Agricultural Business-Planning Webinar Series

PART 2 – UNDERSTANDING YOUR MARKET AND DEVELOPING YOUR MARKETING PLAN

THANK YOU FOR JOINING US! THE WEBINAR WILL BEGIN SHORTLY.
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 Mission & Guiding Principle

Exclusively committed to the control of tribal assets by tribes and Native communities

- 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
- Assets in Indian Country
- Social Capital
- Cultural Assets
- Human Capital
- Political Assets
- Financial/Economic Assets
- 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

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

- ** Programs**
  - 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.
  - Investing in Native Youth
    - Native health & culture fund, college scholarship and internship programs, and youth-oriented financial education, among other programs.
  - Strengthening Tribal & Community Institutions
    - Nonprofit and tribal capacity-building activities including the Urban Native Project, Native Arts Capacity Building Initiative, and leadership-building work, among other programs.
  - Advancing Household & Community Asset-Building Strategies

- **Effective Strategies**
  - For Building Assets in Native Communities
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
Business of Indian Ag

PART 2: UNDERSTANDING YOUR MARKET & DEVELOPING YOUR MARKETING PLAN
Agenda -- Part 2

Understanding Your Market & Developing a Marketing Plan

- Review Part 1 Highlights
- Understanding Your Location
- Understanding Your Market
- Defining Your Product / Service
- Defining Your Distribution Channel
- Marketing Your Business
Wide Range of Interests...

Cattle Ranching
Vegetable Farming
Orchards
Value-added processing
Traditional crops
Food hubs
Etc.

TRIBAL FOOD SOVEREIGNTY
Food Sovereignty Case Studies

**Organic Mixed Vegetables** – *Mississippi Choctaw Fresh Produce*

**Fish Processing** – *Red Lake Nation*

**Traditional Wild Rice** – *White Earth Nation*

**Beef Cow / Calf Operation** – *Choctaw Nation of Oklahoma*

**Food Incubator / Kitchen** – *Taos Economic Development Association*

**Pecan Orchards** – *Choctaw Nation of Oklahoma*

**Integrated Food Systems** – *Oneida Tribe of Wisconsin*
U.S. Ag Industry Overview

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

Supply chain is accustomed to ranches of 20 – 60 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
1. 2 Generic Types of Business:
   • High volume, Low Price
   • Low Volume, High Price

2. Pareto Principle or 80/20 Rule:
   • Most Ag Enterprises are ‘under-resourced’
   • Focus on the most important 20%

3. Scale:
   • Most Native Ag is ‘small scale’ when compared to large commercial ag
   • Small scale can’t compete on ‘price’

4. MIT University – 80% Rule:
   • “Perfect is the Enemy of Done”
Our Endpoint

Write out your Draft Mission Statement

Summarize your Business & Personal Goals
Understanding Your Location
S.W.O.T. Analysis

- **Strengths**: Internal capabilities that may help a company reach its objectives.
- **Weaknesses**: Internal limitations that may interfere with a company’s ability to achieve its objectives.
- **Opportunities**: External factors that the company may be able to exploit to its advantage.
- **Threats**: Current and emerging external factors that may challenge the company’s performance.

Location
Location – climate zone?
Location – Proximity to Markets, Distributors, Feedlots, etc.?
Our Market

200-Mile Radius
Location – Type of Land?

CROPS

LIVESTOCK
ACCESS TO UTILITIES?

WATER

- Stream
- Reservoir
- Spring
- Pond
- River
- Well

ELECTRICITY

- Wind
- Solar
- Coal
- Gas
- Nuclear
Vernacular -

A style of architecture exemplifying the commonest techniques, decorative features, and materials of a particular region or group of people – Webster’s Dictionary

What ag is common in your region?

