrepreneurship-specific policies. Still, Phase I research revealed a number of innovative strategies underway in South Dakota to promote Native entrepreneurship. CFED, the Northwest Area Foundation, and RSD believed that better understanding the challenges facing low-income Native entrepreneurs in South Dakota and uncovering the innovative entrepreneurship development efforts that have succeeded in this difficult social and political environment could offer important lessons for other communities and support organizations nationwide.

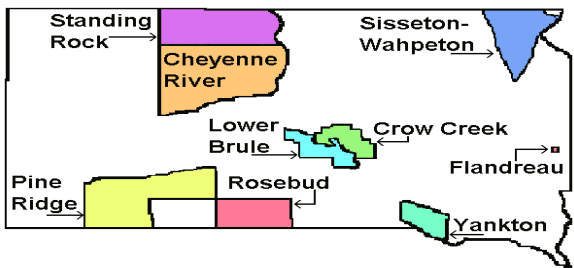
CFED and RSD began the research by visiting the Cheyenne River and Rosebud Reservations to assess tribal and community

interest and formally request support and tribal chair endorsement of the research. After receiving endorsement and support from Chairman Harold Frazier (Cheyenne River) and President Charlie Colombe (Rosebud), CFED and RSD held community meetings on each reservation to introduce the research, create a platform for sharing community perspectives, and identify community members interested in entrepreneurship.

After the community meetings, CFED and RSD conducted an inventory of each tribe's entrepreneurship environment by reviewing available data, economic development plans, research studies, and interviews conducted on the reservations with 58 community leaders, elders, youth, entrepreneurs, and service providers. CFED and RSD also held interviews across the state with 22 Native and non-Native policymakers, financial institution representatives, and service providers.

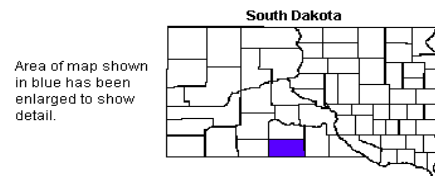
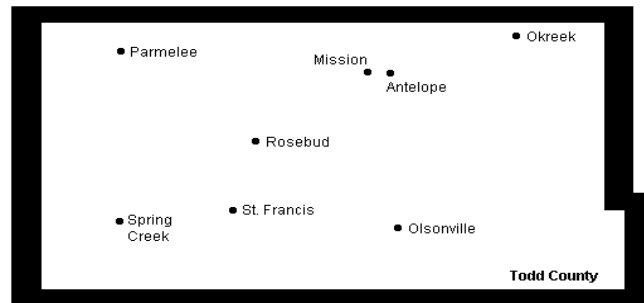
BACKGROUND: A LOOK AT THE CHEYENNE RIVER AND ROSEBUD RESERVATIONS,

While there are nine Native reservations in South Dakota, the Seven Bands that comprise the Lakota Nation are located within four reservations: Rosebud, Cheyenne River, Pine Ridge, and Standing Rock. The remaining five reservations are Sisseton-Wahpeton, Lower Brule, Crow Creek and Flandreau (Dakota Nation) and Yankton (Nakota Nation).



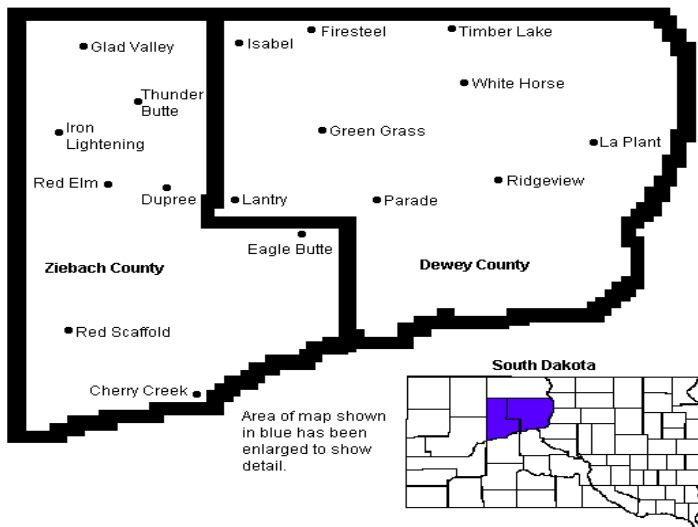
Cheyenne River and Rosebud Reservations cross several county boundaries in South Dakota. For the purposes of this report, however, Dewey/Ziebach and Todd/Mellette counties are used because they comprise the majority of the Cheyenne River and Rosebud Reservations land and population, respectively. (A more thorough discussion can be found in Appendix 1.)

Rosebud headquarters is located in Rosebud, South Dakota. Rosebud has 13 political districts comprising 20 communities in five counties. These counties sit on and off-reservation trust lands. However the reservation boundaries are restricted to Todd County alone. (More detailed information can be found in Appendix 1.)



The Rosebud Sioux Tribe represents one band: The Sicangu Oyate or “Burnt Thigh.” The Cheyenne River Sioux Tribe is composed of four bands: The Minnecojou or “Those Who Plant by the Water;” the O o’hennumpa or “Two Kettle” (or Two Boilings); the Itazipcola (Sans Arc) or “Without Bows;” and the Siha Sapa or “Blackfoot.” The Pine Ridge Sioux Tribe Reservation or Oglala, “Scatter Their Own” represents another and lastly, the Standing Rock Sioux Tribe Reservation or Hunkpapa “Entrance of the Camp Circle.” (Whenever the Seven Bands would come together the Hunkpapa would camp right at the entrance).

Cheyenne River headquarters is located in Eagle Butte, South Dakota. Cheyenne River has six tribal political districts that comprise of 20 communities in two counties, Ziebach and Dewey. (More detailed information can be found in Appendix 1.)



Doubts exist about the accuracy of Census data and its tracking of Native American demographics, particularly on reservations. There is a strong possibility of significant under-counting of both firms and populations. Given these doubts, CFED and RSD attempted to supplement the available Census data with information from the Bureau of Indian Affairs (BIA) and tribal/local sources.

Tribal enrollment records collected by the BIA, show the 2003 total enrollment of the Cheyenne River Sioux Tribe as 14,288 (living members), of which 11,422 live on or near the reservation.⁸ Census data from 2000 reveals

that approximately 74% of the total population living within the boundaries of the reservation is Native American.⁹

BIA tribal enrollment records show the population of the Rosebud Sioux Tribe as 25,196 (enrolled living members).¹⁰ Approximately 83% of the total population living on the reservation and trust land is Native American.¹¹

Both reservations show high numbers of youth. Nearly 45% of the population on the Rosebud Reservation is 18 years old or younger¹² and nearly 45% of the population on Cheyenne River Reservation is less than 25 years old.¹³

According to 2000 Census figures, more than 40% of individuals and families on the Cheyenne River and Rosebud Reservations live below the poverty level and this figure rises to approximately 55% for single, female-headed households. These figures are even more striking when compared to national and statewide poverty levels of between 9% for individuals and 13% for families (for all races). Per capita income on both reservations ranges between \$7,000 and \$10,000 per year—only about half the levels for per capita income for all races statewide.¹⁴

The Census figures differ significantly from those of the Bureau of Indian Affairs, which in its 2003 Labor Force Survey found that poverty and unemployment affect nearly all tribal members. The tables below summarize key labor force statistics for the two tribes:

TABLE 1: CHEYENNE RIVER LABOR FORCE

Total population (enrolled members)	14,277	100%
Available workforce (16 and over)	10,704	75%
Total available work force employed	1,312	12%
Total available work force unemployed	9,392	87%
Employed but below poverty guidelines	1,312	100%

Source: BIA Labor Survey 2003

TABLE 2: ROSEBUD LABOR FORCE

Total population (enrolled members)	25,196	100%
Available labor force (16 and over)	11,796	47%
Total available work force employed	2,324	20%
Total available work force unemployed	9,472	80%
Employed but below poverty guidelines	1,810	78%

Source: BIA Labor Survey 1999

Approximately 75% of the Cheyenne River and 47% of the Rosebud Reservation populations make up the “available labor force,” defined as enrolled members 16 years and older minus individuals deemed “not available for work.”¹⁵ The proportion of the labor force from both tribes that is unemployed is a staggering 87% for

Cheyenne River and 80% for Rosebud. These figures also differ substantially from Census data, which report unemployment rates of between 14% and 17% for Cheyenne River Reservation counties and 11% and 18% for Rosebud Reservation counties. These figures are even more remarkable when compared to the state’s overall unemployment figures of 3%—one of the lowest in the country. The most striking statistics about the state of poverty on these reservations is the data on the “working poor.” According to available data, all (100%) of those who are employed on the Cheyenne River Reservation are not earning enough money to stay above the poverty level. On Rosebud, the working poor figure is 78%.

Due to these poverty conditions, an average of 16% of the populations on Cheyenne River and Rosebud receive some form of state public assistance to survive compared to only 3% of the population across South Dakota.¹⁶ Various tribal programs, including food distribution and utility assistance, also are used to supplement the incomes of reservation community members.

Additionally, substandard housing and the near non-existence of a private housing market on either reservation have reached a critical state. On the Cheyenne River Sioux Reservation, 37% of low-income families need housing and approximately 60% of all households currently live in overcrowded units.¹⁷ On the Rosebud Reservation, more than 32% of low-income families need rental housing and approximately 24% of all households live in overcrowded units.¹⁸ (More detailed information about the social conditions on the Rosebud and Cheyenne River Reservations can be found in Appendix 1.)

The Native community or reservation provides the immediate environment that determines whether entrepreneurship strategies will succeed or fail. The staggering poverty figures reveal that the majority of Native people living on the Cheyenne River

and Rosebud Reservations are suffering from some of the highest poverty, unemployment, and substandard housing rates across the state and the entire country. And in many cases, families are dependent on public assistance to make ends meet.

NATIVE ENTREPRENEURSHIP: WHAT IS IT?

While the following discussion informs efforts to promote culturally appropriate entrepreneurship strategies, it is not exhaustive and does not attempt to portray the findings as universal tenants across all Native communities or even across the Lakota culture. Native Americans are not a homogenous group and there are significant differences among tribal cultures. The ideas simply reflect voices of Cheyenne River and Rosebud Reservation residents, other stakeholders interviewed in South Dakota, and information gathered during the national research.

In the national report, *Native Entrepreneurship: Challenges and Opportunities for Rural Communities*, entrepreneurship is defined as the process by which an individual creates and grows an enterprise. The definition is

deliberately widely drawn to include the full spectrum of entrepreneurs including, aspiring, survival, lifestyle, growth, serial, and social.¹⁹ Building on this broad definition of entrepreneurship, the report also defined Native entrepreneurship to include an emphasis on the role of cooperation; value of group goals; and the importance of placing material success after emotional, family, or community relationships.

The majority of community members interviewed for *Native Entrepreneurship in South Dakota: A Deeper Look* reinforced this idea of a culturally relevant definition for Native entrepreneurship. A common sentiment was that people who owned their own businesses were not solely seeking personal financial gain, but showed initiative and utilized their strengths and abilities so

What is Native entrepreneurship?

“It is not a term or idea in the Lakota language and identity.”

– Albert White Hat Sr., Rosebud Sioux elder

“Native entrepreneurship means Native initiatives and Native owned non-tribal businesses, yet there are very few role models for Native Americans.”

– Elizabeth Lenz, business education professor, Si Tanka University, Cheyenne River

“Someone who is willing to develop individual sovereignty, interdependent with tribal sovereignty. One who understands their rights and responsibilities and takes them to the next level by developing assets, assuming the risks and responsibilities of starting a business. Native entrepreneurship is the creative, industrial realization of Lakota values that has been evident in the culture’s self-sufficiency prior to European contact.”

– Tanya Fiddler, executive director, Four Bands Community Fund, Inc., Cheyenne River

that the entire community could benefit. As noted by Marcella LeBeau, a Cheyenne River elder, a Native entrepreneur is “someone who is self-sufficient and adds to the overall.”

As the authors conducted interviews, the very terminology “entrepreneurship” evoked discussion, confusion, and at times, resistance over a sense of what entrepreneurship represented to Cheyenne River and Rosebud community members. In many instances, when asked, “What is Native entrepreneurship,” community residents expressed uncertainty in either defining or identifying themselves as entrepreneurs. For many, the move from abject poverty and the survival mode to entrepreneurial vision and success was daunting. Very few people claimed outright to be Native entrepreneurs. As illustrated by one traditional artist entrepreneur, “I don’t see myself as a business person. I just make things.” Despite this perception, the majority of those interviewed also noted that entrepreneurship plays an important role in Lakota past, present, and future and that entrepreneurship is on the rise. As described by President Charlie Colombe, of the Rosebud Sioux Tribe, “We have not yet birthed our first generation of entrepreneurs, but they are coming. We’re out there now and need to realize it. Those that are working and struggling now are the parents of those yet to be born.”

**“WE HAVE NOT YET
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The national report, *Native Entrepreneurship: Challenges and Opportunities for Rural Communities*, also explored perceptions about Native culture as it relates to entrepreneurship development strategies. Those interviewed for the national report, mostly Native and non-Native leaders of national nonprofit organizations, offered the

following distinctions with regard to Native culture and entrepreneurship:

- The issues of control and use of Native assets are critical to any Native entrepreneurship development strategy or discussion.
- While the traditional Native model of business development may differ from mainstream models, Native communities have had a long history of trade and commerce (entrepreneurship).
- For many Native Americans, entrepreneurship is about utilizing individual initiative to benefit the whole community. Part of this community interest includes sustainable utilization of natural resources.
- While a lack of experience in business development and entrepreneur role models are not unique to Native communities, it is particularly prevalent on many reservations today.
- Native entrepreneurship development includes holistic support strategies that deal with both personal and economic empowerment.

While the national research touched on very complex cultural issues and provided insight, it barely scratched the surface. Interviews during phase II research revealed much more in-depth reflections about the interplay between traditional and present day Lakota

culture and the role of entrepreneurship development. Community members on both reservations expressed that history and culture matter when exploring strategies for Native entrepreneurship.

Culture clash: A short introduction

As Europeans moved west and across the Great Plains, they brought ideas neither known nor practiced by the Lakota peoples. These included ideas and practices around personal wealth and private ownership, the use/exploitation of natural resources, and the principle of profit making as a way of life. In contrast, traditional Lakota society was not capitalistic in nature. Community wealth and resource sharing were primary and no one person laid claim to any land or natural resource.

As explained in the “2002 Cheyenne River Sioux Tribe Community Economic Development Strategy” report, “The succession of events from the first encounters with United States soldiers on through the treaty periods, Dawes Act, Homestead Acts, and finally the building of the Oahe Dam, meant two things to the Lakota: relocation and the additional loss of their hereditary land base. If this wasn’t enough to thoroughly traumatize the Lakota, the 1950s brought the threat of extermination.”

As settlers and the U.S. government began to reject the right of Lakota peoples to exist in the way of their ancestors and Lakota people themselves began to resist the ideas and practices of their colonizers, conflict arose. For example, one U.S. governmental policy encouraged the people of the Great Plains to quit the “buffalo economy” and assume agricultural identities. They were expected to forgo their cultural identity to become farmers. It was an imposed set of values that took none of the ideas of Lakota peoples into consideration. This was also evident in the wholesale slaughter of the American Bison with the replacement of cattle and its industry. The growth of the cattle industry required grazing and pasture land, transport (railroads), labor force, and industry—displacing traditional hunting patterns. Finally, the discovery of gold and silver completely changed the face of Lakota traditional life as more and more people arrived to seek their fortunes.

U.S. policies have had devastating cultural, social, and economic consequences for many Native communities. Today, it is against this background that Native peoples are determining their individual and collective futures, the definitions of cultural identity and cultural survival, and the role of entrepreneurship in long-term development strategies.

HISTORY AS CONTEXT

Interviews conducted with Cheyenne River and Rosebud residents revealed that history and culture impact the perception and development of Native entrepreneurship, both on and off the reservation. Community members expressed that a long history of exploitation and misunderstanding of the way of life traditionally practiced by Lakota peoples and the contrasting style of their European counterparts have affected entrepreneurship development. The interviewed expressed a tension in balancing Lakota cultural values and traditions with a “western style business identity.” As expressed by Bill Picotte, chairman of the Oti Kaga Community Development Financial Institution, “There are very few people that understand that traditional culture was more socialist by nature. In former times, there were those who took advantage of us and the little understanding that they had for who we are and how we do things. These perceptions still exist, although they are slowly changing. Understanding our own nature and history is part of the key. There is a need to help focus energies on the individual in relation to the tribe, but often conflicts arise when we try to do that.”

Community members, particularly elders, commented that white settlement and the forced relocation of Native peoples onto

reservations have hurt private entrepreneurship development and tribal economic growth. They expressed that while it is important to look forward, this history must be taken into account.

Within the context of this history, community members and tribal leaders interviewed for

this research identified the following cultural considerations that impact entrepreneurship development on the Cheyenne River and Rosebud reservations:

- Entrepreneurial Identity
- Tiospaye – The Lakota Family
- Communication
- Community Dynamics
- Gender Roles

**“PERHAPS THE QUESTION
IS NOT HOW TO ADAPT
NATIVE AMERICANS TO
ENTREPRENEURSHIP, BUT
RATHER HOW TO ADAPT
ENTREPRENEURSHIP TO
NATIVE AMERICANS.”**

ENTREPRENEURIAL IDENTITY

“The honor of one is the honor of all” is a basic principle that symbolizes the underlying values in Lakota culture. Community members revealed that many aspiring entrepreneurs question their entrepreneurial identity—defined as the cultural appropriateness of being an entrepreneur **and** one’s perceived entrepreneurial abilities.

Interviews revealed an underlying theme that excessive personal prosperity conflicts with an overall sense of Lakota cultural identity. Entrepreneurs noted that they experience both internal and community pressures to consider the needs of the general community as they strive to achieve personal success.

They expressed that defining economic success as maximizing financial benefit to themselves over benefit to the community could result in losing their cultural identity — they would be made to feel that they are no longer Indian.

This attitude can leave a gap when aspiring entrepreneurs try to reconcile personal and economic progress with their cultural identity and relationship to the larger community. As noted by one tribal government employee, “There’s a perception that if you do have something, you are becoming a white man, assimilated.” Another community member explained, “In order to have business success, you have to become assimilated to some degree. There’s a spiritual tension there.”

Other entrepreneurs and entrepreneurship educators argued that entrepreneurship does not have to be defined narrowly as maximizing profit at the expense of others. They expressed that Native people have had a long history of trade and commerce that was built upon the tenets of exchanging goods and services for mutual benefit. As described by one Cheyenne River elder, “Perhaps the question is not how to adapt Native Americans to entrepreneurship, but rather how to adapt entrepreneurship to Native Americans.”

Some of those interviewed also questioned their ability to be entrepreneurial. They feel that they are perceived by non-Native people as ineffective in business management or showing less initiative. Reasons offered for these feelings include historical discrimination, low self-esteem, cultural and social misunderstandings between Native and non-Native people, and lack of peer

support or role models. One traditional artist entrepreneur on Cheyenne River remarked, “I used to think that I could make it, but now I’ve retired from that.”

Some noted that part of this mentality is rooted in the history of post-colonization Native business efforts. Native people traded traditional goods (furs, game, crafts, etc.) at trading posts and other non-Native small businesses. Often these goods were undervalued by the non-Native business owners and used to gain indebtedness from the Native community. The resulting attitude was that Native people were not businessmen and incapable of understanding the mainstream ideologies of business practice.

Eileen Briggs, coordinator of the Tribal Ventures Community Planning Initiative, believes that this perception lingers today. “Common perceptions [of Native entrepreneurs/ businesses] do exist, as in there’s not a lot of follow through, or great starts with no finish, etc. In reality, these individual entrepreneurs face serious social, cultural, and economic barriers. We lack support when challenges arise, whether within or outside of the community.” She highlighted that a large part of the challenge is a shortage of role models to provide support.

Others agreed that Native people have internalized this perception. A number of those interviewed noted that there is a perception among some that the expert always has to come in from out of town. Gerald Thompson, former director of the Cheyenne River Tribal Business Information Center (TBIC) expanded on this concept saying, “There is a lot of negativity, both

among peers and the public— perceptions that Indians don't know how to run businesses. This leads to the personal belief of 'why even bother,' nobody wants to do business with me. Our own inner-beliefs get in the way too." Taffy Lafferty of the Rosebud Tribal Business Information Center stated, "We need to develop on our own (as individuals) and get our pride back. We've been 'blanket Indians' for too long and we need to get up and get busy."

Nearly all of those interviewed thought that this entrepreneurial identity crisis also stemmed from a simple lack of experience in starting or managing businesses.

Others interviewed raised additional cultural considerations related to entrepreneurial identity. These are summarized in the following section.

TIOSPAYE – THE LAKOTA FAMILY

The term Tiospaye, refers to the Lakota concept of relatives.²⁰ Across the interviews, it was consistent that family and relatives must always come first and that generosity is not a matter of convenience. Given the high rates of poverty, disease, and mortality on reservations, family members must dedicate time, resources, and finances to support one another. One community member explained that when a death occurs and the funds are needed for services or ceremony, each member of the family gives what he or she can, as appropriate culturally.

During emergencies, entrepreneurs may need to carry the family's financial burdens, including travel, food, gifts, and lodging.

Tiospaye

There are inherent difficulties in using other languages to define cultural meaning and value. Tiospaye is difficult to translate, but is often described by non-Lakota people as "extended family," yet the definition actually goes much deeper. Within the Lakota culture, many familial terms may translate to father, mother, brother, sister, nephew, niece, cousin, etc., yet the meaning behind these names is distinct from Western terminology. As explained by David Little Elk of Cheyenne River in his Cante Etanhan Owoglake language curriculum, "In a Tiospaye all your birth mother's sisters are also your mothers, which mean that their husbands are your fathers. In addition, all of your birth father's brothers are also your fathers, which means that their wives are you mothers too." (These relationships are extended to brothers and sisters, aunts and uncles, grandparents, and cousins).

Mr. Little Elk added, "When a child has many mothers and fathers who are just as important to that child as his/her birth parents and when all the parents of that child are all responsible for his/her upbringing, this gives health and strength to that society. Thus, children in a Tiospaye are never alone. In other words, there are no orphans in Lakota society because the entire Tiospaye is responsible for the teaching and the caring of all children....A nation's strength is determined by the strength and health of its family system..."

They also may need to prioritize family needs over scheduled business hours, loan repayment, and other conflicting criteria defined by non-Native agencies and institutions doing business with Native entrepreneurs.

Responsibility to family over business can also directly impact the daily operation and profitability of businesses. One tribal official explained, "I had a friend and he opened up a youth entertainment shop. He was doing ok for a couple of years. Pretty soon his extended family started moving in with him and he went broke and had to close the place. As Indian people, we don't let anyone starve, first thing we ask is if they are hungry and if they say yes, we feed them. Sometimes they end up moving in. I'm 70 years old and I don't have a savings account, because I have an extended family with their hands out on payday." A number of those interviewed explicitly stated that Lakota people do not like to say no, in general and particularly to family members. Rather, it is culturally expected that individuals will accommodate whatever needs arise if they are in a better position to assist. Taffy Lafferty commented, "We will give and share all we can and we won't say no until we are in trouble ourselves."

According to Elsie Meeks, executive director of First Nations Oweesta Corporation, a national Native community development

financial institution (CDFI), "This is a question that any Native CDFI or entrepreneurship training program must deal with, which is how do you support the whole family? If you are really going to support the family, you can only take from the profit. To some degree, you should bring families into the training."

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COMMUNICATION

Community members expressed that there are often differences in how Lakota and non-Native people communicate. A number of entrepreneurs noted that it is not desirable to stand out in groups or to be very direct in expressing their ideas at the beginning of conversations. One community member

remarked, "Did you ever notice that when you meet someone outside the reservation they will ask you, 'So, what do you do?' We're not like that; we'll ask who your family is, where you come from...." Ben BrownWolf, Cheyenne River tribal member stated, "Within the cultural context, the idea still remains that we do not promote our own selves or interests first, especially above the needs or betterment of the larger community. Instead we are taught to wait for that recognition from others who have the experience and wisdom to recognize it (i.e. elders). Therefore, promoting one's own successes and business in a conversation can be viewed as an undesirable trait."

Other communication differences relate to written versus oral communication. Some Native entrepreneurs noted that they favor discussion rather than email, business plans, or written reports. This may affect their ability to do business with non-Native companies or access credit from financial institutions that require a business plan or other written materials.

Eileen Briggs explained that this cultural communication disconnect can result in an expectation for Native entrepreneurs to adjust their communication in order to placate outside perceptions about the difficulty of doing business in Indian country. She noted, "There is a cultural disconnect to non-Native communities, cultural misunderstandings. Native Americans end up needing to be bicultural to be successful whereas non-Natives are single culture." As expressed by Taffy Lafferty, ultimately, Native entrepreneurs "walk with a moccasin in each world."

COMMUNITY DYNAMICS

Interviews revealed that some entrepreneurs feel uneasy about the appearance of "having something" because it is sometimes met with jealousy

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or resentment from the community. Abject poverty and limited resources on both the Cheyenne River and Rosebud Reservations, often create a feeling of competition for survival among community members. This was described by many as the "crab-pot syndrome," referring to the behavior of crabs trapped in a bucket, where one trying to escape is pulled back by the others. Albert White Hat Sr., a Rosebud tribal elder, noted that, "Traditionally there was no blood quantum in Lakota culture. Now we fight over it, as well as many other generational implants that inhibit our self-success. This is the conditioning of the BIA, boarding schools, and other programs. When people become dependent, as is in the process of assimilation, back biting and the crab-pot syndrome occur; identifying differences becomes a means to destroy each other..."

Gerald Thompson expounded on this concept noting, "This goes back to the idea of jealousy. We don't want each other to succeed because there's a fear that if someone does well he's going to run others down." Those interviewed also described instances when tribal members left the reservation, returned with skills (i.e. education, job training) acquired outside the community, and found it difficult to gain community support for new business ideas because they were viewed as outsiders. For entrepreneurs, this can result in feelings of isolation. As

noted by Albert White Hat, Sr., “To start a business means to create fear around getting singled out, culturally and in terms of business.”

