PART 1 – UNDERSTANDING THE LOCAL FOOD SYSTEM & DEFINING YOUR AG-BUSINESS OPPORTUNITY

THANK YOU FOR JOINING US! THE WEBINAR WILL BEGIN SHORTLY.
Webinar Management

Participants will be muted for this webinar.

If you have questions during the webinar, please “raise your hand” using the hand button or you may enter your question(s) in the Question box.
First Nations works to strengthen American Indian economies to support healthy Native communities. We invest in and create innovative institutions and models that strengthen asset control and support economic development for American Indian people and their communities.

At First Nations, we’re guided by the belief that when armed with the appropriate resources, Native Peoples hold the capacity and ingenuity to ensure the sustainable, economic, spiritual and cultural well-being of their communities.
What “Assets” Mean to First Nations

- Physical Assets
- Natural Assets
- Social Capital
- Cultural Assets
- Financial/Economic Assets
- Political Assets
- Human Capital

Assets in Indian Country

Institutional Assets
First Nations’ Facts

1980: Founding Year
1980-2016: Provider of TTA
1993: National Grantmaking Program begins
1993-2016: Awarded 1,162 in grants; $25.95 million
First Nations’ Strategies & Programs

5 STRATEGIES
First Nations utilizes to achieve success in our focus programs:
- Direct Financial Support through Grantmaking
- Technical Assistance & Training
- Coalition-Building
- Advocacy
- Policy

Achieving Native Financial Empowerment
Native financial & investor education, consumer protection & financial fraud education, combating predatory lending, and research.

Nourishing Native Foods & Health
Native food systems, food security, health and nutrition, and food sovereignty efforts.

Advancing Household & Community Asset-Building Strategies

Investing in Native Youth
Native Youth & Culture Fund, college scholarship/leadership programs, and youth-oriented financial education among other programs.

Strengthening Tribal & Community Institutions
Nonprofit & tribal capacity-building activities including the Urban Native Project, Native Arts Capacity Building Initiative, and coalition-building work, among other programs.
Business of Indian Ag

PART 1 – UNDERSTANDING THE LOCAL FOOD SYSTEM & DEFINING YOUR AG-BUSINESS OPPORTUNITY
AGENDA

- Ag Enterprise Case Study Examples
- Overview of U.S. Food System
- Key Business Concepts
- Understanding Your Motivation
- Defining Your Goals
- Defining Your Business Concept
Relevant Experience

- Mississippi Choctaws – Director of Economic Development
- 20+ years of Tribal Economic Development Experience
- General Manager of the Tribe’s certified organic vegetable farming business
- Project management experience includes development and start-up of many tribally-owned companies representing an >$500 million investment
- Currently managing 8 separate grant projects for the Tribe
- Participated in a wide range of project financing methods including traditional loans, loan guarantees, and New Markets Tax Credit financing.
- Manage the Tribe’s 800,000 square foot commercial real estate portfolio
- B.B.A. from Millsaps College
- M.B.A. from Duke University
Today’s Audience

Native Farmers & Ranchers
Tribal Food Sovereignty Initiative Directors
Tribal Natural Resource Managers
Native Non-Profits
Wide Range of Interests...

Cattle Ranching
Vegetable Farming
Orchards
Value-added processing
Traditional crops
Food hubs
Etc.
What would it take to feed MS Choctaw?

