

FINANCIAL MANAGEMENT GUIDE FOR NATIVE AGRIBUSINESSES



DEVELOPED BY AKIPTAN, INC.



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- Justine Kougl, Co-owner, Mr. Beef/JWK Enterprises
- Reiden Leslie, Former Owner, Little Sun Farm
- Daisy Perez-Defoe, Co-owner, Little Birds and Things
- Chris Roper, Owner, Chris Roper Services, LLC
- Melinda Williamson, Owner, Morning Light Kombucha



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TABLE OF CONTENTS

Introduction	1
Module 1 Your Starting Point: Where are You Now and Where Do You Want to Go?	3
Module 2 Key Financial Decisions that Impact Your Agribusiness	9
Module 3 Taking a Look at Your Numbers	17
Module 4 What Are Your Numbers Telling You?	23
Module 5 Marketing	35
Module 6 Business Planning	55
Module 7 Accessing and Managing Credit	73
Module 8 Professional Support to Mitigate Risk	81
Module 9 Programming and Resources to Support Your Business	89
Module 10 Pulling it All Together	93
Glossary	95
Appendix Listing of QR Code Resources	96

VEGETABLES



INTRODUCTION

Akiptan has developed this guide to support our borrowers and other Native entrepreneurs working to start an agribusiness, enhance an existing agribusiness, or strengthen their business practices. This is the third guide in a series we have developed to support our current and potential borrowers. The first guide in the series, [Financial Management Guide for Ranchers](#), focuses on ranching operations. The second guide, [Introducing Native Agriculture: A Guide for Young Entrepreneurs](#), is designed to support young people working to develop their own Native agriculture businesses. This guide is designed to support entrepreneurs working in the agribusiness space (except for commodity production operations).

While Akiptan realizes that there are already materials out there for entrepreneurs and Native entrepreneurs, our curriculum is designed to address the issues and realities we see every day. Along those lines, we have developed materials designed to accommodate business owners' busy schedules. You should feel free to use this guide whenever you have some free time – it does not have to be completed in a specific timeframe.

Be determined. Be cocky about your product, be proud of what you're selling, be proud of what you've done. If you're not proud of something that you've created or that you've made, nobody else is going to be either. You really have to have pride in what you're doing. If you're providing a service, you have to have pride in that. And that really will take off. We have great pride in our Mr. Beef products, I know they're good products.

- Justine Kougl, Co-owner, JWK Enterprises



WHY THIS GUIDE?

In working with our borrowers, we see the tremendous impact of financial decisions on their businesses; making a small change can create a huge difference. This guide, like the other guides in our series, is designed to support Native business owners. We also wanted to make sure that these materials include valuable tips for business owners with a range of experience – from folks just starting out to folks that have been operating their businesses for years. We wanted to stick to the nuts and bolts – key and practical information.

So this guide is for you if you'd like to...

- ✓ Start a Native agribusiness
- ✓ Expand your current Native agribusiness
- ✓ Look at strategies to make your current business more profitable
- ✓ Look at ways to make your agribusiness a full-time job
- ✓ Learn tips from other Native agribusiness owners and experts

WHAT DOES THIS GUIDE COVER?

This guide covers the components of agribusiness that impact the finances of your operations. We've designed this guide based on interviews from Native agribusiness owners. You'll find sections on:

- Your starting point: where are you now and where do you want to go?
- Key financial decisions that impact your business
- Taking a look at your numbers
- What your numbers are telling you
- Marketing
- Business planning
- Accessing and managing credit
- Professional support to mitigate risk
- Programming and resources to support your business
- Pulling it all together

WHAT THIS GUIDE ISN'T...

These materials were not created to provide professional legal or financial advice; we cannot take responsibility for individual choices. We strongly urge you to work with qualified professionals to support your operations, and we go into this more in Module 8. If you're not already, we encourage you to work closely with an attorney, bookkeeper, and CPA, and to develop a good working relationship with your lender.

WHO ARE WE?

Based in Eagle Butte, South Dakota, on the Cheyenne River Reservation, Akiptan is a community-based lender. We're a certified Native community development financial institution (CDFI) created to serve Native ag producers. While we're based on the Cheyenne River Reservation, we serve tribal members and member-owned entities nationwide. 'Akiptan' is the Lakota word for 'working together, in a cooperative effort,' which inspires Akiptan's philosophy of working with producers and other business owners to find solutions that work for their operations, allowing them to grow capacity and operate at their full potential.

MODULE 1

YOUR STARTING POINT: WHERE ARE YOU NOW AND WHERE DO YOU WANT TO GO?

Visioning and planning are inherently part of Native communities and a Native way of life. Traditionally, we've always had to plan, planning around the four seasons, the weather, and the appropriate times for planting, growing, harvesting, hunting, and fishing.

Akiptan and experienced Native agribusiness owners believe planning is essential to your overall agricultural business. You know the saying, "How will you get there if you don't know where you're going?" It's essential to look at your starting point and where you're headed – just like using a map or your GPS navigation.

WHAT NEEDS ARE YOU ADDRESSING WITH YOUR AGRIBUSINESS AND WHAT ARE YOU EXCITED ABOUT?

In speaking with successful business owners, it's clear that they launched their businesses to meet a need in their communities (or even a broader region). Maybe it was a need for healthy drinks, like Melinda Williamson's Morning Light Kombucha enterprise, or a need for healthy beef products, like Justine Kougl's Mr. Beef enterprise. Maybe it's growing healthy vegetables for community members or starting a restaurant committed to serving traditional Native foods.

In speaking with successful business owners, it's also clear that they're excited about their business concept and the product or service they're offering. Business owners don't typically start with the question, "I wanted to start a business – what should I focus on?" Instead, they ask, "I'm excited about 'x' and see a need for it with my community, so how can I start a business focusing on 'x'?"

WHERE ARE YOU NOW?

The questions below help to describe where you are now and what you have in place. Circle the most accurate response in the table below

COMPONENTS OF YOUR OPERATIONS	QUESTIONS TO ASK YOURSELF
Full-time or part-time	Are you currently working full-time with your agribusiness? Yes No
Infrastructure	Do you have all the infrastructure and equipment in place that you need? (This could be a storefront, special equipment, or supplies) Yes No Not Sure
Licenses and insurances	Do you have all necessary licenses and insurances in place for your business? Yes No Not Sure
Staff	Do you employ other folks? Yes No
Side hustles	Do you have any supplemental sources of income? Yes No
Professional support	Do you have professional support for your business? (check all that apply) Attorney Bookkeeper Accountant Mentor
Capital	Have you taken a loan to access capital for your business? Yes No Have you looked into accessing grants? Or accessed grants? Yes No Have you looked into getting an investor for your business? Yes No
Business plan	Have you developed a business plan? (check one) Yes, it's a solid blueprint for my business Yes, but it needs to be updated/revised No, I need to develop one No, I don't need one I need assistance to develop one
Succession planning	Have you considered who you will pass your business on to in the future or do you have a succession plan? Yes No Something to consider If yes, who will you pass your business to? _____

WHERE ARE YOU HEADED?

Now that you have evaluated where you are today, we'll focus on where you see yourself (and your operations) in the coming years. Where do you want to be in the next year? Where do you want to be in the next 5, 10, and 20 years?

Jot down your responses to the questions below. We'll address these areas throughout this guide.

COMPONENTS OF YOUR OPERATIONS	YOUR THOUGHTS
Full-time or part-time	If you're not currently working full-time with your business, do you want to be? _____
Infrastructure	If you don't have all the infrastructure and equipment in place that you need for your business, what do you envision needing in the future? _____
Licenses and insurances	If you don't have all the necessary licenses and insurances in place for your business, which ones do you need? Do you need to learn more about what insurances your business needs? _____
Succession planning	If you don't employ other folks, do you envision hiring folks as you grow your business? Yes No Not sure If you employ other folks, can you envision hiring additional staff in the future? Yes No Not sure
Side hustles	Do you envision having any supplemental sources of income in the future? Yes No Something to consider
Professional support	Could you envision hiring additional professional support for your business (depending on what you have in place now)? (check all that apply) Attorney Bookkeeper Accountant Mentor

So what does this tell you?

We'll build on this information as your foundation through this guide, looking at the different pieces of making your vision happen. Maybe you'll need more equipment, or perhaps you need to develop a business plan or find a dependable accountant or bookkeeper.

We want to note that you don't have to take all the steps at once to meet your goals. While you may come up with many ideas, they can be implemented in stages. We also recognize that your goals and vision may change over time and that it's important to be ready to pivot in your plans. You might be able to achieve a five-year goal sooner than you expect, or it may take you seven to ten years. We hope you will use this guide as a planning tool, and set up goal posts to guide your work.

You have plans, you have succession plans, you have transition plans... and then you have to be able to pivot, no matter what. You have to have those exit strategies and those pivoting points, in the strategy. Because if you don't, then you're stuck. And it's like, what do we do now?

- Justine Koughl, Co-owner, JWK Enterprises



As we begin to dive into our Native agribusiness topics, we'd like to share three examples of Native food-related businesses. We'll refer back to these examples throughout this guide.