GENDER ROLES

A portion of those interviewed commented that gender also plays a role when considering Native entrepreneurship efforts. As noted by one Cheyenne River tribal employee, “Women have a hard time defining their role when it comes to business.” Although it can be argued that this is not unique to Native peoples, it is particularly present in Lakota communities because of the cultural foundation of traditional gender roles. Another community member noted, “Family needs to come first, which can create a conflict for women that attempt to operate businesses.”

Following on the heels of this sentiment is potential conflicts with male counterparts or partners. In an environment with limited resources and economic achievement, successful women can inadvertently threaten their male counterparts or be viewed as competition. A few females interviewed commented that sometimes women work in secondary roles because they are not comfortable in leadership positions that fall

outside this cultural norm. On the other hand, many of the women interviewed had, in fact, found more traditional entrepreneurial roles. While they did not self-define as entrepreneurs, these women were self-employed bead workers, dressmakers, bread bakers, etc.

SUMMARY

The interviews both at the state and reservation levels clearly revealed a general agreement that the history and culture of the Lakota people impact the present and future of Native economic development and entrepreneurship in South Dakota. Determining entrepreneurship strategies without taking the questions of history and culture into account endanger the success of these strategies. As Native and non-Native people work together to promote entrepreneurship strategies in Native

communities, the role of history and culture (both traditional and present) should be acknowledged, addressed, and incorporated into planning efforts. Simply put, effective practice begins when entrepreneurship strategies are Native defined and driven. This does not exclude non-Native organizations or people from Native entrepreneurship development efforts. Rather it emphasizes how Native people would view and pursue these strategies.

**AS PEOPLE WORK
TOGETHER TO PROMOTE
ENTREPRENEURSHIP
STRATEGIES IN NATIVE
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ACKNOWLEDGED,
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INCORPORATED INTO
PLANNING EFFORTS.**

Community Entrepreneurship: The Bridger Project

'If we truly want to have success, we have to fix our own things and find solutions for the many challenges that face the community. It's a long-term thing.'

— Toni Buffalo, project leader, the Bridger Project

Comprising approximately eight families, the Bridger community is located near the Cheyenne River in the remote southwest corner of the Cheyenne River reservation.

The Bridger Project, under the guidance of project leaders Toni and Byron Buffalo, operates the Lakota Tipi Bed & Breakfast a 10-tipi bed and breakfast that is described by Toni Buffalo as "The central hub of the growing wagon wheel of the project. Each spoke of the wheel is another offshoot (enterprise) from the hub.

The Bridger Project offers guests the opportunity to:

- *Experience the prairie from the Native American perspective.*
- *Visit an historically significant community that is the home to which survivors of the Wounded Knee massacre returned.*
- *Experience Lakota traditions of generosity and hospitality.*

Organized as a community effort, the Bridger Project has developed a number of ancillary enterprises related to the bed and breakfast (which currently employs three community members). These include: horseback riding along the Cheyenne River, wagon rides, a "chuck wagon" business for meals in the evenings, and arts and crafts. Plans also are complete to begin a canoe venture with trips along the river and other cultural awareness activities are in development.

Built upon an inclusive design that welcomes any and all community members that wish to be involved, the Bridger Project stands unique in its efforts to combine community life and assets with enterprise development in a culturally relevant manner. Many challenges and lessons still surround the project, including how to effectively invite and work with outside partners, gain both community and tribal support, find necessary training and technical assistance, and procure investment and help from other community members. The Bridger Project leader's recognize that their "trade not aid" philosophy and quest for community self-sufficiency requires a long-term vision and commitment that takes one step at a time.

For more information about the Bridger Project and its unique community entrepreneurship model, visit <http://www.thebridgerproject.com/>.

ENTREPRENEURIAL ACTIVITY ON THE CHEYENNE RIVER AND ROSEBUD RESERVATIONS

Lakota history and culture have both helped and hindered entrepreneurial activity on the Cheyenne River and Rosebud reservations.

Schuyler Houser, development director for Sinte Gleska University, states, “The good news is that entrepreneurial activity has grown on these two reservations; the bad news is that the economies of these communities still resemble their counterparts among developing nations.”

Recently, Four Bands Community Fund, Inc. (Four Bands), a nonprofit CDFI that serves the Cheyenne River community, surveyed every resident and business on the Cheyenne River Reservation. The two-page survey explored the types of businesses and services people would like to have available on the reservation. It asked respondents about their interests in starting businesses and the types of services they would find helpful for business startup and expansion. It also explored the need for money management skills.²¹

Of the 164 responses, a majority (64.6%) of respondents expressed an interest in starting their own businesses and 54.3% of those interested already had ideas established.

Several respondents stated they did not wish to share their specific ideas out of concern that someone else would use the idea.

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The Four Bands survey illustrates a national trend of increasing interest in Native entrepreneurship, as well as a growing rate of small business ownership by Native Americans. But despite this mounting national attention, little information exists that documents the rates, activities, and challenges of Native entrepreneurs operating on or near reservations.

To this end, CFED and RSD utilized a variety of primary and secondary data sources to provide an initial analysis of individual business establishments on the Cheyenne River and Rosebud reservations. Because this research seeks to better understand the role of individual entrepreneurial activity in reservation economies, it includes information about tribal government enterprises as a basis of comparison. It does not, however, take into account federal/state public sector employment (such as hospitals/universities). The discussion also addresses the role of the “informal economy” on the Cheyenne River and Rosebud Reservations.

FORMAL PRIVATE SECTOR BUSINESSES

The following statistics were taken from the *U.S. Census Bureau, 2002 Economic Census* and the North American Industry Classification System (NAICS) county business patterns. The authors chose not to rely on Census race data by firm at the county level to identify Native owned firms because the data is significantly outdated (last available is 1997). The authors examined and present comparative data from the Tribal License Offices of the Cheyenne River and Rosebud reservations. This data set comes from firms that list themselves with tribal, local, state, and/or federal licensing bureaus.

It is important to note that the standard error for the data by county can be very large when the recorded numbers are low, as seen in the

following data. The Census Bureau warns that in such counties, the data has to be treated with caution or has been omitted altogether because the numbers were not high enough for the Census Bureau to deem them as statistically significant. Further, the distinctions, “D = Withheld to avoid disclosing data of individual companies; data are included in higher level totals; N = Not available; X = Not applicable; Z = Zero or below publication threshold,” are often used throughout the tables in this section. It is also significant to note that where “data is withheld to avoid disclosing individual companies,”²² the numbers of companies were so small that any posting would very likely allow readers to deduce the sources of the data.

2002 Economic Census data lists the total number of non-employer establishments and employer establishments for the following counties as:

TABLE 3: TOTAL ESTABLISHMENTS (EMPLOYER AND NON-EMPLOYER) AND NATIVE FIRMS ON CHEYENNE RIVER—DEWEY AND ZIEBACH COUNTIES

County	Employer Establishments (2002 Data)			Non-Employer (2002 Data)	
	Total no. establishments	No. employees	Annual payroll (\$1000)	Total no. establishments	Receipts (\$1000)
Dewey	98	1,498	33,943	200	5,561
Ziebach	18	162	3,666	51	1,568
Total employer and non-employer establishments on Cheyenne River Reservation					367

Source: 2002 Economic Census Summary Statistics by 2002 NAICS. Data based on Geographic Area Series reports.

Source: U.S. Census Bureau, 2002 Economic Census, Non-employer Statistics

**TABLE 4: TOTAL ESTABLISHMENTS (EMPLOYER AND NON-EMPLOYER) AND
NATIVE FIRMS ON ROSEBUD—TODD AND MELLETTE COUNTIES**

County	Employer Establishments (2002 Data)			Non-Employer (2002 Data)	
	Total no. Establishments	No. Employees	Annual payroll (\$1000)	Total no. Establishments	Receipts (\$1000)
Todd	61	1,259	28,916	197	2,942
Mellette	31	175	3,007	86	2,706
Total employer and non-employer establishments on Rosebud Reservation					375

Source: 2002 Economic Census Summary Statistics by 2002 NAICS. Data based on Geographic Area Series reports.

Source: U.S. Census Bureau, 2002 Economic Census, Non-Employer Statistics

The data in tables 3 and 4 suggest that there are at minimum, 367 employer and non-employer establishments currently operating on Cheyenne River

Reservation and 375

employer and non-employer establishments on Rosebud Reservation.

The rate of entrepreneurial activity, defined as number of establishments per labor force, is approximately 5% on Cheyenne River and 5.5% on Rosebud. If each establishment is presumed to have a different owner, it could be deduced that five out of 100 working-age people on Cheyenne River and 5.5 out of 100 working-age people on Rosebud own formal

businesses. This figure stands out in particular when compared to South Dakota overall where nearly 17 out of 100 adults own non-employer or employer establishments.

**FIVE OUT OF 100 WORKING-
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RIVER AND 5.5 OUT OF 100
ON ROSEBUD OWN FORMAL
BUSINESSES COMPARED TO
SOUTH DAKOTA OVERALL
WHERE NEARLY 17 OUT OF
100 ADULTS OWN NON-
EMPLOYER OR EMPLOYER
ESTABLISHMENTS.**

As noted, due to the unavailability of up-to-date and accurate Census data by race, the authors were unable to determine how many

of these establishments were Native owned. Given significant concerns about the accuracy of Census data, the authors conducted additional research with the Cheyenne River and Rosebud business licensing offices. The authors found that while there are hundreds of registered businesses, the reality is that less than half of them are operating on or near the reservation and the majority are not Native.

In 2004, the Cheyenne River Revenue and

Licensing Office reported a total of 564 tribal business license holders. Those with licenses must renew annually and there is no current method of tracking or reporting closed or

unsuccessful establishments apart from non-renewal. Among current license holders, 157 were actually operating businesses on or near the reservation, with the majority in Eagle Butte. Of these, 77 were Native owned, 11 of which were tribal enterprises. The remaining 66 were individual Native tribal business license holders—representing less than half of the total licensed businesses operating on or near the reservation.

The Rosebud Tax and Revenue Department reported 1,818 business licenses issued in 2004. Of these, 682 of the businesses were located on or near the reservation, with the majority in the towns of Mission, Rosebud, O’Kreek, Parmelee, and St. Francis.²³ Of the 1,818 businesses licenses, 526 were Native-owned enterprises (the number of tribally

owned is unclear). The business licenses may include four-day temporary, three-month seasonal, or annually renewable licenses. As with Cheyenne River, there is no method for tracking unsuccessful or closed establishments, apart from non-renewal. While the figure for Native-owned businesses on Rosebud appears high, an interview with Whitney Meek, director of the Revenue and Tax Office, revealed that many of these license holders may represent individuals seeking licenses for small projects, rather than on-going enterprises. Therefore, it is likely that the figures for Native-owned enterprises are inflated.

The 2002 *Economic Census* lists the employer and non-employer establishment data by sector for the following counties as:

TABLE 5A: NUMBER OF ESTABLISHMENTS BY EMPLOYMENT SIZE - CLASS ON THE CHEYENNE RIVER RESERVATION 2002—ZIEBACH COUNTY								
Industry Code	Industry Code Description	Total Estabs.	1-4	5-9	10-19	20-49	50-99	100-249 or more
-----	Total	18	11	4	2	0	1	0
23----	Construction	1	1	0	0	0	0	0
31----	Manufacturing	1	1	0	0	0	0	0
42----	Wholesale trade	3	0	2	1	0	0	0
44----	Retail trade	4	3	1	0	0	0	0
48----	Transportation & warehousing	1	1	0	0	0	0	0
52----	Finance & insurance	2	0	1	1	0	0	0
61----	Educational services	1	0	0	0	0	1	0
62----	Health care and social assistance	1	1	0	0	0	0	0
72----	Accommodation & food services	2	2	0	0	0	0	0
81----	Other services (except public administration)	2	2	0	0	0	0	0

Source: 2002 Economic Census Summary Statistics by 2002 NAICS Ziebach County, SD.

Data based on Geographic Area Series reports. Table includes only establishments with payroll.

TABLE 5B: NUMBER OF ESTABLISHMENTS BY EMPLOYMENT SIZE - CLASS ON THE ROSEBUD RESERVATION 2002—TODD COUNTY

Industry Code	Industry Code Description	Total Estabs.	1-4	5-9	10-19	20-49	50-99	100-249	250-499	500 or more
-----	Total	61	27	14	11	4	2	2	1	0
22----	Utilities	1	0	0	0	1	0	0	0	0
23----	Construction	5	4	1	0	0	0	0	0	0
42----	Wholesale trade	2	0	1	1	0	0	0	0	0
44----	Retail trade	19	8	6	2	2	1	0	0	0
48----	Transportation & warehousing	2	1	0	1	0	0	0	0	0
51----	Information	2	0	2	0	0	0	0	0	0
52----	Finance & insurance	1	0	0	1	0	0	0	0	0
53----	Real estate & rental & leasing	1	0	0	1	0	0	0	0	0
54----	Professional, scientific & technical services	2	1	0	1	0	0	0	0	0
56----	Admin, support, waste mgt, remediation services	3	3	0	0	0	0	0	0	0
61----	Educational services	4	0	2	0	1	0	1	0	0
62----	Health care and social assistance	5	2	0	2	0	0	1	0	0
72----	Accommodation & food services	6	4	1	1	0	0	0	0	0
81----	Other services (except public administration)	7	3	1	1	0	1	0	1	0
99----	Unclassified establishments	1	1	0	0	0	0	0	0	0

Source: 2002 Economic Census Summary Statistics by 2002 NAICS Todd County, SD.

Data based on Geographic Area Series reports. Table includes only establishments with payroll.

TABLE 5C: NUMBER OF ESTABLISHMENTS BY EMPLOYMENT SIZE - CLASS ON THE ROSEBUD RESERVATION 2002—MELLETTTE COUNTY

Industry Code	Industry Code Description	Total Estabs.	1-4	5-9	10-19	20-49	50-99	100-249 or more
-----	Total	31	25	2	2	1	1	0
11----	Forestry, fishing, hunting, and agriculture support	1	1	0	0	0	0	0
23----	Construction	4	4	0	0	0	0	0
44----	Retail trade	6	3	1	1	1	0	0
48----	Transportation & warehousing	4	4	0	0	0	0	0
51----	Information	1	1	0	0	0	0	0
52----	Finance & insurance	2	2	0	0	0	0	0
54----	Professional, scientific & technical services	3	3	0	0	0	0	0
61----	Educational services	1	1	0	0	0	0	0
62----	Health care and social assistance	4	1	1	1	0	1	0
72----	Accommodation & food services	3	3	0	0	0	0	0
81----	Other services (except public administration)	2	2	0	0	0	0	0

Source: 2002 Economic Census Summary Statistics by 2002 NAICS Mellette County, SD.

Data based on Geographic Area Series reports. Table includes only establishments with payroll.

TABLE 6A: TOTAL NUMBER NON-EMPLOYER ESTABLISHMENTS ON THE CHEYENNE RIVER RESERVATION 2002 BY SECTOR—DEWEY COUNTY

NAICS Code	Description	Non-Employers	
		Establishments	Receipts (\$1,000)
00	Total for all sectors	200	5,561
11	Forestry, fishing & hunting, and agricultural support services (NAICS 113-115)	D	D
21	Mining	D	D
23	Construction	29	632
31-33	Manufacturing	D	D
42	Wholesale trade	D	D
44-45	Retail trade	26	1,105
48-49	Transportation and warehousing	10	678
51	Information	D	D
52	Finance and insurance	D	D
53	Real estate and rental and leasing	D	D
54	Professional, scientific, and technical services	14	251
56	Administrative and support and waste management and remediation services	D	D
61	Educational services	13	86
62	Health care and social assistance	22	265
71	Arts, entertainment, and recreation	15	407
72	Accommodation and food services	D	D
81	Other services (except public administration)	31	826

Source: U.S. Census Bureau, 2002 Economic Census, Non-Employer Statistics.

The data in this table are based on the 2002 Non-Employer Statistics. D = Withheld to avoid disclosing data of individual companies; data are included in higher level totals; N = Not available; X = Not applicable; z = Zero or below publication threshold.

**TABLE 6B: TOTAL NUMBER NON-EMPLOYER ESTABLISHMENTS ON THE
CHEYENNE RIVER RESERVATION 2002 BY SECTOR—ZIEBACH COUNTY**

NAICS Code	Description	Non-Employers	
		Establishments	Receipts (\$1,000)
00	Total for all sectors	51	1,568
23	Construction	D	D
31-33	Manufacturing	D	D
44-45	Retail trade	D	D
48-49	Transportation and warehousing	D	D
53	Real estate and rental and leasing	D	D
54	Professional, scientific, and technical services	D	D
56	Administrative and support and waste management and remediation services	D	D
61	Educational services	D	D
62	Health care and social assistance	D	D
71	Arts, entertainment, and recreation	D	D
72	Accommodation and food services	D	D
81	Other services (except public administration)	D	D

Source: U.S. Census Bureau, 2002 Economic Census, Non-Employer Statistics.

The data in this table are based on the 2002 Non-Employer Statistics. D = Withheld to avoid disclosing data of individual companies; data are included in higher level totals; N = Not available; X = Not applicable; z = Zero or below publication threshold.

TABLE 6C: TOTAL NUMBER NON-EMPLOYER ESTABLISHMENTS ON THE ROSEBUD RESERVATION 2002 BY SECTOR—TODD COUNTY

NAICS Code	Description	Non-Employers	
		Establishments	Receipts (\$1,000)
00	Total for all sectors	197	2,942
11	Forestry, fishing & hunting, and agricultural support services (NAICS 113-115)	D	D
23	Construction	D	D
31-33	Manufacturing	D	D
44-45	Retail trade	22	465
48-49	Transportation and warehousing	D	D
51	Information	D	D
52	Finance and insurance	D	D
53	Real estate and rental and leasing	D	D
54	Professional, scientific, and technical services	33	260
56	Administrative and support and waste management and remediation services	14	99
61	Educational services	15	61
62	Health care and social assistance	56	510
71	Arts, entertainment, and recreation	10	40
81	Other services (except public administration)	15	966

Source: U.S. Census Bureau, 2002 Economic Census, Non-Employer Statistics.

The data in this table are based on the 2002 Non-Employer Statistics. D = Withheld to avoid disclosing data of individual companies; data are included in higher level totals; N = Not available; X = Not applicable; z = Zero or below publication threshold.

TABLE 6D: TOTAL NUMBER NON-EMPLOYER ESTABLISHMENTS ON THE ROSEBUD RESERVATION 2002 BY SECTOR—MELLETTTE COUNTY

NAICS Code	Description	Non-Employers	
		Establishments	Receipts (\$1,000)
00	Total for all sectors	86	2,706
11	Forestry, fishing & hunting, and agricultural support services (NAICS 113-115)	D	D
22	Utilities	D	D
23	Construction	D	D
31-33	Manufacturing	D	D
42	Wholesale trade	D	D
44-45	Retail trade	12	542
48-49	Transportation and warehousing	D	D
52	Finance and insurance	D	D
53	Real estate and rental and leasing	D	D
54	Professional, scientific, and technical services	D	D
56	Administrative and support and waste management and remediation services	D	D
61	Educational services	D	D
62	Health care and social assistance	11	156
71	Arts, entertainment, and recreation	D	D
72	Accommodation and food services	D	D
81	Other services (except public administration)	11	322

Source: U.S. Census Bureau, 2002 Economic Census, Non-Employer Statistics.

The data in Tables 5a-c and 6a-d reveal that on the Cheyenne River Reservation, the majority of non-employer firms provide construction, retail trade, and health care and social assistance services. On the Rosebud Reservation, the majority of non-employer establishments offer health care and social assistance services, followed by the professional, scientific, technical, and retail industries. Also interesting to note is that more than 85% of the employer firms on both reservations are “very small firms” employing fewer than 20 employees.

Although the Cheyenne River or Rosebud Revenue and Licensing Offices do not break down the number of employer versus non-employer establishments, the bulk of tribal license holders represent self-employed or small establishments with few employees and some of the licensing is for one-time projects with no further activity after completion.²⁴

INFORMAL ECONOMIC ACTIVITIES

The informal economy has remained a vital survival mechanism for the Cheyenne River and Rosebud Reservations and surrounding communities. Informal entrepreneurial activities generally involve those who subcontract their services, work on odd jobs for cash, or operate full- or part-time businesses. Cash and/or bartering are the main medium of exchange.²⁵ Informal

economic activities fill the gap for the many families and individuals—supplementing social service assistance, fixed incomes, and insufficient wages. While these activities are lawful, they operate outside the framework of regulation, taxation, benefits, and health and safety protection. Although the informal economy is not unique to Indian country,

available research shows it is more prevalent in Native communities than in the rest of the nation. The lack of formal business establishments that provide needed goods and services and the inability of most community members to afford those that are available, create an environment for the informal exchange of goods and services. One Cheyenne

River resident reflected, “Think about it, why would someone drive to Pierre two hours away to pay \$500 dollars to get their car fixed when they can get someone to do it here for \$50.”

A 1988 study of the Pine Ridge Indian Reservation (the only known available study to date on the Native informal economy), found that the informal sector accounted for more than half of the total net wealth accumulated by tribal members. Among 93 households surveyed, 83% were involved in one or more forms of self-initiated, home-based, informal, income-generating activities. On average, households generated between \$3,500 and \$5,000 in additional income per year through informal activities. Thirty percent of households surveyed generated half or more of their incomes from informal work in arts and crafts, the service sector, and clerical and sales jobs.²⁶

**THERE IS VALUE AND
DEMAND FOR BOTH
INFORMAL AND FORMAL
ENTREPRENEURIAL
OPPORTUNITIES.**

Interviews with people who operate informal businesses revealed that most Native Americans on reservations were introduced to the informal economy at an early age through activities such as bake sales, day care, rummage sales, “Indian Taco” stands, gardening services (lawn mowing), ride sharing, and cultural arts and crafts. One youth on the Cheyenne River Reservation noted, “Whenever someone I know goes to town, I get them to buy me one of those really big boxes of freeze pops, ‘cause I can sell them around here for twenty-five cents each.” While many do not necessarily define themselves as entrepreneurs, with the limited resources available, community members have been finding innovative ways to meet their needs and those of their extended families by marketing or exchanging a wide array of goods and services. As Brenda Antoine, a self-employed real estate consultant on the Rosebud Reservation noted, “We often need side work to meet urgencies or emergencies; it’s the ‘rez’ environment.” Gaylene Pretty Bird, a REDCO staff member and entrepreneur, adds, “I would think it (the informal economy) is 50% or more of our whole economy. That’s how big it is to life here.”

Many examples exist of entrepreneurs who operate informal businesses to generate or supplement their incomes. They make the traditional arts and crafts needed for pow wow dancing, graduation gifts, community celebrations, and other significant social

**“I WOULD THINK IT
(THE INFORMAL ECONOMY)
IS 50% OR MORE OF
OUR WHOLE ECONOMY.
THAT’S HOW BIG IT IS
TO LIFE HERE.”**

occasions. Community members repair automobiles, bake “fry bread,” act as caterers for social events (memorials, etc.), work seasonally “riding fence” for ranchers and farm owners, and help in construction. They even sell a single item door-to-door until the item is sold. These activities illustrate that these communities possess the initiative, motivation,

and resolve needed to create formal enterprises.

Although no data exists to measure the extent of the informal economy on the Cheyenne River and Rosebud Reservations, interviews revealed a number of compelling reasons for Native entrepreneurs to utilize the informal economy as a survival mechanism. In the words of one informal

Rosebud entrepreneur, “Why should I become a real business? Who could afford to pay me what I would have to charge? This way is better because I get a little work and they pay me what they can.”

A formal Rosebud small business owner, commented, “So you’ve got those informal entrepreneurs out there, they don’t know it; they don’t realize that they are, you know, and they don’t think of it in the business aspect, they’re just trying to survive.” A Cheyenne River informal entrepreneur adds, “Is that what you call it? I just call it survival.”

As discussed in the previous cultural section of this report, the Lakota people of the Cheyenne River and Rosebud reservations have a strong history of cultural norms related to commerce and trade. These norms continue today. The current practice of trading goods and services

for survival is rooted in Lakota culture, but is also a response to the harsh economic reality facing families on the reservations. Consequently, the informal economy thrives and there is value and demand for both informal and formal entrepreneurial opportunities.

Other reasons Native entrepreneurs identified for the prevalence of the informal economy include:

- Economic necessity and income patching.
- Opportunity for flexibility and independence.
- Lack of access to capital for a formal business.
- Lack of education (or feelings thereof) about business.

- Family concerns/needs that conflict with operating a formal business.
- Formalization costs that outweigh benefits received.
- Loss of public benefits and no safety net for a transition period.
- Personal conflict regarding retention of cultural identity.

While the authors were not able to survey informal entrepreneurs about their interest in formalization, national research conducted by the Aspen Institute shows that approximately 10% of informal entrepreneurs are “interested and ready” to formalize, 40% are “interested but cautious,” and the remaining 50% are simply “not interested.” This research also includes specific recommendations for serving informal microentrepreneurs.²⁷

What is the role of the informal economy on the reservation?

“The informal economy plays a key role that must be considered within development schemes—as it stands most people here on the reservation have, even on a small scale, skills in the informal marketplace.”

— Schulyer Houser, Sinte Gleska University, Rosebud

“If your main source of income is SSI, TANF and GA, any formal business activity would jeopardize your benefits.”

— Lyle Cook, director, Vocational-Rehabilitation, Cheyenne River

“They took everything from us and now they want us to sign up to pay them more in taxes from the little we have left. I do this (artwork) because it’s who I am and where I come from first, not as a business.”

— Informal artist entrepreneur, Cheyenne River

“The informal economy drives many of our business successes. From the viewpoint of an informal economy entrepreneur, there is no apparent advantage to joining the formal economy.”

— Egan “Butch” Artichoker, director REDCO, Rosebud

KEY FINDINGS AND RECOMMENDATIONS

A strong and vibrant private sector is one of the keys to expanding economic opportunity in Native communities. There is still a need for more systematic and comprehensive research about the state of the private economy (formal and informal) on the Cheyenne River and Rosebud Reservations, but available data reveal a small, emerging formal private sector and a thriving informal economy on both reservations.

