

OFNEDA WORKSHOP SERIES



Business Planning



Training For EDOs and Entrepreneurs

Presented by:

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WELCOME AND INTRODUCTIONS

- Jeffrey Jacobs
 - Member of Curve Lake First Nation (CLFN)
 - Owner of Sierra Consulting
 - Deputy Chief of CLFN
 - Member of various Boards

WORKSHOP AGENDA



The Business Plan

- A. Purpose of the Plan**
- B. Discuss key Plan components**
- C. Learn and share through casual discussions**
- D. Share templates and tools**

ENTREPRENEURIAL SPIRIT



DATA ON INDIGENOUS ENTREPRENEURS

- 50,000+ Indigenous businesses in Canada
- Success generally starts with local/regional support – ie) OFNEDA
- Top challenges:
 - Retaining employees
 - Access to financing
 - Reliable Internet
 - Access to Capital
 - Overall economic conditions
 - Government policy, rules or regulations
 - i.e. federal vs provincial jurisdictions

Promise and Prosperity: The 2020 Ontario Aboriginal Business Survey

The Indigenous economy in Canada is growing at an exponential rate, with over 50,000 Indigenous-owned businesses across the country. CCAB Research has worked to understand the significant historical and institutional barriers to Indigenous business development, growth, and expansion; while recognizing the growth, success and capacity of Indigenous businesses in Ontario. Based on CCAB's past research studies, the 2020 Ontario Aboriginal Business Survey (2020 ABS) continues to investigate the Indigenous economy in partnership with the Ontario Ministry of Indigenous Affairs (IAO).

Growth and Success

60% of businesses focus on business-to-business supply
40% export outside of Canada
63% consider their business to be very or extremely successful

Challenges

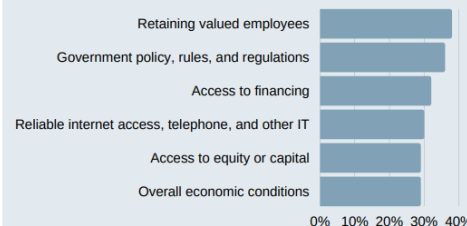
36% cite government policy, rules, and regulations as obstacles

Businesses remain most likely to credit their success to the support of their local community over governments and financial institutions.

32% struggle with access to financing

56% rely on personal savings for start-up and 64% use savings for ongoing financing.

Top Challenges:

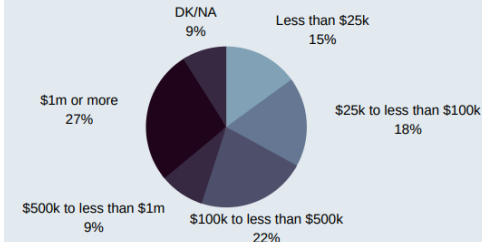


Government Contracts

26% of Indigenous businesses have bid on a contract with the Government of Ontario or the Government of Canada.

Of businesses interested in bidding on Ontario government contracts (33%), over a third would bid on projects over \$500k (35% of subsample).

Size of contracts considered:



Many businesses are deterred from bidding on government contracts

Some do not believe their products or services are relevant to the government, or are deterred due to the size and complexity of government projects.

Joint ventures are seen as a way of overcoming barriers to government procurement.

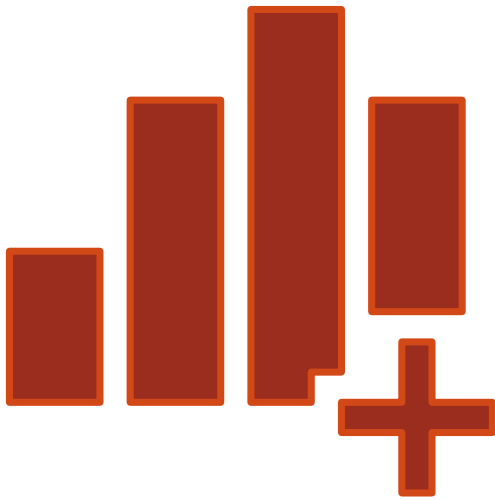
LEGACY OF INDIGENOUS ENTREPRENEURS AND BUSINESSES



