

Native Americans strive for homemade businesses on – or near – the reservations

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Nothing has been easy about Charlotte Almanza's work as the owner of Char's Café.

A few months ago a fire forced her Peever-based business out of its building. Fortunately she had insurance, and she's preparing to open in a new space.

But maintaining the business before the fire was a challenge as well. When Almanza wanted to make some improvements, she needed a loan – and her attempts with her local banker were not heartening.

“It wasn't much money I needed,” said Almanza, who belongs to the Sisseton Wahpeton Oyate tribe in northeastern South Dakota. “I was asking for \$5,000. When you don't have that support of people believing in you, it really discourages you.”

But Almanza, who lives just outside the border of the reservation for the Sisseton Wahpeton Oyate, found another source. She took out a loan from a Native community development financial institution (CDFI) called the Four Bands Community Fund, and her business was on track.

The South Dakota Indian Business Alliance has recently produced an expansive report chronicling some problems – and solutions – encountered by Native American entrepreneurs on the reservations.

“We noticed the mainstream business development programs, especially the mainstream federal programs – we just kept seeing a trend that there was little or no activity on the nine reservations,” said Tanya Fiddler, the SDIBA chair.

Fiddler is also the executive director of Four Bands Community Fund, a nonprofit founded especially to assist entrepreneurs of the Cheyenne River Indian Reservation.

The CDFI is one type of resource recommended by the SDIBA, which came together in 2007. CDFIs can provide much-needed financial training, and they can also issue loans and help Native American business owners – or would-be owners – establish credit. Fiddler said there are about six Native American CDFIs in the state.

One issue that looms especially large is establishing the credit to start a business in the first place. Fiddler said the opportunity to establish credit in extremely rural parts of the state can be slim.

On the reservations, the task is even tougher since the banks often do not report to credit bureaus. The cost and the potential liability involved in reporting credit, Fiddler said, are factors that make reporting difficult for the banks.

The SDIBA's report notes other obstacles Native Americans can face when they try to obtain loans. One is the trust status of land on the reservations, which prevents it from being used as collateral when taking out loans. Because reservation land is held in trust status by the federal government, the land cannot be repossessed by banks offering loans. That means Native Americans living on reservations lack a source of collateral available to others who might be seeking loans to start new businesses.

Fiddler said members of the SDIBA noticed, in recent years, a dearth of native-owned businesses on reservations. She said 1 percent of the businesses on the Cheyenne River Sioux Reservation were owned by Native Americans in 2001. It's a reservation, she said, with a population that is 80 percent Native American.

Since that time, though, Fiddler said 100 native-owned businesses have emerged. Fiddler noted training and technical assistance, access to capital and increased credit-worthiness as factors in helping the new businesses to develop.

The inability to establish credit, Fiddler said, can affect everyday purchases as well as business development.

"Indian people are poor for some really good reasons," she said. "Not having access to affordable products is one of them."

Scarcity of jobs is another. And for many Native Americans who live on or near reservations across the state, the best path to a good job is not the road to the nearest large retailer. It's creating a local business – or working for one that's recently surfaced.

"This is a path out of poverty," Fiddler said.

For Almanza, that path is strewn with home-cooked food. She's hoping to reopen Char's Café in April, and she's especially looking forward to rekindling the café's legendary "pie days."

"Everything is homemade," she said, "and that's what makes it good."