Approximately 5-6% of those of working age are engaged in formal entrepreneurial activities—a small percentage when compared to state and national figures. Native-owned businesses represent less than half of the formal businesses operating on or near the reservations and interviews revealed that the majority of emerging formal Native businesses are first-generation entrepreneurs. In addition, interviews revealed that Native individuals are primarily engaged in informal economic activity.

The informal economy plays an important role both culturally and economically in

Lakota life on the Cheyenne River and Rosebud reservations. Entrepreneurship support organizations need to consider carefully how to create a supportive environment for informal entrepreneurs to transition to formal small business endeavors, while also recognizing that many may not be ready for or interested in formalization. Interviews revealed the following recommendations about what more could be done to foster vibrant formal private economies on the reservations:

- Determine which sectors of the economy are most compatible with tribal development priorities and offer the greatest opportunities for growth.
- Explore strategies that support and encourage entrepreneurs who operate informal businesses to transition to the formal economy.
- Reach out to potential entrepreneurs, those who operate informal businesses, and existing business owners with relevant strategies for their environment. Recognize and meet them where they are with regard to their entrepreneurial motivations and development.

SUPPORT FOR ENTREPRENEURSHIP ON THE CHEYENNE RIVER AND ROSEBUD RESERVATIONS

The vibrant informal economy and emerging formal economy on the Cheyenne River and Rosebud reservations offer a fertile ground for entrepreneurship support organizations. Entrepreneurs have different needs based on their education, skills, and maturity level and require a coordinated system of support to grow and thrive. Entrepreneurial development programs and services that are uncoordinated can be detrimental to entrepreneurs' ability to access critical services and develop successful businesses.

Promoting an entrepreneur-friendly political and cultural environment and coordinating programs and services across regions requires major adjustments to current practices. This strategy requires "systems" rather than "program" thinking. It requires policymakers and service providers to align themselves into regional Entrepreneurship Development Systems (EDS) rather than operating independent fiefdoms with turf and resources to protect. EDS strategies are particularly important for rural Native communities, where local resources are often scarce.

ENTREPRENEURSHIP DEVELOPMENT SYSTEMS

**AN EDS IS A COORDINATED
INFRASTRUCTURE OF PUBLIC
AND PRIVATE SUPPORTS
THAT FACILITATE
ENTREPRENEURSHIP.**

An EDS is a coordinated infrastructure of public and private supports that facilitate entrepreneurship. An EDS has three key goals:

- To promote a supportive community and political environment in which entrepreneurs

at all stages of development feel supported and can flourish.

- To create a pipeline of entrepreneurs by nurturing a large and diverse pool of entrepreneurs at varying stages of development through entrepreneurship education and access to peer networks.
- To enhance training, technical assistance and business services, and financing options for entrepreneurs through customized, high-quality, and flexible services and products.

An Entrepreneurship Development System develops entrepreneurs, improves services for existing entrepreneurs, maximizes scarce resources, and promotes healthier entrepreneurial communities and regions. An effective EDS is comprehensive and entrepreneur focused. It is designed to meet the needs of entrepreneurs at all levels of

development regardless of where they enter into the system. The purpose is to coordinate the plethora of programs across a state or region and tailor products and services to the diverse needs of entrepreneurs. It allows the entrepreneurs to receive customized assistance rather than spending time and energy trying to navigate the system.

While there has been a growing interest nationwide in Entrepreneurship Development Systems, interviews revealed that the conversation is still somewhat new. Four Bands Community Fund, Inc. has partnered with entrepreneurship support organizations on the Pine Ridge Reservation in South Dakota and Wind River Development Fund in Wyoming to develop a regional entrepreneurship development system, the Oweesta Collaborative (described more in detail on page 72). Yet at the reservation level, community members commented that a certain amount of tension around collaboration still lingers among entrepreneurship service providers and between service providers and the Cheyenne River and Rosebud tribal governments. In the past, representatives of many programs and organizations felt conflict and competition between their institutions and government programs.²⁸ Inadequate funding sources and state and federal regulations added to the confusion about the roles of these organizations.

Oftentimes, this confusion led to a lack of communication and understanding, which are critical in fostering positive partnerships. In many cases partnering efforts still remain informal, with organizations and tribal governments referring clients and consumers to other local services, but not interacting with these services directly.

**AN EDS DEVELOPS
ENTREPRENEURS, IMPROVES
SERVICES FOR EXISTING
ENTREPRENEURS, MAXIMIZES
SCARCE RESOURCES, AND
PROMOTES HEALTHIER
ENTREPRENEURIAL
COMMUNITIES AND
REGIONS.**

The following section outlines the six areas of support that make up an Entrepreneurship Development System:

1. Community support
2. Policy environment
3. Entrepreneurship education
4. Access to capital
5. Training and technical assistance
6. Access to networks

I. COMMUNITY SUPPORT

The Center for Rural Entrepreneurship, a national research organization, has found that a supportive community environment for entrepreneurs begins with community awareness and recognition. The Center's research states that, "Communities can hardly support entrepreneurs who are not recognized as important to the economic future of the community." It also recognizes that a supportive community environment embraces entrepreneurs even when their entrepreneurial ventures fail, noting, "Communities must understand and recognize the essence of entrepreneurship

and its dynamic nature of creation, growth, and sometimes failure. Fair-weather support will not result in an enduring supportive community environment.”²⁹

A supportive community environment for entrepreneurship includes cultural, social, and civic engagement that encourages, nurtures, and raises the profile of entrepreneurs. This could include, for example, business plan competitions that raise awareness, local media feature stories that increase positive exposure for entrepreneurs, and/or community awards that celebrate and reward entrepreneurs.

Community members on Cheyenne River and Rosebud recognize the importance of individual entrepreneurs to the long-term economic health of the tribes. One Cheyenne River youth entrepreneur explained, “We need our own entrepreneurs if we are to survive as a people.” When asked how important entrepreneurship is to the tribes’

economic future, Carol Robinson, Si Tanka University and small business owner responded, “How important is it? The more entrepreneurs we have, the healthier we can be. More entrepreneurs equal more examples of success that will help bring encouragement and hope for others and the tribe.” Nearly everyone interviewed noted that while the local papers occasionally run stories about new businesses, an ongoing focus on entrepreneurship-specific activities and efforts is absent in the local media and community events.

KEY FINDINGS AND RECOMMENDATIONS

Community support for entrepreneurship is growing on Cheyenne River and Rosebud, but the concept is still relatively new. Efforts to promote community awareness and gradually introduce the concept of individual enterprise can be important in helping community members embrace entrepreneurship strategies as a method of

Is entrepreneurship important to Native economies?

“Tribal economies need entrepreneurs; they become the community leaders and spend more time in helping others on a one-to-one basis.”

— Luke Lopez, United Sioux Tribes Partnership Council

“The role of Native entrepreneurship is essential, yet undernourished. It is key in the long-term development for tribal economics.”

— Schulyer Hauser, Rosebud

“It’s not just an economic development, it’s a community development strategy. It’s not just about the money; yes it’s important to them to get more money. It comes out of the heartfelt desires of the people to keep their way of life alive. And this is just the tip of the iceberg. There are a lot of people who want to do something.”

— Tony Buffalo, Bridger Project Cheyenne River

moving beyond poverty. Community members noted that much more could still be done to promote community awareness of and support for entrepreneurship through media and other venues. Suzanne Eaglestaff, employee assistance program counselor for Cheyenne River, noted, “Gradually the awareness is increasing that it’s really important to our future. We need to learn that it is possible, that we can be successful, both as individuals and as a tribe. What it will take, that’s the question.” Interviews revealed the following recommendations of what could be done to enhance community support:

- Sponsor a permanent community radio talk show or newspaper column that would allow for discussion and 'call ins' about many of the issues that face Native entrepreneurs within their communities.
- Given that the populations of both Cheyenne River and Rosebud are predominately youth, promote youth entrepreneurship educational initiatives.
- Seek elder support and advice about culturally appropriate ways to communicate the role of entrepreneurship and raise the profile of entrepreneurs in the community.

2. POLICY ENVIRONMENT

Public policy is an important lever for creating effective entrepreneurship development systems and helping entrepreneurs to succeed. Entrepreneurship

requires both a conducive economic development climate and affirmative policies. A **conducive economic development climate** includes getting the “bread and butter” government functions right, including providing quality education, physical infrastructure, public services, regulation, taxation, and removing any unnecessary hindrances from the business development process. **Affirmative entrepreneurship policies** are those that promote new enterprise development, as well as the development and commercialization of new products, services, and processes.

Until recently, few tribal councils and government leaders have focused on individual entrepreneurship as a tribal economic development strategy. They have generally concentrated on developing successful tribal enterprises to generate revenue for the tribe and creating programs to meet the needs of tribal members. While tribal policy efforts to support entrepreneurship are expanding on the Cheyenne River and Rosebud Reservations, the tribal chairmen, tribal council, and executive members’ immediate mandate is to generate enough revenue to meet the basic needs of the community and to finance and fund tribal salaries and programs. To this end, tribal governments have focused on tribally owned and/or operated enterprises as the primary actor in reservation economic development.

**“WE NEED TO LEARN THAT
WE CAN BE SUCCESSFUL
BOTH AS INDIVIDUALS
AND AS A TRIBE.”**

From the tribal leaders' perspective, it is important to empower tribal members to contribute to the local economy through individual small business development. However they also expressed that there is an important balance between supporting individual entrepreneurs while maintaining the economic stability of the overall tribe.³⁰

As noted by Kurtis Carroll, former Cheyenne River judge and professor of criminal justice at Si Tanka University, "Sometimes, there is a conflict between long-term development interests and the charge to care for the overall well-being of the community and its individuals." Tribes all

across the nation face the challenge of running successful tribal enterprises that generate enough revenue to provide essential programs and services, while still fostering a supportive and non-intrusive political environment in which Native entrepreneurs can flourish.

As noted in a recent report by the Harvard Project on American Indian Economic Development, "Tribal enterprises are an appropriate and essential component of sustainable economies on many Indian lands. But it is not the only strategy that Indian nations should consider....when Indian nations fail to include citizen entrepreneurship in their development strategies, they miss an important opportunity for economic growth."³¹ Community members on the Cheyenne

River and Rosebud Reservations expressed a desire for tribal political leaders to prioritize individual entrepreneurship as part of a balanced development strategy. Todd Fasthorse of the Rosebud Reservation stated, "The number one thing is for the tribes to develop entrepreneurs. This is the way to increase the standard of living and

to relieve some of the burdens the tribe carries." One community leader from Cheyenne River explained, "The key to development is making the environment available to Native entrepreneurs: physical locations, networks for reservation-based entrepreneurs, as well

as individual capacity building.

Entrepreneurs have a critical role if we understand that government's role is not to be in business, but to develop individuals from the community to take the risks in these roles." Tanya Fiddler, executive director of Four Bands Community Fund, Inc., furthered the sentiment about a balanced approach to tribal development priorities, stating, "Native entrepreneurship is more important than ever as tribal enterprise and economic development measures haven't been enough to build and support individual wealth creation. Merely creating jobs isn't enough to shift the socio-economic disparity found on reservations. Valuing the rights and responsibilities of individuals restores the esteem and strengthens the core of the family system."

**ENTREPRENEURSHIP
REQUIRES BOTH A
CONDUCTIVE ECONOMIC
DEVELOPMENT CLIMATE
AND AFFIRMATIVE POLICIES.**

Tribal leaders on the Cheyenne River and Rosebud Reservations are increasingly showing support for entrepreneurship. Rosebud President Charlie Colombe expressed the need to enhance the role for entrepreneurs on the reservation and its economy and to invest in entrepreneurship support services.³² Cheyenne River Chairman

Harold Frazier, in an historic first annual report to all tribal members, noted, “We don’t need to own every business venture on the reservation...We need to pass resolutions and ordinances that provide opportunities for Cheyenne River members to own their own businesses.”³³

Cheyenne River Sioux and Rosebud Tribes political structures

The current political structures for the Cheyenne River Sioux and Rosebud Tribes were organized under the Indian Reorganization Act (IRA) of June 1934. Cheyenne River and Rosebud ratified constitutions and by-laws in 1935 and were given their own charter by the Secretary of the Interior, creating a system of representative democracy governed by a tribal constitution and by-laws. The legal relationship between tribes and the federal government is complicated and jurisdiction continues to be debated. However, tribes are considered dependent sovereign entities with immune powers to determine their own political, economic, and social interests within areas of tribal jurisdiction.

The Rosebud tribal government headquarters are located in Rosebud, South Dakota. The Rosebud governing body consists of three branches: 1. Executive (tribal president, vice president, secretary, and treasurer); 2. Tribal Council (20 representatives from 13 districts and 20 other recognized Indian communities); and 3. Judiciary. Rosebud Executive and Tribal Council positions are elected every two years, with the chief justice elected by Tribal Council. The Council legislates policy, regulates the affairs of the tribe, and administers various grants and contracts with state and federal governmental agencies. There are 27 committees established by the Council for administration of various tribal programs.

The Cheyenne River headquarters are located in Eagle Butte, South Dakota. Cheyenne River governing body also consists of three branches: 1. Executive (chairman, vice chairman, secretary, and treasurer 2. Tribal Council (15 members representing six districts); and 3. Judiciary. The chairman, secretary, and treasurer are elected at-large every four years, the vice chairman is elected from the Council membership and the chief justice is elected by the Council. As with Rosebud, the Cheyenne River Council legislates policy and the affairs of the tribe. The Council has five committees that oversee various tribal programs.

KEY POLICIES AND PROGRAMS

As discussed in *Native Entrepreneurship: Challenges and Opportunities for Rural Communities*, decades of research conducted by the Harvard Project on American Indian Economic Development have found that a number of key policies create a supportive environment for entrepreneurial activity. They include:

- Separation of politics and enterprise management.
- Development of tribal commercial codes.
- Independent means of resolving disputes.

In addition to these broader policies that foster a supportive political and legal environment for entrepreneurs, proactive policies and programs specifically focused on

promoting entrepreneurship are critical. The following discussion looks at these various policies and programs on the Cheyenne River and Rosebud reservations.

Separation of politics and enterprise development

The ability to pursue self-employment without tribal interference is critical. As discussed in a 2000 Harvard Project on American Indian Economic Development report, *What Determines Indian Economic Success? Evidence from Tribal and Individual Indian Enterprises*, “Where political leaders can interfere directly in enterprises, pressures tend to mount for them to do so—to the detriment of performance...tribal policymakers can ensure that a separation of

Why small business?

According to the Harvard Project on American Indian Economic Development report on *Citizen Entrepreneurship*, growing the small business portion of the reservation economy has a number of advantages for tribes, including:

- Generating jobs.
- Building reservation wealth, with much of the small business profit circulating locally.
- Providing residents with the opportunity to spend dollars locally.
- Helping build a tax base.
- Diversifying the tribal economy.
- Offering signs of community vibrancy and models of alternative adult roles.
- Retaining talent.
- Improving quality of life.
- Broadening the development effort.
- Supporting the tribal community.
- Strengthening tribal sovereignty.

functions exists between civic governance and corporate governance”³⁴ Although it is the tribes’ business to create revenue for all of its programs, and by extension, its members, the concern about interference in entrepreneurial efforts has been noted across Indian Country. A recent report by Native Nations Institute notes “On one Southwestern reservation, tribal government has set up an intimidating obstacle course for citizen entrepreneurs. The would-be business owner must go through a site-leasing process that includes more than 100 steps; the average time necessary to complete the process is more than 12 months. Meanwhile, in a nearby, off-reservation city, a business site can be obtained in a matter of days.”³⁵

Separating tribal political pressures and enterprise development priorities from individual entrepreneurship strategies is an issue on the Cheyenne River and Rosebud Reservations. Most of those interviewed agreed that in general, all activity on the reservation that may impact the community should be known by the tribal council and

broader community. This is an accepted traditional cultural and political norm. However, interview responses from both reservations suggest that political interference may arise when aspiring entrepreneurs have ideas or entrepreneurship support organizations have programs that may seem to compete with the tribes’ enterprise development plans.³⁶ A significant number of community members expressed concerns about letting their entrepreneurial ideas out in the open. They sometimes felt the tribe would take over their ideas or block their success. This underlying attitude, whether valid or invalid, has an impact on entrepreneurial activity and development.

Increasingly, tribal policy leaders and tribal members are engaging in formal and informal conversations around the issues of separation of government and business. To this end, both the Rosebud and Cheyenne River Reservations are currently pursuing the creation of Chambers of Commerce that can serve as the advocacy voice and networking vehicle for individual Native entrepreneurs operating on or near the reservations.

Establishing a business

In theory, a tribal member can establish (with a business license) any business of his or her own choosing. Interviews revealed that, there are, however, a number of informal and formal expectations for fulfilling cultural and governmental protocol before launching a new enterprise. Depending on the needs of the proposed business, these may include presenting the idea to Tribal Council, gaining formal approval of land use, acquiring a tribal business license, and/or getting assistance with financing or use of tribally owned real estate. At each of these steps, Tribal Council or its respective department assesses whether the proposed business idea and plan should be approved. This is particularly apparent where businesses or nonprofits wish to operate on trust land. Gaining support from the tribe is not only expected of aspiring entrepreneurs but also of entrepreneurship support organizations themselves.

Development of tribal commercial codes

Many Native and non-Native business leaders consider tribal commercial codes to be the most important vehicle for promoting commerce in Indian country. Some tribes have chosen to adopt the Uniform Commercial Code (UCC), a set of standardized laws drafted by the National Conference of Commissioners on Uniform State Laws. The UCC governs most aspects of commercial transactions and is the primary method for allocating risk among parties across jurisdictional boundaries in the United States.

In February 1997, Cheyenne River adopted a Tribal Uniform Commercial Code—notably, the first reservation in South Dakota to do so. The code was adapted based on the Model Tribal Secured Transaction Code, developed by the Indian Law Clinic of the University of Montana to offer an adaptable commercial code that recognizes the sovereign aspects of tribal government while facilitating economic development. A more comprehensive code and implementation guide was recently released in 2006. Cheyenne River’s Tribal UCC regulates a number of commercial transactions including sales, leases of goods, bank deposits and collections, and documents of title. The purpose of the code is to simplify, clarify, and modernize the law governing commercial transactions; to permit the continued expansion of commercial practices through custom, usage, and agreement of the parties; and to make the law among the various jurisdictions uniform.³⁷ The adoption of a Tribal UCC was intended for consumers and companies on and off the reservation. It further allows the Cheyenne River tribal courts to enforce commerce-related written agreements and lays the

foundation for attracting capital venture and other outside investments. The commercial code on Cheyenne River allows for collection of collateral and/or garnishment of wages in the case of a loan payment default, as deemed appropriate by tribal court. As noted by Steve Payne, managing director of the local financial institution for Cheyenne River, where before there was no legal recourse to pursue overdue or default payments, now there are guidelines that allow the possibility for satisfaction. Further, he observed that not only does *he* know what his options are and can decide accordingly, but also anyone on the other side of the equation can utilize court services as well.

Rosebud has not yet adopted a UCC, but it is in the process of making that determination. It also does not have policies or procedures about collateral collection or wage garnishment. President Charlie Colombe has stated these as key priorities.³⁸

Independent means of resolving disputes

While independent means for resolving disputes exist on both reservations, interviews with financial institution representatives revealed that outside investors are hesitant to use them and rather than seek local counsel often choose not to “bother” with loans to Native entrepreneurs. Further, Native entrepreneurs expressed that they themselves, often cannot recoup financial compensation on a claim in a timely manner. As noted by Kurtis Carroll, “The tribes need to look at legislation for protecting both parties, outside and inside interests.”

Cheyenne River and Rosebud have established separate criminal and civil judiciary systems. Complaints and grievances related to commercial contracts are addressed within the civil system (with the help of UCC guidelines in the case of Cheyenne River). However, during the interviews, many expressed difficulties with the judicial system's overall effectiveness. For example, on the Cheyenne River Reservation nearly half (45%) of the total court docket is tied up with small claims. Upwards of 90% of those are payments (loan and consumer) in default. And 15% of the remaining cases are related to outside interests.³⁹

Because of Rosebud's lack of a garnishment law and Cheyenne River's limited use of the law, external investors and local entrepreneurs have often found using the tribal judicial system to be prohibitively expensive compared to their claims.⁴⁰ Representatives from financial institutions expressed that while tribal courts are important and necessary for recourse, in their experience, the courts are difficult to navigate, time consuming, and offer only a limited a chance for recouping goods, services, or financial restitution.⁴¹ Further difficulties arise in the cases of outside claims for repossession of goods or collateral which reside under tribal jurisdiction or within reservation boundaries. Outside interests cannot unilaterally repossess goods or collateral on lands under tribal jurisdiction. These claims must go through the "show cause process," in which the court decides, based on intent, ability to pay, and other circumstances, how a defendant, if proven to be in default, will pay their debts. Miriam Jorgensen of the Harvard Project on American Indian Economic Development comments that inefficiencies in the court

system should be dealt with through policy, noting, "The problem is the law, not the courts. There's a lack of statute and policy to encourage independence of court. Tribal policies can fix this by strengthening the ability of courts through statute and code to perform better with regard to business law. This includes putting mechanisms in place to smooth the functioning of the court."

Affirmative Policies and Programs

Like most tribes nationwide, Rosebud and Cheyenne River tribal governments have dedicated the majority of their time and resources to developing and running various tribal programs, expanding tribal revenues through tribally owned ventures, and meeting the many basic needs of the community at large. However, Cheyenne River Chairman Harold Frazier and Rosebud President Charlie Colombe have openly advocated for entrepreneurship as a strategic priority. They have stated publicly that individual business development is critical to the economic health of their tribes and that they recognize the need for entrepreneurship strategies. Both tribes include entrepreneurship as a key strategy in their comprehensive economic development plans and currently sponsor various programs (described in the following section) to enhance opportunities and support for Native entrepreneurs.

Tribal institutional support for economic development: Rosebud has a Resource Development Office, Credit Office, Tribal Land Enterprise Office, Budget and Finance Committee, and Economic Development Committee. In October 1999, Rosebud supported the formation of a legally chartered economic development arm of the

tribe, the Rosebud Economic Development Corporation (REDCO). REDCO was designed to manage the Rosebud Sioux Tribe's economic development efforts, including building a commercial center for small business incubation and centralizing economic development services. REDCO works with the Tribal Land Enterprise and Tribal Land Office to define various economic corridors, implement zoning where necessary, and create plans for special areas of development (retail trade, recreation, light industry, and tourism corridors).⁴²

Cheyenne River has a Planning and Economic Development Office, Credit Office, an Economic Development Committee, and a Tribal Business and Industrial Development Committee. The tribe also runs a Tribal Business Information Center through the Department of Economic Development and Planning. In August 2004, Cheyenne River formed the Cheyenne River Economic Development Corporation Committee to begin accessing funds and coordinating the various economic development activities underway. As yet, no formal tribal economic development corporation has been established.

The Cheyenne River economic development plan includes a strategy for entrepreneurship development. Specifically, it aims to "increase the number of entrepreneurs and small businesses by 10 per year over the next 10 years."⁴³ Cheyenne River's plan also prioritizes increasing entrepreneur education in the schools and community college, improving access to capital for individual entrepreneurs, and providing physical infrastructure and business facility development for leasing to small businesses.

Business resources and support strategies:

Both tribes sponsor Tribal Business Information Centers, which offer technical assistance and business services as well as in-house business development resource libraries. The Cheyenne River TBIC also offers a small grant program. TBIC directors, Taffy Lafferty (Rosebud) and Gerald Thompson (Cheyenne River) expressed the want and need to expand services to promote individual entrepreneurship.

In 2000, the Cheyenne River Economic Planning Office sponsored the establishment of a non-tribally owned CDFI, Four Bands Community Fund, Inc., focused on promoting access to financing, training, and technical assistance to individual Native businesses and community members. Four Bands has grown as an independent organization and is a critical part of the system of support for individual entrepreneurs on the reservation.

The Rosebud Sioux Tribe has designated 25% of the REDCO budget to support a microenterprise loan fund and small business incubator, although this money has not yet been allocated and both efforts are still currently in planning stages. Rosebud formed REDCO with the intention of starting a community development financial institution, although that has not yet come to fruition. Efforts to create an independent nonprofit CDFI are now in progress.

Business licensing: The Cheyenne River and Rosebud Sioux Tribes have business license requirements that are fairly streamlined and require a nominal filing fee. This reflects their commitment to identify, formalize, and regulate enterprise activities on or around the reservation. Business licensing offices

provide the tribes with a vehicle for identifying entrepreneurial activity on each reservation. They also serve as the first point of information on regulations for starting or operating a business on the reservation.

Tribal Employment Rights Office: A tribe's authority to enact and enforce a Native employment preference law is grounded in its inherent sovereign status. One important area is the right of tribes to regulate and tax all commerce activity within the jurisdictional boundaries of their reservations.

The Cheyenne River Tribal Employment Rights Office (TERO) and the Rosebud Tribal Employment Contract Rights Office (TECRO) exist to promote fair labor practices by all primary contracting firms doing business on the reservation. The primary purpose of these offices is to ensure that Native people gain their rightful access to employment, training, business, and all other economic opportunities on and near reservations.⁴⁴ Where appropriate, they also aim to ensure that Native American subcontractors have opportunities to bid their services.

Interviews with the TERO/TECRO directors on Cheyenne River and Rosebud revealed a number of challenges to enhancing

opportunities for Native subcontractors and workers, including: ⁴⁵

- Insufficient funds to provide training and technical assistance to build the capacity of workers/subcontractors to meet bid requirements.
- Inability for some workers/subcontractors to fulfill bond requirements.
- Loss of benefits and low wages outweighing benefits of seasonal employment.

Despite these challenges, and given the major road, highway, and construction projects on and around the reservation, the TERO/TECRO offices provide important opportunities for employment for Native construction workers and self-employed individual Native subcontractors. All outside firms and prime contractors must apply to TERO/TECRO for licensing of their contracts and must show that they have sought bids from TERO/TECRO workers, subcontractors, and contractors.

In 2004, Cheyenne River TERO referred more than 202 workers/subcontractors for employment/contracts of which 115 were hired. In October 2003 through April 2004, Rosebud TECRO referred 164 workers/subcontractors for employment/contracts of which 125 were hired.

