Business Plan Development to Expand Opportunities for Native Ranchers & Farmers

First Nations Knowledge Webinar Series Supported by the Walmart Foundation

MARCH 16, 2016

First Nations Development Institute

Native Agriculture & Food Systems Initiative

Walmart
Thank you for joining the webinar. While we are waiting for the webinar to begin, we request that you mute your phones to avoid background noise causing distractions for all participants. Phones will be muted on our end as well. Thank you!
Announcements:

- All attendees are on mute
- Q&A at the end:
  - If you have any questions, please type it into the Question box and we will answer questions at the end of the presentation.
- Recording and attachments can be downloaded from [www.firstnations.org/fnk](http://www.firstnations.org/fnk) next week.
Business Plan Development
to Expand Opportunities for Native Ranchers & Farmers

Presented by Christopher Key
True North
“Planning is bringing the future into the present, so that you can do something about it now”

– Alan Lakein

“By failing to prepare, you are preparing to fail”

- Benjamin Franklin

“If you don’t know where you are going, you’ll end up someplace else”

- Yogi Berra
Introduction

• Questions to ask before you begin
• Getting to know and understand your business
• Check yourself
• Your Executive Summary
• Business Description
• Management & Organization
• Marketing Plan
• Operations
• Financial Plan
• Growth & Opportunity
• Reviewing & Modifying your Plan
• Frequently asked questions
Questions to ask before you begin

- Who am I, What am I trying to accomplish....
- Pre-assessment – take an inventory of your business
- Operation & Maintenance
  A. Product development - What does it takes & what you have on hand to produce your product
  B. Does your supply satisfy the demand and future demand
  C. Maintenance - Infrastructure
- Marketing
  D. Who is your client
  E. How do you reach them
  F. How do you grow your business
  G. Networking and Visibility
- Financially where are you
- Measuring the industry and where do you fit in (margin of the industry)
- Where do you visualize your business 5/10/15 years out
Getting to know & understand the parts of your Business

- Parts of a Business Plan may seem standard - but it’s the content that makes it exceptional and unique.....

- By filling in the blanks, you illustrate a concept/idea.

- Describe your path to success.

- Your Business Plan provides insight, clarity, an understanding of your product and/or services.

- Your Business Plan describes how your business operates.

- It provides a perspective of your viability and sustainability for future growth, and gives a fiscal overview.

- It provides guidance & direction, and keeps your business in alignment.
Breaking the Process Down

- The initial idea and thoughts about developing a Business Plan can seem overwhelming.
- What should I do?
- Where do I begin?
- What do I need?
- I"M HORRIBLE AT WRITING!!"
- HELP!!!!
Check Yourself - “Keep Swimming, Keep Swimming”

- Let's pick a part the plan
- There are 6 parts that make up a Business Plan
  - Executive Summary
  - Business Description
  - Operation
  - Marketing Plan
  - Management & Organization
  - Financial Plan (this part is always a hit)
- Let's separate these parts and create magic (make the process an enjoyable one)
Your Executive Summary

- Your Executive Summary is what “grabs and draws the attention of your perspective client, partner, investor, and anybody who wants to know about your business.

- It’s should introduce & describe:
  
  A. who you are
  
  B. what your company does
  
  C. Goals
  
  D. What makes your business successful

- It’s shouldn’t be too long, but concise.

- Refer back to your “pre-assessment.”

- Congratulations - You just put together your “Executive Summary.”

- Note: Although the Executive Summary is the 1st part in your plan, sometime it’s easier write after you’ve completed the rest of the plan.
Business Description, Operation, Marketing Plan, Management & Organization, Financial Plan

• Pick what works for you.

• Typically it’s best to start off slow and easy.

• Work on something that isn’t perceived as tough.

• Then alternate between tough and easy.

• Find your process, that comfort zone.
Business Description

• As simply stated a “Business Description” is just that - A description of your business!

• What kind of business are you operating?

• Are you a producer? What do you produce?

• Are you a farmer? What do you farm?

• Where is your business located?

• Give an overview of your business and include a historical perspective.

• Example: Point of Pines Cattle Association
Management & Organization

(Keep the juices flowing)

• Let's talk about the management of your business.

• Who manages the day to day operations of your business?