Tanisha's Trading Post	Pete's Processing Plant	Don's Delights
Retail Operation	Processing Operation	Value-added Operation
<p>Tanisha owns Tanisha's Trading Post, a successful enterprise selling locally-sourced Native products. She sells to both local tribal members and tourists passing through the area. She sells goods made by local food producers including beef jerky and buffalo, dried goods, pastries, as well as feed, and seed.</p>	<p>Pete started a small-scale butchering plant five years ago when he realized there were no butchering operations in his area. He currently has ten head of cows that he butchers himself. After processing his beef, Pete wholesales the product to a nearby retail operation. Pete's Processing is now thriving, and he's thinking about expanding.</p>	<p>Four years ago, Don recognized the limits of selling his farm's bountiful produce. So, he decided to develop a value-added line of business producing and selling a line of salsas, jams, and teas in addition to his produce. In developing this successful value-added line of business, Don and his team dry produce, prepare, and package their products.</p>
		



MODULE 2

KEY FINANCIAL DECISIONS THAT IMPACT YOUR AGRIBUSINESS

In this section, we'll discuss key financial decisions that impact your business. These decisions all relate to your budget: what are the short-term and long-term implications? You may determine that your operating budget can't support professional tax preparation advice, for example, but what are the long-term budget consequences of not being prepared for tax liabilities? Which insurances are needed for your business? What business structure can help protect your assets?

The third year I was having help from a tax person that wasn't really familiar with agriculture. I don't know if that was the reason or something else, but I ended up having to take most of the money that I paid myself out throughout the whole year to pay all of the taxes and ended up not making any money.

- Reiden Leslie, Former Native Agribusiness Owner



Some of the key decisions facing Native agribusiness owners include:

- 1) **Labor:** what labor is needed to make your operation successful? How many staff members do you need?
- 2) **Repairs:** what should you budget for repairs and on-going maintenance costs?
- 3) **Taxes:** how much of your profits need to be put aside for taxes?
- 4) **Debt repayment:** what terms do you need to make this work?
- 5) **Certifications:** what certifications are needed for your enterprise? Would any certifications take your business to the next level?
- 6) **Licenses:** what licenses are needed for your business?
- 7) **Insurances:** what insurances are needed for your business?
- 8) **Business structure:** what's the best business structure for your enterprise?

Because marketing and professional services also profoundly impact your business, we'll take a deeper look at those topics in Modules 5 and 8 .

Before diving into these key decisions, we'd like to emphasize how they relate to the growth of your business, can help you develop operating systems, and can protect your company. The elements you need to have in place (and the cost to have them in place) may look very different in the first year of your operations compared to your fifth or tenth year. Let's take a look:

Labor

What labor is needed to make your operation successful? Many business owners start with their vision, working alone to launch their business concept. Often, the first people to support the business, beyond the initial visionary/owner, are family and friends. As the business grows and becomes more formal, the owner sees the need to (and becomes more comfortable with) hire additional staff. In making staffing decisions, you'll need to answer the following questions, as your answers will directly impact your budget:

- How many staff will be hired?
- Do staff need to have specific experience, or can they be trained?
- What is the cost of staff training?
- What are the real costs of hiring staff (which include benefits, workers' compensation, payroll taxes, and overtime pay)?
- Would it make sense to look at bringing on interns or fellows?
- Do you want to consider seasonal employment versus permanent employment?

As you think about hiring staff, we also want to emphasize the importance of salaries and livable wages. While you want to have a sense of what comparable businesses are paying staff, you also want to think about what your staff will need to sustain their families when working with you. What are the long term costs of paying a lower wage if your staff are likely to move on to another job with higher wages or need to take on other employment to supplement your wages? While benefits aren't always required, there are benefits to offering your employees benefits!

Repairs

What should you budget for repairs and ongoing maintenance costs? While up-front and start-up costs may be most apparent, it's also important to budget for ongoing repairs and maintenance costs. What happens if key equipment breaks? Do you have any costs related to your property? Setting aside a certain percentage of sales for repairs savings is a good strategy, and proper maintenance saves on repair costs in the long run.

Taxes

Taxes are also an important financial consideration. Unlike salaried employment, where taxes are withheld with each paycheck, it is important to set aside funds, in advance, for tax payments. Here, it's important to have a tax advisor who understands agribusiness and your operations. Otherwise, incorrect tax advice can significantly impact your operations and finances.

Debt repayment

Another consideration focuses on debt repayment. Often agribusiness owners need to borrow capital for their operations. The question is – how will repaying this debt affect your finances? Does it make sense to borrow for a longer term to have smaller debt payments? Or, do you need to look for a lower interest rate?

Licensing

One of the first questions you should ask in starting a business is what licenses are required, and how much do they cost? Does your tribe or TERO office require a license? Your state? Once you have the required licenses, are renewals needed (with additional fees)? You can research licensing by conducting a Google search, reaching out to an experienced mentor, or contacting state or federal resources working in your field.

Please scan the QR code to the right to access information from the SBA (Small Business Administration) about licenses and permits:



SCAN ME

Certifications

It's also important to ask what certifications may be needed for your business, and what certifications may take your business to the next level. Often, you can obtain a certificate after completing certain coursework or training on a specific topic and passing a test. Obtaining the certificate shows your customers (and lenders) that you have knowledge on a specific topic, or that your business meets certain standards. The ServSafe certification, for example, shows that a food operation is safe by verifying that the manager or supervisor of a food-serving operation has sufficient food safety knowledge to protect the public from food-borne illness. To obtain this certification, the food manager must pass a 90-question, multiple choice exam. It is also possible to become a Certified American Indian Foods vendor through the Intertribal Agriculture Council. Certifications can build knowledge about a topic, as well as customers' trust in your business.

Insurance

It's also important to research what insurance policies your business requires and the cost of these policies. Three types of insurance are typically required: workers compensation, unemployment, and disability. However, different states may have different insurance requirements, and it is important to verify the requirements of your state. Depending on your agribusiness, you may need to look at commercial insurance if you're selling directly to consumers. Once you hire staff, you'll want to look at workers' compensation insurance. Like certifications and licensing, the SBA has valuable information on insurances. It would also be helpful to "shop around" and speak with a few different local insurance agents to see what they can offer you. Asking a mentor might also point you in the right direction. The table below outlines the different types of insurance for business entities.

For information about insurances, please scan the QR code to the right to access information from the SBA:



SCAN ME

We have property insurance and we just got commercial insurance... We're selling directly to consumers – commercial insurance makes sense. We're selling much more to much more diverse consumers – in case anything happens with our product I wanted to make sure we're covered financially and legally.

- Daisy Perez-Defoe, Co-owner, Birds and Things



Insurance for Business Entities

TYPE OF INSURANCE	DESCRIPTION
Workers' Compensation	This insurance is federally required. It protects the business from lawsuits or claims resulting from employee injuries at the workplace or as a result of the nature of their work.
Unemployment	This insurance is federally required. Rather than purchasing an insurance policy, employers must pay into federal and state unemployment funds through a tax. This ensures that employees are supported in the short term if they lose their job (unless they are fired for cause or quit their job).
Disability	This insurance is federally required. It provides income if an employee is unable to work due to disability.
Small Business	Business insurance can cover losses due to property damage, lawsuits, lost business income and other covered lawsuits.
General Liability	General liability insurance covers physical damage. It typically covers claims involving bodily injury and property damage resulting from your company's products, services, or operations.
Professional Liability	Unlike general liability insurance, professional liability insurance covers more abstract risks, like errors and omissions that your business provides.
Commercial Property	Commercial property insurance covers loss or damage to physical property such as buildings or inventory due to fire, explosions, burst pipes, storms, theft, or vandalism.
Commercial Auto Insurance	Commercial auto insurance covers company vehicles or personal vehicles if an accident occurs while the driver is doing company business.

Questions to ask when purchasing insurance:

What is my premium?	_____ _____ _____
What is my deductible?	_____ _____ _____
What is standard for my operation?	_____ _____ _____
Are there bundle options that may lead to a discount?	_____ _____ _____
Specifically, what is covered through this policy? _____ _____ _____ _____ _____ _____ _____ _____ _____ _____ _____ _____ _____ _____	

Business Structure

Determining the best business structure for your agribusiness is one of your most critical decisions. In the words of one business owner, "Finding the legal structure that works best is probably one of the hardest things..." The legal structure impacts legal liability, tax liability, control, financing, and regulation. Because your choice of legal structure is such an important decision, we recommend that you carefully research the different structures and work with an attorney to review your options and have professional support in setting up your structure.

The table on the following page outlines the potential legal structures for agribusinesses and the advantages and disadvantages of the different options.

Since deciding on your structure is such an important decision with significant consequences, business owner Daisy Perez-Defoe recommends taking at least a year to explore different legal structure options. She explains:

We established ourselves as an LCC for a variety of purposes, but foremost the security of separating our personal finances with the business finances and having that separation of entities. That's why we went with the LCC. For a smaller producer that just started out – I would suggest not doing that until you're in for about a year. At that point, you'll know how you want to set up your business structure. You'll be able to explore, within that year, different opportunities that come with being a private business (in your own name) and those that potentially come with an LLC.

- Daisy Perez-Defoe, Co-owner, Birds and Things



Because it can shield owners from liability, many Native agribusiness owners opt for the LLC (Limited Liability Company) structure. Business owner Justine Kougl, Owner, MR Beef explains:

We just made the decision... that an LLC is gonna be the most beneficial. That's gonna provide us with some protection so if anything were to happen to the meat, or if anything were to happen to a person on the ranch. If we started doing the camping and agri-tourism... and things like that again, that would protect us.