Summary of tribal entrepreneurship policies/programs

Cheyenne River

- Comprehensive community planning effort, which includes a focus on economic/entrepreneurship development.
- Existing comprehensive economic development strategy, which includes entrepreneurship as a priority.
- Emerging efforts to increase the level of separation between politics and enterprise development (establishment of Cheyenne River economic development corporation committee).
- Developed, adopted, and implemented Tribal Uniform Commercial Code with garnishment clause.
- Separate civil judiciary for fair dispute resolution.
- Entrepreneurship as a strategic priority in the economic development plan.
- Emerging effort to coordinate economic and entrepreneurship-related activities.
- Sponsoring of business information materials, technical assistance, and resources for entrepreneurship development (through TBIC).
- Initial sponsorship of a CDFI to promote access to business capital.
- Tribal business licensing office.
- Tribal Employment Rights Office (TERO).

Rosebud

- Existing comprehensive economic development strategy, which includes entrepreneurship as a priority.
- Emerging efforts to increase the level of separation between politics and enterprise development (establishment of REDCO).
- Active effort to establish Tribal Uniform Commercial Code with garnishment clause.
- Separate civil judiciary for fair dispute resolution.
- Entrepreneurship as a strategic priority in the economic development plan.
- Emerging effort to coordinate economic and entrepreneurship-related activities.
- Sponsoring of business information materials, technical assistance, and resources for entrepreneurship development (through TBIC).
- Designated (but not allocated) funding support for a CDFI to promote access to business capital.
- Tribal business licensing office.
- Tribal Employment Contractors Rights Office (TECRO).

KEY FINDINGS AND RECOMMENDATIONS

The Cheyenne River and Rosebud communities are faced with new challenges in defining and determining the best mix of tribally and individually owned enterprises that should comprise the reservation's economic landscape. The degree to which the community and the political body fosters a supportive environment can greatly impact the success of individual entrepreneurs, entrepreneurship as a component of the overall tribal development strategy, and ultimately, perhaps, tribal economic success. The Cheyenne River and Rosebud tribal policy environments are becoming increasingly inclusive of individual

entrepreneurs and their role within successful tribal economies. However, more could be done to identify and celebrate entrepreneurs, coordinate the array of economic planning activities to complement one another, and pursue planned entrepreneurship development strategies. Interviews revealed the following recommendations about what more could be done to foster a supportive community and policy environment on the reservations:

- Encourage policymakers, entrepreneurship support organizations, and the local media to serve as champions of entrepreneurs by publicly recognizing the contributions of entrepreneurs to the local economy.

What more could be done to support entrepreneurship at the policy level?

"What more couldn't be done?"

— Eileen Briggs, Tribal Ventures Project, Cheyenne River

"We need to preserve and utilize our real traditions and incorporate our traditional values for defining what development is."

— Egan 'Butch' Artichoker, director, REDCO, Rosebud

"We need to support our council and bring training for economic development to the tribe. We could even build an 'in-house' facility."

— Bill Picotte, director Oti Kaga Inc., Cheyenne River

"Maybe it's time that we facilitate a larger meeting for tribal executives and council to have a chance to learn the benefits of entrepreneurship and entrepreneurship development, to get past our own ignorance."

— Tribal employee, Rosebud

"Educate, educate, educate. We need education for Tribal Personnel and Council on the basics of what economic development is, what entrepreneurship is."

— Elizabeth Lenz, professor of business management, Cheyenne River

- Increase investments by tribal governments in collaborative efforts to provide entrepreneurship education and coordinated services to aspiring and existing entrepreneurs.
- Develop entrepreneurship educational seminars and workshops for tribal policymakers and community and economic development personnel.
- Learn from other current efforts to foster greater cooperation among tribes, individually owned Native businesses, and tribally owned businesses. Cheyenne River and Rosebud tribal government and tribal enterprises may benefit from exploring ways to form mutually beneficial relationships with local individual Native small businesses.

Comprehensive community planning: Cheyenne River Tribal Ventures

“It’s about capacity and capacity building, the need to orient our council members and involve all of our community. ‘Ventures’ is to produce a plan for the engines that drive economic development. Whereas we are still getting ready and might not even know that we want to be in the race in the first place, we need the inventory before we run the race.”

– Eileen Briggs, Cheyenne River Tribal Ventures project coordinator

The Cheyenne River Tribe is one of three tribes in the country participating in a Tribal Ventures community planning process. Supported by funding and technical assistance from the Northwest Area Foundation, Tribal Ventures communities develop and launch strategic plans for lasting change. Tribal Venture planning efforts are designed to play a unique role within its community by:

- *Creating collaborations among a wide range of services and organizations.*
- *Seeking outside partnerships and investments.*
- *Networking with other organizations.*
- *Advocating for community-wide solutions.*
- *Assembling and leverage resources.*

As tribal and reservation communities work through the North West Area Foundation Ventures Program, the partnerships encouraged by the Foundation’s mission help serve and identify entrepreneurs and entrepreneurship strategies as key assets for community building. Cheyenne River Sioux Tribe’s research and planning phase was completed in October 2005, after 18 months of community planning. During this process the Cheyenne River Tribal Ventures program has already initiated a much more inclusive conversation around economic development and strategies with the reservation community. The issues raised throughout the process, while focused on poverty alleviation, have also provided important insight and support for entrepreneurship as a poverty alleviation and economic development strategy.

3. ENTREPRENEURSHIP EDUCATION (K-16)

Critical to building a pipeline of entrepreneurs is integrating financial and entrepreneurship education into the school system. Personal financial education and entrepreneurship education are interrelated in that good financial management skills are critical building blocks for successful business management. The aim of entrepreneurship education is to create a large and diverse pool of people across a spectrum of entrepreneurial motivations, out of which there will flow a steady stream of high achievers who will create businesses, jobs, and wealth in their communities. This education may take place within the mainstream educational curricula, in extra-curricula activities, or through special initiatives.

Hands on-entrepreneurship education has been shown to be effective in improving the educational success of economically disadvantaged and vulnerable youth. It provides a fresh start to individuals whose personal development needs are not met by traditional school programs or who have low academic levels, disabilities, or a history of criminal delinquency. A recent study conducted by the Harvard Graduate School of Education found that students from inner city schools who engaged in the National Foundation for Teaching Entrepreneurship (NFTE) entrepreneurship education program:⁴⁶

- Increased their interest in attending college by 32%.
- Increased their occupational aspirations by 44%.
- Increased independent reading by 4%.

- Increased their leadership activities by 8.5%.
- Increased their self-esteem.

Another analysis of entrepreneurship education efforts in rural areas, offered by the Rural Entrepreneurship through Action Learning, (REAL) found that youth engaged in REAL's entrepreneurship education program:

- Increased their interest in starting businesses, attending college, achieving better grades, attending school regularly, and arriving on time to school.
- Widened their perceptions about who can start businesses and helped them see that legitimate business could be a viable alternative to drugs, crime, and violence.
- Believed that they could make a living from their own businesses while adhering to the values and heritage of their communities.
- Engaged their families in their educational experience.
- Created jobs, producing income-generating and asset-building opportunities for themselves and others.
- Increased their job-readiness skills, including goal-setting, time-management, self-esteem, team work, and public speaking.

A recent report that examined differences between Native and non-Native American entrepreneurs found that only 13% of Native Americans had parents who are entrepreneurs compared to 75% of non-Native American entrepreneurs. Most of the adult population has had little, if any, formal financial or entrepreneurship education. Many of those interviewed said they learned

basic banking from either parents or a relative or had no help at all.⁴⁷ Wanda Moran, a traditional artist on Cheyenne River, reflects, “We had nothing that I remember, except career days in high school. Even that’s long forgotten and we had nothing that helped me learn about business or finance.” Without strong support from role models, aspiring youth entrepreneurs lack opportunities to be exposed to entrepreneurship.⁴⁸

The idea of entrepreneurship education for youth is relatively new to the reservations. As previously discussed, most children on the reservation receive an informal introduction to entrepreneurship. Often, younger children are enlisted to help with organizing, managing, and staffing informal entrepreneurial activities such as bake sales, arts and crafts sales, yard/runnige sales, and fundraising events.⁴⁹ Neither Rosebud nor Cheyenne River elementary or high schools currently administers financial or entrepreneurship education programs specifically designed for youth, although a number of initiatives have been in the

planning stages for some time. Those interviewed said that formal entrepreneurship education is available to older students at colleges or private organizations. Youth programs sometimes take a backseat to adult-focused programs since there is a critical need for adult education and funds and resources are limited.⁵⁰

However, awareness of the need for youth-specific entrepreneurship education is growing. According to Gerald Thompson of Cheyenne River, “One of the TBIC goals is to develop and implement a mentor program for the high school. The idea is to place interested students with actual practitioners that they can learn from, about their business interest or idea and what it takes to start and run it.” There have been a few efforts to promote entrepreneurship education among youth on Cheyenne River and Rosebud, but there is no centralized strategy or program. Neither reservation has formally adopted any of the existing entrepreneurship education programs currently available nationwide. Cheyenne River and Rosebud tribal

What is the importance of youth entrepreneurship education?

“If we rely on government or tribes to do something, it’s not entrepreneurship anymore, it’s a tribal program. If we can get the youth thinking at an early age not to rely on the tribe and government and work creatively about financing, angel investors, finding those that want to help you and your idea...A lot of youth still believe that the government is there to help them.”

— Lisa Little Chief Bryan, Native entrepreneurship educator

“If it weren’t for this group we wouldn’t do anything. Sometimes it seems like a lot of work, but it really feels good when it works out and we actually make something. It has taught us a lot...”

—Youth entrepreneurs, American Indian Business Leaders, Rosebud

members have completed the Mini-Society Certification training program, sponsored by the American Indian Business Leaders (AIBL) and the Kauffman Foundation's Center for Entrepreneurial Leadership. Mini-Society is a youth-oriented entrepreneurship curriculum geared to grades three through seven. It includes entrepreneurship concepts, economics, law, government and ethics.

Current efforts underway include:

Rosebud

K-12

- The Tribal Business Information Center is developing a youth-oriented financial education curriculum.
- Wells Fargo Bank has offered "Introduction to Banking" classes (savings/checking accounts, general banking information) to the reservation high schools.

University

- Sinte Gleska University (SGU) offers a bachelor's program in business administration, including a small business development course, to university students and is developing a master's degree program in business.
- The TBIC is working with SGU to provide financial education classes targeted to all university employees and for Head Start employees and their families.
- The Rosebud chapter of American Indian Business Leaders, through the TBIC at Sinte Gleska University, is one of 52 chapters nationwide. Significantly, it is also one of only 10 chapters that have established businesses on local

reservations. The active group of seven members participates in national conferences and networking forums. One of the goals of the college chapter is to start up chapters in high schools and middle schools in the area.

Cheyenne River

K-12

- The Cheyenne River chapter of the American Indian Business Leaders has an active group at the Cheyenne River Eagle Butte High School.
- Four Bands Community Fund, Inc. also recently developed an Individual Development Account (IDA) program for adults and youth. IDAs are savings accounts designed to help low-income people build assets, primarily through small business development, higher education, or homeownership. IDAs allow individuals to deposit money into accounts held by financial institutions and receive matching funds for their deposits. The IDA program also includes financial education.
- Four Bands is in the process of developing a youth entrepreneurship education program.
- State Bank of Eagle Butte has offered an "Introduction to Banking" seminar at the high school level.

University

- Si Tanka University offers an associate's degree in business management and a bachelor's degree in management, with a business concentration. The bachelor's program also offers a course in entrepreneurship.

KEY FINDINGS AND RECOMMENDATIONS

Early and ongoing entrepreneurship education is one of the necessary components in fostering an entrepreneurship environment that will help Native individuals and their businesses to grow. According to many of those interviewed, a culture of inter-generational dependency and lack of exposure to elders and parents who have pursued small business development are important challenges facing Native youth. A number of community members on the Cheyenne River and Rosebud Reservations expressed interest in and enthusiasm about working with youth, yet efforts are only recently emerging.

Interviews revealed the following recommendations about what more could be done:

- Identify current effective practices in Native entrepreneurship education.
- Adopt and integrate formal youth entrepreneurship education strategy and/or curricula into tribal elementary and high schools.
- Educate tribal leaders, policymakers, and teachers about the importance of entrepreneurship education and provide them with the training and resources to guide the implementation of culturally relevant entrepreneurship education curricula for youth.
- Create “real world” opportunities for youth to be exposed to the practices of business and business management (such as mentorships with existing business owners).
- Capitalize on the energy and interest in youth entrepreneurship education to form an advisory circle of both youth and adults.
- Identify and acquire additional funding support for youth entrepreneurship education efforts such as American Indian Business Leaders chapters.

4. ACCESS TO CAPITAL

An important key to successful small and large businesses is having access to capital and credit. Entrepreneurs need to be able to access appropriate and affordable financing at the right stage of their business development.

National research and interviews with industry leaders, local practitioners, and entrepreneurs confirm a severe lack of access to equity capital, credit, and other financial services in Native communities for small and micro business development. They also note significant differences in the amount and types of financial services available to Native communities compared with the rest of the U.S population.⁵¹ While the traditional sources of capital for most emerging entrepreneurs are families and friends, credit cards, and home mortgage financing, all three of these vehicles are generally not available to Native entrepreneurs on reservations.⁵²

The majority of those interviewed expressed a feeling that there was little or no access to business financing on or near the Cheyenne River or Rosebud reservations.

Key difficulties that prevent access to capital expressed were:

- Insufficient cash and other assets for initial business capitalization.
- Insufficient financial management expertise.
- Bad credit/no credit history.
- Lack of control of assets/collateral.

Insufficient cash and other assets for initial business capitalization

While the traditional sources of initial capitalization for most emerging entrepreneurs are families and friends, credit cards, and home mortgage financing, these vehicles are generally not readily available to Native entrepreneurs on the Cheyenne River and Rosebud Reservations. Family was mentioned by those interviewed as a primary source of support, but only for small amounts of money or in-kind services. Wanda Moran, a Cheyenne River artist remarked, “In terms of accessing capital, family is the only answer I know of.”

Additionally, both Rosebud and Cheyenne River report a large number of tribal deducts (those on tribal payroll borrowing against future salary). Although money accessed through these means is not only used for business purposes, these practices indicate the limited options available for acquiring funds for business.

Insufficient financial management expertise

While the need for financial education is not unique to Native Americans, many on the Cheyenne River and Rosebud Reservations noted that community members struggle with personal financial management. As

noted by Noel Brown, formerly of the Cheyenne River Tribal Business Information Center, “I’ve tried to run the ‘Credit when Credit is Due’ program. It’s hard to get people to sign up and keep them motivated. I’m trying to get the tribe to allow tribal employees the education time to make a financial literacy class during business hours. Most people have too much to do with family and children after work hours and it’s hard to get them to show up. Sometimes I think we don’t want to admit we don’t know something.”

Bad credit/no credit history

Lower levels of financial management expertise, along with limited access to financial education programs or mainstream financial institutions contribute to poor credit histories. This, more often than not, disqualifies many from prime rate business loans. The result is high loan default rates—reinforcing the cycle of unmanageable debt, blemished credit, and insufficient capital for business development. Eileen Briggs explained, “The credit history of many tribal members is generally either non-existent or bad. Tribal deducts is our credit system.”

Lack of Control of Assets/Lack of collateral

Noted in the national report and reinforced consistently in the interviews is the issue of control of assets. In short, federal control of tribal assets impacts the ability of Native entrepreneurs operating on trust land to access capital.

Despite the fact that many reservation-based entrepreneurs technically own their own land, the land is held in trust by the federal government. Once land is placed into trust,

while it may help centralize ownership and halt the encroachment of non-tribal development and interests, it also makes it very difficult for Native entrepreneurs to readily convert their assets to cash or leverage them to start or expand businesses. This land cannot be used by tribes or members for transactions such as business leases or mortgages (including home mortgages—the largest source of capital for business start up), without the approval of the Secretary of the Interior. Financial institutions are often hesitant to offer collateral-based lending products to borrowers on reservations because they perceive the risk to be too high.⁵³ Although federal programs exist that guarantee risk for banks interested in investing in Native businesses, cumbersome, conflicting, or ineffective regulations discourage capital investments.

In addition, given the checkerboard model of the Rosebud and Cheyenne River Reservation lands, (having a mix of trust and individual fee land), non-Native individuals and communities own or have extensive lease rights to land within the reservation. Both tribes are actively trying to reclaim and purchase land, reinstating the land to tribal trust protection status. This reveals an interesting dichotomy and implication for Native entrepreneurship. On one hand, once land is placed back into trust, it may help to centralize ownership and halt the encroachment of non-tribal development and interests. On the other hand, it makes the possibility of using the land as collateral for small business financing more difficult. As noted by Schuyler Houser, of Sinte Gleska University, Rosebud, “There is a cultural conflict in talking about putting up the last asset of Native Americans for capital. Most

people would rather go to the tribe, if at all possible, or to family or friends, who generally don’t have the funds.”

In addition to family, friends, and the tribal payroll deduction system, other sources of capital currently available on Cheyenne River and Rosebud include:

Financial Institutions: Very few community members mentioned local banks as resources for accessing capital, and those who did stated that the banks “are not for us.” As noted by one tribal employee on the Rosebud Reservation, “If I needed start-up funds I guess I would look for a grant first. My second choice would be a bank, but I think that they are too exclusive.” Those who actually accessed banking services said they received interest rates of approximately 18%.

Interviews with the primary local banks on or near the reservations, Eagle Butte State Bank (Cheyenne River) and Wells Fargo (Rosebud) revealed that the numbers of loans to Native entrepreneurs were extremely low, if there were any at all. Although the banks do not track this information, only a handful of loans were made within the last year to Native entrepreneurs. As noted by Kernit Grimshaw of Wells Fargo, “Of all the loan requests I get, I would say that maybe one in 20 have any success. More often than not they lack the 30% capitalization. I could count the number of loans made to Native entrepreneurs on one hand.”⁵⁴ Steve Payne of Eagle Butte State Bank Cheyenne River adds, “I would say, as an example, that TBIC refers clients that are pursuing small business loans, but 99% of those have no collateral or equity to secure it. The trust land issue of course plays a role in that as well.”

Both banks expressed interest in working to increase access to capital on the reservations and serve as board members of Four Bands Community Fund, Inc. and Rosebud Economic Development Corporation.

Alternative financial sources: Local institutions that offer access to small amounts of capital include Four Bands Community Fund, Inc. of Cheyenne River, Tribal Credit Offices, and TBICs. Neither reservation currently offers a tribal revolving loan program. Both have credit offices that make a small percentage of business loans.

Community development financial institutions have community development as their primary mission and offer affordable financial products and development services in distressed communities. Along with their financial products and services, they provide extensive business development training and technical assistance. Rosebud tribal members have worked for many years to sustain an alternative financial institution. The Four Times Foundation and the Sicangu Enterprise Fund once provided small grants for business start up, but closed due to unreliable funding. Efforts are underway to start a new independent nonprofit CDFI called the Sicangu Fund.

Four Bands Community Fund, Inc. serves as the local full-service CDFI on Cheyenne River. It offers both micro and small business loans and is the most comprehensive source for access to capital on the reservation. According to Four Bands executive director, Tanya Fiddler, since 2002 the CDFI has approved 53 loans totaling approximately \$140,000 to emerging and existing entrepreneurs through its micro loan program. In addition to loan capital, Four

Bands provides small amounts of equity capital through Individual Development Accounts. Fiddler notes that lending and related training and technical assistance has resulted in the creation of 1.5 jobs per loan and has increased their clients' annual incomes by \$6,000 to \$26,000.

Tribal Business Information Centers: Originally, but no longer, funded through the Small Business Administration (SBA), Tribal Business Information Centers are tribally run local resources for technical assistance services and in-house business development resource libraries. The TBICs of Rosebud and Cheyenne River aim to connect entrepreneurs with national and state level sources. However, interviews with TBIC clients and directors revealed that entrepreneurs have little overall success accessing these sources. For example, neither of the TBICs has clients working with the Great Plains Regional BIA Loan Guarantee Program or with statewide SBA or governor's small business lending programs.

The Cheyenne River TBIC does utilize the national Trickle Up one-year grant program, in which qualifying entrepreneurs are eligible for up to \$500 for start up. They are also eligible for an additional \$200 after the first six months, if they report on their business success. The Cheyenne River TBIC reported 63 recipients of the \$500 start-up grant for 2003-2004.

Fringe Services: Faced with a lack of access to mainstream financial products and services, many Native people seek out fringe banking services, such as pawn shops and payday or title loan businesses. Pawn shops do a healthy trade in Native consumer and cultural goods. They typically undervalue the

products, lending only up to 20% of what the items are worth. Interest rates usually range from 10-20%. For many, this is a typical way to access funds immediately, when necessary, and it is common for individuals to repay more than 100% of their original loan amount after interest accrual and fees.

KEY FINDINGS AND RECOMMENDATIONS

Access to capital may be the most misunderstood issue for developing businesses on and off the reservation. Access to capital for business financing continues to be elusive for many aspiring entrepreneurs. While Native entrepreneurs expressed feeling alienated from mainstream banking institutions, representatives from banks reported a number of challenges in lending to Native entrepreneurs. Many Native entrepreneurs felt a stigma attached to their financial condition. This prevented them from tapping into available support systems to help repair their credit and gain financial skills.

On the Cheyenne River Reservation, a number of efforts have emerged to develop alternative sources of business capital for Native entrepreneurs with poor credit history or lack of collateral. The Four Bands Community Fund, Inc. and the TBIC Trickle Up program, for example, play important roles in providing initial capital and critical financial education that help community members better understand and navigate the mainstream banking system.

Interviews revealed the following recommendations about what more could be done to help entrepreneurs access capital:

- Conduct in-depth study to better determine the level of business lending on South Dakota reservations as well as models of success.
- Conduct further research on the impact of sub-prime lending and fringe services on/around South Dakota reservations.
- Promote increased access to debt capital through support of Native-owned CDFIs, credit unions, banks, etc.

Capital access strategies: Standing Rock Sioux Tribe's Business Equity Loan Fund

As Cheyenne River and Rosebud communities consider increasing access to equity sources for Native entrepreneurs, they may benefit from lessons learned from their regional neighbors on the Standing Rock Sioux reservation, on the North and South Dakota border. The Standing Rock Business Equity Loan Fund was established to help Standing Rock enrolled members start, grow or purchase businesses within or immediately adjacent to the exterior boundaries of the Standing Rock reservation. The Fund offers two separate programs to benefit tribal members. The Micro Equity and Loan Assistance Fund offers cash grants up to \$8,400 for businesses with capital needs under \$25,000 and loan guarantees of up to 90%. The Business Equity Assistance Fund offers cash grants of up to \$85,000 (or 34% of total capital, whichever is greater) for businesses with larger capital needs.

- Facilitate dialogue between tribal leaders, tribal members, and outside investors and financial institutions to share knowledge, identify challenges and opportunities, and pursue mutually beneficial investment strategies.
- Increase awareness of the need for personal finance skills and support existing efforts to promote financial education.
- Encourage mainstream financial institutions to invest in financial education programs.
- Provide guidance to local banks on strategies to increase their provision of financial products and services to Native entrepreneurs.
- Develop or expand access to IDAs and other equity sources.

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CUSTOMIZED COACHING IN
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5. TRAINING AND TECHNICAL ASSISTANCE

In addition to financing, aspiring and existing entrepreneurs need customized coaching to flourish. A 2003 report on Native entrepreneurship by First Nations Development Institute found that limited business expertise—specifically knowledge about marketing, business plan development, loan applications, and general business practices—is a significant barrier for some Native entrepreneurs. It concluded that non-financial support is needed throughout the business development process.⁵⁵

Tribal leaders and Native entrepreneurship support organizations on the Cheyenne River and Rosebud Reservations have also recognized the need for more culturally relevant and targeted training and technical assistance programs. Because of poor outreach and lack of cultural relevance, standard materials from college curricula, the SBA, Small Business Development Centers, and others have often not fully reached their intended audiences within the reservation environment. With the advent of such materials as *Building Native Communities: Financial Skills for Families*⁵⁶ and *The Indian Business Owner's Guides*⁵⁷ local organizations have access

to materials that are geared toward their learning and cultural environments. This has spurred a conversation about the materials that best suit the reservation environment. To this end, the Cheyenne River and Rosebud Tribes as well as nonprofit organizations are creating and utilizing more culturally relevant methodologies and materials.

Cheyenne River

- The TBIC has periodically offered *Credit When Credit is Due* and *Building Native Communities* workshops. The office has organized seminars with representatives from local financial and state institutions, the SBA, and IRS around issues of finance, taxes, etc. The TBIC also offers computer access to their clients, one-on-one counseling, help with writing business plans, and serves as an overall

clearinghouse of information for anyone interested in starting, growing, or maintaining a business.⁵⁸

- In addition to providing capital, Four Bands Community Loan Fund, Inc., offers training and technical assistance services through the Cheyenne River Entrepreneurial Assistance Training and Education (CREATE) class. CREATE

is an innovative in-house design geared toward the reservation environment.

Successful graduates of this seven-week course are eligible to apply for funding from the Four Bands revolving loan fund. Four Bands also offers computer lab access and regularly partners with other tribal and non-tribal programs and agencies to present special workshops and seminars on finance, bookkeeping, and computer programs and

'Made on the Rez' Mercantile

'Made on the Rez' Mercantile is a innovative social enterprise of Four Bands Community Fund, Inc. 'Made on the Rez' provides technical assistance, business incubation, and marketing assistance to artists, informal, and formal entrepreneurs on the Cheyenne River reservation. It also:

- *Operates a small retail store open during business hours Monday through Friday (located on the Cheyenne River Reservation).*
- *Manages an e-commerce website featuring the work of local Native artists.*
- *Maintains an on-line business directory for the Cheyenne River reservation*
- *Hosts a visitor information directory for the Cheyenne River reservation.*
- *Sponsors Native Discovery, a tourism partnership project involving the Mitchell Prehistoric Indian Village, Pine Ridge Area Chamber of Commerce, and Sicangu Fund to encourage more tourists to visit South Dakota's reservations, experience Native American culture, and purchase Native American art.*

Social enterprises such as 'Made on the Rez' fulfill a vital role for reservation-based entrepreneurs in transitioning from aspiring to formal entrepreneurship practices. For many area artists this can be a first introduction to formal entrepreneurship. Some may begin by attempting to sell items directly to the retail store, but will soon gain introduction to e-commerce and larger markets, pricing and productivity, quality, and competition from other services or artists. Organizations like 'Made on the Rez' create a crossing point by which community members have the opportunity to become more comfortable with their own entrepreneurship identity, at their own speed and ability. It takes time for informal or aspiring entrepreneurs to adjust to the ideas of formalization, both the benefits and consequences. It also requires a familiar and comfortable place that they have interacted with several times before choosing to pursue more formal entrepreneurial activity.