<table>
<thead>
<tr>
<th>Food Consumption in US</th>
<th>Lbs. per capita, US</th>
<th>Yield per acre, Univ. of Fla.</th>
<th>Choctaw, 11,000 pop.</th>
<th>Acres needed-Choctaw</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vegetables, total</td>
<td>161.84</td>
<td></td>
<td>1,780,240</td>
<td></td>
</tr>
<tr>
<td>Broccoli and cauliflower</td>
<td>4.57</td>
<td>11,178</td>
<td>50,270</td>
<td>4.50</td>
</tr>
<tr>
<td>Carrots</td>
<td>4.08</td>
<td>13,392</td>
<td>44,880</td>
<td>3.35</td>
</tr>
<tr>
<td>Celery</td>
<td>2.76</td>
<td>40,080</td>
<td>30,360</td>
<td>0.76</td>
</tr>
<tr>
<td>Cucumbers</td>
<td>2.27</td>
<td>32,285</td>
<td>24,970</td>
<td>0.77</td>
</tr>
<tr>
<td>Green peas</td>
<td>1.74</td>
<td></td>
<td></td>
<td>19,140</td>
</tr>
<tr>
<td>Lettuce</td>
<td>13.83</td>
<td>53,250</td>
<td>152,130</td>
<td>2.86</td>
</tr>
<tr>
<td>Onions</td>
<td>8.46</td>
<td>31,750</td>
<td>93,060</td>
<td>2.93</td>
</tr>
<tr>
<td>Peppers</td>
<td>7.41</td>
<td>29,456</td>
<td>81,510</td>
<td>2.77</td>
</tr>
<tr>
<td>Tomatoes</td>
<td>30.53</td>
<td>35,400</td>
<td>335,830</td>
<td>9.49</td>
</tr>
<tr>
<td>Sweet corn</td>
<td>6.23</td>
<td></td>
<td>68,530--</td>
<td></td>
</tr>
<tr>
<td>Potatoes</td>
<td>51.98</td>
<td>23,500</td>
<td>571,780</td>
<td>24.33</td>
</tr>
<tr>
<td>Snap beans</td>
<td>3.76</td>
<td></td>
<td>41,360</td>
<td></td>
</tr>
<tr>
<td>Legumes, dried</td>
<td>5.53</td>
<td></td>
<td>60,830</td>
<td></td>
</tr>
</tbody>
</table>

Source: Dr. Steve Murray, Agricultural Economist (retired)
# What would it take to feed MS Choctaw?

<table>
<thead>
<tr>
<th>Animal Type</th>
<th>Lbs. per capita, US</th>
<th>Per capita animals</th>
<th>Tribal Pop. = 11,000</th>
<th>Source: USDA, Economic Research Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beef</td>
<td>56.80</td>
<td>0.08 steer</td>
<td>916 beef cows</td>
<td></td>
</tr>
<tr>
<td>Pork</td>
<td>50.80</td>
<td>0.37 hog</td>
<td>4,094 hogs</td>
<td></td>
</tr>
<tr>
<td>Chicken</td>
<td>90.40</td>
<td>21.22 chickens</td>
<td>233,427 chickens</td>
<td></td>
</tr>
<tr>
<td>Turkey</td>
<td>16.80</td>
<td>0.71 turkeys</td>
<td>7,797 turkeys</td>
<td></td>
</tr>
<tr>
<td>Finfish and shellfish</td>
<td>14.60</td>
<td>--</td>
<td></td>
<td>includes canned fish, e.g. tuna, salmon, sardines</td>
</tr>
<tr>
<td>Eggs</td>
<td>18.97</td>
<td>12.08 dozen</td>
<td>6,934 layers</td>
<td>230 eggs per year, 1 doz eggs weigh 1.57 lbs.</td>
</tr>
<tr>
<td>CATFISH (estimate for Choctaw)</td>
<td>3.00</td>
<td>55 acres</td>
<td>1500 lbs. per acre per yr., 40% dressed wt.</td>
<td>Source: Dr. Steve Murray, Agricultural Economist (retired)</td>
</tr>
<tr>
<td>VEGGIES</td>
<td>LIVESTOCK</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>----------------------------------------</td>
<td>---------------</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.35 acres of carrots</td>
<td>916 beef cows</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0.77 acres of cucumbers</td>
<td>4,094 hogs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9.49 acres of tomatoes</td>
<td>233,427 chickens</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>24 acres of potatoes</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Les Jardins de la Grelinette

Location: Quebec

Method: Organic

Scale: Feeds 200 families on 1.5 acres

Sales: >$100,000 per acre
**Mission:** Choctaw Fresh Produce is committed to growing and supplying **certified organic**, fresh produce to the community using best-in-class **food safety** practices in a financially self-sustaining way.