- Justine Kougl, Owner, MR Beef



Overview of Legal Business Structures

CORPORATE STRUCTURE	DESCRIPTION	ADVANTAGE	DISADVANTAGE
Sole proprietorship	One individual owns the entire business.	The most simple form of ownership.	The owner is personally liable for any business obligations.
Partnership	Two or more people share ownership of the business.	Enables two or more partners to invest resources jointly.	Partners have unlimited personal liability for business obligations.
C Corporation	Separate legal entity that files tax returns and pays taxes at a corporate rate.	A separate legal entity that can issue shares to raise capital and sue or be sued.	Complex and expensive to set up.
S Corporation	Special type of corporation that passes income through to shareholders.	Has a tax benefit of not having to pay federal taxes at the entity level; tax designation allows the company's profits to pass through to owners' personal tax returns.	Cannot allocate losses or income to specific shareholders; allocation of income and loss is governed by stock ownership – unlike partnerships or LLCs, where allocation can be set in partnership agreements or in the operating agreement.
Limited Liability Company (LLC)	A hybrid structure that combines features of a corporation and a partnership.	LLC owners are shielded from most liability and the LLC has fewer requirements than a corporation.	It may be expensive to set up because it needs to register with the state where it intends to conduct operations.
Cooperative	Organization owned by and operated for the benefit of those using its services.	Cooperatives are rooted in the communities they serve and have equitable, democratic decision-making structures.	Decision making may be a time-consuming process, and cooperatives may be less attractive to investors.
Nonprofit Corporation	A corporation formed with the purpose of providing a service or benefit for a community, rather than making a profit. Can be exempt from paying federal/state taxes with approval of nonprofit status application.	Some grants and funding sources require nonprofit status. Directors and members are shielded from legal and financial liability.	Directors and members cannot receive distributions of income. Process to achieve nonprofit status, including Articles of Incorporation, Bylaws, and application for 501(c)3 status is often costly and time-consuming.



MODULE 3

TAKING A LOOK AT YOUR NUMBERS

We have to make sure the passion doesn't blind us from the mission or making sure the business is viable. People feel like this should work, whatever this is, feel like there's a need, and everything will line up if they can just get it going versus sitting down and investigating the true costs – operational costs, input costs, start-up costs. There's a business side of things that needs to be methodically thought through to make sure that people have a viable business. We have to make sure the businesses are viable, versus just following our heart and our gut and saying, "aw, this should work."

- Chris Roper, Owner, Chris Roper Services



The first step in evaluating your agribusiness concept – and its feasibility – is budgeting and evaluating your numbers. Like a personal budget, your agribusiness budget will analyze funds going out (expenses) and funds coming in (income). The key decisions discussed in Module 2 will directly impact your budget. While passion and commitment are vital in starting or expanding a Native agribusiness, knowing your numbers – your true costs – is critical. We often focus on start-up costs, and while these are important, we also want to look at ongoing and future costs in order to get an accurate picture of your budget. Let's take a look:

(1) Start-up costs:

The first type of cost we'd like to examine is start-up costs. These are the costs incurred in getting a new business up and running. While some costs may be one-time costs (like equipment), other costs may be recurring (like rent).

What are some general categories of costs that can be anticipated in starting a new business?

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Start-up costs may include:

- ✓ Business license(s)
- ✓ Insurance
- ✓ Space (rental, construction)
- ✓ Equipment purchase
- ✓ Supplies
- ✓ Labor
- ✓ Bookkeeping: setting up books
- ✓ Tax advice
- ✓ Legal structure advice

Let's use Don's Delights value-added products, including salsas, jams, and teas from page 7 to outline potential start-up costs:

Start-up Costs: Don's Delights

POTENTIAL START-UP COSTS	AMOUNT
Equipment	
Refrigeration (2 refrigerators)	\$4,800
Vacuum sealer (1 sealer)	\$2,200
Pressure canner (2 canners)	\$1,400
Water bath canner (1 canner)	\$3,000
Commercial stove (1 stove)	\$5,400
Commercial freezer (1 freezer)	\$3,300
Shelves/racks (4, 2-piece shelves)	\$800
Workspace/kitchen (2 months @ \$1,000/month)	\$2,000
Supplies (including labels, jars, packaging)	\$1,600
Licensing (Food handlers)	\$50
Insurance	\$1,300
Total	\$25,850.00

From the list above, please jot down specific start-up costs from above for your business concept.

POTENTIAL START-UP COSTS	AMOUNT

(2) Operating costs:

Operating costs come into play once your business is up and running. These costs are incurred in the on-going running of your business.

What are some categories of on-going costs that can be anticipated in running a new business?

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On-going operating costs may include:

- ✓ Insurances
- ✓ Space (rental, maintenance)
- ✓ Supplies
- ✓ Labor
- ✓ On-going bookkeeping support
- ✓ Tax preparation
- ✓ Tax payments
- ✓ Loan payments
- ✓ Training for employees

Looking at the Pete's Processing example from page 7, here is an example of a business's operating income and expenses:

Operating Income and Expenses: Pete's Processing

OPERATING INCOME CATEGORIES	AMOUNT
Wholesale sales (from sales to retailer)	\$225,000
TOTAL INCOME	\$225,000
OPERATING EXPENSE CATEGORIES	
Electricity	\$2000
Water	\$1500
Rent/mortgage	\$24000
Insurance	\$8000
Taxes	\$40000
Labor/staff salaries and wages	\$70000
Packaging materials	\$10000
Transportation/fuel costs	\$1500
Pre-production cost of animal (feed, healthcare)	\$25000
Supplies (knives, hooks)	\$2000
Maintenance	\$15000
Professional support: accounting, bookkeeper	\$8500
TOTAL EXPENSES	\$207,500

Now jot down your projected income and expenses for your business concept. If you're already operating a business, note your current income and expenses:

Operating Income and Expenses (please complete)

OPERATING INCOME CATEGORIES	AMOUNT
TOTAL INCOME	
OPERATING EXPENSE CATEGORIES	
TOTAL EXPENSES	

Keep in mind...

When developing your comprehensive budget for your agribusiness, it is important to keep these types of costs in mind:

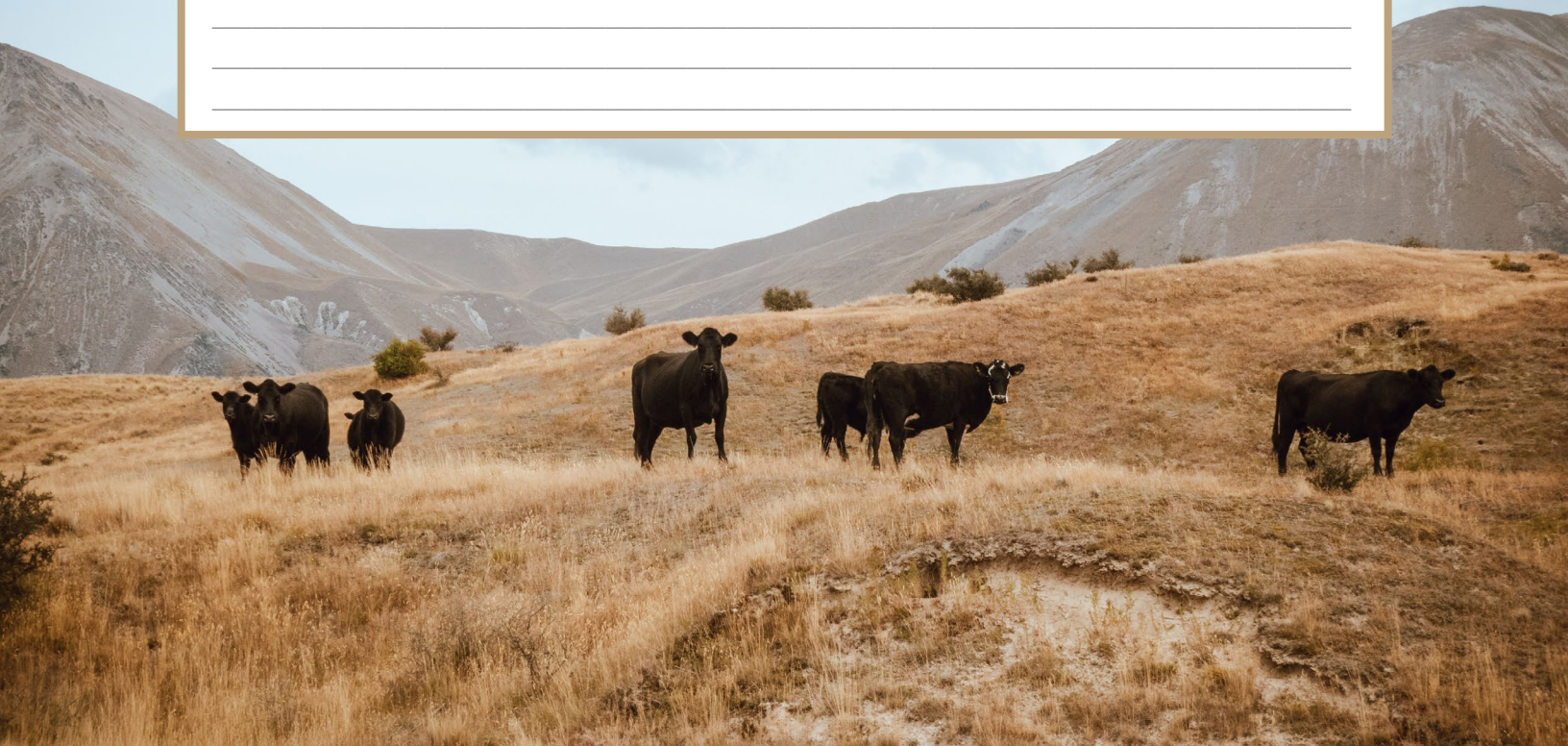
- **Fixed and variable expenses**

Fixed expenses are costs that largely remain constant each month or year, like rent, insurance, and loan payments. Variable expenses vary with production, and increase the more production goes up. Looking at Don's Delights, for example, the more salsa he produces, the more jars and labels he'll need.