What is proven to work in your location?
S.W.O.T. Analysis

**Internal**
- **Strengths**: Internal capabilities that may help a company reach its objectives
- **Weaknesses**: Internal limitations that may interfere with a company's ability to achieve its objectives

**External**
- **Opportunities**: External factors that the company may be able to exploit to its advantage
- **Threats**: Current and emerging external factors that may challenge the company's performance

**Positive**

**Negative**

**FOCUS ON YOUR STRENGTHS AND OPPORTUNITIES**
UNDERSTANDING YOUR MARKET OPPORTUNITIES
Get closer than ever to your customers. So close that you tell them what they need well before they realize it themselves

— Steve Jobs —
Target Market - Example #1

**Target Market:** Tribal School Cafeterias

**Highlights:**
- Largest Native American school system in the U.S. – 2,150 students
- Choctaw students consume 1,675 lbs. of fruits & vegetables daily
- Serve 700,000 meals annually

**Product:**
- Wholesale supply of organic, unprocessed fresh produce
Sales to Division of Schools:

2015 = <$2,000
2016 = $0

What did we miss?
Target Market Wants / Needs

X GAP certified farms (food safety standard)
X No demand for organic (price sensitive)
X Preferred ‘pre-processed’ items due to limited kitchen staff
X Farming season does not fit well with school year
What need are you serving?

Someone must need your product/service & be willing to pay for it

Desire for high quality, fresh food

Pure-bred, immunized, healthy calves

Demand for chemical free, sustainable, non-GMO

Lack of supply

Chefs’ desire to buy and serve local foods

Lack of local foods in the “off-season”

Other?
What product/service could solve?

Someone must need your product/service & be willing to pay for it

Desire for high quality, fresh food => LOCAL
Demand for chemical free, sustainable, non-GMO => ORGANIC
Chefs’ desire to buy and serve local foods => FOOD HUB
Pure-bred, immunized, healthy calves => QUALITY COW/CALF
Lack of local foods in the “off-season” => GREENHOUSE/HOOP HOUSE
what
are
you
best
at?
Focus on your STRENGTHS and OPPORTUNITIES
“If you want to create lasting value, don’t create an undifferentiated, commodity business.”

- Peter Thiel – *Zero to One*
Strength | Weakness
---|---
Opportunity | Threat
What type of customers could you serve?

Describe who you are selling to?
B2C or B2B?

What’s important to them?
Retail vs. Wholesale vs. Distributor
How would they get your stuff? Distribution Channel
Choctaw Fresh Produce S.W.O.T. Analysis

**STRENGTHS**

- USDA Certified Organic
- Growing Premium Products
- Significant capacity to increase production
- Regional leader in organic mixed vegetable production
- 5 full-time staff

**OPPORTUNITIES**

- Find strongest regional demand for local, organic, high quality produce
- Find markets with minimal competition
- Staff capacity in July – Sept and Dec – Feb

**WEAKNESSES**

- Low income community
- Weak local demand for ‘organic’
- Institutional buyers used to ‘low prices’

**THREATS**

- Finding enough demand to justify longer delivery drives
Potential New Product Line: All Organic CSA

Target Market: Regional Universities & Hospitals

**Does it match our strengths?**
- USDA Certified Organic
- Growing Premium Products
- Significant capacity to increase production
- Regional leader in organic mixed vegetable production
- 5 full-time staff

**Does it match our opportunities?**
- Find strongest regional demand for local, organic, high quality produce
- Find markets with minimal competition
“The most successful companies make the core progression—to first dominate a specific niche and then scale to adjacent markets—a part of their founding narrative.”

-Peter Thiel, Zero to One
Pros and Cons?

Wholesale (B2B)
Contract Grower (B2B)
Distributor (B2B)
Processor (B2B)
Retail (B2C)
Community Supported Agriculture (B2C)
Market Research Sources

Local Farmers’ Markets
Local Ag Co-op
University Extension Agents
Existing Farmers / Ranchers
Local Grocery Stores
Locally-owned restaurants
Local School Food Service Managers
Farm-to-School Network
Food Hubs
2 Types of **BRANDING**

**RANCHERS**

**MARKETERS**
Which Squash Would You Buy?

SQUASH 1 - $0.50

SQUASH 2 - $1.00
What **image** do you want to portray?