Learn more about 'Made on the Rez' at: madeontherez.com.

skills. Four Bands also provides marketing assistance through its e-commerce site, *'Made on the Rez' Mercantile*.

- Cheyenne River Vocational Rehabilitation helps eligible clients rejoin the workforce through limited financial support and one-on-one counseling. Vocational Rehabilitation helps clients identify their capabilities and prepares them for obtaining gainful employment, from traditional jobs to home entrepreneurial activity and other forms of self-employment.⁵⁹
- Cheyenne River developed a community technology center to offer training in basic and advanced computer skills. With a large bank of computers, interested students can seek individual attention, rent computer time, or enroll in the many seminars offered at various times throughout the year. Some of the seminars offered include introduction to business accounting and bookkeeping programs.
- Cheyenne River Department of Tourism is currently working on a tour guide development program and an Interpretive Tours Seminar to assist local tribal members in pursuing their own individual tourism-based enterprises.⁶⁰

Rosebud

- The TBIC, located within the Sinte Gleska University Campus, offers financial education courses throughout the year along with one-on-one counseling. The TBIC also offers computer labs to its clients, provides help with business plans, and serves as the main clearinghouse of information for reservation-based entrepreneurs. The TBIC is also

developing a financial education training that will be offered initially to university employees and employees and parents of the Head Start program.

- REDCO has designed and offered business success workshops that include all facets of successful business development, research, business plans, marketing, and strategy. REDCO was initially mandated to be a clearinghouse of information for overall economic development strategy, including private enterprise development. REDCO offers one-on-one counseling and is in the process of developing a business incubator. REDCO also developed an e-commerce site for Rosebud entrepreneurs.⁶¹
- Badlands South Central Enterprise Facilitation⁶² works with individual entrepreneurs from the Rosebud Sioux Tribe. Badlands South is a technical assistance-oriented enterprise. It is a non-tribal resource for individuals, tribes, and tribal organizations.

KEY FINDINGS AND RECOMMENDATIONS

Efforts to expand access to training and technical assistance on the Cheyenne River and Rosebud Reservations have increased significantly in recent years and should be commended. They are still, however, in their early stages of development and require ongoing tribal and community support and funding to stabilize and expand. Because no one program can do it all, efforts to partner with local, regional, and statewide training and technical assistance organizations will be key to reaching scale and impacting larger numbers of entrepreneurs. This approach is

based on the philosophy that an entrepreneur support agency is not in competition for a finite pool of entrepreneurs, but rather considers itself a partner in expanding the pipeline of entrepreneurs on the reservation and across the region.

Interviews revealed the following recommendations about what more could be done to promote effective training and technical assistance:

- Utilize culturally relevant materials that reflect the realities facing Native entrepreneurs doing business on the reservation.
- Allocate funding to support and expand local and culturally relevant training and technical assistance services.
- Support training and technical assistance models that require collaboration and networking among service providers and all sectors of the local and regional community.

6. ACCESS TO NETWORKS

Networks meet a crucial need for peer-to-peer learning, allowing entrepreneurs to share experiences, knowledge, and often, to do business together. Entrepreneurs learn about sources of support, markets, and solutions to common problems. As Richard Briggs, owner of Northern Grasslands, Inc. on Cheyenne River, notes, “You do what you have to. But it would be great to know that

there were others out there like me, going through what I do everyday.”

Emerging efforts to promote networking among entrepreneurs on the Cheyenne River and Rosebud Reservations include:

Cheyenne River

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- Various programs and individuals of Cheyenne River are working to create a CRST Chamber of Commerce.
- Four Bands Community Fund, Inc. organizes and sponsors a series of quarterly gatherings, “talking circles,” for potential and existing small business owners to encourage an exchange of ideas and to help them build new skills.

Rosebud

- The TBIC at Sinte Gleska University is a networking hub for individual entrepreneurs. Still in the planning stages, TBIC projects include developing an area-wide business directory and a Chamber of Commerce or Sicangu Business Association. Part of the strategy is to form a Chamber of Commerce as a tool to assist the Rosebud Council on individual enterprise and economic development issues, such as the adoption of a Universal Commercial Code and a garnishment law.⁶³

When asked about networking resources, entrepreneurs interviewed for this report were generally unaware of networking

resources outside of the reservation boundaries. Access to markets through better use of networks is another idea that is still emerging in reservation communities. Although electronic commerce sites exist for Native entrepreneurs, having the technical expertise in connecting these sites to a larger national and international network (as is the case with examples such as eBay.com and Craigslist.com) has not been utilized by many. The use of these types of international market networks requires a secure method of sending and receiving payments, small amounts of start-up capital, and a safe and timely method for shipping goods—all components that can be stumbling blocks to reservation-based Native entrepreneurs. As noted by Schuyler Houser, “I know personally at least 20 non-Indian rural residents who derive a significant source of their income through sales on eBay. I know of not a single Indian person on either reservation who uses eBay. Funding and establishing a pilot program for access to the huge international market which already exists might facilitate significantly increases in sales.”

KEY FINDINGS AND RECOMMENDATIONS

Networks are essential to a supportive environment for entrepreneurs. Cheyenne River and Rosebud have taken early steps

toward fostering entrepreneurial networks. Reservation-wide Chambers of Commerce and informal and formal forums for entrepreneurs to gather and network serve as important platforms for both advocacy and peer support. Becoming a business owner comes with its own challenges and opportunities and the emergence of a business class requires celebrating and supporting their business development ambitions.

Interviews revealed the following recommendations about what more could be done to improve access to entrepreneurial networks:

- Identify and catalog the diverse Native-owned businesses and services currently operating on the reservation.
- Finalize planning and development of the Chambers of Commerce.
- Consider innovative strategies for creating forums for entrepreneurs to network including virtual networks, print media features, radio talk-shows, business plan competitions, entrepreneurship convenings and award ceremonies, and facilitated forums that focus on a specific sector or stage of business development.
- Promote access to regional, statewide, and national networks and markets that facilitate local networking opportunities.

STATE ENTREPRENEURSHIP ENVIRONMENT

The Native community or reservation provides the immediate environment that determines whether entrepreneurship will succeed or fail. However, the resources available on reservations and in neighboring counties are usually inadequate to match the diverse needs of entrepreneurs. The only way that communities can gain access to sufficient resources and expertise is by forging cooperation across multiple jurisdictions and accessing services available throughout the state.

The following provides insight into South Dakota's entrepreneurship environment by analyzing the entrepreneurial activity currently underway across the state as well as the system of supports that are available statewide. The information is designed to encourage thoughtful questions about South Dakota's entrepreneurship environment. It is also intended to support state, local, and tribal planners and policymakers in their efforts to promote entrepreneurship development, particularly in Native communities in South Dakota.

The data provided draws from the *Development Report Card for the States* (CFED's

annual economic development benchmarking tool), the *Assets and Opportunity Scorecard: Financial Security Across the States* (which measures asset ownership across the states),

other supplemental data, and interviews with state government leaders and representatives from entrepreneurship support organizations (Native and non-Native).

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SOUTH DAKOTA'S ENTREPRENEURS

A recent study conducted by the Small Business Administration's Office of Advocacy found that regions with the highest rates of entrepreneurship experience, on average, 125% higher employment growth, 58% higher wage

growth, and 109% higher productivity than regions with the lowest rates. The study concluded that any region can achieve compelling economic growth if entrepreneurship is encouraged and increases in entrepreneurship result in higher, sustained levels of innovation.⁶⁴

The estimated total number of businesses with 500 or fewer employees in South Dakota in 2003 was 71,400. Of these, 23,161 or 32.4% were firms with employees and the remaining 48,239 were non-employer firms. In 2002, employer firms with 500 or fewer

employees had a total annual payroll of \$4.5 million and employed 189,371 people.⁶⁵ (Non-employer firms do not report employment or payroll numbers). Nearly all of the remaining non-employer firms were self-employed entrepreneurs (non-incorporated, non-employer firms). They numbered 48,128 in 2003⁶⁶ or 11.3% of the South Dakota labor force, ranking the state 3rd nationally.⁶⁷

Of particular note is South Dakota's small business sector. Businesses with 20 or fewer employees contribute significantly to the state economy. Of the 20,877 employer firms in 2002, 86.1% or an estimated 18,000 had fewer than 20 employees. These firms employed almost 73,000 people with an annual payroll of \$1.5 billion.⁶⁸

Interestingly, the majority of South Dakotan small businesses are microenterprises. In 2002, more than 15% of South Dakota's labor force owned microenterprises (63,000), ranking it 15th when compared with other states.⁶⁹ Of those, 13,000 were employer businesses with one to four employees⁷⁰ and 50,000 were non-employer businesses.⁷¹ The 13,000 employer microenterprises employed more than 19,000 people with an annual payroll of almost \$0.5 million.⁷² The 50,000 non-employer firms had receipts of more than \$1.6 billion.⁷³ (Non-employer micros have no employment numbers and no payroll numbers).

Together, these measures indicate that South Dakota's small business sector significantly contributes jobs and income to the state's economy.

BEYOND THE AVERAGE

While South Dakota has a strong base of homegrown small business people who contribute significantly to the state's economy, there are critical caveats about the entrepreneurial energy and equity across the state.

INTERESTINGLY, THE MAJORITY OF SOUTH DAKOTAN SMALL BUSINESSES ARE MICROENTERPRISES.

Business vitality: South Dakota received an F in CFED's 2006 *Development Report Card* Business Vitality index, which measures the competitiveness of the

state's existing businesses. While South Dakota has the 3rd lowest rate of business closings in the country (9.7% of firms closed in 2005), the businesses that exist are not exporting goods to other states (the state ranks 44th in the strength of its traded sector) and its existing businesses are only moderately diverse in their industrial mix (the state ranks 40th in industrial diversity). Additionally, the state ranks 48th in the creation of new companies (1,691 new employer firms started 2005). Job growth from these new companies also was slow (only 9,006 jobs were created by new employer firms with fewer than 500 employees between 2002 and 2003). Noticeably, South Dakota was one of 15 states with no initial public offerings.

Innovation: South Dakota also received a D in the 2006 *Development Report Card* Innovation Assets sub index, which measures technical knowledge and technological resources. South Dakota ranks in the bottom 10 states in measures such as patents issued (66 in 2005), research and development (R&D) investments (approximately \$50 million in university R&D and \$59 million in federal R&D in 2005). Impressively, South Dakota has improved tremendously in its number of university spin-outs moving from the bottom 10 in 2004 to 26th in 2005.

It is important to note, that due to data limitations across all 50 states, this comparative *Development Report Card* data does not represent a complete picture of business vitality or innovation underway in South Dakota. As noted by Michael Utter, executive director of Rural Community Innovations, (RCI), “There is a great deal of investment in emerging technology in sustainable and value-added agriculture in South Dakota, which is not reflected. For example, in 2005, over 13 ethanol plants were operating or under construction, representing perhaps \$1 billion in new venture offerings over the last several years. In addition, bio-diesel development is taking place at several locations with significant venture dollars flowing, wind energy development is underway, and a variety of other value-added manufacturing enterprises, such as the farmer-owned \$250

million soya bean oil processing plant in Volga, South Dakota.”

Entrepreneurial equity: Small business success does not play out evenly across the state, particularly with regard to race. In 1997, minority entrepreneurship (defined as share of minority-owned firms relative to the

minority adult population divided by the share of total firms relative to the total adult population) in South Dakota ranked 46th when compared to other states.⁷⁴ Yet the value of these minority firms (defined as the total sales and receipts in thousands of dollars for minority-owned businesses divided by total sales and receipts for each state, calculated for 1997,) is relatively high (5th).⁷⁵ It seems that although there are fewer minority firms per capita, those that exist are doing

well compared to their counterparts in other states.

Native entrepreneurs: The disparity in business ownership in South Dakota is particularly apparent when looking at Native-owned business statistics. Nationally, Native entrepreneurship is growing exponentially (between 1992 and 1997 the numbers of Native owned businesses in the United States rose by 84%.⁷⁶ However, in South Dakota, Native entrepreneurs own private businesses at a much lower rate per capita than the non-minority population. Sixteen out of every 1,000 Native South Dakotans own their own businesses

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UNDER-REPRESENTED IN
SOUTH DAKOTA.**

compared with 97 for the non-minority population.⁷⁷ In addition, the businesses that Native entrepreneurs own produce less income on average than non-minority businesses.⁷⁸

In 1997, according to the U.S. Census Bureau, South Dakota had 955 Native firms that generated approximately \$221,916,000 in sales annually.⁷⁹ Of these, approximately 178 were employer firms with more than 2,773

Oweesta Collaborative: An entrepreneur-centered approach to building communities

At a regional level, efforts are underway to develop an Entrepreneurship Development System specifically targeted to Native entrepreneurs. Oweesta Collaborative is implementing an EDS to enhance the growth of private business on the Cheyenne River and Pine Ridge reservations in South Dakota and the Wind River reservation in Wyoming.

Based on the Lakota value of Wawokiye, generosity without expectation of return, the Oweesta Collaborative EDS is a systematic approach to business development centered on the specific needs of Native entrepreneurs. It incorporates a network of volunteer and paid professional service providers, coaches, and mentors to answer questions, and it provides one-on-one business help free of charge to community members seeking to grow their businesses. The Oweesta Collaborative EDS is initially piloting the “Wawokiye” model through the Lakota Fund on the Pine Ridge reservation and will share lessons with Cheyenne River and Wind River entrepreneurship support organizations also served by the Oweesta Collaborative.

Oweesta Collaborative partners are a mix of reservation-based, statewide, regional, and national entrepreneurship support organizations, including:

- *First Nations Oweesta Corporation*
- *Rural Community Innovations, Inc.*
- *The Lakota Fund*
- *Wawokiye Business Institute*
- *Pine Ridge Area Chamber of Commerce*
- *First Peoples Fund*
- *Four Bands Community Fund*
- *Wind River Development Fund*

All the organizations will work together to advance community and political support for Native entrepreneurship across the region and the state; promote youth entrepreneurship education; and enhance training, technical assistance, financing and peer networking opportunities for Native entrepreneurs across the three reservations and region.

paid employees and 777 were non-employer firms.⁸⁰ Although Native Americans represent 8.2%⁸¹ of South Dakota's population, they own only 1.5% of all firms⁸², revealing that Native firms are significantly under-represented in South Dakota. This is particularly true for rural areas where the density (the number of firms per 1,000 Native Americans) of Native American firms is 12 for non-employer firms and 2.6 for employer firms, in both cases, the lowest of all the eight North West Area Foundation states.⁸³ The largest proportion (45%) of these Native entrepreneurs is in the services industry with the next two leading industries being retail trade and construction at 13% respectively.

SUPPORT FOR ENTREPRENEURSHIP IN SOUTH DAKOTA

Currently there is no functional statewide Entrepreneurship Development System in South Dakota. Interestingly, however, one of the most innovative efforts nationwide to create a comprehensive EDS is the South Dakota-based, Oweesta Collaborative. This is a regional Native-led effort that spans the Pine Ridge and Cheyenne River Reservations in South Dakota and the Wind River Reservation in Wyoming. The Oweesta Collaborative is the only Native-led EDS currently operating in the country and is receiving significant support from the W.K. Kellogg Foundation.

The following offers an analysis of the entrepreneurship development supports available to entrepreneurs across South Dakota. It particularly considers the relevance and outreach to Native entrepreneurs operating businesses on reservations.

I. COMMUNITY SUPPORT

**“IN SOUTH DAKOTA, WE
HAVE A ‘DO IT YOURSELF’
CULTURE BUT NOT AN
ENTREPRENEURIAL
CULTURE.”**

Despite the significant level of microenterprise and small businesses across rural South Dakota, interviews revealed that South Dakotans don't view themselves as “entrepreneurial.” Jim Mirehouse, president of the Genesis Equity Fund, stated, “For many years, we waited for the rest of the

world to bring it to us and we use it, instead of creating it ourselves. Our focus groups revealed that we don't have an entrepreneurial culture. We have one that looks at grants or government checks. We didn't find a shortage of ideas but most were leaving South Dakota.” Jamie Rounds, former director of special initiatives for the governor's office of economic development noted, “In South Dakota, we have a ‘do it yourself’ culture but not an entrepreneurial culture. We need to promote entrepreneurship more broadly.”

Beth Davis, executive director of South Dakota Rural Enterprises Inc., (SDREI), a nonprofit statewide microenterprise support organization, attributes the lack of community support and awareness for entrepreneurship strategies to risk aversion. She explained, “Because we're really conservative, we'd rather have 100% of nothing than risk sharing an idea and failing.”

A few select efforts are currently underway to increase awareness of and support for entrepreneurship development at the statewide and community levels. For example, the governor's office recognizes entrepreneurs in its annual economic development award ceremonies. The state's chapter of the National Federation of Independent Businesses and the Chamber of Commerce also hold award ceremonies to honor members and small business advocates. First People's Fund, a Rapid City-based Native nonprofit arts organization holds an annual community spirit award to celebrate Native artist entrepreneurs. Yet entrepreneurship advocates and policymakers agree that while these efforts are important and worthwhile, they are only

first steps. In order to change the broader community conversation about the importance of entrepreneurship in South Dakota in a meaningful way, forums that raise the profile of entrepreneurs through the media and community forms need to be inclusive, systematic, and ongoing.

KEY FINDINGS AND RECOMMENDATIONS

Advocates, investors, and policymakers agreed that much more is needed to create a supportive culture in South Dakota that celebrates entrepreneurs and embraces entrepreneurship (opposed to wage employment/business recruitment) as a worthwhile economic development strategy.

Honoring Native artist entrepreneurs: First Peoples Community Spirit Award

Founded in 1995, First Peoples Fund's mission is to honor and support the creative, community-centered First Peoples artists and nurture the collective spirit that allows them to sustain their peoples. Annually, First People's Fund hosts the Community Spirit Awards gala in South Dakota to celebrate established artists who have demonstrated substantial contributions to their communities through their careers as artists. In the spirit of giving, First Peoples Fund honors American Indian artists who exemplify their traditional cultural values and way of life through the sharing of their creative talents and skills with others in the community.

The gala has served as an important forum for building new relationships between arts-based and economic development organizations and building bridges between Native and non-Native leaders. As noted by Randy Ross, former program officer of First Peoples Fund, "Arts organizations can't always make the cross over to economic development and economic developers can't talk arts. First Peoples Fund helps to bridge the two worlds."

The Community Spirit Award has been highly successful as an educational tool and in building relationships between the Native arts community and policymakers, investors, and economic development organizations in South Dakota.

Interviews revealed the following recommendations about what more could be done to foster community support for entrepreneurship in South Dakota:

- Support and enhance programs such as *Made in South Dakota* (www.madeinsouthdakota.com) to increase awareness of South Dakota's home-grown entrepreneurs across the state, nationally, and internationally.
- Launch an ongoing statewide media campaign about the diversity of South Dakota's entrepreneurs and the importance of entrepreneurship to the future of South Dakota.
- Provide funding and communications support to rural and reservation communities across the state interested in developing strategies to enhance community support for entrepreneurs and develop coordinated service delivery systems.

2. POLICY ENVIRONMENT

South Dakota's state economic development strategy has historically relied on business recruitment rather than investments in its homegrown small business economy. This approach has been rooted in state and local tax incentives, tax breaks, and direct investments. It has primarily centered on encouraging outside big businesses to relocate to South Dakota and benefit from no or

very low corporate income tax, personal income tax, business inventory tax, and personal property tax.⁸⁴ The state ranks number one in the nation in this incentive-based approach, according to the Small Business Survival Index, a report card that ranks states on their government-imposed costs (such as taxes and other regulatory policies) that affect business costs and profits.⁸⁵ However, what this index neglects is the state's level of financial and human resource investment in new and/or existing South Dakota small businesses. In this regard, South Dakota has under-invested resources in its entrepreneurial economy.

The state's approach to economic development is beginning to change. According to the former Secretary of the Department of Tourism and State Development, Jim Hagen, "Previous to this administration, economic development in South Dakota suffered from benign neglect. The governor's office is focused for the first time on getting a structure in place to truly help all entrepreneurs in the state." Beth Davis of SDREI agrees, but warned that much more still needs to be done. "There's a sea-change going on here. The level of dialogue does seem to be raised, but economic development in South Dakota is still perceived as business attraction. We are seeing some investments by the state for specific projects to support specific businesses, but are not yet seeing the support for the full spectrum of entrepreneurs or those organizations that can impact change

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ENTREPRENEURS IN
THE STATE."**

on the ground. Economic development is still about getting headlines in South Dakota.”

What makes up an effective state entrepreneurship policy strategy? As noted by a report from the National Governor’s Association Center for Effective Practices, “Entrepreneurs often ‘fall between the cracks’ of programs designed to support more traditional, less agile business models. In trying to fill this gap, however, states cannot and should not attempt to be the exclusive providers of entrepreneurship support services. Instead, they should aim to serve as a ‘broker’ for a variety of private and not-for-profit services and should adopt policy changes aimed at meeting the most compelling needs of entrepreneurs.”⁸⁶

South Dakota Governor Mike Rounds has adopted an aggressive program to diversify the state’s economy (and related policies) away from a traditional reliance on agriculture and other resource-based industries. Regulatory reforms along with affirmative policies that increase the level of focus and financial support for entrepreneurs are top priorities for his administration. The governor’s 20/10 Initiative has a specific goal of creating and developing new businesses and growing/expanding existing businesses that will contribute \$10 billion to the Gross State Product. It also includes a host of strategies designed to promote homegrown

business development across the state.⁸⁷ The majority of these activities are well underway and many have been completed successfully. Of particular note, the 20/10 Initiative has made significant progress toward increasing access to appropriate financing for emerging entrepreneurs (described in more detail in the access to capital section).

**“IF YOU GO OUTSIDE THE
TOP BIGGEST SEVEN TOWNS
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ENTREPRENEURIAL
CULTURE AND SERVICES ARE
NOT COORDINATED.”**

In partnership with the Enterprise Institute (see page 91 for more information about the Institute) and the South Dakota Rural Development Council, the state also has made strides in raising awareness about the importance of a coordinated entrepreneurship development system for South Dakota. As noted by Jamie Rounds, “If you go outside the top biggest seven towns in South Dakota, [entrepreneurship] services aren’t there. These

communities don’t have an entrepreneurial culture and services are not coordinated.” The governor’s Department of Tourism and State Development has attempted to catalog the existing system of support primarily through the development of a comprehensive web clearinghouse of information of business and other statewide services (see: www.sdcommunitynetwork.com). The state also is launching a public/private program titled *Creating Entrepreneurial Opportunities* (CEO), focused on promoting entrepreneurship across the state through

schools, universities, and community organizations.

While all of these efforts are open and available to all South Dakotans, to date there has been very little explicit state policy focus on targeting business support to Native entrepreneurs. Only recently has Native economic development strategies been considered an area of state policy interest. The issues of Native American poverty in South Dakota and a lack of business infrastructure on the reservations have been important areas of policy neglect at the state level. According to the U.S. Department of Commerce, Bureau of Economic Analysis, four of the 20 lowest per capita Income Counties in America are on Indian reservations in South Dakota. There are also tremendous infrastructure deficits at the reservation level. Lack of water and sewer systems, for example, are preventing many small business projects from moving forward.

State policy can play an important role in raising the visibility of the reservation-based rural infrastructure problem. Michael Utter of RCI notes that addressing the rural infrastructure deficits in Native communities in South Dakota, might, in the long run, create more opportunity for mid-sized Native entrepreneurs in South Dakota than any other single step.

The governor's office is making strides to improve overall state/tribal relations, as evidenced by its establishment of an Office of Tribal Government Relations. The office is designed to improve state/tribal relations and act as the governor's representative to the tribes. The enormous task of managing relationships with all nine reservations in

South Dakota falls under this office's purview. Roger Campbell, director of the Office of Tribal Government Relations commented that many of the more basic pressing issues (child welfare, land and environment issues, etc.) make it very difficult to focus on strategies for state/tribal entrepreneurship development activities. In a 2004 interview with Jim Haagen, he noted, "Currently we don't have anything in place to specifically support Native entrepreneurship and I'm not particularly aware of any specific outreach to Native businesses. But through the office we will begin having a dialogue with tribal leaders around economic development."

South Dakota does not have business development programs designed specifically for Native Americans nor does it actively market the state's existing programs to Native communities. There is still confusion about how to best reach Native populations while recognizing the inherent sovereign status of the tribes. The office has made progress in terms of fostering productive relationships with tribes around economic development. It has entered into comprehensive tax agreements with a number of tribes and has identified "assisting in developing business infrastructure with the tribes, where invited" as a recent addition to its 20/10 Initiative objectives. Part of this plan includes learning from effective practices in state-tribal relationships from other states and building relationships with tribes' economic development departments/committees and Native community development financial institutions. The office also has identified as priorities: creating a South Dakota Native American Business Directory, partnering with the Alliance for Tribal Tourism

Advocates, and actively seeking tribal vendors to utilize the *Made in South Dakota* website an on-line virtual marketplace for South Dakota entrepreneurs, supported by the South Dakota Department of Tourism and State Development.

Jamie Rounds notes, “we work with tribes where invited. We don’t want to come in and be prescriptive.” However, Tina Van Camp, former director of economic development, believes that the state could do more to improve Native utilization of business development services. She asks, “Do we do targeted marketing to the reservations? No. Should we? Yes.” All those interviewed at the state level noted that the failure to market state-sponsored entrepreneurship services to Native entrepreneurs was rooted partly in a lack of awareness about “how to approach tribes;” shortage of information about the types, needs, and economic activities of Native business people across the state; and overall poor attention to the issue.