5 full-time staff operating 19 high tunnels

Partnership with Tribal Schools for nutrition education

Retail & Wholesale Customers both on & off Reservation
Red Lake Nation – Local Food Initiative

Red Lake, Minnesota

Red Lake Fisheries
Red Lake Nation Foods
Food Sovereignty Initiative

1,300 acre wild rice production
+/-300 family gardens

Vision Statement:
The Red Lake Nation Local Food Initiative envisions individuals, families, and communities empowered to revitalize a sovereign and traditional food system that provides healthy and affordable foods in a sustainable manner.
Taos County Economic Development - Incubator
Choctaw Nation of Oklahoma

**Cattle Ranching**
- 6 Cattle Ranches
- 36,080 acres of ranch land
- 2,100 head of cattle

**Pecan Farms**
- 1,500 acres of pecan farmland
- 4,300 trees
- 150,000 lbs. yield per year
Oneida Community Integrated Food Systems

Mission Statement: Playing a pivotal role in the reintroduction of high quality, organically grown foods that will ensure a healthier and more fulfilling life for the On^yote?aka, and being the facilitators of positive dietary and nutritional change.

Components:
- Agriculture: greenhouse, apple orchard, soybeans, alfalfa, winter wheat, beef & bison, white corn
- Retail Market
- Cannery: food preservation
- Food Distribution
Bottom Line...

There are many different models to pursue Food Sovereignty

Need to decide what is the best fit for your community
U.S. Food Industry

A QUICK OVERVIEW OF BEEF CATTLE AND FRESH PRODUCE
Beef Supply Chain

Cow/Calf Operators

Feed Options

Backgrounders Grass Fed

Feedlots Grain Fed

Harvest Packing

Further Processing

Distributors

End Users
913,246 Cow/Calf Operations
• 91% family owned

30,219 Feedlots
• 93% have capacity <1,000 head
• 7% have capacity >1,000 head
• But account for 81% of total

2016 U.S. Cattle inventory: 93.5 million

Beef consumed per capita 55.7 lbs.

2016 retail price -5.2% vs. 2015

Takes 2 – 3 years to bring beef from farm to fork

Source: USDA Economic Research Service
Reflects December 29, 2015
U.S. Drought Monitor data

Approximately 12% of cattle inventory is within an area experiencing drought.

Major and minor agricultural areas are derived from NASS 2012 Census of Agriculture data. Counties shaded in gray contain data that are not published by NASS, and thus were not used in delineating the major and minor agricultural areas. Additional information on these agricultural data can be found at: http://www.agcensus.usda.gov/.

Mapped drought areas are derived from the U.S. Drought Monitor product and do not depict the intensity of drought in any particular location. More information on the Drought Monitor can be found at: http://droughtmonitor.unl.edu/.

- Major agricultural areas combined account for 75% of the total national inventory.
- Major and minor agricultural areas combined account for 99% of the total national inventory.
Top 5 States Cow/Calf (Millions of Head)

- Texas: 12.3
- Nebraska: 6.45
- Kansas: 6.4
- California: 5.15
- Oklahoma: 5

Top 5 States w/ Feedlots >1000 (Millions of Head)

- Texas: 2.42
- Nebraska: 2.37
- Kansas: 2.17
- Colorado: 0.9
- Iowa: 0.6
Demographics of Cattle Operations

Cattle production is the largest ag sector with $78.2 billion in sales

Average age of cattle rancher is 58.3 years old

Average beef cow herd size is 40 head

91% of ranchers in the US have 100 head or less
  ◦ Own 45% of U.S. beef herd

81% of ranchers have 50 head or less
  ◦ This group owns 30% of U.S. beef herd

2012 – Census of Agriculture
After being locked out of the world’s largest market for 13 years, we strongly welcome the announcement that an agreement has been made to restore U.S. beef exports to China. It’s impossible to overstate how beneficial this will be for America’s cattle producers...” - Craig Uden, President of National Cattlemen’s Beef Association
Where does fresh produce come from?