- **Pre-production and post-production costs**

These costs come into play with value-added products. Pre-production costs are incurred before the processing of an item, while post-production costs are related to processing and other activities that add value. For example, in Pete's Processing, his pre-production costs are incurred in raising the animals (feed, leases, water, etc.), while his post-production costs are his butchering costs. With Don's Delights, his pre-production costs are incurred in growing the produce (seeds, fertilizer, labor), while his post-production costs are developing the value-added products through canning, preparing, storing, and packaging his produce.

Are there any additional costs that you should consider adding to your budget? Which ones?



MODULE 4

WHAT ARE YOUR NUMBERS TELLING YOU?

Now that we have a sense of your income and expenses, we can use this information to develop your key financial statements: your **Cash Flow Statement** and **Balance Sheet**. What are the numbers telling you? How can you use them?

Cash Flow

We'll first take a look at the **Cash Flow Summary**. A Cash Flow Statement is also called an income statement. We will use the term Cash Flow in this guide. This financial statement shows the cash inflows and outflows of a business over a given period of time. It provides a detailed picture of what's happening with your business's cash during a specific period, and shows your operation's ability to operate in the short and long term. This shows a company's income (which are sales minus cost of goods sold - COGS) and it starts with the company's revenues and expenses over a specific period of time. It tells how much a company has earned in sales and how much money has been spent in order to make those sales.

It's so important to understand cash flow, and how that is a tool – it's not paperwork – it's your real numbers.

Elsie Meeks, Native Rancher, Oglala Lakota Nation,
South Dakota, and former State Director,
USDA/Rural Development



Gross Income = Income - Cost of Goods Sold. To get your gross income take the total of your wages, sales of products, income from services performed, any grant income and any other income and then subtract the COGS. Gross Income is also the total before any taxes or withholdings (FICA) are deducted.

Net Income = Gross Income - Expenses. This shows your profitability, also called net earnings. Your profitability is calculated as income minus cost of goods sold. Then subtract your general operating and administrative expenses, any depreciated assets, interest on business related loans, federal taxes and all other expenses. Examples of other expenses are fuel, seed, water, tools, labor costs, marketing, supplies, etc.

Video: Cash Flow

Click this link or scan this QR code to watch a video showing a sample Cash Flow Statement:

<https://youtu.be/niKglODZYFM>



Now let's take a look at your actual Cash Flow numbers. If you don't have actuals, please project numbers:

Cash Flow Summary

INCOME	YEAR _____
Agribusiness income	
Non-agribusiness income	
TOTAL INCOME	
OPERATING EXPENSE	
Advertising/Marketing	
Bookkeeping/Accounting	
Conservation Expenses	
Contract/Custom Hire	
Equipment Rent	
Staff/Labor	
Raw Materials	
Freight, Trucking & Shipping	
Gas/Fuel	
Infrastructure/Land Rent	
Legal Fees	
Licenses and Insurances	
Office Supplies/Expenses	
Repairs and Maintenance	
Seeds and Planting	
Supplies	
Taxes	
Utilities	
Packing	
Other	
Loan Payment #1	
Loan Payment #2	
Loan Payment #3	
Operating Interest	
TOTAL LOAN PAYMENTS	
TOTAL EXPENSES	
Cash on hand after production (subtract expenses from income)	
Non-agribusiness related expenses (living expenses)	
Ending cash on hand (subtract cash on hand from non-agribusiness expenses)	

Balance Sheet

The **Balance Sheet** gives you an idea of where a company stands financially at a single point in time. It has three main sections:

1. **Assets** (what you own): cash, bank accounts, accounts receivable, and inventory. Examples of inventory could be your pickup, a vacuum sealing machine, a garden shed, a greenhouse, and inventory.
2. **Liabilities** (what you owe): accounts payable, taxes, loans.
3. **Equity** (ownership of assets or value of the company): the amount of money currently invested in the company; this includes any retained earnings.

Assets are usually divided into three categories on the **Balance Sheet**:

1. **Current Assets** are things that have a life of less than one year. Current assets are things that can quickly be turned into cash, if they are not already. Examples are inventory, crops, cash in the bank, accounts receivable, etc..
2. **Intermediate Assets** are things that have a life span of one to ten years. Examples are vehicles, equipment, some infrastructure, tools, shelves, etc.
3. **Long-Term Assets** are things that have a life span of ten plus years and are more permanent, like infrastructure, land, etc.

Like assets, **Liabilities** are also usually divided into three categories on the **Balance Sheet**:

1. **Current Liabilities** are things that will be paid off in less than one year. One example is a line of credit at the local co-op or bank.
2. **Intermediate Liabilities** are things that will be paid off in one year to ten years, such as equipment, infrastructure, or vehicle loans.
3. **Long-Term Liabilities** are things that will be paid off in ten plus years, such as a land mortgage.

Video: Balance Sheet

Click this link or scan the QR code to watch a video showing a sample Balance Sheet:

<https://youtu.be/aKjhDqp7zNI>



When developing your balance sheet, it's important to distinguish between **personal assets and business assets**. We often see business owners utilizing personal equipment for their work needs. This is not a problem, but it should be reflected accurately on financial statements.

Let's take Pete's Processing, for example, 5 years ago Pete started his business. In the early stages of his business, Pete may have to use a lot of personal equipment and supplies for work purposes. For example, he needed a bunch of tables and shelves to store and process his meat. Instead of buying brand new tables and shelves right off the bat, Pete used the ones from his garage to save costs. While these are now being used for business purposes, they are not business assets. These are personal assets because they were purchased with personal funds. Pete also uses his skid steer for his processing operation, but that is still owned by Pete (the individual), not Pete's Processing (the business). So, when Pete goes to list assets on his balance sheet, he would put the skid steer, tables and shelves under personal assets, not business assets. When you (or Pete) buy things with the business's money, those items would be considered business assets.



Now that you've completed your **Cash Flow**, please complete your **Balance Sheet**:

Balance Sheet

Agribusiness				
Current Assets			Current Liabilities	
Inventory			Bank LOC	
Cash & Equivalents			Accounts Payable	
Supplies				
Total			Total	
Intermediate Assets			Intermediate Liabilities	
Work truck			Business loan	
Misc equipment				
Total			Total	
Long-Term Assets			Long-Term Liabilities	
Land				
Building				
Total			Total	
TOTAL ASSETS			TOTAL LIABILITIES	
Personal				
Current Assets			Current Liabilities	
Cash			Credit card	
Total			Total	
Intermediate Assets			Intermediate Liabilities	
Personal belongings			Car loan	
Personal car				
Total			Total	
Long-Term Assets			Long-Term Liabilities	
House			House loan	
Total			Total	
TOTAL ASSETS			TOTAL LIABILITIES	
			TOTAL EQUITY	
			TOTAL EQUITY	

Quick Harvest:

Did you have the information you needed to complete the Cash Flow and Balance Sheet? If not, what are you missing?

Have you been reviewing financial statements regularly? If not, what is one way to improve your procedures in this area? For example, you could organize your finances in a binder, send them to a bookkeeper, or put them into an electronic filing system.

Do you need to find a bookkeeper or accountant to run these statements for you regularly?

According to the Cash Flow and Balance Sheet, does your business need more income to be profitable?

Are there ways you can decrease your expenses or production costs? If so, how?

Quick Harvest:

Do you feel like you need more training on how to read your financials so that you are making sound decisions base on your statements?



EQUITY

Owner's Equity is sometimes referred to as Net Worth and can be found on the Balance Sheet. Owner's Equity is also mentioned in the short Balance Sheet video. Equity is similar to an asset, but the difference is that it reflects the amount owned by the owner. There is also no current, intermediate or long-term equity, it's just the equity calculated for that specific date in time. This can change from year to year or any time you make a payment. Equity is the part of the operation you own that is debt free.

Let's take a look at two examples:

Equity Example #1

Pete's Processing has infrastructure (the processing building) that is worth \$130,000, but he still owes \$30,000 to his bank. This would mean that Pete has \$100,000 in equity, or the portion of the building he owns without debt.

$$\text{\$130,000} - \text{\$30,000} = \text{\$100,000}$$

Equity Example #2

Don's Delights has a combined asset value (current, intermediate, long-term assets) of \$80,000, and owes a total of \$60,000 on all debts. Don's equity is \$20,000, or (what's owned) - (what's owed) = equity.

$$\text{\$80,000} - \text{60,000} = \text{\$20,000}$$

Equity should always be a positive number. If it's negative, that means you owe more than you own and are "over-leveraged." This is something to monitor. Equity can change as you make payments, but also as your assets depreciate or you take on new debt/assets.

What is your equity?

To the right, calculate the total value of all your assets. You can get this from your balance sheet.	
Total the amount of all your liabilities and put that here.	—
To calculate your equity, you subtract your liabilities from your assets.	=

It's good to calculate this at least annually as you update your financial statements.