During an interview at the state capitol, when asked about strategies or products available to aspiring and developing Native entrepreneurs, one state official replied, “That’s an interesting idea. We never thought about marketing our services to Native people or the tribes. That could prove to be interesting and beneficial.” Elsie Meeks, executive director of First Nations Oweesta

Corporation and former state lieutenant gubernatorial candidate, illuminated this point, “It still surprises me because I work in Indian country so much. There is so much talk about including Native Americans, but people have no clue about what that means or how to go about doing it. Working in Indian country is foreign to them. They have

no clue about how to interact.” She also noted, however, that perspectives are changing on both sides. “Tribes have traditionally also been so hostile toward the state. But as the private sector economy is starting to develop, we are all thinking now about not just how to take advantage of the state but also how to work together.”

Interviews revealed that Native entrepreneurs are generally not aware of or do not access state services because they feel these services are “not for us.”⁸⁸

Many interviews revealed that tourism offered a particular opportunity for state and tribal partnerships. Currently the Alliance of Tribal Tourism Advocates partners with the state’s Office of Tourism. However, interviews also revealed that there is untapped potential around the issues of cultural tourism and Native arts, in particular, that could benefit Native entrepreneurs, tribes, and the state economy alike. One opportunity of note is the newly re-invigorated *Made in South Dakota* initiative.

**STATE GOVERNMENT
OFFICIALS AND NATIVE
AND NON-NATIVE
LEADERS ALIKE
POINTED TO THE NEED TO
ENHANCE TRUST AND
COMMUNICATION BEFORE
ECONOMIC PARTNERSHIPS
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KEY FINDINGS AND RECOMMENDATIONS

In recent years, South Dakota has gone through an entrepreneurial policy renaissance, primarily driven by new energy in the governor's office and its 20/10 Initiative. Only recently, however, has Native entrepreneurship been considered an area of policy interest. When asked to consider what more could be done to promote Native entrepreneurship in South Dakota, state government officials and Native and non-Native leaders alike pointed to the need to enhance trust and communication before economic partnerships could proceed. As one policymaker noted, "We need to establish real relationships with the tribes and begin a dialogue around reconciliation between the tribes and the state government."

The governor's office has begun the progress of fostering more productive relationships with tribes around economic development. Yet state officials and Native entrepreneurship organizations both expressed that the key issue is that Native Americans are not accessing state-sponsored programs even though they may be eligible. There was general agreement that much more could be done to build mutually beneficial relationships between the state, tribes, and individual Native entrepreneurs.

Interviews revealed the following recommendations about what more could be done to foster supportive state policies for Native entrepreneurship in South Dakota:

- Create opportunities for dialogue between tribes and state government to increase trust and relationship building.

- Close the information gap about Native entrepreneurs in the state, including developing an active database on Native companies across the state.
- Increase communication between tribal economic development officials and the state tribal liaison around opportunities to support Native entrepreneurship development.
- Develop a rural infrastructure finance program to provide gap financing and complement federal programs.
- Hire people from each of the tribes to conduct an explicit market research to assess needs and market demand.
- Increase outreach across state-sponsored entrepreneurship-related efforts to Native reservations and Native entrepreneurs in urban areas, with guidance from tribes and Native nonprofits.
- Partner with tribes, Native entrepreneurship organizations, and Native entrepreneurs to increase access to statewide, national, and international markets for Native businesses through statewide programs such as *Made in South Dakota* and other efforts through the office of tourism and state development.
- Invest in the state's cultural tourism and the Indian arts market. Work with tribes, Native entrepreneurship support organizations, Native communities, and Native entrepreneurs to support cultural tourism, in a culturally appropriate manner.
- Support a coordinated system of support for entrepreneurs across the state that is inclusive of Native entrepreneurs. Partner with the Oweesta Collaborative and other Native entrepreneurship organizations across the state on these efforts, as appropriate.

- Invest in access to capital programs, such as angel networks and IDAs, which increase access to start-up equity capital for Native entrepreneurs.

3. ENTREPRENEURSHIP EDUCATION

While efforts to explicitly provide entrepreneurship education to Native or non-Native students across South Dakota are still few and far between, the state government and its school systems are increasingly looking at entrepreneurship education as a viable strategy for improving student educational and post-graduate success.

In 2004, state legislators passed a concurrent resolution urging the state Board of Education to integrate principles of basic personal finance into the South Dakota public school curricula. At the administrative level, the governor's 20/10 Initiative is sponsoring working groups around entrepreneurship education in K-12, higher education, and non-traditional lifelong learning classes.⁸⁹

Currently, the main statewide focus on entrepreneurship education is at the university level. Universities are looking at linking technology and entrepreneurship studies and increasing their role in product commercialization and enterprise spin-offs. A number of pilot programs are underway across the state including efforts to "seamlessly integrate research, innovation, and entrepreneurship throughout the science, math, and general curricula and to create university and private sector development teams that work to move new technologies and innovations into the marketplace."⁹⁰

Of particular note is an effort lead by the University of South Dakota, National Network for Technology Entrepreneurship and Commercialization (N2TEC). The initiative aims to develop and pilot test rural technology entrepreneurship and a commercialization network that facilitates interaction and collaboration among six state universities, a tribal community college in South Dakota, and 19 rural communities. The plan is to increase the level of research and technology transfer between universities and the private sector, with the ultimate goal of increasing the number of technology-based start-up companies in rural communities.⁹¹

Like the broader statewide efforts, efforts to promote entrepreneurship education for Native students are primarily concentrated at the community college and university levels. Tribal colleges are unique academic, cultural, and community centers and often serve as anchor institutions in their communities. In the last decade, tribal colleges in South Dakota have increasingly diversified their programs and embraced entrepreneurship education. The following is a snap shot of some of the higher education entrepreneurship education efforts currently underway across South Dakota:

- Every tribal college offers at least one program in business, business administration, or business management. Offerings range from non-credit classes to associate's and bachelor's degree programs. Colleges in South Dakota include Si Tanka University in Eagle Butte, Sinte Gleska University on the Rosebud Reservation, Sisseton Wahpeton College on the Sisseton Wahpeton Reservation, Sitting Bull College, located on the Standing Rock Reservation in North and

South Dakota and Oglala Lakota College on the Pine Ridge Indian Reservation. Oglala Lakota College also has created a new entrepreneurship development program within its business school and Sitting Bull College has developed a master's degree program in entrepreneurship in partnership with University of South Dakota. Other tribal colleges are beginning to look at developing master's programs in entrepreneurship as well, including Sinte Gleska University on the Rosebud Reservation.

- The Theodore R. and Vivian M. Johnson Scholarship Foundation sponsors awards to select tribal colleges for students with

financial need who are pursuing entrepreneurship education. In 2003, the Foundation supported the development of Native entrepreneur case studies from Pine Ridge and Rosebud Reservations, authored by Native entrepreneurship educator Lisa Little Chief Bryan. She has used these case studies to train tribal college instructors across the state on how to implement entrepreneurship education into their classrooms. While these case studies are the first of their kind and have been widely distributed and implemented into community college curricula, additional work (and support) is needed to finalize an instructor's manual and accompanying videos.⁹²

Partnering to build a pipeline of entrepreneurs

The South Dakota Council on Economic Education, housed at the business school of the University of South Dakota, and Sitting Bull College partnered to develop a four-year degree program in entrepreneurship at Sitting Bull College that shares faculty across the two schools. The first cadre of students will graduate in the fall of 2006. Robert Reinke, one of the coordinators for the partnership, explained that the process of developing the degree program led to a realization that more needed to be done to invest in youth at an earlier age: "One of the things we realized when we were working on the curricula (with Sitting Bull College), was that many students had never been exposed to these concepts previously and we needed to be working with even younger students to help raise awareness and prepare them for the degree program." As a result, the schools are now also partnering, with support from the Aman Foundation, to develop a series of trainings for K-12 teachers on Standing Rock reservation. To date 23 teachers have been trained with a plan to train an additional 40.

Sitting Bull College also partners with the Federal Deposit Insurance Company to offer the "Money Smart" financial education curricula to its students and has recently formed a partnership with the Small Business Development Centers of North Dakota to offer "NxLevel" business start-up training to its students and community members.

Looking at K-12, Native youth education is in a crisis situation in South Dakota. According to the Urban Institute, only 32.1% of Native youth in South Dakota graduated from high school in 2001 compared to the overall state graduation rate of nearly 80%.⁹³

To address this disparity, in April 2004, the South Dakota Office of Education sponsored the first Indian Education Summit. From that Summit, an Indian Education Advisory Council was formed representing all nine tribes in South Dakota along with Native American educators from across the state. In addition, the governor secured an Indian Education position in the Department of Education, which has been staffed since July 2005. It also aims to develop a statewide Educational Research Center for Native American Studies, improve Native American attendance and graduation rates, and increase the number of Native American teachers.⁹⁴ The degree to which entrepreneurship education will become a priority within these Native specific efforts is still unknown.

A few entrepreneurship efforts focused on serving Native youth are currently underway, though they lack momentum and sustained support. These include:

- In 2003, the American Indian Business Leaders partnered with the Kauffman Foundation's Center for Entrepreneurial Leadership to offer training of the Mini-Society youth-oriented curriculum. Teachers and trainers from various South Dakota reservations were invited to

participate in this workshop so they could implement the curriculum in their respective communities.

- In 2003—with support from the Theodore R. and Vivian M. Johnson Scholarship Foundation—the Lakota Fund, REAL, and Lisa Little Chief Bryan partnered to develop a culturally relevant

entrepreneurship education training for Native youth educators across South Dakota. More than 25 teachers were trained and the beginnings of a curriculum were designed. Since then,

the partnership has expanded to include members of the Oweesta Collaborative. Efforts are underway to design and develop an entrepreneurship education curriculum for Native youth, to be piloted in South Dakota and nationally.

- As described above, Sitting Bull College and the University of South Dakota have partnered to train high school teachers in entrepreneurship education.

NATIVE YOUTH EDUCATION IS IN A CRISIS SITUATION IN SOUTH DAKOTA.

KEY FINDINGS AND RECOMMENDATIONS

The foundation for creating a healthy economy begins with early entrepreneurship education and takes generations to come to fruition. Today, Native youth education at the elementary and high school levels in South Dakota is in a crisis. Efforts to promote hands-on entrepreneurship education, therefore, are critical to the future of South Dakota's economy and Native entrepreneurship development. Exciting efforts are currently underway across the

state, but are still few and far between, relatively ad hoc, and uncoordinated.

Interviews revealed the following recommendations to promote entrepreneurship education:

- Prioritize K-16 entrepreneurship education as a state economic development priority.
- Support existing efforts to develop culturally relevant curricula and integrate it into the K-12 schools, after-school programs, and tribal colleges.
- Establish an educational facility that offers ongoing professional development for teachers on effectively integrating entrepreneurship education into their classrooms and provides a permanent, stable environment for training.
- Develop an ongoing network of teachers who have been trained in entrepreneurship education at the K-12 and tribal college levels.
- Award grants to implement entrepreneurship education into the classroom, train teachers, and provide for ongoing technical assistance and distance learning opportunities.
- Build upon existing partnerships between tribal colleges and mainstream universities. Include tribal colleges and universities in state efforts to foster research with links to commercialization.

4. ACCESS TO CAPITAL

Despite a 46th place ranking in venture capital investments on the 2006 *Development Report Card of the States* (\$0 in 2005), South Dakota has strong financing indicators. The state has aggressive private lending to small

businesses ranking 5th with almost \$1 billion in loans in 2002 (this measure looks at total loans that are less than \$1 million), indicating that there are still strong sources of funding for South Dakota's entrepreneurs. Small Business Information Center financing is also an area of note, where South Dakota ranks 15th with more than \$7.6 million in financing to small businesses in 2005.

A grade of "D" in the Homeownership Index suggests that South Dakotans are not taking advantage of the single greatest source of equity for most American households. Further, homeownership among South Dakotans is unevenly distributed by income and race. Households in the top income quintile owned homes at over twice the rate of those in the bottom quintile, ranking the state 46th in 2005. White-headed households own homes at a rate almost one-and-a-half times that of non-white headed households, ranking the state 32nd⁹⁵.

Overall, South Dakota has a plethora of available debt capital for small businesses and efforts to increase the availability of equity and venture capital (although still nascent) have increased significantly in recent years. The next challenge, according to industry leaders, is to coordinate the spectrum of financial supports across the state so that they meet the needs of entrepreneurs at all stages of development and to fill remaining gaps around financing for very small (micro) enterprises. According to Beth Davis of South Dakota Rural Enterprise Initiative, "We need to encourage loan funds to think in terms of a 'spectrum of capital' and how the loan funds can fit into other financing efforts across the state. Also, many organizations providing micro loans are not really providing the technical

assistance that these first-time borrowers need to be successful. Microenterprise isn't sexy, it doesn't make headlines, but it's the backbone of the South Dakota small business economy. On the other end, we need more sources of equity capital for 'essential services' businesses and not just higher growth businesses."

For Native entrepreneurs in South Dakota, access to either debt financing or equity investments can be difficult to attain. The most common response to interview questions regarding "barriers for Native entrepreneurs" from Native and non-Native people alike is "a lack of access to

appropriate capital." Elsie Meeks notes that this doesn't mean a need for just business grants. "Grants alone don't work. It has to be a grant linked to debt. Providing free money usually turns out to be a miserable failure because everyone is going to take advantage. Any grant or equity product needs to be tied to affordable debt financing."

Below is a summary of major capital sources raised in the interviews as "currently utilized by Native entrepreneurs:"

Debt Sources

Mainstream banks: A 1992 research report on credit needs of Native entrepreneurs in the Aberdeen, South Dakota area found that, "lending institutions are reluctant to lend money to tribal members because the state lacks jurisdiction on American Indian reservations. In addition, since trust lands are

regarded as federal lands, they are difficult to be used for collateral in securing loans for individual tribal members."⁹⁶ This sentiment was reinforced by state policy and financial institution representatives, who noted that they don't always feel confident about doing business on the reservation because of potential changes in tribal leadership and an

unfamiliar court system.

According to Jamie Rounds, former director for special initiatives of the governor's office, "The banks and investors don't feel that [comfortable] right now. It's the single biggest request."

CFED and RSD were unable to objectively and quantitatively assess

lending by race in South Dakota as banks are not required to track business loan requests or deployment by race. As noted by Pete Kappa, president of Wells Fargo, Rapid City, "The bank does not keep track of who comes in from the business side to request a loan. Many businesses are also financed by consumer loans or home equity loans so it is very difficult to keep track."

However, research conducted in the region by First Nations Development Institute found that the most commonly expressed need of tribes in this region (other than home mortgages) was access to credit and financing for both tribal and individual businesses. The findings note that "Many Native people in the Plains states are hostage to a single lender market that is absent of competitive interest rates and are charged very high interest rates or complain that many banks refuse to make loans at all."⁹⁷

**"MICROENTERPRISE DOESN'T
MAKE HEADLINES, BUT IT'S
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Interviews with financial institutions revealed that in many cases, providing financial services to Native communities is perceived as generally unprofitable and requires “higher transaction costs.” As Pete Kappa notes, “My perception is we look to Native communities to lead the process for getting a bank in their communities. With regard to business lending, we usually stay within the geographic service area of our

bank. It’s just a matter of geographical priority and focus. We have the products and services, but there’s no advantage financially to starting a bank at Lower Brule. One’s out there, however, because that’s the right thing to do.” Elsie Meeks noted, “To be fair, I think the local banks would like to [provide the capital] it’s just that the nature of banks is that they can’t take a risk. They just can’t get around that.”

Effective practices in lending in Indian country

Nationally, bank regulators have engaged in education initiatives to encourage and provide guidance to banks on strategies to increase their lending and services to Native entrepreneurs.

Two resources are of particular note. Lending in Indian Country: Cultural and Legal Issues, a video series developed by the Federal Reserve Bank of Minneapolis to help lenders understand and establish profitable relationships with tribal governments and individuals on Native American reservations, and the Office of the Comptroller of the Currency’s Guide to Providing Financial Services to Native Americans in Indian Country, a study about banks that have effectively offered products and services to Native Americans living in Indian country.

A recent report by the Office of the Comptroller of the Currency, titled Commercial Lending in Indian Country: Potential Opportunities in an Emerging Market, goes a long way to dispel the myth that banks cannot do profitable business lending on tribal land. It finds that a number of banks and tribes have successfully navigated issues such as sovereignty, collateral, risk mitigation, profitability, and the unique tribal legal and regulatory environments. The report also highlights a number of government guarantee programs that, particularly when layered, can be highly effective in facilitating mutually beneficial deals for the lender and borrower.

While there are a number of challenges to business lending in Native communities, they are not insurmountable. Market opportunities do exist, as evidenced by the high growth of Native-owned businesses in recent years. Consequently, both mainstream and community banks have begun to pay more attention to business lending and the emerging Native commercial lending market.

While nationally Wells Fargo Bank has made significant strides toward increasing access to homeownership and consumer capital for Native communities, South Dakota-based bank branches still struggle in reaching out to and servicing Native entrepreneurs. As noted by Pete Kappa, “I’ve not come up with an idea yet on how to encourage Native entrepreneurship. We should look at what the Wells Fargo bank has done in other states. To some degree I haven’t put the emphasis on that that I should. I’m very open to it though; the more that we can help Native entrepreneurs the more we can service them. I’d really like to see some examples of how other banks are tackling this challenge. We’d like to assist in encouraging organizations to encourage entrepreneurship and encourage Native people to come to us for financing.”

Community Development Financial Institutions: Interviews revealed that there are between 70 and 120 local economic development revolving loan funds and CDFIs scattered across South Dakota.⁹⁸ A CFED study of South Dakota’s loan fund industry found that these loan funds have significant “idle capital” in their loan funds. According to Beth Davis of SDREI, while many of the CDFIs and locally based economic development corporations are reaching out to non-traditional clients, very few are actually doing micro finance and more risky deals. “CDFIs and economic development organizations need technical assistance and training so that they

understand that there is a whole continuum of activities and capital (micro to equity) and that there is a second bottom line. A lot of these economic development corporations have never lost a dime and I say ‘shame on you.’ If you are doing deals that are perfectly bankable, why aren’t the banks doing them?”

**WHILE THERE ARE A
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Beth Davis now coordinates a new initiative to more effectively deploy loan capital across the state, the South Dakota Community Capital Fund. The Fund leverages local capital into millions of dollars through participation in a pooled and centrally managed statewide loan fund. Local CDFIs and economic development

organizations who are members have the advantage of offering much larger loans than would be possible alone. The Fund offers remote rural organizations the opportunity to originate loans up to 10 times the amount they deposit with significantly reduced risk and greater flexibility. Economic development organizations, venture funds, and foundations are all members of the South Dakota Community Capital Fund.⁹⁹ Although discussions are underway, currently no Native CDFI or loan fund is part of this larger network.

Native community development financial institutions have grown significantly over the last five years. In addition to providing training and technical assistance services to Native entrepreneurs, these institutions fill the credit gap left by mainstream financial institutions. South Dakota leads the Native

CDFI movement nationally. It is home to the first Native CDFI in the nation, the Lakota Fund, as well as the only national Native CDFI intermediary, First Nations Oweesta Corporation. Oweesta was formed in 1999 to facilitate the development of Native CDFIs across the country. Oweesta provides technical assistance to develop and expand Native CDFIs. Over the last two to three years, Oweesta has offered CDFI trainings in Standing Rock, Yankton, Rosebud, Cheyenne River, and Pine Ridge Reservations, as well as two to three financial education trainings in Rapid City.¹⁰⁰ Elsie Meeks noted that although there has been significant progress, there is considerable room for CDFIs to grow and partner, “Currently, CDFIs are taking the risks but they are not able to access the flexible resources to be able to take their risks. They need to find ways to share the risk; they need to increase their partnerships with guaranteed lenders (BIA/SBA). Equity funds, for example, could partner with CDFIs to provide financing packages.”

Bureau of Indian Affairs Direct Loan and Loan Guarantee Program: The Bureau of Indian Affairs offers a revolving loan fund and a loan guarantee fund (guaranteeing up to 80%) for private loans made to Native businesses. A 1992 study of tribes in the Aberdeen area found that many banks were wary of the BIA program and would not lend funds even with the federal government guarantee. The report notes that “the reason for this is elusive, at best,” with those

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interviewed for the report noting “too much red tape” (paperwork) or that the applicants were “outside of their service area.” The Great Plains regional BIA office, however, has shown exceptional performance in facilitating BIA-guaranteed loan deals. In 2003-2004, the office made 28 guaranteed loans totaling \$13.5 million. The majority of these loans (ranging from \$24,500 to \$2 million) were made to individual Native small business owners in North and South Dakota, ranking them second in the nation behind Alaska. According to Ona Labeaux of the BIA regional office, “We’ve had good success in our region because we get the word out and we have good bank partners who are repeat lenders.”

Defying the general perception that conventional loans can’t be made on trust land, the majority of these loans were indeed made on trust land. Ona Laneaux continued, “Individuals don’t have a problem signing over sovereignty and the tribe is given the option and generally agrees to buy the loan in case of default. The critical barrier to leveraging this debt capital for Native entrepreneurs is accessing the 20% equity required to qualify for the guaranteed loan. This equity must be in the form of liquid assets that can be converted into cash. Few American Indians have these assets.”

The success of the loan guarantee program in the Great Plains region and the dire need for business financing among Native entrepreneurs has led to increased advocacy on the part of tribes in the region for more

funding for BIA business development programming. In August 2004, the United Sioux Tribes of South Dakota hosted a conference of tribal leaders in Aberdeen, South Dakota to discuss economic development issues with a particular focus on the Indian Finance Act, which has suffered from significant funding cuts over the years. Chairman of the Cheyenne River Sioux Reservation, Harold Frazier, was appointed to chair a task force that would look into the Indian Finance Act and particularly the need to reinstate the Indian Business Development Grant Program, which was cut in 1995, despite its 89% success rate.¹⁰¹

Small Business Administration: In 2003, the South Dakota Small Business Administration office closed a total of 293 loans. These included 223 “7A” guaranteed loans, 39 “504” loans (commercial loans for expanding businesses), and eight export loans. A total of nine loans were made to Native entrepreneurs, with the SBA guaranteeing 803,200 of the total 1,095,000 deployed. Most of the loans made were to Native entrepreneurs operating businesses outside reservation boundaries.¹⁰² Since 1999, South Dakota’s SBA Microloan Program has closed 138 loans totaling \$2,170,453. In 2003, the Microloan Program closed 10 loans totaling almost \$135,000. According to South Dakota SBA lending officer, Chuck Hughes, “The challenge [to lending in Indian country] is finding a lender to be open to working with the SBA program and with Native entrepreneurs. We work with alternative nonprofit financial institutions and commercial lenders and we’d like to work with more Native CDFIs.” With the cut in SBA funding to the Tribal Business Information Centers and travel funding, the

SBA office has had more difficulty in reaching out to Native and rural communities, however, they maintain that “Although the Tribal Business Information Centers have not been funded in recent years, we continue to work with them, providing them with materials, circuit riders to meet with prospective entrepreneurs, and resource guides (taxes, laws, regulations).”¹⁰³

State Financing: Overall, the state’s Department of Tourism and Development currently provides financial assistance for small business owners primarily through the following programs: Revolving Economic Development Initiative (REDI) Fund, Economic Development Finance Authority (EDFA), SBA 504 loan program, Agricultural Processing and Export Loan Program, Workforce Development Training Grant program, Value Added Agricultural Subfund, Value-Added Tourism Subfund and the Micro loan South Dakota program.

Of note are the state’s recent efforts to improve the effectiveness and utilization of these programs and develop new ones targeted to more emerging entrepreneurs. In 2004, the state legislature approved three bills for new and revised lending programs to entrepreneurs. As a result, the Governor’s Office of Economic Development will be lending money from its REDI funds to support entrepreneurship efforts statewide through the development of a High Opportunity Growth Fund. The High Opportunity Growth Fund is designed to increase access to equity capital to South Dakota entrepreneurs by offering capital investment entities financing to reinvest in South Dakota small businesses.

Additionally, the Governor's Office of Economic Development successfully re-vamped its micro loan program to provide loans of up to \$50,000 (up from \$20,000) as well as reduce the interest rate from 5% to 3%. The Governor's Office of Economic Development also developed the Entrepreneur Support Fund, which allocated \$3 million out of the REDI fund to capitalize six regional loan funds throughout the state. This loan program is more flexible than the funding available through the traditional job-creation focused REDI funds. The loans do not have to be linked to job creation and entrepreneurs can apply for up to \$30,000 with debt service holiday and no collateral.

In addition, the Governor's Office of Economic Development was successful in increasing the bond limit for the Economic Development Finance Authority pooled bond program from \$2.5 million to \$5 million. In 2004, the Office provided \$262,000 in funding to the state Small Business Innovative Research to provide grant support to assist small businesses in researching high risk innovations, \$291,700 to support the seven Small Business Development Centers across the state and \$100,000 to the Enterprise Institute, a statewide business resource center founded by the South Dakota State University Foundation in Brookings. It has provided grant support to the state's microenterprise program of \$220,650 as well as dedicated \$65,000 to re-establish the Procurement Technical Assistance Center.

As of January, 2005, fewer than 10 Native American businesses have taken advantage of the state's business development financing programs.¹⁰⁴

Equity Sources

In nearly all national score cards South Dakota ranks poorly when it comes to availability of equity capital for start up entrepreneurs. There are, however, a handful of well-established equity funds including Blue Stem Capital (focused on expansion and real estate) and Praire Gold Ventures venture capital fund. A new fund, the Genesis of Innovation Fund, was founded recently to fill the gap in smaller size start-up equity investments of \$50,000 to \$300,000. Genesis works primarily with higher-growth industries. The Fund has financed four companies, one of which is a Native company.

The Enterprise Institute is leading the first statewide initiative to formalize angel capital networks. The Institute provides administrative services for these networks in exchange for a small annual fee. To date there are more than 400 informal "Enterprise Angels" and a number of formal networks emerging or operating throughout the state.

According to Marcia Hendrickson, "These networks are just emerging currently, but with the establishment of Aberdeen and Yankton based angel networks, we anticipate that the groups there will be able to increase their focus on Native entrepreneurs."