- Which entrepreneurs come to mind and why?
- Infinite versus Finite

THE BUSINESS PLAN





BUSINESS PLANNING FACTS

Common success factors of entrepreneurs and ownership groups:

- Remain involved and curious throughout the business planning phase.
- Understand the financial requirements to start or expand.
- Are prepared to manage the business.
- Know their industry and market.
- Think critically and allow common sense and logic to prevail.

WHAT IS A BUSINESS PLAN?



It's a Verification, Management and Funding Tool

1. An essential document needed by you first and everyone else after.
2. An opportunity to operate on paper and pivot.
3. An opportunity to make mistakes.
4. An opportunity to sell your idea.
5. A necessary document to access financing.
6. A document verifying the potential of your idea.
7. An opportunity to think critically about yourself, your abilities, and your business.

THE BUSINESS PLAN

- The standard business plan layout I've used for 20+ years is shown here. Based on the Indigenous funding programs and their review criteria.
- Notice there are six (6) key sections. Varies depending on start-up versus expansion and the type of business.
- Additionally, you'll be asked to submit supporting documentation too:
 - Resume or CV
 - Proof of Equity
 - Quotes
 - Studies / Data
 - Proof of Ancestry
 - Historical Financials

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SECTION #1 - INTRODUCTION

States the who, what, where, when, why, and how much.

- a) Who are the:
 - proprietors or ownership group?
 - customers or market?
- b) What is the business idea?
- c) Where will the business be located and operate?
- d) When did or will the business start operating?
- e) Why:
 - did you choose this type of business?
 - will customers see value in what you're offering?

SECTION #1 — INTRODUCTION CON'T

How much:

- Will it cost to start or expand the business?
- How much will you invest (cash equity)?
- How much will you need to borrow?
- How much will you access from funding sources?
- If operating already, how is the business performing financially? (historical financial statements)

SECTION #2 – MANAGEMENT PLAN

States yes, I can manage the business, and this is how!

- a) Ownership Structure
 - Which structure and why?
- b) Management Plan
 - Shares highlights of education, experience and passion.
 - Lists your responsibilities as the owner – general management and occupation-specific.
 - States how much you plan to draw or pay management staff.
 - Provides contingency plan in the event of emergency.
- c) Professional Needs Assessment
 - Which services will you need to start and operate your business and how much will it cost? (bookkeeping, legal, consultants, mentor etc.)

SECTION #3 — INDUSTRY & MARKET

States how great the idea is in facts and figures!

- a) Defines industry/sector
 - Statistics Canada – North American Industry Classification System
- b) Summaries industry highlights
 - Revenues, employment, trends, SWOT and outlook
- c) Defines target market
 - Primary, Secondary and Tertiary Market
- d) Market summary and capture
 - Expenditures locally, regionally, provincially and nationally
 - Calculation of first or comparative sales (market capture)
- e) Competitive Environment
 - Uniqueness
 - Awareness of like businesses and their strengths and weaknesses

SECTION #4 — MARKETING PLAN

States, this is what my idea consists of!

The Marketing Mix



SECTION #5 — OPERATING PLAN

States, this is how my business will operate!

