Case Studies in Aboriginal Business

Bouchier Group and the Changing Oil Sands Industry

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The Purdy Crawford Chair in Aboriginal Business Studies was established at Cape Breton University in 2010 in response to Aboriginal community leaders’ expression of the need for entrepreneurship, business investment, and corporate skills training for the purpose of creating a model of self-reliance.

Named in honour of Canadian lawyer and corporate boardroom leader, the late Mr. Purdy Crawford, the Chair aims to promote interest among Canada’s Aboriginal people in the study of business at the post-secondary level.

The Purdy Crawford Chair in Aboriginal Business Studies focuses its work in four areas:

- Research on what “drives” success in Aboriginal Business
- National student recruitment in the area of post-secondary Aboriginal business education
- Enhancement of the post-secondary Aboriginal business curriculum
- Mentorship at high school and post-secondary levels

“Meaningful self-government and economic self-sufficiency provide the cornerstone of sustainable communities. My wish is to enhance First Nations post-secondary education and research to allow for the promotion and development of national Aboriginal business practices and enterprises.”

Purdy Crawford, C. C.
(1931-2014)
BOUCHIER GROUP AND THE CHANGING OIL SANDS INDUSTRY

After more than a decade in business, Nicole Bourque-Bouchier was facing an important decision. The industry environment in which Bouchier Group provided contracting and site services – the Alberta oil sands – was changing. Nicole knew that she should either sell the business or engage a partner so that Bouchier Group could compete effectively in the region. She had to decide whether to ink a deal with Carillion plc.

BACKGROUND

Bouchier Group, based in Fort McKay, Alberta, got its start as Kan-Dave Contracting in 1998. Owned by David Bouchier, Kan-Dave was a small, locally-focussed business with two pieces of heavy equipment. David operated it as a side business while working as the general manager for the Fort McKay Group of Companies. Nicole Bourque-Bouchier, David’s wife, was working full-time at Shell as a stakeholder relations advisor and in the evenings took care of the paperwork for Kan-Dave Contracting.

In 2004, Kan-Dave had the opportunity to bid on a $350,000 contract to construct a temporary access road for Canadian Natural Resources during the exploration phase for a new oil sands development project (which eventually led to the construction of the Horizon Oil Sands site). David and Nicole decided to leave their full-time employment and focus their energies on the company, with David overseeing field aspects and supervising the jobs and Nicole overseeing accounting, human resources, and safety. They changed the name of the company to Bouchier Group. Following the success of its contracting services, in 2010, Bouchier Group began offering site services as well.

By 2012, Bouchier Group owned more than 200 pieces of equipment. The company employed approximately 400 people and 70% of its workforce was Aboriginal. Bouchier Group’s assets were valued at approximately $44 million and they had annual revenues of approximately $74 million. As the company grew, David Bouchier assumed the role of President, while also serving as a councillors for Fort McKay First Nation, and Nicole Bourque-Bouchier became Chief Executive Officer (CEO).

Bouchier Group’s contracting division has held contracts for road construction and maintenance, pad and pond construction, fencing installation, snow removal, winter drilling, building demolition, tree clearing, and water and sewer installation. The site services division has provided medical, fire and rescue, security, and janitorial services. Bouchier’s clients have included Athabasca Oil Corporation, Canadian Natural Resources, Cenovus Energy, Fort McKay First Nation, Husky Oil Operations, Imperial Oil, Petro-Canada, Shell Canada, and Total E&P Canada.
NICOLE BOURQUE-BOUCHIER

Nicole Bourque-Bouchier is a member of the Mikisew Cree First Nation. Born in Fort Smith, Northwest Territories, she moved to Fort McMurray as a child. Nicole graduated from high school in 1992 and then moved with her family to Fort Chipewyan, her father’s home community. There she completed upgrading at Keyano College before studying computer systems at the Northern Alberta Institute for Technology.

Nicole began her career in the oil industry with Syncrude. While on maternity leave from that position, she started her own consulting company, Indian Inc. She assisted new oil sands ventures in communicating with their key stakeholders, especially the Aboriginal communities in the area, and eventually left her full-time position to focus on her consulting business. Always one to seize opportunities when they presented themselves, Nicole later gave up her consulting business to become the Manager of Aboriginal Affairs for TrueNorth Energy. She then moved to a similar role with Shell Canada. By the age of 27, Nicole had established herself as a successful stakeholder relations advisor in the Wood Buffalo region.

Around that time, she met David Bouchier, who was working for Fort McKay Group of Companies. They became life partners and business partners, and together built Bouchier Group. Nicole is a member of the Northeastern Alberta Aboriginal Business Association and the Keyano College Foundation, and is involved in many community initiatives.

LOCAL KNOWLEDGE & COMPANY VALUES

In the Wood Buffalo region, there are First Nation, Métis, and long-time local community members who were raised in and are deeply connected to the area. In order to be a successful company in the region, it is necessary to build relationships with these communities. Local knowledge is critical for successful resource development; companies require in-depth knowledge of how to communicate and engage with these communities. One of Bouchier Group’s greatest strengths was its understanding of local communities and its reputation working with them.

Bouchier Group’s vision was to be Canada’s leading Aboriginal business, exceeding expectations relating to safety and service delivery, while inspiring and supporting their culture and communities. Their mission focussed on safe and dependable services at a competitive price, as well as the provision of employment opportunities for and mentorship to Aboriginal people. Their values, “We care. We inspire. We deliver,” captured their commitment to caring about people, communities, and the environment; to building mutually beneficial relationships; and to providing customized solutions that meet the highest quality and safety standards. As part of its commitment to safety, Bouchier Group is a member of the Alberta Construction Safety Association.
In the community, Bouchier Group supports many groups and organizations in the Regional Municipality of Wood Buffalo through in-kind donations, sponsorships, and employee volunteer services. They have contributed to the Fort McKay Community, the Fort McMurray Boys & Girls Club, the Fort McMurray Minor Hockey Association, Girls Inc. (Fort McMurray), Grimshaw Minor Hockey, the Justin Slade Youth Foundation, Keyano College, Mikisew Ladies Club, Northern Lights Health Foundation, Right to Play, and Stollery Children’s Hospital Foundation.

