

Appendix A
Consultant's Scope of Service
Business Plan
Minimum Information Requirements

Please note that the following is a guideline identifying the potential information requirements of your business plan. All business plans should be tailored to the particular business opportunity.

****Concerning the Financial Projections sections, the Cash Flow, Balance Sheet, and Income Statements are mandatory and must provide a minimum of 2-year proforma financial statements for businesses (start-ups, expansions, acquisitions) under \$150,000 and 3-5 year proformas above that cost.**

Please be advised First Peoples Economic Growth Fund may require your building plan contain information in addition to the minimum information requirements listed below. It is highly recommended to contact a First Peoples Economic Growth Fund representative to ensure the business plan being prepared will adequately provide the minimum information requirements.

BUSINESS PLAN DEVELOPMENT

Executive Summary

- A brief (one to two page) summary describing the overall highlights and key elements of the business plan (e.g. type of business, market, advantages, strengths and risks, overall viability, etc.).

Business Description

- Business overview
- Physical location
 - On- or off-reserve?
 - Land to be designated?
- Capital assets/facilities required
 - Provide information on any **liens or caveats** against the property being purchased (if applicable)
- Outline of start-up or expansion costs
- Ownership structure (i.e. sole proprietorship, partnership, corporation (provincial/federal))
 - If a partnership or corporation, provide a partnership agreement or shareholders' agreement (if more than one shareholder exists), for a corporation, provide a copy of the Articles of Incorporation and By-Laws and confirmation that it is in good standing with the Companies Office
 - If a joint venture, provide the joint venture agreement
- Percentage of Indigenous ownership
- Business objectives
- Services/products to be offered.

Project Costs and Financing

- **Costs**
 - Detailed listing of project costs (i.e. capital, inventory, (start-up) operating and marketing)

- Provide a detailed overview of the capital costs relating to the purchase/creation of the business, requirements for equipment, assets, personnel or other expenditures to detail complete project costs; please note, if buying used equipment provide full details of the Fair Market Value (FMV) based on solid research to ensure the price is at or below FMV; also, an analysis of the condition of the equipment should be included
- Reference to supplier quotations or calculated industry estimates
- Infrastructure requirements and associated costs
- **Financing**
 - Summary of financing components (i.e. proof of client equity, government assistance, commercial financing)
 - Available sources of government assistance
 - Potential sources of commercial financing
- Make sure your total expected Costs match your total expected Financing.

Market

- Industry and current **regional/local** market place trends
- Describe and summarize any relevant political, economic, technological and demographic developments which may impact the business and its industry
- Describe the short and long term prospects for growth and profitability
- Determine dependency of buying activities on local, national or global economic conditions/demographic shifts
- Details on how the target market
 - How many households are in the community?
 - Population trends, growth potential
 - Average household expenditure on the products and services you are providing
- Major competitors
 - Where are they located?
 - How long have they been in operation?
 - What products and/or services do they offer that differ from yours?
 - Hours of operation?
 - Are they seasonal?
 - How many people do they employ?
 - What competitive advantage will your operation have over theirs?
- Major suppliers
 - Where are the suppliers located?
 - What are their terms?
 - Will suppliers, such as Coke or Pepsi, provide coolers, signage, etc.
 - If selling fuel, provide copy of fuel sales agreement
- Potential customer base.
- Traffic Counts (if available) and Population Counts (on/off reserve).

Sales and Marketing – Provide your overall marketing strategy with details as follows:

- Pricing strategy/comparison to competitor rates
 - What are your gross margins? What are the industry standards?
- Promotion/marketing strategy
- Marketing media opportunities/selected methods, include social media, etc.
- Potential sales/revenues
- Credit and collection policies.

Operations

- The management team
 - Managerial attributes (identify training requirements)

- Employee (identify training requirements)
- Describe contingency plans and potential risk factors in the event that management is unable to perform their duties for any reason
- Describe key strengths and weaknesses of the ownership structure and management strategy
- Provide a brief overview of the various roles and job duties performed
- Provide a strategy to avoid the drawbacks of running a business in a small community (i.e. offering credit)
- Provide a general operating plan
 - a description of the day-to-day operations
 - hours and days of operation
 - seasonality of the business
 - customer service level
 - customer payment terms
 - equipment maintenance schedules
 - strategy to obtain work/contracts
- Identify key management controls (i.e. cash, inventory, scheduling, credit, quality control, etc.)
- Describe Indigenous and non-Indigenous employment created (full time, part time, seasonal, temporary)
- Indicate method of payment (hourly, salary, commission, other compensation)
- Identify potential wage subsidy programs/community financial support for employment
- Identify major suppliers and respective credit terms
- Identify major risks and risk management/provide risk mitigation plan
- Provide a detailed overview of the relevant strengths and weaknesses of the proposal, including any supporting rationale
- Describe the tangible and intangible benefits to the community and surrounding areas

SWOT Analysis

- Strengths
 - Market segments, differentiation, niche, value proposition
- Weaknesses
 - Barriers to entry (tech barriers, capital requirements, patents), inherent risks
- Opportunities
 - Underserved markets, key processes, intellectual capital, other resources that provide advantage within the marketplace
- Threats
 - Primary competitors, laws and regulations, economic uncertainty, data breach, legal liability.

Financing

- Terms and conditions of government assistance
- Terms and conditions of commercial financing (i.e. term, interest rate, security, reporting and performance conditions)
- Commercial loan repayment plan
- Other sources of project financing and contact information
- Provide a detailed overview of a potential financing structure, including owner equity position
- Provide a detailed overview of financial strengths and weaknesses, including any supporting rationale
- Analysis and overview of the vendor's financial statements (if applicable).

Environmental Issues

- Determine whether environmental issues exist, the method to address these issues, and the associated costs

- Determine whether consultations or community support is required
- Outline necessary environmental approvals, permits and licences
- Describe environmental damage mitigation strategies.

Consultations

- Listing of all third party contacts pertinent to the content of the business plan.

**Financial Projections – Please pay attention to items in Bold font

- **Detailed** pro forma financial statements (including all assumptions and notes to Financials) for 3 – 5 years (year 1 to be presented in a monthly format) to include the following schedules:
 - **Cash flow**
 - **Income statement**
 - **Balance sheet**
 - Statement of changes in cash flows
 - Capital assets and depreciation
 - Long term debt amortization
 - Revenue summary
 - Direct cost summary
- General schedules:
 - **Summary of project costs and financing**
 - Financial performance measures:
 - Total revenue
 - Gross margin percentage
 - Net income (before and after income tax)
 - Funds from operations
 - Ending cash balance
 - Minimum cash balance (to determine operating line amount, if required)
 - Net worth
 - Current portion of long term debt
 - Management fees/proprietor's or partner's drawings
 - Fixed cost portion of administration expense (overhead)
 - **Breakeven revenue (dollar amount and percentage of revenue)**
 - Return on investment
 - Current ratio
 - Working capital
 - Debt to equity ratio

Appendices

- If existing business, minimum of last three years' Historical Financial Statements
- Résumé(s) of owner(s)
- Actual quotes for equipment purchases and costs with supplier terms
- Copy of building blueprints/floor plans and quotes
- Required licences/permits/environmental reports
- Letters of reference/letters of support
- Appraisal reports
- Confirmation of good standing with the Companies Office (if an existing corporation).