• What is your organization structure - functional/hierarchy, hybrid, matrix, etc.,

• Organizational Chart?

• Structure and Criteria for each management position and the contribution it provides to the organization.

• Describe interactive business relationships who provide services to your business (delivery trucks, 3rd party vendors, ancillary services).
3 Down 3 To GO - WHEW!!

* Executive Summary
* Business Description
* Management & Organization
Marketing Plan

• How are you marketing your business at the present time vs in the future?

• Be realistic (QVC yes? perhaps? at the present moment, maybe not - but at some point “YES”)

• Who is your customer? What is your demographic? And why?

• Where is your customer? Rural? Suburbs? Inner city?

• What are you selling - create a sound posture for your product and why the customer needs it - Why are you peddling your goods?

• What means, avenues, and medians are you using: direct sales, wholesale, social media (Website, Facebook, Twitter, Pinterest, Instagram,)?

• Global Market Economy

• Describe your network!!!
The last 2 parts of the Business Plan work hand in hand….

Sort of like
“Chicken and Dumplings”
Operations and the Financial Plan
Operations

- Specify what you produce (ranching; cows, sheep - type of breed, farming; corn, hops, barley, apples - what type red delicious, fuji, etc.,)

- Methods of production: Grass Fed Beef/front end back end, Gravitational Hydro process.

- How much do you produce: average, yearly, historically, etc.?

- Method by which data is generated and stored.
Financial Plan

• This describes the path to financial success for your business.

• It discloses the financial stability and sustainability of your business and future financial growth.

• The plan includes historical financial performance, present financial position, by means of a Balance Sheet, Income Statement, Profit and Loss Statement for a particular period.

• The “Definition of a Balance Sheet” is: a statement of the assets, liabilities, and capital of a business at a particular point in time, detailing the balance of income and expenditure over the preceding period.

• The “Definition of an Income Statement”: a financial statement that measures a company's financial performance over a specific accounting period. Financial performance is assessed by giving a summary of how the business incurs its revenues and expenses through both operating and non-operating activities.
## Balance Sheet

### ABC Company Inc.

**Dec. 31, 201X**

### Assets

**Current Assets**
- Cash: 7,314
- Accounts receivable: 5,560
- Inventory: 14,442
- Prepaid expenses: (2,200)
- Short-term investments: 2,310

**Total current assets**: 12,874

**Fixed (Long-Term) Assets**
- Long-term investments: 2,310
- Property, plant, and equipment: 14,442
- Intangible assets: 14,552

**Total fixed assets**: 14,552

**Other Assets**
- Deferred income tax: 
- Other: 

**Total Other Assets**: 

**Total Assets**: 27,426

### Liabilities and Owner's Equity

**Current Liabilities**
- Accounts payable: 9,060
- Short-term loans: 3,349
- Income taxes payable: 3,349
- Accrued salaries and wages: 
- Unearned revenue: 
- Current portion of long-term debt: 

**Total current liabilities**: 12,409

**Long-Term Liabilities**
- Long-term debt: 3,450
- Deferred income tax: 
- Other: 

**Total long-term liabilities**: 3,450

**Owner's Equity**
- Owner's investment: 6,000
- Retained earnings: 5,567
- Other: 

**Total owner's equity**: 11,567

**Total Liabilities and Owner's Equity**: 27,426

## Income Statement

### ABC Company Inc.

**For the Year Ending Dec 31, 201X**

### Revenue
- Sales revenue: 130,000
- Less sales returns and allowances: 
- Service revenue: 50,000
- Interest revenue: 
- Other revenue: 

**Total Revenue**: 180,000

### Expenses
- Cost of goods sold: 65,000
- Advertising: 1,000
- Bad debt: 
- Depreciation: 
- Furniture and equipment: 
- Insurance: 
- Interest expense: 4,200
- Maintenance and repairs: 
- Office supplies: 
- Payroll taxes: 
- Rent: 
- Research and development: 
- Salaries and wages: 55,000
- Commissions: 
- Employee benefits: 
- Travel: 
- Utilities: 
- Software: 
- Web hosting and domains: 
- Other: 17,460