California is the largest producer of most produce crops in the U.S.
  ◦ Over 200 crops grown

Advantages:
  ◦ Mediterranean climate
  ◦ Long shipping seasons
  ◦ No rainfall during harvest season

Production starts in the south in the spring and moves northward

Imports are usually in the offseason

Source: U.C. Davis, Dr. Roberta Cook, The Dynamic U.S. Fresh Produce Industry 2015
Source of Produce (by value)

- California: 59%
- Florida: 10%
- Arizona: 6%
- Georgia: 4%
- New York: 3%
- Other: 18%

*Excludes potatoes

Source: U.C. Davis, Dr. Roberta Cook, The Dynamic U.S. Fresh Produce Industry 2015
2 fundamental challenges with produce

**PERISHABILITY**

**WEATHER**
Fresh Produce Distribution

Most growers do not market their own production

Most use family-owned, fully-integrated grower-shippers that supplement their own production with that of other growers

Generally harvest and ship daily, subject to weather and prices

Shipping patterns are well-established based on ideal growing locations throughout the change in seasons.
Farms and Production

72,267 total vegetable, potato and melon farms:
- 65,814 harvesting for fresh market
- 13,072 for processing (so some harvest for both)

$16.8B total farmgate sales

5,768 farms selling >$1M account for 8% of farms and 87% of total value
1,086 farms selling >$1M (2%) in CA, contributing 36% of total value.

Sources: 2012 Census of Ag, USDA, Tables 65, p. 92 and 29 p 464.
Key Trends – Fresh Produce

Expansion of grocery stores in emerging countries is increasing the demand for fresh produce.

Grocery stores demand efficient supply chains, putting pressure on the growers to reduce costs.

Expansion of non-traditional retail outlets (e-commerce and small box convenience stores) gives consumers more buying options, which puts pressure on the growers.

Expanding international trade gives consumers more fresh produce options every month of the year putting pressure on U.S. growers to keep prices low.

Retailers will need to have better sales data in order to compete, expanding the need for more sophisticated IT systems from the grower.
20% of retailers account for 70% of produce sales

Source: U.C. Davis, Dr. Roberta Cook, The Dynamic U.S. Fresh Produce Industry 2015
General Takeaways

U.S. beef cattle industry is predicting rising international demand.

Supply chain is accustomed to “family-scale” ranches of 40 – 100 head of cattle.

Fresh Produce demand is rising.

Increasing competition among retailers is putting pricing pressure on growers.

Increasing demand of sophisticated IT systems for growers makes it hard for small-scale growers (20% of retailers control 70% of produce sales).

Most “family-scale” produce farmers need to find local customers that are willing to pay more for local produce.
Key Concepts

Q: How do I write a Business Plan without much Business Experience?

A: Understand a few Key Concepts
2 Generic Types of Businesses

HIGH VOLUME, LOW PRICE

LOW VOLUME, HIGH PRICE
Recognize him?

Vilfredo Pareto - Economist

Research Finding: 80% of the wealth is controlled by 20% of the population

Pareto Principle or 80/20 Rule

80% of the work is done by 20% of the people

80% of your sales come from 20% of your customers

80% of your results come from 20% of your efforts

Etc., etc., etc...

Fact: Most Ag Enterprises are ‘under-resourced’

Therefore: Focus on the most important 20%
Scale

SMALL SCALE

COMMERCIAL SCALE
“Perfect is the enemy of done.” - 80% Rule
Why do you want a business plan?

Define your business

To explain your ideas to your lenders if you are looking for financing

Understand your market

Define your product

Outline your go-to-market strategy

Create an operating plan

Other?
What do you want to accomplish?

Feed your family?

Feed your community?
Or... earn income?

Or... both?
Mission Statement

A written declaration of an organization's core purpose and focus that normally remains unchanged over time. Properly crafted mission statements:

(1) serve as filters to separate what is important from what is not,

(2) clearly state which markets will be served and how, and

(3) communicate a sense of intended direction to the entire organization.

A mission is something to be accomplished.

Source: businessdictionary.com
What are your goals?

**Lifestyle:**
- Take winters off?
- Be your own boss?
- Family Business?
- Hobby farming?
- Homesteading?
- Work outdoors?
- Other?
What are your goals?

**Financial:**
Full time job?
Supplemental income?
Full family employment?
Fund land purchases?
Other?
What are your goals?