THE ALBERTA OIL SANDS

The term oil sands refers to a mixture of clay, sand, and water that contains bitumen. Bitumen is a heavy oil with the consistency of man-made tar, which is why oil sands are sometimes referred to as tar sands. Once bitumen is separated out of the mixture, it can be converted to crude oil and other petroleum products. Two extraction methods are used in the oil sands: surface mining and in-situ extraction (which uses steam).

The Alberta oil sands are located in northeast Alberta. Commercial production began in the 1960s, but the extent of the oil deposits – a reserve amounting to 170 billion barrels and third largest in the world – was not realized until the 1970s. In the early 2000s, the industry entered a period of rapid expansion driven by rising oil prices. By 2011, the oil sands were producing 1.9 million barrels per day.

The development of the oil sands by interested companies occurs in three stages: application to the Alberta Energy Regulator and Canadian Environmental Assessment Agency (which includes consultation with Aboriginal communities and other stakeholders), regulatory review (which includes environmental impact assessment and public hearings), and conditions of approval (rules pertaining to construction, operations, closure, and reclamation are set).

Approximately 23,000 Aboriginal people live in the area covered by the oil sands. The majority of the oil reserve is located in the Wood Buffalo region, which has a population of 67,520. In this area, there are 5 First Nations and 6 Métis communities.

The Alberta energy sector is a major employer of both Albertans and migrant workers from other provinces and territories. Approximately 132,700 jobs are tied to the oil sands either directly or indirectly and it is estimated that approximately 10% of the workforce is Aboriginal. In 2011, contracts with Aboriginal companies in the oil sands were valued at over $1 billion. Royalties from the oil sands in 2012 were more than $3 billion.
CHANGING LANDSCAPE OF THE INDUSTRY

By 2012, Nicole recognized an important shift in the industry. In the past, industry clients in the area hired and worked with smaller contractors, but now as a cost saving measure, these same clients were increasingly looking to hire one or just a few larger contractors that could meet their needs. Consequently, larger engineering, procurement, and construction (EPC) firms, which would be able to handle the workload required and have the right safety and procurement procedures in place, were favoured. Often, smaller local contractors would be hired during the application and regulatory review stages to work with clients from a community perspective, but once approvals were given and conditions were set, the project was handed over to a larger EPC firm that didn’t necessarily understand the local situation or have the same commitments to community.

GETTING OUT OR GETTING A PARTNER

This shift in the way that contracts were being awarded in the industry meant that Bouchier Group would have to reinvent itself. Nicole decided that it was time to either get out and sell or get a partner so that Bouchier Group could compete in the region. This was not the first time that Nicole had considered finding a partner. A few years earlier, she had hired a consultant who specialized in business expansion through partnership. She felt that she spent a lot of money for not a lot of return at the end of the day, because the effort did not result in a partnership agreement.

Not wanting to invest resources into a similar search again, Nicole decided to try a different approach. She was already aware of two firms that she thought would make good partners because they provide road maintenance services. She believed that they would already be aware of Bouchier Group because both were operating in Alberta. She contacted her lawyer and asked him to reach out to the two firms with a partnership proposal. When the first company contacted discovered the size and revenue of Bouchier Group, it declined to engage in discussions because Bouchier Group was deemed to be too small.

Undeterred, Nicole’s lawyer then contacted Carillion plc with the pitch that an Aboriginal business in the Wood Buffalo region was looking for a partner. At the time, Nicole hadn’t realized just how large Carillion was or that it was an international company. She only knew of their reputation as a construction company in Canada.

CARILLION PLC

Carillion plc was a multinational company trading on the London Stock Exchange with annual revenues of more than $8 billion. Carillion plc had been operating in Canada for
six decades. Primarily, it provided road maintenance services in Ontario and Alberta; however, it had also constructed facilities as well, such as the Royal Ottawa Mental Health Centre. It provided some site services, such as security and facilities management. In addition to the United Kingdom and Canada, Carillion plc also operated in the Middle East and North Africa. In terms of the company’s values, it was committed to sustainability.

At the time that it was contacted by Nicole Bouchier’s lawyer, Carillion was starting to change the way that it did business in Canada and was interested in moving into the oil sands. By coincidence, Carillion was already planning to visit the Woods Buffalo area to assess the potential there.

INKING A DEAL

The synergies between the two companies, at least on the surface, seemed obvious. Carillion provided road construction and maintenance, as well as some site services, such as security and facilities management. Bouchier Group provided construction and maintenance contracting, and had just expanded into medical and security services at some sites – a division of the business that they were interested in growing. Carillion had access to the best technology and processes in the global environment and could supply capital. Bouchier Group held invaluable local knowledge. The timing for both companies to enter into a partnership appeared to be right.

The proposed deal would result in Carillion owning 49% of Bouchier Group for £24 million. Carillion would also have the option to buy the remaining 51% (in increments over ten years) for £43 million. If Bouchier Group signed the agreement, its governance structure would change and the company would answer to a board.

CONCLUSION

After more than a decade working in the Alberta oil sands, Nicole Bourque-Bouchier recognized that the industry environment was changing. Increasingly, larger EPC firms were being awarded contracts. Nicole knew that she should either sell the business or engage a partner so that Bouchier Group could compete effectively in the region. She had to decide whether to ink a deal with Carillion plc.
SOURCES


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