**Total Expenses**: 142,660

**Net Income Before Taxes**: 37,340
**Income tax expense**: 14,936

**Net Income**: 22,404
## Profit & Loss Statement (Year 1)

<table>
<thead>
<tr>
<th></th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
<td>9,150</td>
<td>8,150</td>
<td>9,300</td>
<td>8,400</td>
<td>9,300</td>
<td>9,850</td>
<td>9,400</td>
<td>9,900</td>
<td>8,450</td>
<td>9,900</td>
</tr>
<tr>
<td><strong>Less COGS:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Material</td>
<td>2,278</td>
<td>2,038</td>
<td>2,315</td>
<td>2,100</td>
<td>2,315</td>
<td>2,448</td>
<td>2,340</td>
<td>2,460</td>
<td>2,113</td>
<td>2,460</td>
</tr>
<tr>
<td><strong>Total COGS</strong></td>
<td>2,278</td>
<td>2,038</td>
<td>2,315</td>
<td>2,100</td>
<td>2,315</td>
<td>2,448</td>
<td>2,340</td>
<td>2,460</td>
<td>2,113</td>
<td>2,460</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>6,873</td>
<td>6,113</td>
<td>6,985</td>
<td>6,300</td>
<td>6,985</td>
<td>7,403</td>
<td>7,060</td>
<td>7,440</td>
<td>6,338</td>
<td>7,440</td>
</tr>
<tr>
<td><strong>Operating expenses:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries &amp; Wages</td>
<td>625</td>
<td>625</td>
<td>625</td>
<td>625</td>
<td>625</td>
<td>625</td>
<td>625</td>
<td>625</td>
<td>625</td>
<td>625</td>
</tr>
<tr>
<td>Professional Services</td>
<td>500</td>
<td>0</td>
<td>0</td>
<td>350</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Rent</td>
<td>1,633</td>
<td>1,633</td>
<td>1,633</td>
<td>1,633</td>
<td>1,633</td>
<td>1,633</td>
<td>1,633</td>
<td>1,633</td>
<td>1,633</td>
<td>1,633</td>
</tr>
<tr>
<td>Maintenance</td>
<td>75</td>
<td>75</td>
<td>75</td>
<td>75</td>
<td>75</td>
<td>75</td>
<td>75</td>
<td>75</td>
<td>75</td>
<td>75</td>
</tr>
<tr>
<td>Equipment Rental</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Insurance</td>
<td>160</td>
<td>160</td>
<td>160</td>
<td>160</td>
<td>160</td>
<td>160</td>
<td>160</td>
<td>160</td>
<td>160</td>
<td>160</td>
</tr>
<tr>
<td>Utilities</td>
<td>180</td>
<td>180</td>
<td>180</td>
<td>180</td>
<td>180</td>
<td>180</td>
<td>180</td>
<td>180</td>
<td>180</td>
<td>180</td>
</tr>
<tr>
<td>Office Supplies</td>
<td>75</td>
<td>75</td>
<td>75</td>
<td>75</td>
<td>75</td>
<td>75</td>
<td>75</td>
<td>75</td>
<td>75</td>
<td>75</td>
</tr>
<tr>
<td>Postage</td>
<td>65</td>
<td>65</td>
<td>65</td>
<td>65</td>
<td>65</td>
<td>65</td>
<td>65</td>
<td>65</td>
<td>65</td>
<td>65</td>
</tr>
<tr>
<td>Marketing/Advertising</td>
<td>850</td>
<td>850</td>
<td>850</td>
<td>850</td>
<td>850</td>
<td>850</td>
<td>850</td>
<td>850</td>
<td>850</td>
<td>850</td>
</tr>
<tr>
<td>Travel</td>
<td>75</td>
<td>100</td>
<td>75</td>
<td>150</td>
<td>75</td>
<td>100</td>
<td>75</td>
<td>75</td>
<td>100</td>
<td>150</td>
</tr>
<tr>
<td>Depreciation</td>
<td>83</td>
<td>83</td>
<td>83</td>
<td>83</td>
<td>83</td>
<td>83</td>
<td>83</td>
<td>83</td>
<td>83</td>
<td>83</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>4,584</td>
<td>4,109</td>
<td>4,084</td>
<td>4,434</td>
<td>4,159</td>
<td>4,109</td>
<td>4,084</td>
<td>4,084</td>
<td>4,109</td>
<td>4,159</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>2,289</td>
<td>2,004</td>
<td>2,901</td>
<td>1,866</td>
<td>2,826</td>
<td>3,294</td>
<td>2,976</td>
<td>3,356</td>
<td>2,229</td>
<td>3,261</td>
</tr>
<tr>
<td><strong>Interest income</strong></td>
<td>43</td>
<td>36</td>
<td>25</td>
<td>24</td>
<td>14</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>2,246</td>
<td>1,966</td>
<td>2,865</td>
<td>1,841</td>
<td>2,802</td>
<td>3,279</td>
<td>2,976</td>
<td>3,356</td>
<td>2,229</td>
<td>3,261</td>
</tr>
</tbody>
</table>
Review