FINANCIAL RATIOS

Building on your financial statements, your key financial ratios can also provide key information about the financial health of your business. Here is an overview of some key financial ratios:

Ratio	Example	Explanation
Debt to Asset Ratio = Total debt/total assets	$\$65,000/\$90,000 = .72$	<i>This shows if you have any equity in your operation, meaning you own more than you owe. Anything below one is good, but the closer to zero the better. Anything between zero and one means that you have a positive net worth.</i>
Debt to Equity Ratio = Total liabilities/total equity = Total debt/total assets	$\$100,000/\$200,000 = .5$	<i>This ratio looks at how much of your capital is coming from debt. The lower this ratio, the more financially stable a business is.</i>
Debt Service Capacity = Total income/total debt payments	$\$125,000/\$85,000 = 1.47$	<i>This is your ability to pay ALL of your agribusiness debts. In this example, this owner has a healthy debt service capacity. Anything above one is good, but the higher the better.</i>
Quick Ratio = Cash and cash equivalents/current liabilities	$\$45,000/\$30,000 = 1.5:1$	<i>This ratio involves inventory, cash, cash equivalents, marketable securities, accounts receivable, etc. The ideal standard quick ratio is above 1:1, which means that a business cannot meet its immediate current liabilities; it may lead to technical solvency.</i>
Gross Margin Ratio = (Total Revenue - Costs Of Goods Sold)/Total Revenue	$(\$80,000 - \$40,000)/\$80,000 = .5$, or 50%	<i>The gross margin ratio, known as the gross profit margin, is a financial formula that measures a company's profitability by comparing its gross profit to its net sales. It is expressed as a percentage and helps businesses understand how much money is left after covering the cost of goods sold.</i>
Operating Margin Ratio = Operating profit/net sales	$\$15,000/\$90,000 = 16.7\%$	<i>The operating margin ratio shows the profit being made, per dollar, after the direct costs are subtracted.</i>
Current Ratio = Current assets/current liabilities	$\$29,000/25,000 = 1.16$	<i>This measures your ability to pay your debts in the next year. If this is less than one, it means that you can't pay your bills.</i>
Inventory Turnover Ratio = Net sales/average inventory value for that period	$\$100,000/\$20,000 = 5$	<i>The inventory ratio shows how many times the inventory is turned over or sold over a given period. It can determine excess inventory levels compared to sales. A high ratio reflects strong sales, while a low inventory turnover shows that a company may be overstocking.</i>
Contribution Margin = (Revenue - variable expenses) /revenue	$(\$150,000 - 100,000)/\$150,000 = .33$	<i>The contribution margin shows the amount of revenue left over after all variable costs have been deducted from total sales. This ratio is a measure of the profitability of individual products.</i>

Based on your financial statements, what are your ratios?

Debt to Asset Ratio	Total debt/total assets
Debt Service Capacity	Total income/total debt payments
Quick Ratio	Cash and cash equivalents/current liabilities
Gross Margin Ratio	(Total revenue - cost of goods sold)/total revenue
Operating Margin Ratio	Operating profit/net sales
Current Ratio	Current assets/current liabilities

Example: Don of Don's Delights was figuring out his annual financials. When looking at his balance sheet, he discovered that his debt to asset ratio was .95, which he wasn't very happy with. However, he also discovered that his debt service capacity was 2.25. This means that he had plenty of excess profit at the end of the year. Don decided to use some of that extra profit to pay down his other debts to decrease his debt-to-asset ratio.

Break-Even Example:

Let's think about Don's Delights' tea products as an example. Don needs \$20,00 to break even on the tea portion of his business, and he sells his tea packages for \$5.00 a package.

$$\text{Break-Even Point} = \frac{\$20,000}{\$5.00}$$

This means that Don needs to sell 4,000 tea packages to break even.

Let's take this a step further, and take 4,000 tea packages and divide that by 12 months. Don needs to sell approximately 334 tea packages a month to stay on track with breaking even. Now Don has to decide – is this realistic for my business? What can I do as a business owner to achieve these monthly and yearly goals? My original calculations were based on working on the weekends. If we don't work on the weekends, are our goals still achievable? If this number included the weekends, is this still achievable? A business owner's main goal is profitability, but being profitable means knowing what is needed to break-even. Anything above your break-even point is profit, and anything below means you will be short.

IMPORTANCE OF RECORD-KEEPING

As you've seen from working on your income, expenses and financial statements, you need the information to put in them! Record-keeping is vital for accurate financial statements and successful operations. Even though it may seem like you don't have time and you can piece together your records when you need to, we strongly recommend having a record-keeping system to track your numbers.

Ideally, you should be keeping track of the following financial paperwork:

- Business license(s)
- Every receipt reflecting payments and purchase
- Loan and bank documents
- Sales orders
- Inventory records
- Crop records
- Any income

Of the list above, what are you currently tracking? What do you need to start keeping track of?

We need to stress the importance of record keeping. Here's a true example – if you enroll or get into one of the conservation programs, they're going to give you a bunch of money and you, the rancher, will need to write that off. How do you do that if you don't have the records? If you don't write it off, you'll wind up paying taxes on the \$8,000 the government gave you, or even these Covid checks these ranchers are getting. You'll need to pay taxes. You've got to have the expenses to back that out of your tax filing.

- Ross Racine, Native rancher, Blackfeet Nation, Montana
Former Executive Director, Intertribal Agriculture Council



IMPORTANT DOCUMENTS

LEGAL IDENTIFICATION DOCUMENTS

- Driver's License
- Social Security Cards
- Birth Certificates
- Enrollment documents
- Marriage Licenses
- Articles of Incorporation
- ByLaws
- Business Licences
- Employer Identification Number (EIN)

TAX DOCUMENTS

- Tax Returns
- W-2s and 1099 Forms
- Any Tax-Related Forms, Receipts and Records
- Loan Interest Statements

EQUIPMENT, INFRASTRUCTURE AND LAND

- Vehicle Registration and Titles
- Mortgages, Deeds and Titles
- Bills of Sale
- Leases/Contracts (land and equipment)
- List of VIN & Serial Numbers
- Insurance Policy (home, auto, personal, ranch, etc.)

FINANCIAL DOCUMENTS

- Mortgage Documents
- Loan Agreement
- Security Agreement
- Amortization Schedule
- Updated Cash Flow and Balance Sheet
- Bank Statements
- Pay stubs/Calf Checks
- Receipts
- Cancelled Checks
- Retirement Records
- Investment Statements
- Accounts payable

OTHER

- Health Insurance Policies
- Wills, Powers of Attorney or Living Will
- Medical Bills
- Other Contracts (NRCS, FSA Program
- Sign Up, Tribal Programs etc.)



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MODULE 5

MARKETING

The term “marketing” encompasses a wide spectrum of activities. To put it simply, marketing is the act of creating an environment where sales are possible. When you view marketing from that lens, you can see why it is such a critical part of your business. Understanding how to market your Native agribusiness may make the difference between success or failure. Over and over, Native agribusiness owners stress the importance of marketing.

In creating your business plan, you will provide an overview of several marketing components, such as your products, price point, customers, competitors, and advertising. In this module, we will take a deeper dive into those concepts and others.

Creating and Growing Your Brand

Many people, especially those that work in the agricultural field, think of a brand as a mark or a logo. Some think of it as your design style or advertising, and others see it as a company’s reputation or a customer experience. Actually, a brand is all of those things.

