

# procurement-led engagement with the Aboriginal Community

## ○ | Syncrude

Syncrude has been a leader for a decade and a half in buying goods and services from Aboriginal suppliers. In fact, during that period, the company has purchased more than \$1 billion from Aboriginal firms, both private and community-owned.

Understanding how Syncrude engages with Aboriginal stakeholders is as important as understanding why it does so. Let's start with why.

## ○ | Aboriginal Engagement

## ○ | Community-Based Procurement

## ○ | Community Investment

### Why Aboriginal Engagement?

This major company is the largest producer of oil from Alberta's oil sands and the largest single source of crude petroleum in Canada. A joint venture owned by eight energy companies, its productivity and profitability matter a great deal to Canada, the United States and, indeed, the world.

The company's social and environmental performance matter a lot, too. Syncrude's mission statement commits the joint venture to create wealth for all its stakeholders, and recognizes that "expectations and definitions of 'wealth' vary across these stakeholders." One important group involves local First Nations in the Fort McMurray, Wood Buffalo and Edmonton areas, where the company has operations

and where its employees live and work. As part of its corporate social responsibility (CSR) strategy, Syncrude seeks to promote the "triple bottom line" of economic accountability to its shareholders, social accountability to its community stakeholders, and environmental accountability for sustainable development.

Overall, then, Syncrude engages with local Aboriginal stakeholders in order to promote its mission of wealth creation and sustainability. That's the Why. In doing so, the company also receives, in effect, a "social licence to operate" in the tar sands region. The fact that significant benefits flow to First Nations individuals and groups means that local support for the company's activities has remained solid.

## How Syncrude Engages with Aboriginal Stakeholders

There are four major ways in which Syncrude engages with Aboriginal stakeholders:

1) **Procurement:** Syncrude actively seeks to procure goods and services from firms owned by First Nations development corporations and Aboriginal entrepreneurs. From hunting and fishing camps, to airlines, to equipment manufacturing, the size and nature of these businesses vary widely. Syncrude often provides business advice to enhance the quality of products and services of these enterprises; it also assists these businesses in finding adequate financing. In 2006 alone, Syncrude's procurement from Aboriginal businesses amounted to about \$130 million, based on 27 active contracts. The effects of this stable and robust source of revenue on Aboriginal suppliers include good-quality jobs and benefits and strengthened, long-term business viability, among other outcomes.

2) **Employment and Training:** Syncrude is one of Canada's largest industrial employers of Aboriginal people, with more than 1,300 direct and contractor employees of Aboriginal descent. Some five percent of administrative, technical and professional jobs were held by Aboriginal employees in 2006. Nearly 30 years ago, the company pioneered a fly in/fly out employment

program for Fort Chipewyan residents. Syncrude targets Aboriginal youth in particular, offering a variety of initiatives for skill-development and job preparation experience, including a summer employment program and a university transition program. The company also awards 15-20 scholarships a year to Aboriginal students. Since 1989, 170 scholarships have been awarded.

3) **Community Investment:** Syncrude's operations in northern Alberta are located in areas with a high proportion of Aboriginal residents. Accordingly, the company allocates almost one-quarter of its community-investment grants to First Nations communities. This totalled nearly \$1 million in 2006.

4) **Community Development:** Finally, Syncrude takes an active role in community and economic development planning and implementation in the Fort McMurray and Wood Buffalo areas. The company sponsors, and gives presentations at, conferences and symposia. In 2006, for example, Syncrude sponsored a conference entitled "Leading change," on community economic development (CED) and capacity building for Aboriginal entrepreneurs and organizations.

## Lessons Learned

One important lesson from the Syncrude experience is that major companies can use, in integrated fashion, a variety of channels for engaging in CED in

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Aboriginal communities. Procurement, employment and training programs, community investment, and community development are all key components in Syncrude's relations with Aboriginal stakeholders. The component with the greatest impact, however, is *procurement*.

The second lesson is that companies can, in partnership with Aboriginal communities, achieve significant *scale* in procurement relations. Syncrude's purchasing of \$130 millions in goods and services per year from Aboriginal firms and entrepreneurs represents a major quantum of economic activity. And it sets a very high standard to which other companies can, and should, aspire.

## Conclusion

The Syncrude case, of course, is a dynamic, live case that continues to evolve, influenced by factors both external and internal to the company. It has demonstrated that procurement-led CED engagement is a powerful tool. Business leaders, CED practitioners, policy-makers and scholars alike should continue to monitor and learn from the Syncrude experience.

## Sources

This case study is based on information provided in various editions of Syncrude's *Aboriginal Review* and *Sustainability Review*, available on the company's website.

This case study was written by Alison Colwell and Edward Jackson.

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## Carleton Centre for Community Innovation

The Carleton Centre for Community Innovation (3CI) brings together superior academic research and knowledge dissemination to Canadian communities in ways that promote long-term growth and sustainable development. One of Canada's leading sources of expertise in social finance, 3CI has also played a leadership role in grant-making, evaluation and policy analysis in the fields of community economic development and social enterprise. From 1997 to 2008, the Centre managed the Community Economic Development Technical Assistance Program (CEDTAP), with the support of The J.W. McConnell Family Foundation, The Ontario Trillium Foundation, Bell Canada and other partners. Other action-research priorities for 3CI include local governance, community learning and community-university partnerships.

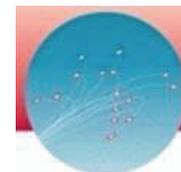
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