*Savage Chickens* by Doug Savage.

**WHAT JUST HAPPENED?**

**THAT WAS AWESOME**

**I'M SO CONFUSED**

---

**WARNING: EMPLOYEES MAY EXPERIENCE SHOCK IN THE RARE EVENT THAT A MEETING IS ACTUALLY PRODUCTIVE.**

www.savagechickens.com
Reasons for a Business Plan?

A. To monitor your progress.
B. It is a roadmap - a guide for your business.
C. A tool used to secure additional funding/credit from banks and investors.
D. Mechanism used to concisely describe each part of your organization.
E. Attract top talent to your organization.
F. A & C
G. All of the above
Growth and Opportunity

• Expanding your business to meet your demands
• Improving your product
• Expanding your product line
• Expanding your demographic
• Capitalize on areas of opportunity
• Securing Funds through Credit/Investors

• Introducing the Four C’s of Credit
  A. Character
  B. Collateral
  C. Credit Score
  D. Capacity

• These are what Lending Institutions look at when considering you for a loan

• There is another C that also can be included - Capital
Reviewing & Modifying your Plan

Review your progress
Note your accomplishments
Measure your gains
Be honest about your failures
Note your limitations
Be firm about your resolve
And recalibrate your efforts
Assign changes & Modify your Plan
Frequently Asked Questions:
• How long should it take to write a plan?

• How do I provide historical data when I just started my business?

• How do I generate the financial documentation?

• What resources are available for me to utilize for minimal to no out of pocket cost?

• As a small business, do I qualify for special programs to assist me in my efforts in business? (grants, loans, etc.)
Take Away

• Build and Expand your network it will generate more visibility to your business.

• Start by organizing your contacts.

• USDA - “Building a Sustainable Business” Free Online Tool http://www.sare.org/Learning-Center/Books/Building-a-Sustainable-Business
  • steve.ross@ams.usda.gov

• Small Business Administration - SBA Free Online Resource https://www.sba.gov/tools/business-plan/1

• Wells Fargo - Steve Stallings
  • VP Director of Native American Banking Services
  • 602 378 6225

• KeyBank - Mike Lettie
  • National Executive Native American Financial Services
  • 425 709 4509 - https://www.key.com/corporate/industry-expertise/native-american-financial-services.jsp

• Native American Financial Officers Association - NAFOA
  • http://www.nafoa.org/events/thirty-fourth-annual-conference
  • 34 Annual Conference in Phoenix April 17-19 2016
Business of Indian Agriculture

Upcoming Trainings:

- **June 7-9, 2016 in Green Bay, Wisconsin** – Two-day, producer focused training on the Business of Indian Agriculture curriculum, plus a One-day Food Sovereignty Assessment Tool training.

- **June 14-16, 2016 in Denver, Colorado** - Two-day, producer focused training on the Business of Indian Agriculture curriculum, plus a One-day Food Sovereignty Assessment Tool training.

- **August 16-18, 2016 in Tulsa, Oklahoma** – Two-day, train the trainer focused session on the Business of Indian Agriculture curriculum, plus a One-day Food Sovereignty Assessment Tool training.
Thank you joining our webinar today!

Recording and attachments can be downloaded from [www.firstnations.org/fnk](http://www.firstnations.org/fnk) next week.

Any questions, please feel free to contact Tawny Wilson at the office (303)774-7836 or via email: twilson@firstnations.org