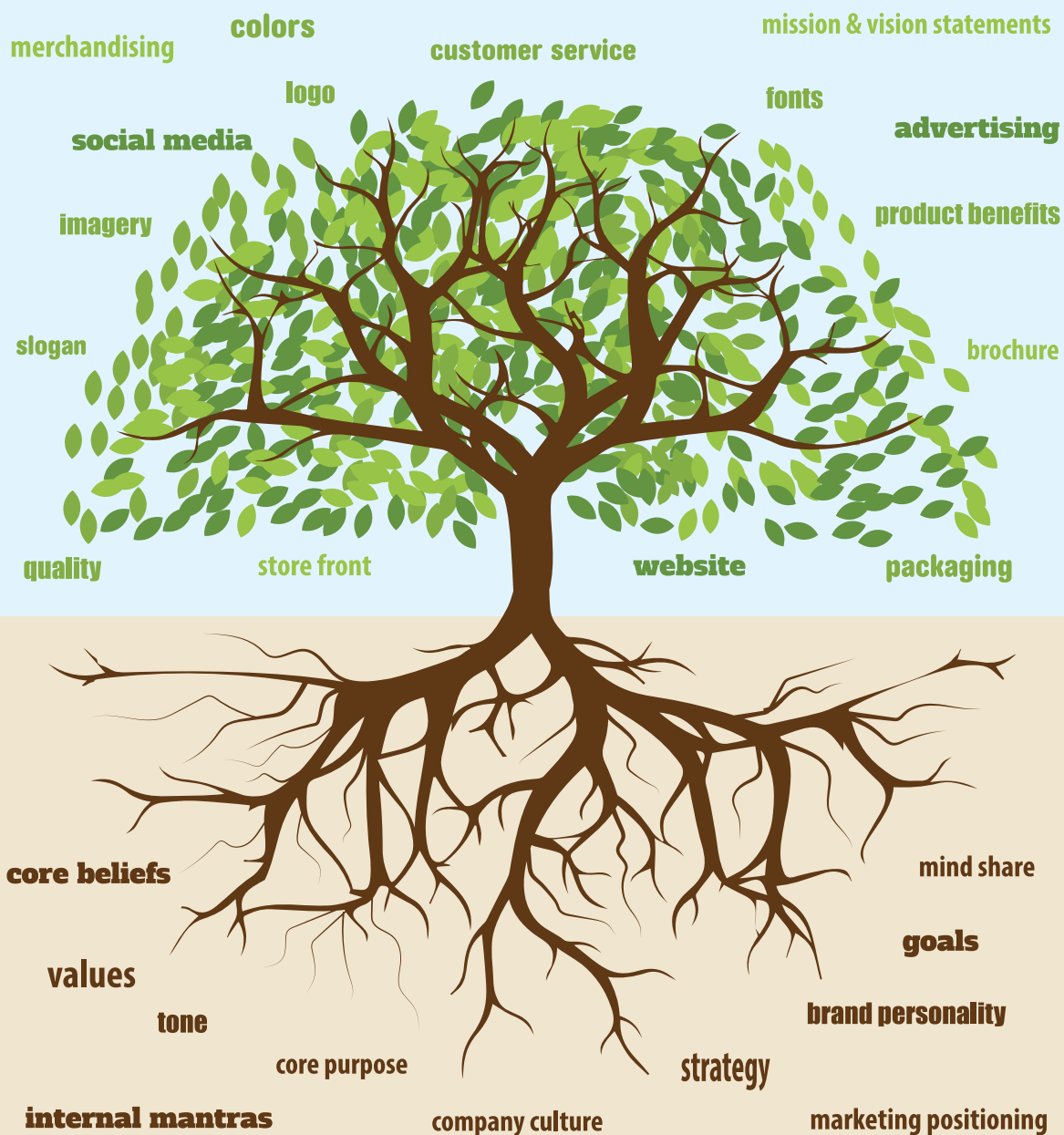
In short, your brand is everything you say and do and how you say and do it. It is the essence of your Native agribusiness. A successful brand tells ONE story - your story - and creates an emotional connection with your audience. Building your brand will help you create a loyal customer base that keeps coming back again and again.

Do you have any brands that you are loyal to? Perhaps there is a brand of jeans or boots that you always buy. Why do you continue to purchase that brand? What do you think wearing (or using) that brand says about you?

In the box below, write a few words about what you think using that brand says about you.

Brands are like trees. There are parts of a tree above ground that we can see and experience, such as branches, bark, and leaves; but there are also parts below the soil that we don't see, like roots, tissue, and cells. All of these parts are equally important and can't survive without the others. In your brand, things above ground are visible and in the conscious mind of your audience. Things below ground are not easily visible and sometimes intangible; they are not conscious to your audience.

Just like trees, brands grow and change. You have a lot of influence over your brand and can decide when and how to fertilize, prune, or shape it. It's important that you seize this opportunity and are deliberate in how you grow your brand. If you don't, the market will eventually formulate your brand for you, and it might not be what you had envisioned.



YOUR CUSTOMERS: STANDING IN THEIR SHOES

When you developed your business plan, you probably gathered some demographic data on your customers. Knowing the average age, gender, race, income, and marital status of our customers is an important first step in understanding this group of people. There is also another set of data – psychographic data – that really paints a picture of who your customers are. Demographic data is quantitative, while psychographic data is qualitative. By taking a holistic look at your customers, you can begin to understand what they care about and how your Native agribusiness is relevant to them.

DEMOGRAPHICS		DEMOGRAPHICS	
Age	children, teens, young adults, middle-aged, elderly	Personality	outgoing, friendly, humorous, shy, creative
Gender	male, female	Beliefs & Attitudes	climate conscious, strong work ethic, ethical resource harvesting
Race	Native Alaskan, Caucasian, Asian American	Interests & Hobbies	shopping, horseback riding, rock hunting, reading
Education	high school, vocational school/certificate program, college	Lifestyle	agrarian, rugged, urban, active, laid back
Income	low, medium, high	Behavior	online shopper, frequents farmers markets, purchases vegetables once a week
Employment Status & Occupation	full-time, part-time, blue collar, retail, office worker, professional career	Values	honesty, courage, self-sufficiency
Marital Status	single, married, divorced	Priorities	health, family, career, social life
Family Life Cycle	newly married, married for 10-15 years, with or without children	Cultural Practices	Native American ceremonies, Catholic mass

You know your customers better than anyone else. While everyone is unique in their own way, you will be able to identify trends throughout your customer base. The similarities you discover among your customers will shape your marketing messages and how and where you distribute your marketing messages.

In thinking about your customers, what kinds of things do they have in common? Include demographic and psychographic data points.

Take some time to think about what is in the hearts and minds of your customers. Standing in their shoes, list three things they really care about. These are called their core desires.

1. _____

2. _____

3. _____



DIFFERENTIATING YOUR BUSINESS

As the local foods movement gains traction, the agribusiness market is becoming increasingly competitive. It is likely that there will be several agribusinesses similar to yours vying for the attention of your customers and potential customers. How will you maintain and grow your share of the market?

Usually, the default marketing strategy is to position a business as cheaper, faster, or friendlier than the other guy. But guess what? Everyone says that! The best way to stand out is to develop a brand that is based on your differences. Think about the customer experience and what you offer that other similar companies don't. It might be that you sell authentic Native-made products or that you use a special recipe handed down from your grandmother. What differentiates your agribusiness doesn't have to be demonstrated through your products or even your marketing campaigns. Maybe you have some unique furnishings in your shop that have a story behind them. Or maybe you are skilled at building meaningful relationships with your customers. People will remember all of these things, and your unique touch will set you apart from your competitors.

Many small business owners believe that in order to keep increasing their sales, they need to compete head-to-head with other companies that offer similar products and services. If their main competitor lowers prices, then so will they. If the competitor offers a twist on a product, then they will too. In reality, building a loyal customer base is about making your Native agribusiness stand out in the crowd. We process thousands of pieces of information each day, but what we remember is what stands out. That is why it is important that: 1) you know what your customers really care about; and 2) you stand out from your competitors. Since we already took some time to examine our customers, let's shift our focus to your Native agribusiness.

The questions below will help you identify differentiators, your brand's distinct and unique value that sets you apart from your market competitors.

List your top three competitors.	What are they like?
<i>John's Jerky Shop</i>	<i>They are friendly and have the lowest prices.</i>
1.	1.
2.	2.
3.	3.

List three things that make your Native agribusiness unique in comparison to the competitors listed above.	What do these things say about your company?
<p><i>All of the ingredients in our salsas are grown in our own garden without sprays.</i></p> <p>1.</p> <p>2.</p> <p>3.</p>	<p><i>We believe the health of our customers is very important.</i></p> <p>1.</p> <p>2.</p> <p>3.</p>

Another way to help your Native agribusiness stand out is to think about the ‘why’ behind what you do – the purpose of your business. Everyone, especially entrepreneurs, has a one-of-a-kind reason for doing what they do. For some, it could be that they had a strong desire to fulfill a community need that was not being met. Others may have started their business because they learned a special skill from an elder and wanted to teach it to others.

What is your ‘why’? List three reasons why you do what you do.

<p>1. _____</p> <p>2. _____</p> <p>3. _____</p>

Your ‘why’ and your differentiators will become important components in crafting your message and telling your story.

TELLING YOUR STORY

A core part of telling your story will be your marketing message. A marketing message is the words you use – and the feelings and emotions associated with what you say – to explain why people should purchase your products or services. A successful marketing message follows these three guidelines:

1. It speaks to the self-interest/motivation of the customer.
2. It's relatively brief (under 30 words).
3. It's repeated over and over and over and over...

A slogan, a short and memorable phrase used in advertising, is an example of a marketing message. To demonstrate how marketing messages can impact your business – for good or bad – let's examine some examples of slogans. Of course, we all know Nike's, "Just do it!" This bold and encouraging phrase has been embraced by millions of people across the globe. Bounty's well-known slogan, "The Quicker Picker Upper," does a good job at directly connecting something unique about their product (thicker and more absorbent) to a customer's problem (using too many paper towels to clean up a mess).

Just as these successful slogans stick in customers' minds and create positive connections with the brand, a message can also leave a negative impression. For example, Sunglass Shack's, "Sitting on Faces Since 2001," utilized a quirky sense of humor and evoked strange images in the audience's mind. It was only liked by a small number of people, and the company eventually stopped using it. Then there is Reebok's famous failure, "Cheat on your girlfriend, not on your workout." For obvious reasons, this slogan was offensive to many as it attempted to glorify dishonesty and disrespect towards women. As you can see from these examples, it's important to carefully craft marketing messages that will have a positive impact on your Native agribusiness.

Revisit the information you have assembled (in this module and others) about your Native agribusiness and about your customers. Focus especially on your customer psychographic data points and your company's differentiators, then see if you can identify any shared beliefs, interests, or desires. These similarities are areas of opportunity that you can leverage as you craft a marketing message.



What inspiring core belief(s) do you share with your customers?

How do your products and services connect with your customers' desires?

Now, brainstorm some ideas for your core marketing message. It might be a catchy phrase, but it can also be a short sentence or two. As long as your core marketing message is memorable, demonstrates your agribusiness's unique value, and connects with what your customers really care about, it will be effective.