Grants for business development

Artist fellowships: Founded in 1995, First Peoples Fund (FPF) offers one-year fellowships to artist/entrepreneurs through its Artist in Business Leadership Program, which focuses on emerging artists in the Northern Plains region. It also provides funding through its community spirit awards

and Cultural Capital programs, both of which operate nationwide. These fellowships provide Native artists with annual stipends linked to one-on-one technical and business assistance, mentor support, technology resources, and access to networking and markets. FPF is shifting focus from working with more emerging entrepreneurs to focus on more business-ready or established artist entrepreneurs. FPF serves North Dakota, South Dakota, Montana, Wyoming, Nebraska, and Minnesota. Individual artists have to be a member of a Northern Plains Tribe. Since 1998, FPF has supplied more than \$150,000 in cash stipends and worked with 32 artists to complete their business plans, increasing their marketing success by between 100% and 300%. FPF is currently working with five artists in South Dakota.

Individual Development Accounts: South Dakota is home to two Native Individual Development Account programs. The IDA program at the Lakota Fund has been operating since 2002 and Four Bands Community Fund, Inc. just began its IDA operations. South Dakota also houses two Trickle Up programs, located at the Tribal Business Information Center of the Cheyenne River Sioux and the Standing Rock Reservations. Trickle Up provides very small grants for business start up linked to technical assistance.

**IN SOUTH DAKOTA,
EFFORTS ARE UNDERWAY
TO TRANSFORM TRAINING
AND TECHNICAL
ASSISTANCE FROM
FOCUSING ON THE BUSINESS
TO THE ENTREPRENEUR.**

KEY FINDINGS AND RECOMMENDATIONS

The issue of access to capital for South Dakota's entrepreneurs has been an increasing focus for state policy in recent years, yet more could be done to connect these efforts to Native entrepreneurs who are not accessing them.

Interviews revealed the following recommendations about what more could be done to increase access to capital for Native entrepreneurs in South Dakota:

- Prioritize financial investment in rural infrastructure and Native economic development as part of the state's economic development strategy
- Utilize State Department of Revenue and other state funds to support Native community development financial institutions.
- Increase the level of partnerships between CDFIs and guaranteed lenders.
- Increase the level of partnerships among the state, banks, and tribes to develop mutually acceptable commercial codes and banks' acceptance of Uniform Commercial Code efforts.
- Increase the level of outreach to Native entrepreneurs and Native entrepreneurship organizations by state financing programs.

- Educate banks about innovative efforts nationwide to provide business financing to Native entrepreneurs.
- Develop a Native business-specific angel investor network or cultivate Native businesses to be primed for the existing networks.

5. TRAINING AND TECHNICAL ASSISTANCE

In addition to financing, training and technical assistance are instrumental in entrepreneurs' ability to grow their businesses. To date, most training and technical assistance has been geared to the technical issues of business development rather than the personal development of entrepreneurs. These supports, as a result, have not been customized to the varying needs of entrepreneurs given their education, skills, experience, and business growth goals. In South Dakota, efforts are underway to transform training and technical assistance from focusing on the business to the entrepreneur. As noted by Marcia Hendrickson of the Enterprise Institute, "People don't really want 'classes;' they want high-end customized consulting."

Interviews conducted across South Dakota revealed numerous organizations offer training and technical assistance services to emerging or existing entrepreneurs.

- **Enterprise Institute:** Originally sponsored in May 2001 by South Dakota State University, the Enterprise Institute works with entrepreneurs and independent inventors to take good ideas to commercial viability. The Institute is particularly focused on growth companies and offers customized consulting, particularly around product development, access to domestic and international markets, and intellectual property issues. The Institute offers an entrepreneurial networking opportunity and a business resource center. The Institute is also forming an incubator association and an angel investor network.
- **CDFIs:** South Dakota has nearly 69 operating CDFIs across the state, four of which, Lakota Funds, Four Bands, Sicangu Fund, and Northeast South Dakota Economic Corporation (Non-Native), provide business development services to Native entrepreneurs.
- **Service Corps of Retired Executives (SCORE).** SCORE is a national network that links retired executives with sophisticated business knowledge with those who are just beginning to build their businesses. In South Dakota, the SCORE chapter offers free, confidential services that are primarily focused on visioning, mission as well as marketing analysis. There are more than 60 members in the Rapid City Chapter alone, although none are Native American. SCORE representatives noted that the Rapid City chapter has had little success in working with Native entrepreneurs primarily due to cultural and communication barriers as well as a lack of marketing to Native communities.
- **Enterprise Facilitation.** Enterprise Facilitation enables communities, through the appointment of a trained, full-time local facilitator, to recognize local talent and mobilize leadership around the support of entrepreneurs and small businesses. Offering support services for start up, planning, and expansion,

Enterprise Facilitation is free of charge and open to any small business or individual entrepreneur throughout nine counties in South Dakota. This people-centered approach to economic development was developed by the Sirolli Institute.

- **Rural Community Innovations.** Rural Community Innovations is a nonprofit corporation that specializes in assisting Native communities in building their private sector economies. They have pioneered a culturally sensitive Entrepreneurship Development System that helps entrepreneurs grow healthy reservation businesses. The EDS supports Native entrepreneurs with client-centered business coaching, access to capital through Native CDFIs, entrepreneurship education, and access to expert networks. Rural Community Innovations helps bring financial operating support, pre-development funding, and long-term financing for Native-controlled projects. Rural Community Innovations works with Native businesses and communities in seven western states including South Dakota.
- **Small Business Development Centers:** Small Business Development Centers represent the most well-known training and technical resource currently available to emerging and existing entrepreneurs.

Through a network of six offices across the state, they provide business plan development assistance and entrepreneurship training. Approximately 18% of clients who request Small Business Development Center services in South Dakota are Native American, with the majority of those clients operating in the retail or sales sector.¹⁰⁵

The Small Business Development Center does not have offices on the reservations. Services to the reservations include ad hoc site visits and business workshops. Interviews with Native entrepreneurs revealed that although the workshops were helpful, few, if any, would travel off reservation for further assistance.

- **Business Incubators.**

Currently only two incubators are operating in South Dakota and four more are in development. The Enterprise Institute is working to form an incubator association that will expand their reach to more rural and reservation areas. Sitting Bull College has also identified an incubator as part of its planning for a new college campus.

**“LOCAL ORGANIZATIONS
HAVE TO UNDERSTAND
WHAT IS HAPPENING WITH
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ALONE ORGANIZATIONS
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IT WITHOUT A STRAIGHT
LINE OF SERVICES”**

KEY FINDINGS AND RECOMMENDATIONS

While there was a general sentiment among the service providers interviewed that “everything is available to everyone,” there

was a clear consensus that a lot more work could be done to ensure that service providers are working together to provide complementary and coordinated services and that programs are explicitly outreaching to Native entrepreneurs. Elsie Meeks noted, “Local organizations have to understand what is happening with other services across the state. These stand-alone organizations are not going to make it without a straight line of services” Another consistent theme that emerged was that many of the requests for technical assistance were for “arts-related businesses” and that arts and tourism, particularly for Native entrepreneurs, are the “low-hanging fruit.”¹⁰⁶

Interviews revealed the following recommendations to enhance training and technical assistance:

- Entrepreneur support organizations should collaborate to provide higher levels of customized coaching and training and technical assistance to entrepreneurs at all stages of development, with explicit outreach to Native entrepreneurs. State government and non-Native organizations could better understand the appropriate protocols for outreach to Native entrepreneurs and tribes.
- Training and technical assistance providers should recognize the Native arts and cultural tourism industries as valuable resources and prioritize them as mutually beneficial state and tribal economic development strategies.

6. ACCESS TO NETWORKS

“I believe in the power of peer exchange, and that we learn best from each other, whether we are alcoholics or entrepreneurs. A system or formal

mechanism for bringing entrepreneurs together to exchange and share and learn from one another.”
– Beth Davis, South Dakota Rural Enterprises Inc.

Efforts to promote access to statewide networks for South Dakota’s entrepreneurs are nascent, but have expanded in recent years:

- While there is a well-established statewide South Dakota Chamber of Commerce, no statewide chamber exists for Native businesses. The only currently operating Native Chambers of Commerce in South Dakota are the Pine Ridge Area Chamber of Commerce and the recently emerging chamber on the Cheyenne River Reservation.
- The Enterprise Institute is working to facilitate the development of networking forums of executive officers, business owners, and key employees who will meet regularly to share ideas, problems, and opportunities for start-up or growing businesses. They have sponsored “innovation expos,” bringing together angels, venture capitalists, manufacturers, licensors, speakers, etc.
- The Bureau of Indian Affairs recently hosted a regional tribal plains summit with a primary goal of providing a forum for Native entrepreneurs to network with one another and with federal agencies and private corporations seeking contractors. This year the summit had approximately 350 participants and over 40 vendors.
- *Made in South Dakota* is a statewide program focused on cottage industries and helping to foster a virtual network of Native entrepreneurs, increasing their access to markets through e-commerce.

KEY FINDINGS AND RECOMMENDATIONS

Gaining access to peer networks and markets continues to be a significant problem for many reservation-based Native entrepreneurs living in remote rural areas across the state. Yet despite the benefits of networks, they are not necessarily easy to begin or maintain. Efforts are emerging to promote formal and informal networking opportunities for entrepreneurs in South Dakota, but overall these efforts are still in their infancy and are not focused on networking opportunities for Native

entrepreneurs. Interviews revealed the following recommendations about what more could be done:

- Produce a state-supported directory for Native entrepreneurs and support services.
- Support the development of local and statewide Native Chambers of Commerce.
- Promote partnerships between tribal enterprises and individual Native businesses particularly around efforts to deliver culturally relevant e-commerce and facilitate local/regional Native entrepreneurial networks.

OVERALL CONCLUSION, KEY THEMES, AND RECOMMENDATIONS

The Cheyenne River and Rosebud Reservations are made up of community members at various stages of entrepreneurship awareness and understanding. Cheyenne River and Rosebud are home to professionals, elders, youth struggling to understand their environment, and educators attempting to assist them and help them to grow. The tribal governments must labor to assist their reservations and members at every level, as well as independent organizations that are driven by the overwhelming needs of the community. Some tribal members live in absolute abject poverty with little hope or vision for escaping their circumstances, while others boldly envision a better life and condition for themselves, their families, their community, and their people.

For many, the move from poverty and the survival mode to entrepreneurial vision and success can be daunting. Culturally, many aspiring Native entrepreneurs find themselves in a balancing act between maintaining their cultural identity and pursuing their entrepreneurial aspirations.

**A NEW FRAMEWORK IS
NEEDED TO ANIMATE AND
FUND THE EFFORTS OF
PEOPLE AND
INSTITUTIONS TO BE A
PART OF A MOVEMENT
THAT SUPPORTS ALL
TYPES OF ENTREPRENEURS
AT VARIOUS LEVELS OF
DEVELOPMENT.**

In addition to cultural tensions, aspiring and existing Native entrepreneurs face legal and political challenges, and inadequate access to entrepreneurship education and appropriate financing. Further, opportunities for Native entrepreneurs to network with one another at a local, regional, and/or statewide level are only recently emerging. These serve as critical hurdles to Native entrepreneurs as they strive to start and grow successful businesses.

Despite these barriers, however, Native entrepreneurs on the Cheyenne River and Rosebud Reservations and

across the state are succeeding in developing and sustaining successful enterprises in the formal and informal economies. Available data reveal a small but emerging formal private sector and a thriving informal economy on both reservations.

Approximately five to six out of 100 working-age adults are engaged in formal entrepreneurial activities on the reservation. Yet, tribal business license figures show that less than half of business license holders operating on or near the reservations are Native American.

While many effective practices are currently underway and organizations are increasingly looking to local and regional partners to enhance the quality and availability of services, more could be done to nurture aspiring and existing Native entrepreneurs on both reservations and across the state. A new framework is needed to animate and fund the efforts of people and institutions to be a part of a movement that supports all types of entrepreneurs at various levels of development. This Entrepreneurship Development System approach promotes entrepreneur-friendly policy, community, and educational environments that integrate the full range of financial and development services available to entrepreneurs.

Fostering a coordinated system of public and private supports that facilitate entrepreneurship in the areas of policy, education, training and technical assistance, financing, and access to networks is the next critical step for South Dakota. The following recommendations are designed to assist tribal leaders and Native organizations as well as statewide policymakers and interested non-Native stakeholders to work together to promote economic opportunity for Native entrepreneurs across South Dakota.

**“THE GOVERNOR’S OFFICE
IS FOCUSED FOR THE
FIRST TIME ON GETTING A
STRUCTURE IN PLACE
TO TRULY HELP ALL
ENTREPRENEURS IN
THE STATE.”**

COMMUNITY SUPPORT

RESERVATION-BASED

- Sponsor a permanent community radio talk show or newspaper column that would allow for discussion and 'call ins' about many of the issues that face Native entrepreneurs within their communities.
- Given that the populations of both Cheyenne River and Rosebud are predominately youth, promote youth entrepreneurship educational initiatives.
- Seek elder support and advice about culturally appropriate ways to communicate the role of entrepreneurship and raise the profile of entrepreneurs in the community.

STATEWIDE

- Support and enhance programs such as *Made in South Dakota* (www.madeinsouthdakota.com) to increase awareness of South Dakota’s home-grown entrepreneurs, across the state, nationally, and internationally.
- Launch an ongoing statewide media campaign about the diversity of South Dakota’s entrepreneurs and the importance of entrepreneurship to the future of South Dakota.

- Provide funding and communications support to rural and reservation communities across the state interested in developing strategies to enhance community support for entrepreneurs and develop coordinated service delivery systems.

ENTREPRENEURSHIP POLICIES

TRIBAL

- Encourage policymakers, entrepreneurship support organizations, and the local media to serve as champions of entrepreneurs by publicly recognizing the contributions of entrepreneurs to the local economy.
- Increase investments by tribal governments in collaborative efforts to provide entrepreneurship education and coordinated services to aspiring and existing entrepreneurs.
- Develop entrepreneurship educational seminars and workshops for tribal policymakers and community and economic development personnel.
- Learn from other current efforts to foster greater cooperation among tribes, individually owned Native businesses, and tribally owned businesses. Cheyenne River and Rosebud tribal government and tribal enterprises may benefit from exploring ways to form mutually beneficial relationships with local individual Native small businesses.

STATE

- Create opportunities for dialogue between tribes and state government to increase trust and relationship building.

- Close the information gap about Native entrepreneurs in the state, including developing an active database on Native companies across the state.
- Increase communication between tribal economic development officials and the state tribal liaison around opportunities to support Native entrepreneurship development.
- Develop a rural infrastructure finance program to provide gap financing and complement federal programs.
- Hire people from each of the tribes to conduct an explicit market research program to assess needs and market demand.
- Increase outreach across state-sponsored entrepreneurship-related efforts to Native reservations and Native entrepreneurs in urban areas, with guidance from tribes and Native nonprofits.
- Partner with tribes, Native entrepreneurship organizations, and Native entrepreneurs to increase access to statewide, national, and international markets for Native businesses through statewide programs such as *Made in South Dakota* and other efforts through the office of tourism and state development.
- Invest in the state's cultural tourism and the Indian arts market. Work with tribes, Native entrepreneurship support organizations, Native communities, and Native entrepreneurs to support cultural tourism, in a culturally appropriate manner.
- Support a coordinated system of support for entrepreneurs across the state that is inclusive of Native entrepreneurs. Partner with the Oweesta Collaborative and other Native entrepreneurship organizations

across the state on these efforts, as appropriate.

- Invest in access to capital programs, such as angel networks and IDAs, which increase access to start-up equity capital for Native entrepreneurs.

ENTREPRENEURSHIP EDUCATION

RESERVATION-BASED

- Identify current effective practices in Native entrepreneurship education.
- Adopt and integrate formal youth entrepreneurship education strategy and/or curricula into tribal elementary and high schools.
- Educate tribal leaders, policymakers, and teachers about the importance of entrepreneurship education and provide them with the training and resources to guide the implementation of culturally relevant entrepreneurship education curricula for youth.
- Create “real world” opportunities for youth to be exposed to the practices of business and business management (such as mentorships with existing business owners).
- Capitalize on the energy and interest in youth entrepreneurship education to form an advisory circle of both youth and adults.
- Identify and acquire additional funding support for youth entrepreneurship education efforts such as American Indian Business Leaders chapters.

STATEWIDE

- Prioritize K-16 entrepreneurship education as a state economic development priority.
- Support existing efforts to develop culturally relevant curricula and integrate it into the K-12 schools, after-school programs, and tribal colleges.
- Establish an educational facility that offers ongoing professional development for teachers on effectively integrating entrepreneurship education into their classrooms and provides a permanent, stable environment for training.
- Develop an ongoing network of teachers who have been trained in entrepreneurship education at the K-12 and tribal college levels.
- Award grants to implement entrepreneurship education into the classroom, train teachers, and provide for ongoing technical assistance and distance learning opportunities.
- Build upon existing partnerships between tribal colleges and mainstream universities. Include tribal colleges and universities in state efforts to foster research with links to commercialization.

ACCESS TO FINANCING

RESERVATION-BASED

- Conduct in-depth study to better determine the level of business lending on South Dakota reservations as well as models of success.
- Conduct further research on the impact of sub-prime lending and fringe services on/around South Dakota reservations.

- Promote increased access to debt capital through support of Native-owned CDFIs, credit unions, banks, etc.
- Facilitate dialogue between tribal leaders, tribal members, and outside investors and financial institutions to share knowledge, identify challenges and opportunities, and pursue mutually beneficial investment strategies.
- Increase awareness of the need for personal finance skills and support existing efforts to promote financial education.
- Encourage mainstream financial institutions to invest in financial education programs.
- Provide guidance to local banks on strategies to increase their provision of financial products and services to Native entrepreneurs.
- Develop or expand access to IDAs and other equity sources.

STATEWIDE

- Prioritize financial investment in rural infrastructure and Native economic development as part of the state's economic development strategy.
- Utilize State Department of Revenue and other state funds to support Native community development financial institutions.
- Increase the level of partnerships between CDFIs and guaranteed lenders.
- Increase the level of partnerships among the state, banks, and tribes to develop mutually acceptable commercial codes and banks' acceptance of Uniform Commercial Code efforts.

- Increase the level of outreach to Native entrepreneurs and Native entrepreneurship organizations by state financing programs.
- Educate banks about innovative efforts nationwide to provide business financing to Native entrepreneurs.
- Develop a Native business-specific angel investor network or cultivate Native businesses to be primed for the existing networks.

TRAINING AND TECHNICAL ASSISTANCE

RESERVATION-BASED

- Utilize culturally relevant materials that reflect the realities facing Native entrepreneurs doing business on the reservation.
- Allocate funding to support and expand local and culturally relevant training and technical assistance services.
- Support training and technical assistance models that require collaboration and networking among service providers and all sectors of the local and regional community.

STATEWIDE

- Entrepreneur support organizations should collaborate to provide higher levels of customized coaching and training and technical assistance to entrepreneurs at all stages of development, with explicit outreach to Native entrepreneurs. State government and non-Native organizations could better understand the appropriate

protocols for outreach to Native entrepreneurs and tribes.

- Training and technical assistance providers should recognize the Native arts and cultural tourism industries as valuable resources and prioritize them as mutually beneficial state and tribal economic development strategies.

ACCESS TO NETWORKS

RESERVATION-BASED

- Identify and catalog the diverse Native-owned businesses and services currently operating on the reservation.
- Finalize planning and development of the Chambers of Commerce.
- Consider innovative strategies for creating forums for entrepreneurs to network including virtual networks, print media

features, radio talk-shows, business plan competitions, entrepreneurship convenings and award ceremonies, and facilitated forums that focus on a specific sector or stage of business development.

- Promote access to regional, statewide, and national networks and markets that facilitate local networking opportunities.

STATEWIDE

- Produce a state-supported directory for Native entrepreneurs and support services.
- Support the development of local and statewide Native Chambers of Commerce.
- Promote partnerships between tribal enterprises and individual Native businesses particularly around efforts to deliver culturally relevant e-commerce and facilitate local/regional Native entrepreneurial networks.

APPENDICES

APPENDIX I: DETAILED DEMOGRAPHIC AND SOCIAL DATA ABOUT THE CHEYENNE RIVER AND ROSEBUD RESERVATIONS

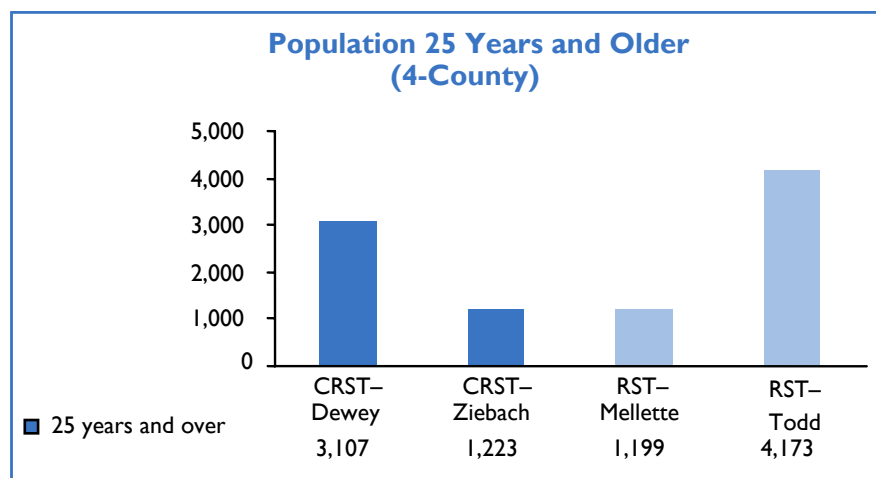
The phase II research process revealed that determining the size of the population on the Rosebud and Cheyenne River Reservations and trust lands can be a complex undertaking.

For example, with regard to Rosebud demographics, there is a major discrepancy between the findings of the 2000 U.S. Census Bureau population figures and those of the Rosebud Sioux Tribe and Bureau of Indian Affairs reports. Some research reports estimated that the U.S. Census undercounted the tribal population on the Rosebud Reservation and trust lands by as much as 114%.¹⁰⁷ The Tribal Enrollment Office reported a discrepancy of nearly 1,700 residents.¹⁰⁸

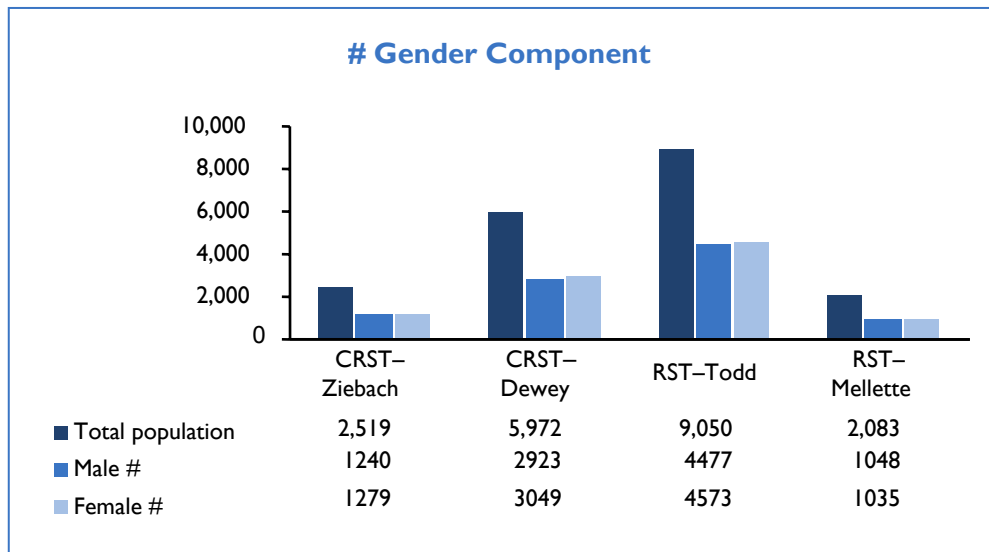
Cheyenne River tribal enrollment records show the population of the Cheyenne River Sioux Tribe Reservation and communities as 13,253¹⁰⁹ (enrolled living members) of which 7,966 were listed as living on reservation with the additional 5,287 listed as off reservation.

Tribal enrollment records show the population of the Rosebud Sioux Tribe and adjacent communities (on tribal trust lands within the surrounding counties outside the reservation boundaries) as 20,717¹¹⁰ (enrolled living members).

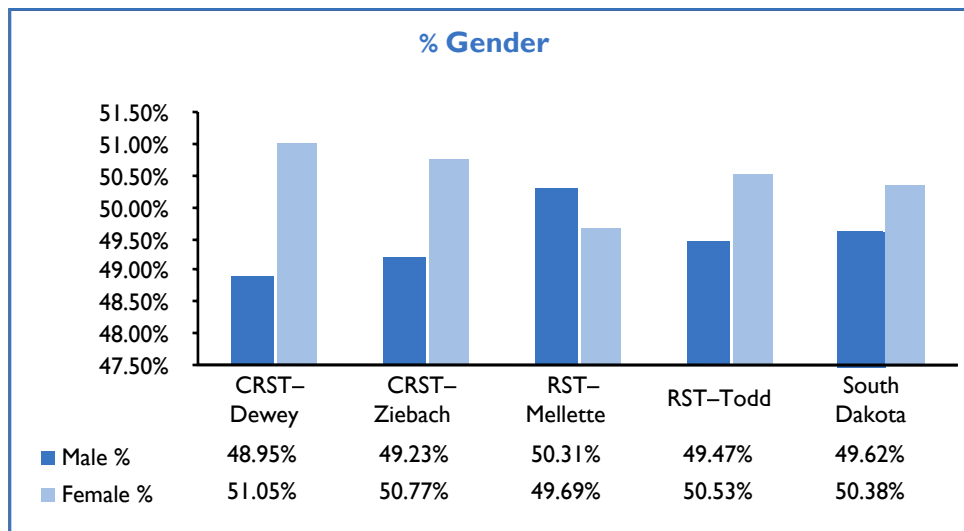
Below are more detailed population breakdowns by age and gender.