1. General Operating Procedures
 - Location and Facility
 - Hours of Operation
 - Banking Processes and Procedures
2. Human Resource Requirements
 - Position, responsibilities and compensation
3. Insurance Requirements
 - Commercial, Liability, Vehicle, Key Man etc.
4. Government Requirements
 - Rules, Regulations and Licenses
5. Key Suppliers
6. Key Processes
7. Capital Requirements
 - Start-Up (list all assets needed)
 - Operating (working capital – first 3 months operating)

SECTION #6 - FINANCIAL PLAN

States, this is how much I need, how I plan to fund it and how much money I plan to make!

a) Costs and Financing

- Summarizes what you need to buy in three categories: capital, marketing and business support.
- Proposes how you will fund your start-up or expansion needs.

b) Financial Projections or Comparative Projections

- 12 month cash flow statement
- 3 year projected income statement
- 3 year projected balance sheet
- Amortization schedule
- 3 year sources and uses of funds statement
- Break even analysis and other financial ratios

COSTS AND FINANCING TABLE

Costs	\$	Financing	\$
<u>Capital Costs</u>		<u>Capital Financing</u>	
Office Equipment & Furniture	\$3,000.00	Proponent Cash Equity (15%)	\$10,233.30
Supplies	\$5,000.00	Grant (35%)	\$23,877.70
Storage Shed	\$10,000.00	Commercial Financing (50%)	<u>\$34,111.00</u>
Vehicle & Trailer	\$29,575.00		
Generator	\$3,000.00		
Operating	\$10,000.00		
Tools and Equipment	<u>\$7,647.00</u>		
Total Capital Costs	\$68,222.00	Total Capital Financing	\$68,222.00
<u>Marketing Costs</u>		<u>Marketing Financing</u>	
Start Up and Ongoing Costs	<u>\$10,000.00</u>	Proponent Equity (40%)	\$4,000.00
		Grant (60%)	<u>\$6,000.00</u>
Total Marketing Costs	\$10,000.00	Total Marketing Financing	\$10,000.00
<u>Business Support Costs</u>		<u>Business Support Financing</u>	
Accounting / Bookkeeping	\$2,000.00	Proponent Equity (25%)	\$1,000.00
Aftercare Services	\$2,000.00	Grant (75%)	<u>\$3,000.00</u>
Total Business Support Costs	\$4,000.00	Total Business Support Financing	\$4,000.00
Total Project Cost	\$82,222.00	Total Project Financing	\$82,222.00

Details

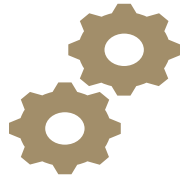
- This layout is FN specific
- Equity is your cash
- Financing is through a bank or other source
- Funding might be available for your business opportunity

Costs and Financing Must Be Equal

COMMON BUSINESS PLANNING ERRORS

- Over estimate sales and underestimate costs
- Not informing and having a conversation with your partner and/or family about the commitment
- Reliance on grants and loans
- Not properly understanding your industry and market
- Believing you won't need help
- No recognition of the time commitment needed to make it work
- Over capitalizing
- Underestimating competition
- Rushing
- Avoiding your responsibilities
- Believing success will be instantaneous
- Not having contingency plans

TOOLS AND RESOURCES



Business planning requires tools and resources such as:

- Business plan training (samples and templates)
- Leakage studies (First Nation specific)
- Business readiness checklists (Self and First Nation specific)
- Funding forums (access to understand available funding)
- Primary data (reliable data to assist with decision-making)
- Other Workshops and training (build capacity)



Sources of Data

- Statistics Canada
- Industry Canada
- IBISWorld (membership fee)
- CCAB / OFNEDA

BUSINESS REGISTRATION



BUSINESS REGISTRATION AND NUMBER

- Ontario asks that all businesses generating more than \$30k per year must register. Master Business License
 - Name of business and proprietor
 - Structure
 - Location
 - Business sector

[Business services | ontario.ca](#)

- In Canada, businesses can apply for one of four accounts:
 - HST/GST
 - Import/Export
 - Payroll Deductions
 - Corporate filing
 - Is a 9-digit number for your business.

[Business number - Canada.ca](#)

SESSION SUMMARY

- **The Business Plan is vital, and you need to be involved**
 - It is a working document that is ever-evolving
 - A strong, well thought out and logical plan will go a long way
- **Questions?**
- **Stay in Touch**
 - Email or call me at 705-657-8780 or jjacobs@sierrakwe.com