In addition to the marketing messages you create, your customers will also help tell your story. Word of mouth is one of the most influential marketing strategies because most people trust recommendations from friends and family over any other form of advertising. One study found that word of mouth resulted in five times more sales than paid advertising. The downside is that you don't have direct control over word of mouth. Customers will share good experiences, but they are more likely to share bad experiences. Even so, there are some things you can do to influence word of mouth, such as creating a referral program. A referral program provides discounts, free products, or other incentives to customers that bring in new customers.

Another way customers will help tell your story is through reviews. In today's digital age, there are many ways customers can share their experiences with the world. Google, Yelp, and Facebook are just a few. People commonly look at online reviews before they shop, so it is important that you do your best to positively influence what customers say about your business, products, and services. You can also ask customers to provide a written review directly to you. With their permission, you can use these testimonies on all sorts of marketing materials.

CREATING MARKETING TOOLS

So far in this module, you have carefully identified:

- Who your customers are and what they care about
- Where your agribusiness is positioned in the market
- How your products and services uniquely meet your customers' needs and desires

Now, it's time to get to the fun part! Building a marketing toolbox is a foundational step in your overall marketing strategy. Your marketing toolbox is a collection of tangible items (in hard copy or digital format) that you can use to help promote your products and services. If you are just starting your Native agribusiness, your marketing toolbox may consist of a couple of essential items, such as your logo, business cards, and a brochure. As time goes on, you will keep building your toolbox and adding to it.

The more tools you have in your toolbox, the more ways you have of reaching your customers and potential customers. Other marketing tools may include a website, social media graphics, banners, videos, advertisements, product packaging, or email campaigns. Your marketing tools will continue working for you outside of regular business hours, so it is important that you invest wisely in them.

If you have an art, marketing, or design background, it may be possible to create some of your own marketing tools. If your expertise lies in other areas, this might be one of those times to enlist the help of a professional. If you decide to go that route, take some time to evaluate some design firms. Ideally, the firm you choose should possess an understanding of your business and get to know your target audience (your customers) as a first step. They should be able to provide some samples of their work and clearly define the process you will go through for your specific project. In addition, they should present you with a cost estimate. Since the creative process varies greatly, many firms provide a cost range for projects. That is acceptable, but you might also want to establish a "not to exceed" amount so that you don't have any surprises in your marketing budget.

Whether you decide to create your own marketing tools or hire a professional to do it for you, you'll want to make sure the end result is top quality. How do you know what "good" design is? When evaluating graphic design, the main factor is not how good it looks. The most important question to ask is, "Will this be effective in helping me reach my marketing goals?"

Let's say you designed the logo on the left below. You decide you want to have t-shirts made as holiday gifts for your best customers. When you look into pricing, you find out you can only afford to print one color on the shirts. In order to do that, you have to modify your logo so that it looks like the one on the right below. Now you are in a situation where your logo doesn't look that great because it has lost the depth that the various shades of green provided, and the feeling of the sun has disappeared.



How would you resolve a situation like this? The best thing to do would be to take a proactive approach. Thoroughly evaluate every marketing piece that is created for your Native agribusiness. Think about every environment the marketing tool could be used in – printed on a piece of paper, large, small, in color, on a screen, embroidered on a hat, in solid black, in white on a dark background, on a billboard, and the list can go on... Think about if the marketing tool will function how it is supposed to. The best time to make changes is before you start using the marketing tool.

Here is another logo example. With the sun and rolling hills in a circular shape, this logo is similar to the one above. However, this logo would not have to be modified for your t-shirt project. Nothing needs to be changed other than the color. When you change it to one solid color, the integrity of the logo is maintained. The logo below can be used easily on promotional products like pens, hats, and brochures, or a website.



Another critical question to ask when evaluating the design of a marketing piece is, "Does this portray the kind of image I want for my Native agribusiness?" Take a look at the two fliers below. They both are promoting a farmers' market and include similar information, but they are completely different styles.



What kind of image does the flier on the left portray? How about the one on the right? Based on these fliers, which market would you be more likely to participate in?

ASSEMBLING YOUR MARKETING TOOLBOX

With so many options, how do you decide which marketing tools you should focus on? Which ones are the most important? How do you know what kind of marketing tool is best for reaching your customers? These are all important questions to consider when deciding how to invest in the task of building your marketing toolbox. The chart below examines some common marketing tools in relation to the Native agribusiness industry along with practical application tips.

TOOL	OVERVIEW	RESOURCES & PRO TIPS
Logo	Your logo is the cornerstone of your brand. It will be placed on everything, so this is an absolute must in your marketing toolbox. Your logo should be simple, yet memorable, and have a style that resonates with your customers. It should also be created in a way so that it can easily be reproduced in any environment – from a pen to a billboard and everything in between.	Steer clear of overly detailed or photographic logos as they are hard to reproduce. If your logo looks good in black and white, then you know it will work in any situation. This is one area where simpler is better.
Colors	Color is important because, over all other design elements, it has the greatest potential to emotionally influence your customers. During the logo design process, you will begin to establish a color palette. Your colors should be reflective of your products and services and say something about your brand personality.	To learn more about how color can influence emotions, search “color psychology” or “color theory” on the internet. You’ll find some good guidelines, but remember to also take cultural influences into account when choosing a color palette.
Typography	Your personality will also be reflected in the kind of fonts you use. Your logo will likely feature one or more fonts, and your marketing tools should use fonts that compliment your logo. You may use a script font to give a more personal feeling, or you may use a modern font to portray a more progressive attitude. No matter what you choose, the most important rule about typography is that it must be readable.	If you have a limited set of fonts on your computer, don’t worry! There are lots of free font resources out there. Font Squirrel is a great one with thousands of choices. Just go to www.fontsquirrel.com to try out and download free versions of your favorite fonts.
Business Cards	Business cards are a small but mighty marketing tool! They are inexpensive to produce and serve an essential marketing function by providing customers with multiple ways to connect with you – physical location, phone, email, or social media. Your business card might also include your marketing message. This is one item well worth the investment.	Because they are a multi-purpose tool, business cards should be one of the first marketing pieces you create. They can be used in place of flyers or brochures. Magnetic business cards have an even bigger impact! There are also digital business cards and apps for business cards, like Dot Cards (https://dotcards.net/) and Blinq (https://blinq.me/).

TOOL	OVERVIEW	RESOURCES & PRO TIPS
Letterhead	Depending on your Native agribusiness, you may or may not need letterhead right away. However, letterhead becomes more important if you'll be generating invoices.	Depending on your business model, you may want to consider electronic letterhead, which is basically a Word template.
Brochure	A general brochure is a great tool to introduce people to your Native agribusiness, especially for in-person settings like farmers' markets. Your typical tri-fold brochure is relatively inexpensive to produce and can provide a well-rounded overview of your product and service offering.	Adobe Express has a plethora of free, pre-designed, and editable brochure templates. Their online editor is fairly simple to use so you can customize a template to fit your brand.
Fliers	Fliers can be used for the same purpose as brochures, but they have a single sheet layout rather than a folded or pamphlet layout. Since they are easy to read on a screen, they work both in digital and printed formats. Fliers can be used in combination with your brochures for intensified impact. While your brochure provides general information about your Native agribusiness, fliers can provide more detail about a specific product or service. For example, fliers can be used to promote a new line of jams or a holiday sale.	Need some photos for your fliers? Try Freepik or Canva. They offer free and paid accounts for various design assets, including photos, icons, illustrations, and even templates.
Website	Depending on your business model, a website may or may not be an essential item to include in your marketing toolbox right away. If you rely more on word of mouth and in-person sales, a Facebook or Instagram page can probably serve as an ample substitute for a while. A website can be a fairly substantial investment, coming with a larger price tag than most marketing tools, and will require maintenance and regular updates. Even if your website is just an online brochure, having one will portray a certain level of professionalism and legitimacy for your Native agribusiness. If you will be integrating online sales into your business model, a website with a solid e-commerce platform will be essential.	For basic do-it-yourself websites, Wix is a good option. They offer a one-stop-shop for most everything you will need to get started on your website build. If you are looking to sell meat or produce online, check out Barn2Door, FarmRaise, or LocalLine. These platforms help farmers and ranchers manage and grow their direct sales. They can be integrated into your website and some even include digital marketing tools.