How does that **align** with your product, market, and channel?

What are some ways to **communicate** your desired image?
How will they know you exist?

get noticed.
How could you promote your desired image?
Other Options...
Other Examples
Labels & Stamps
Social Media
Tip:

Include pictures with **PEOPLE**
## Other Marketing Outlets

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<td>◦ Food or Lifestyle section (NOT FARMING SECTION)</td>
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This Week's Produce

Collard Greens
Red Tomatoes
Siberian Kale
Yellow Crooked Neck Squash
Carrots
Radish
Bell Peppers
Eggplant
Basil

New Items This Week

Collard Greens
Collards are a cool season crop that have become known as a true Southern delicacy. Collards have a very mild, almost grassy flavor. They provide an excellent source of vitamin C, vitamin A, magnesium and vitamin K (4 times as much as spinach). Be careful not to overcook Collard Greens as they will begin to emit an unpleasant sulfur smell. To help collard greens to cook more quickly, evenly slice the leaves into 1/2 inch slices and the stems into 1/4 inch pieces. Let them sit for at least 15 minutes to bring out the health-promoting qualities and stems for 5 minutes. They are commonly served with hot, buttered cornbread.

Siberian Kale
Kale is another cool season vegetable that can be grown throughout the winter. It is commonly considered among the Super Foods and includes large amounts of vitamin A, vitamin C, B6, manganese, calcium, copper, and potassium. Siberian kale's variety is exceptionally tender and offers a mild cabbage-like flavor that can be utilized in any recipe calling for kale. It is delicate enough to be used raw. In salads, yet sturdy enough to stand up to sautéed dressings. The tender texture and mild flavor of the young leaves are ideal for use in quick stirs-fries, salads, soups or stews. You can “sneak” a serving for your kids by blending it into a smoothie (see below). They will never taste the difference.

Tip of the Week
Here is the best way to store the items in your box this week to maximize their shelf life:

Item to Put in Your Refrigerator:
Collard Greens
Siberian Kale
Radish
Basil
Carrots
* Green Tomatoes - If you want them to stay green

Items Out of Your Refrigerator:
Red Tomatoes
Squash
Bell Peppers
Eggplant
* Green Tomatoes - If you want them to ripen

Smoothie with Kale
Smoothies are a great way to get your daily dose of vitamins. Kale can be used as the main ingredient or can be "hidden" in a fruit smoothie for older eaters. Smoothies can be customized to anyone's tastes. As there are some combinations to try:
- 1 cup of spinach 1-2 scoops of Liquid Whey, Coconut Water, Almond Milk, etc.
- Add your greens A handful of greens (Fresh or Frozen) - Baby kale or spinach
- Add 3-4 cups of fruit (Fresh or Frozen) - Blueberries, strawberries, bananas, etc.
- 2 tablespoons of honey, agave, stevia, etc.
- 1 cup of blended liquid 1-2 cups to fit your taste

Add the ingredients in the order above, blend in a quality blender and serve cold.

Chocahaw Fresh Produce / Fresh, Local Vegetables Each and Every Week
# Sample Marketing Plan Matrix

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Next Steps

Finalize your S.W.O.T. Analysis
Write out your Market Research Plan
Define the Market Need you will serve
Define your Product/Service
Define your Target Market
Define the Image you want to portray
Outline Your Marketing Plan
Available Ag Business Planning Resources

University of Minnesota – AgPlan.umn.edu

Cornell University – nebeginningfarmers.org

USDA - newfarmers.usda.gov/make-farm-business-plan
Part 3 – Wednesday, May 31st

Defining Your Key Business Operations & Developing a Financial Plan

- Risk Management
- Defining Key Operations
- Staffing Needs
- Financial Principles & Concepts
- Investment Requirements
- Operating Expenses
- Profitability
- Pricing
- Exit Strategy
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.
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