**Personal:**
Lifelong learning?
Challenging work?
Rewarding?
Other?
What are your goals?

**Philosophical, ethical:**
Sustainable?
Organic?
Cage free?
Community resiliency?
Next Steps

Write out your Draft Mission Statement

Summarize your Business & Personal Goals
Available Ag Business Planning Resources

University of Minnesota – AgPlan.umn.edu

Cornell University – nebeginningfarmers.org

USDA - newfarmers.usda.gov/make-farm-business-plan
Part 2 – Wednesday, May 24th

Understanding Your Market & Developing a Marketing Plan

- Understanding Your Location
- Understanding Your Market
- Defining Your Product / Service
- Defining Your Distribution Channel
- Marketing Your Business
Yakoki!

John Hendrix
Director of Economic Development
Mississippi Band of Choctaw Indians
jhendrix@choctaw.org
601.416.0378
Upcoming Trainings: Business of Indian Agriculture & Food Sovereignty Assessment Tool (FSAT)

June 27-29, 2017 - Phoenix, Arizona – Two-day, train-the-trainer focused training on the Business of Indian Agriculture curriculum, plus an additional one-day Food Sovereignty Assessment Tool (FSAT) training.

- June 27-28 - Days 1 & 2: The Business of Indian Agriculture training is a curriculum designed to help farmers and ranchers succeed in managing their businesses. The first two days of each training will provide insight and strategies to help you develop your business plan, unique considerations in agricultural businesses, and other tools to improve your agricultural enterprise. Topics covered will include developing a business plan, financial and strategic planning, financial management and budgeting and agribusiness marketing. Additionally, you will have the opportunity to network with other people involved in business plan development and agricultural projects.

- June 29 - Day 3: The Food Sovereignty Assessment Tool (FSAT) training is meant to begin the process of telling the food story of a community through a community-driven and participative process of data collection. Food has always played a central role in Native communities. It reflects environmental, economic, social and political values. For some communities today, the relationship to food is much less visible than it used to be. The diet history, gathering and consumption practices, value of food products, and source of foods tell the story of a community and its people and can help define their future. For example, there are very complex cause-and-effect relationships between food choices (or lack thereof) that have consequences for health, economy, and even social implications. The information can be used to understand community food supply chains, agricultural and food profiles, as well as community economic and health considerations. Best of all, it can be used to improve and strengthen your community’s food sovereignty.
Upcoming: Agricultural Business-Planning Webinar Series - Part 2 & 3

**Webinar – Part 2**
Understanding Your Market & Developing a Marketing Plan

**Wednesday, May 24, 2017**
2 p.m. Mountain Time (1 p.m. Pacific / 3 p.m. Central / 4 p.m. Eastern)
Register Here: https://attendee.gotowebinar.com/register/8944625330759042049

This webinar will build on Webinar 1 to help ag entrepreneurs understand the opportunities, as well as potential limitations, of their location and local foods market. We will also explore key concepts related to sales and marketing, including understanding local needs, defining your products and services, and selecting your distribution channels. All of these topics will be combined to help the entrepreneur develop a clear and focused marketing plan.

**Webinar – Part 3**
Defining Your Key Business Operations & Developing a Financial Plan

**Wednesday, May 31, 2017**
2 p.m. Mountain Time (1 p.m. Pacific / 3 p.m. Central / 4 p.m. Eastern)
Register Here: https://attendee.gotowebinar.com/register/3620432687788672513

This webinar will build on the lessons learned in Webinars 1 & 2 to help ag entrepreneurs explore their risks and develop a plan for operational and staffing needs. We will also explore key financial principles and concepts such as investment requirements, pricing strategies, and operating expenses that are all directly related to profitability. We will also look toward the future to explore potential exit strategies. All of these topics will be combined to help the ag entrepreneur develop a clear and focused plan for operational and financial management.
THANK YOU JOINING OUR WEBINAR TODAY!
Recording and attachments can be downloaded from www.firstnations.org/fnk next week

Any questions, please feel free to contact Tawny Wilson at the First Nations Development Institute at (303)774-7836 ext. 218 or via email: twilson@firstnations.org