Source: U.S. Census 2000



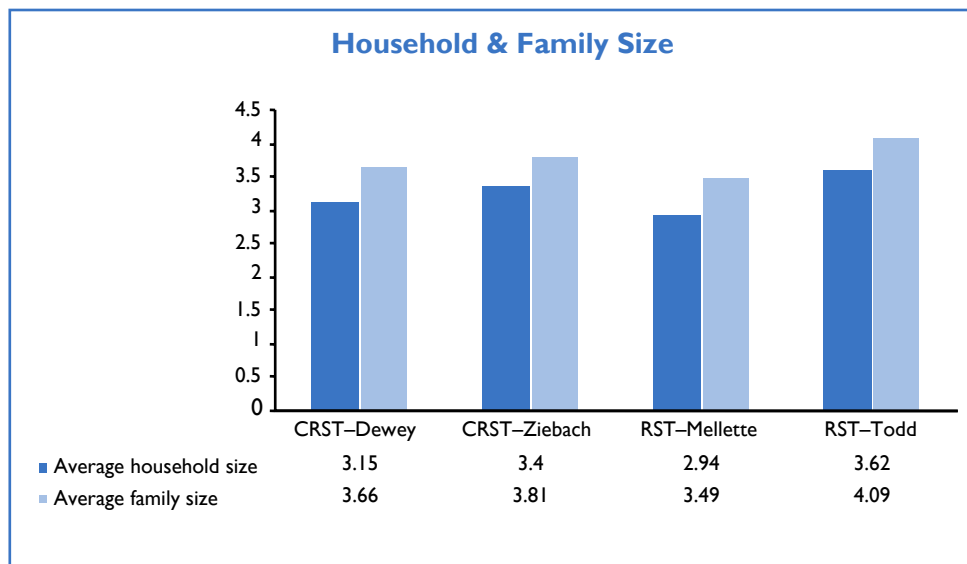
Source: U.S. Census 2000



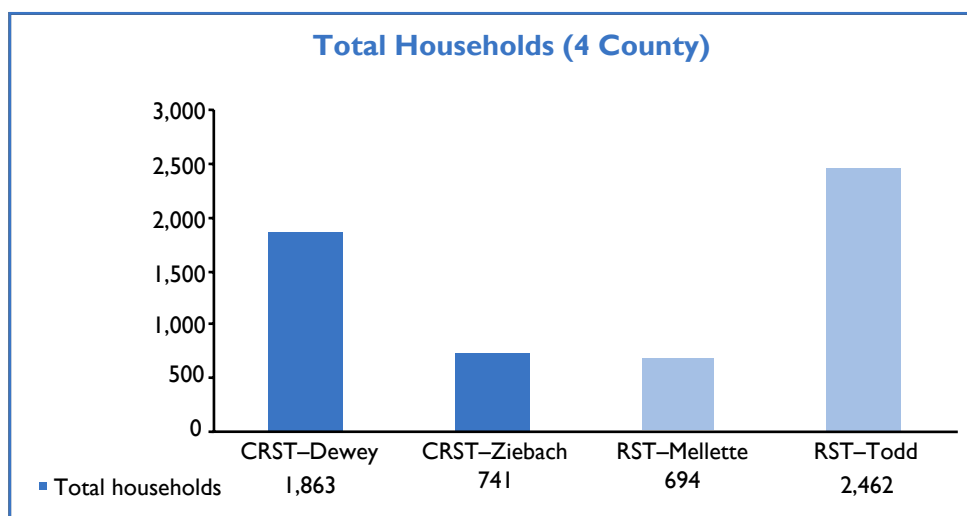
Source: U.S. Census 2000

In contrast to the tribal data available, U.S. Census Household statistics report the total number of households on Cheyenne River Dewey and Ziebach Counties as 2,604, with Rosebud Todd and Mellette Counties at 3,156. Further, the average household size of

the Cheyenne River and Rosebud Counties are very similar, while the average family size is approximately 3 to 4 people. Again, as the census counts all families and not just Native American, these figures are somewhat unreliable.



Source: U.S. Census 2000



Source: U.S. Census 2000

Using these figures as comparative data, staggering percentages appear for the median poverty level and per capita income statistics. From the 2000 U.S. Census data Rosebud Counties of Todd and Mellette and Cheyenne River Counties of Dewey and Ziebach reveal large disparities to the state overall figures. Rosebud's Todd County reports 44% of all

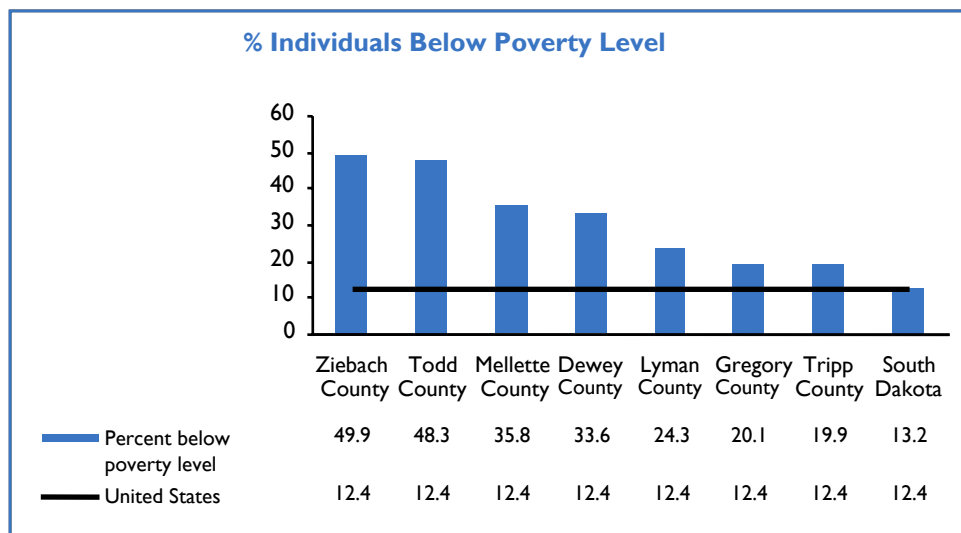
families living below poverty guidelines and Mellette County reports 30.4%. When measuring individual poverty, these percentages increase to 48.3% and 35.8% respectively. The female head of household statistics are even less encouraging, with Todd County at 54% and Mellette County at 52.3%.

Cheyenne River figures of the U.S. 2000 Census are equal to their Rosebud counterparts with some interesting highlights. According to the Census, Cheyenne River Dewey County shows 33.6% of all families below poverty guidelines with Ziebach at a very high 49.9%. Cheyenne River Dewey County shows per capita income of \$9,251 while Cheyenne River Ziebach County is \$7,463, the fifth lowest County in the nation

(of some 3000 counties) and the lowest in the State of South Dakota. The female head of household statistics reveal that 46.6% and 68.4% of these households are living below the poverty line in Dewey and Ziebach counties respectively.

The following chart shows the discrepancy between poverty levels in these counties as compared with one another, the state of South Dakota and the U.S. overall.

American Community Survey - Data Profile

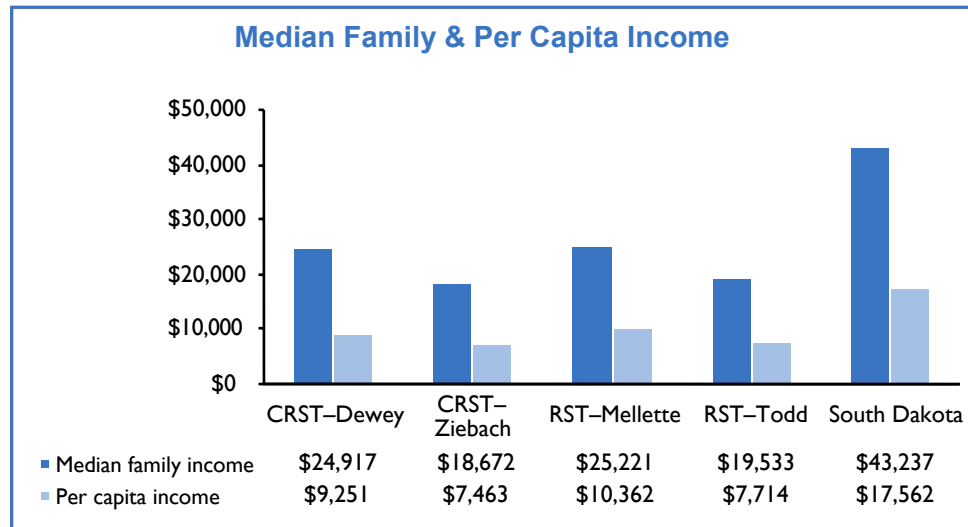


Source: U.S. Census Bureau

Counties: 2002 SD & 2003 U.S.

The following chart shows the discrepancy between median per capita income in these

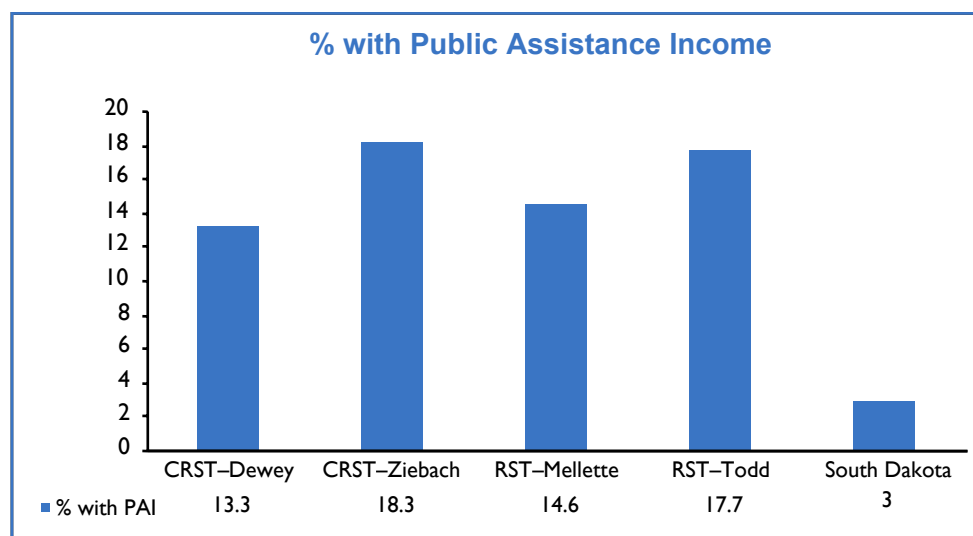
counties compared with one another and the state of South Dakota.



Source: U.S. Census 2000

Also of interesting note are the U.S. Census percentages of households receiving public assistance, which include government assistance in the form of direct monies, food stamps and other related services. The figures

below reveal that 13-19% of families are on public assistance on Cheyenne River and Rosebud Reservations compared with 3% for the state.



Source: U.S. Census 2000 (Source: Cheyenne River Food Distribution Program)

Other indicators of the chronic poverty on the reservation include number of residents eligible for food assistance. Cheyenne River/Rosebud Tribal Food Distribution Programs assist low income/poverty stricken families and individuals with staple 'commodities.' Eligible recipients must be currently unemployed or on fixed income and services are measured by the number of

residents in a household (single mothers receiving direct electronic benefit transfers are ineligible). Eligible recipients must renew their services every 3 -12 months, depending on their level of income. The following figures reveal the numbers of people receiving food assistance on the Rosebud and Cheyenne River Reservations.

FOOD DISTRIBUTION PROGRAM	CHEYENNE RIVER	ROSEBUD
Total participation	June 02-May 03 1, 458	June 04-May 05 2,479
Average within household (# of persons claimed)	1- 10	1- 10
Native American Head of Households	530	743
Non-Native American Head of Households	27	141

Source: Cheyenne River/Rosebud Food Distribution Program

Cheyenne River and Rosebud also sponsor energy assistance program titled, *Low Income Economic Assistance Program* (LIEAP). LIEAP assists low-income/poverty-stricken families on the Cheyenne River and Rosebud Reservations with electricity, fuel oil and propane. Recipients are eligible for amounts from the minimum of \$15 to a maximum of

\$250 on Cheyenne River through any one fiscal period, while Rosebud recipients can receive up to a \$500 initial award and additional amounts up to \$300 throughout the service period. The following chart shows the level of energy assistance provided to needy families on a monthly basis on each reservation in 2003-2004.

LEVEL OF ENERGY ASSISTANCE PROVIDED TO FAMILIES CHEYENNE RIVER AND ROSEBUD	
Grant Award Total Cheyenne River	\$339,640.00
Grant Award Total Rosebud	\$756,000.00
# Families and/or individual recipients Cheyenne River (monthly)	1,629
# of Head of Households recipients Rosebud (monthly)	1,902

Source: Cheyenne River Rosebud LIEAP Office 2004

Stable housing stock is also an important issue to the stability and over all well being of the Cheyenne River and Rosebud communities. Housing conditions are substandard on both reservations as revealed by the following statistics:

On the Rosebud Reservation:

- 800 plus families are on the waiting list for Mutual Help and Low Rent Housing.
- 24% of all households live in overcrowded units.
- Over 12% of dwelling units lack adequate plumbing or kitchen facilities.

ROSEBUD TRIBAL HOUSING PROFILE	ALL INCOME LEVELS	LOW INCOME LEVELS
Total Indian Population	24, 217	-----
# Indian Families	3,784	2, 535
# Elderly Indian Families	733	491
# Families / sub standard housing	472	316
# Families / overcrowded conditions	904	606

Source: Sicangu Wicoti Awanyakape (SWA) housing Plan 2000

On the Cheyenne River Reservation:

- 350-plus families are on the waiting list for both rental/homebuyer units (figure may be low due to discouragement of long waiting list).
- 37% of low income families are in need of rental housing.
- 60% (approximately) of all households live in overcrowded units.
- 24% of all housing is considered sub-standard.

CHEYENNE RIVER TRIBAL HOUSING PROFILE	
2001 Indian Population	8,152
Current CRHA Inventory / Units	871
Estimated Families w/out housing 2001	2,139
Estimated Families overcrowding	611
Projected user pop. growth 10 yrs	9,582
Estimated 2010 housing shortage / Families (40% increase)	3,000

Source: Cheyenne River Housing Authority

APPENDIX 2: BACKGROUND DATA ABOUT ROSEBUD AND CHEYENNE RIVER

Rosebud is located in the south central portion of the state of South Dakota with Nebraska as its southern most boundary. Bisected by U.S. Highway 18 (E/W), U.S. Highway 83 runs directly south from U.S. Interstate 90. Rosebud is 1 to 1 1/2 hours from U.S. 90, 2 1/2 hours south of Pierre, South Dakota's state capital and 3 hours west and south of Rapid City.

Cheyenne River is located in the North Central portion of the state of South Dakota. Bisected by U.S. highway 212 (E/W), there are 4 other U.S. highways crossing the reservation; U.S. highways 63 (N/S), 65 (N/S), 20 (E/W) and 73 (N/S). Cheyenne River is also part of the Native American Scenic Bi-Way – Highway 63 South, Highway 212 East and BIA 7 north. Cheyenne River is 2 1/2 to 3 hours east and north of Rapid City, and 1 1/2 hours north of the state capital, Pierre.

ROSEBUD POLITICAL DISTRICTS	
District 1- (Tripp) – Ideal (includes Winner)	District 8- (Mellette) – Swift Bear
District 2- (Todd) – Okreek	District 9- (Todd) – Parmelee
District 3- (Todd) – Antelope/Mission	District 10- (Todd) – Rosebud
District 4- (Todd) – Ring Thunder/Soldier Creek	District 11- (Todd) – Black Pipe/He Dog/Upper Cut Meat
District 5- (Todd) – St. Francis	District 12- (Mellette) – Corn Creek/Horse Creek
District 6- (Todd) – Spring Creek/Two Strike	District 13- (Gregory) – Bull Creek/Milk's Camp
District 7- (Todd) – Grass Mountain	Lyman County: no district.

CHEYENNE RIVER POLITICAL DISTRICTS	
District 1- Isabel, Bearcreek (Dewey), Thunder Butte, Iron Lightning, Dupree (Zeibach)	District 4- Green Grass, Timber Lake, Whitehorse, On the Trees, West Eagle Butte (Dewey)
District 2- Red Scaffold (Ziebach)	District 5- East Eagle Butte (Dewey)
District 3- Takini, Bridger, Cherry Creek (Ziebach)	District 6- Blackfoot, Promise, La Plant, Ridgeview, Swiftbird (Agency) (Dewey)

APPENDIX 3: INTERVIEW LIST

STATEWIDE

Education

Youth K-12

- Tatanka Center, Lisa Little Chief Bryan
- American Indian Business Leaders, Tina Begay

Higher Education

- Theodore M. and Vivian R. Johnson Scholarship Foundation, Malcolm Macleod
- University of South Dakota, Robert Reinke

Policy

- United Sioux Tribes Development Corporation - Native American Partnership Council, Luke Lopez
- Governor's Department of Tourism and State Development: James Hagen, secretary; Tina Van Kamp, former director, Office of Economic Development; Jamison Rounds, former director, Office of Strategic Initiatives; Rodger Campbell, governor's liaison, Office of Tribal Government Relations
- Bureau of Indian Affairs, Great Plains Regional Office, Ona Lebeaux

Access to Capital

- Wells Fargo, Rapid City, Peter Kappa, president; Muffy Gabler, western regional director; and Clint Waara, tribal liaison

- First Nations Oweesta Corporation, Elsie Meeks, executive director
- SBA South Dakota state office, Chuck Hughes
- Genesis Equity Fund, LLC, Jim Mirehouse, CEO
- South Dakota Rural Enterprises Inc. and South Dakota Community Capital Fund, Beth Davis, executive director

Training/Technical Assistance

- Small Business Development Center, Rapid City, Jim Mirehouse
- Service Corps of Retired Executives, Rapid City
- Enterprise Institute, Marcia Hendrickson
- First Peoples Fund, Louri Pourier, President, Randy Ross, former program officer
- University of South Dakota (South Dakota Technology Entrepreneurship and Commercialization)
- Badlands South Central Enterprise Facilitation, Freya Simpson, director
- Sitting Bull College, Jonathan Anderson, TBIC director

Networks

- Enterprise Institute (noted above)
- Governor's office (noted above)

Others

- Northwest Area Foundation, Karla Miller, program officer

ROSEBUD SIOUX RESERVATION

Youth Education

- None

Higher Education

- Sinte Gleska University, Schuyler Houser, development director
- Sinte Gleska University, Ron Hutchinson, business instructor
- Sinte Gleska University, Taffy Lafferty, AIBL Chapter and TBIC

Policy

- Office of the President, Charlie Colombe, president, Rosebud Sioux Tribe
- Rosebud Revenue Office, Whitney Meek
- Rosebud Tourism Department, Myrna Trimball

Access to Capital

- Wells Fargo, Mission, Kernit Grimshaw, president
- Rosebud Economic Development Corporation, Butch Artichoker, director, and Gaylene Pretty Bird, projects director

Training and Technical Assistance

- Taffy Lafferty, director, Tribal Business Information Center

Access to Networks

- None

Entrepreneurs/Individuals

- The business owners
- Two informal economy entrepreneurs
- Two elders
- Four youth

- Two failed Business Owners
- Two ranchers

CHEYENNE RIVER SIOUX RESERVATION

Youth Education

- Four Bands Community Fund, Inc., Tanya Fiddler, executive director

Higher Education

- Si Tanka University, Kurtis Carroll, Carol Robinson, and Elizabeth Lenz

Policy

- Harold Frazier, chair, Cheyenne River Sioux Tribe
- Raymond Uses the Knife, vice chairman, Cheyenne River Sioux Tribe
- Economic Planning Office, Dr. Ken Provost
- Cheyenne River Community Ventures Project, Eileen Briggs, coordinator
- Cheyenne River Department of Tourism, Dainelle High Elk
- Office of Vocational Rehabilitation, Lyle Cook, director
- Tribal Employment Rights Office
- Tax Revenue Office, Lynette Dupri

Access to Capital

- State Bank of Eagle Butte, Steve Payne, president and owner
- Four Bands Community Fund, Inc., Tanya Fiddler, executive director
- Oti Kaga, Bill Picotte, executive director

Training and Technical Assistance

- Tribal Business Information Center, Gerald Thompson, former director
- Financial Education Coalition, Bud Lone Eagle

Access to Networks

- Tony Buffalo, Bridger Project
- Four Bands Community Fund, Inc., Tanya Fiddler

Entrepreneurs/Individuals

- Three business owners
- Three informal economy entrepreneurs
- Three elders
- Two youth
- Three failed Business Owners
- Two ranchers

APPENDIX 4: RESEARCH TOOLS

INTERVIEW PROTOCOLS: NATIVE ENTREPRENEURSHIP PHASE II RESEARCH

The following interview protocol suggests a more in-depth look at the programs available at local, tribal and state level for Native American entrepreneurship. These questions are designed to allow a true ‘voice’ for all participants at every level, for the purpose of identifying current efforts underway, public utilization of services, effective practices and program outcomes, and challenges still facing Native entrepreneurs in their efforts to develop social and economic enterprises.

Based on CFED’s phase I research, we will be employing the following working definition of Native entrepreneurship: Entrepreneurs are people who create and grow both economic and social enterprises and include a spectrum of types of entrepreneurs including aspiring, survival, lifestyle, growth, serial and social entrepreneurs. Entrepreneurship development refers to the infrastructure of public and private supports that facilitate entrepreneurship.

Statewide interview protocol: Target audience: Native and non-Native entrepreneurship support organizations, financial institutions, state policymakers and administrators.

Key questions:

1. How does your organization support entrepreneurs in South Dakota? How does your organization support Native entrepreneurs in particular?

2. What current Native and non-Native entrepreneurship programs are available to individual Native entrepreneurs in South Dakota in the areas of:
 - a. Youth education (K-16)
 - b. Access to capital
 - c. Training and technical assistance
 - d. Networking
3. What is the utilization rate/outcomes from these programs for Native and non-Native entrepreneurs? Are these programs effective? What more is needed?
4. What state policies, programs or personnel are currently in place that assist/support individual Native entrepreneurs?
 - a. What has been the utilization rate and outcomes of these programs? Are they effective? What more is needed?
5. What are some of the effective practices currently underway across the state to promote entrepreneurship in Native communities?
6. What are some of the major challenges that inhibit Native entrepreneurship development in South Dakota?
7. What more could and/or should be done to support individual Native entrepreneurs in South Dakota?

Reservation-based interview protocol:

Target Audience: tribal elders, tribal youth, tribal council members/economic development staff, local Native

entrepreneurship support organizations (CDFI, college, TBIC), local financial institutions, aspiring and existing Native entrepreneurs, “failed” business owners, and other local community support organizations.

Key Questions:

1. What is your definition of Native Entrepreneurship?
 - a. What is your perception of the role of Native entrepreneurship in tribal economic and community development?
 - b. What are common perceptions or stereotypes of Native entrepreneurs
 - c. What cultural barriers exist that inhibit the growth and success of Native entrepreneurs
 - d. What cultural supports are in place (media, celebrations, recognitions others) that enhance or support the growth and success of Native entrepreneurs?
2. What programs are currently in place to support Native entrepreneurs living on the reservation in the areas of:
 - a. Youth education (K-16)
 - b. Access to capital
 - c. Training and technical assistance
 - d. NetworkingWhat more could be done?
3. What tribal policies or programs are in place that assist/support Native entrepreneurs?
 - a. What tribal policies or programs inhibit the success of Native entrepreneurs?
 - b. What role does tourism play in promoting Native entrepreneurship development?
- c. What efforts are currently underway to support Native historical, cultural, arts and crafts endeavors on the reservation?
- d. What more could be done?
4. What other economic development efforts is the tribe engaged in or promoting at the reservation level or in partnership with the state or other stakeholders?
 - a. Describe some effective practices in state/tribal partnerships that enhance the environment for or directly support Native entrepreneurs.
 - b. What were the successes, what were some of the difficulties?
5. Describe the types of entrepreneurs that are developing formal businesses on the reservation.
 - a. What types of businesses are they developing?
 - b. Who are the primary customers/clients?
 - c. Are they successful? What challenges do they face?
 - d. Do these entrepreneurs seek out and access entrepreneurship support services? What type of services? Are they satisfied with these services?
 - e. What are ways to enhance the development, sustainability, and long-term growth of Native businesses on the reservation?
6. Describe the types of businesses that are operating in the informal economy on the reservation.
 - a. What type of informal work do they do?
 - b. Who are the primary customers/clients?

- c. What is the medium of exchange (cash, barter, other?)
- d. How much income is generally earned per household through informal work?
- e. What proportion of the economic activity overall on the reservation do you estimate takes place informally?
- f. What are the advantages/disadvantages of working informally?

Community feasts description/outline and outcomes

As a part of the RSD model, community feasts are based on the understanding that program design must recognize culturally appropriate and relevant methodologies when seeking support and involvement of the reservation community. Community feasts are the “starting point” to a successful relationship with tribal communities and are the beginning of official or formal talks with any and all community members.

As such, the intention is to invite all interested community members; tribal and community leaders, Elders, program staff (tribal and non – tribal entities) local entrepreneurs, educators, etc to discuss the proposed Native entrepreneurship research project on Cheyenne River Sioux Reservation and its context within a broader two state/national analysis. RSD proposes the following general outlines for the Introductory and Concluding Community Feasts.

Introductory Community Feast

- | | |
|-------|---|
| 9:00 | Sign in, Coffee, light breakfast |
| 9:30 | Opening Prayer – Opening Song
Introductions of contract partners and community members |
| 10:15 | Guest Speaker– Tribal Chairman or Vice Chairman |
| 10:30 | Overview and explanation of research initiative: Background (phase I) and desired outcomes |
| 11:00 | Question and Answer Period |
| 11:30 | Facilitated community discussion including suggestions, comments, and community thoughts on overall methodology and project outcomes. |
| 1:00 | Offering and Meal/Entertainment-Celebration |
| 3:00 | Closing Comments Prayer |

Desired outcomes

- Create culturally relevant platform for community involvement (program and individual).
- Create platform for sharing of community perspective and ownership in process.
- Allay any fears or misconceptions.
- Respect tradition and culture.
- Give positive reinforcement to community and voice.
- Gain insight for protocol and community concerns as pertains to research.
- Identify interested members and gather information and ideas for later reference.
- Insure overall support for research initiative duration.

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