TOOL	OVERVIEW	RESOURCES & PRO TIPS
Social Media Content	<p>In today's world, social media is more important than ever as it is used to create connections with existing and potential clients. People rely on social media for much of the information they consume, making it a great tool to provide followers with up-to-the-minute glimpses into your Native agribusiness. You can create content about your business's work, like videos or images of drying a new batch of jerky or harvesting crops in the field.</p>	<p>In today's local foods and farm-to-consumer movement, Facebook and Instagram are top choices for social media outlets. In addition, Facebook groups can be used to more directly engage with your customers. Canva is a free online design tool that is a great option for quickly creating social media graphics.</p>
Newsletter	<p>If you are looking to deepen your interactions with your customers, a newsletter might be a good option for you. Whether you go with a digital or print version, your message will be delivered directly to your customer's inbox or mailbox. However, not everyone will read your newsletter; expect that about 25% will open and read your newsletter. But with a longer format, you'll be able to have more opportunities to tell your story, highlight unique aspects of your business, or showcase seasonal products. Because a newsletter does take quite a bit of time (and money if you are doing a print version) to produce, think about other ways you can reuse and recycle that content to make your effort worthwhile. Can you post one of your newsletter stories on your blog? Can you use some of the pictures from your newsletter in your social media posts?</p>	<p>If you choose to go with a digital format for your newsletter, there are several free options for email marketing platforms. MailChimp and Constant Contact have been around for a long time, are pretty well-known, and are easy to use. Although you may have lots to say, a digital newsletter should be brief, containing only a few key stories or messages.</p>
Radio Ads	<p>If you live in a rural area with a local radio station, radio ads could be an effective marketing strategy for you. In rural areas, people drive long distances and listen to the radio. Radio advertising is typically less expensive than other forms of traditional advertising, which makes it more appealing for small businesses. If you live in a small town, the staff at the local radio station will probably help you write and record your ad, too.</p>	<p>The key to radio advertising is repetition. Even if you run five radio ads (called "spots") per day, a listener might only hear your ad once. Be sure to create a campaign with at least three spots per day for a couple weeks so that people in your community will hear your ad several times.</p>

<p>Promotional Items</p>	<p>While promotional items, sometimes called “swag,” are not absolutely essential for your marketing toolbox, they can be very effective. The options are endless, and vendors can pretty much put your logo on any kind of item. The price for promotional items can vary greatly, so you’ll want to weigh out your options. A good rule of thumb is to lean more towards quality over quantity when it comes to swag. For example, a foam cow may be pretty cheap and cute, but this could be an item that your customers bring home and toss in a drawer. Baseball caps are a more expensive option, but if your customers wear them around your community, they are also promoting your Native agribusiness. One option is essentially a waste of money, while the other is free advertising. Before searching online, try to find local artisans or other vendors for unique promotional item options that will make your Native agribusiness stand out.</p>	<p>So that you don’t break the bank when it comes to swag, think of key interactions that would be ideal for distribution. Provide a free gift with every customer’s first order to show your appreciation for their business. Consider using a magnet or customized shopping list pad to keep the attention of your customers, especially when it is time to re-order your product. Use social media to facilitate a drawing for a high-value item, such as an engraved charcuterie board.</p>
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What marketing tools do you already have in your toolbox? How are they working for you?

What marketing tools would you like to add to your toolbox? Will you need to hire a professional to create them?

GETTING YOUR MESSAGE OUT THERE

Creating your marketing tools is one thing, but putting them to use is another. It is the act of utilizing your marketing tools that makes a difference. Imagine that the screw holding the leg of your favorite chair came loose and you needed to fix it. You have a toolbox with some basic tools in it, but just having the tools doesn't fix the chair. The screwdriver in your toolbox doesn't actually make a change until you pick it up and start using it. Similarly, a stack of brochures sitting on your desk doesn't promote your business. As you build your marketing toolbox, you'll want to think about how you'll put your tools to use, and whether or not each tool is the right one for the job.

What would happen if you tried using a hammer to tighten the screw? You can't tighten a screw with a hammer, so that wouldn't be an effective way to fix your chair. Just as you have to choose the right tool for a repair job, you'll need to choose the right tool for delivering your marketing message to your customers and potential customers.

Review the demographic and psychographic information about your customers. Standing in their shoes, think about the ways they consume information. Are they younger and always connected to social media? Are they more traditional, listening to the local radio station? Do they frequent the same events or farmers' markets you do? These intersections where your messages connect with your customers and potential customers are called "touch points." Touch points can be digital, such as a website or a social media post, or they can be more physical, such as a newspaper ad or even your storefront.

Identify five likely touch points for your Native agribusiness.

1. _____
2. _____
3. _____
4. _____
5. _____

Now take a look at your list of marketing tools you have or want to create. Compare your toolbox with the touch points listed above. Are there any marketing tools you need to remove or add to your list to reach customers through your touch points?

As you put your marketing tools to use, remember that consistency and repetition are key strategies. Being consistent with the way you present your Native agribusiness means that you use the same colors, fonts, and design styles across all of your marketing tools. Think of this as building a family of tools: they all want to look related. Being consistent also means using the same slogans, language, and tone in your messaging so that your brand has a consistent personality.

In addition to consistency, build plenty of repetition into your marketing strategy. On average, people won't react to a marketing message until they've seen it at least seven to nine times. . Although you may get tired of seeing the same flier or social media graphics, this is another time you'll need to put yourself in your customer's shoes. Of course, you are much more familiar with your products and services and are immersed in your marketing messages all the time. However, your customers and potential customers only experience a tiny slice of all of your marketing activities. If you run a radio ad campaign with 150 spots over one week, there is a good chance your customers and potential customers will only hear the ad once. If you post something on social media, they may not see it at all. That's why it's important to keep saying the same thing again and again.

With consistency and repetition, you are embedding your marketing messages into your audience's minds and gaining what's called mind share. Mind share is the level of awareness or popularity surrounding your Native agribusiness. When people think of a certain category of services or products, they can usually draw to mind a limited list of businesses. For example, if you specialize in chokecherry jelly, you want the people in your community to automatically think of your Native agribusiness whenever they want to buy chokecherry jelly. If this is the case, then you are gaining mind share, and you know your marketing efforts are paying off.

IN THE WORDS OF BUSINESS OWNERS

You really have to promote yourself and your brand. You have to be willing to put your face out there, be willing to put your products out there, be willing to put your family out there and showcase your operation.

- Justine Kougl, Co-Owner, JWK Enterprise

Most of my marketing happens on social media, happens on Facebook. I am of the FB generation and that's what I know. I could probably expand our business if I would dive into doing funny TikTok videos and doing more on Instagram and stuff like that, to showcase our business, but that's not in my specialty wheelhouse.

- Justine Kougl, Co-Owner, JWK Enterprise

We do a lot of cross promoting... We're making sure that we're keeping in regular contact and promoting each other.

- Melinda Williamson, Morning Light Kombucha

I'm a website designer as well, so I created our website, BNT-Farm.com. And we put our general story up there, pictures, our product gets updated, and people can order online there, which is another popular thing to have.

- Daisy Perez-Defoe, Co-Owner, Little Birds and Things

Facebook was the first one I set up. I was debating on whether to set us up on Facebook or not. When we got here, we got a significant amount of hate. I debated whether I wanted to expose us to that side of the Internet. I made the choice with my husband that if this was going to help our business, then we should at least try it. If it gets too bad, we would shut it down. We've had it for two years now. It comes with the high points of being about to directly target your customer base and share your story... It also allows grant people to look at your story and how you interact with your audience. So Facebook was a big one.

- Daisy Perez-Defoe, Co-Owner, Little Birds and Things

When we really started to put Mr. Beef together as its own company... I hired a gal who did all of my website build, I hired out to get a professional logo done, which was awesome, because I was able to use one of our artists on the Cheyenne River... Marketing is a big deal when you're talking about value-added ag and that end product.

- Justine Kougl, Co-Owner, JWK Enterprise

Then Instagram, where we take pictures of the farm, of us doing tasks around the farm, of our animals, of any random thing. Because pictures tell a story, so that helped us out significantly, too

-- Daisy Perez-Defoe, Co-Owner, Little Birds and Things

What are the key messages that you're getting from these business owners? How will you implement their advice into your own marketing strategy?

REFLECTIONS ON MARKETING

Your marketing efforts will become the face of your business. Just as each dancer at a pow wow has their individual style, you will also develop a unique brand for your Native agribusiness. With time, the messaging you put out and the visual imagery you create will become embedded in the minds of your customers, community members, and website visitors. Your marketing strategies will keep "dancing" long after you go to bed each night and before you wake up in the morning.

You may be coming to the end of this module feeling overwhelmed. Marketing is a big topic, so that is understandable. Although you may feel pressure to get everything done all at once, approach the marketing aspect of your Native agribusiness with a centered heart and mind. Be deliberate about what you do and make sure every step you take is moving you in the right direction. Choose a couple things to start off with and then continue building and improving from there.

Describe your top marketing priority.

MARKETING RESOURCES TABLE

Marketing Approach	Resource	Resource Description
Logo Design	Color Psychology	The study of how colors relate to human behavior.
	Color Theory	The science and art of using color.
	Font Squirrel	Test out and download free fonts.
Business Cards	Dot Cards	Metal and digital business cards.
	Bling	Digital business cards.
Print and Digital Marketing Materials	Adobe Express	Graphic design tool for flyers, social posts, TikTok Reels, brochures, etc. \$9.99/month.
	Canva	Free graphic design tool (social media posts, presentations, videos, logos, etc.).
	Freepik	Free graphic design tool (high-quality photos, videos, vectors, PSD, AI images, icons, etc.).
Website Building and Design	Wix	Basic, do-it-yourself website building and design.
	Barn2Door	All-in-one business solution for farmers to sell meat or produce online.
	FarmRaise	Track farm cashflow and manage farm business.
	Local Line	All-in-one sales platform for farms.
Social Media Platformst	Facebook	Facebook groups can be used to more directly engage with your customers.
	Instagram	Instagram can be a tool for audience connection, engagement, and sales.
Digital Newsletters and Email Marketing Platforms	Mailchimp	Free email marketing and automation platform.
	Constant Contact	Free email marketing and automation platform.



MODULE 6

BUSINESS PLANNING

I personally don't go back and look at it a whole lot, but I found that when I do go back and look at my business plan, and I work on some of the financial parts of it, I feel that it's really helpful to me, like to reset my goals. There's information that I put in there that I can pull from for interviews or websites. It's kind of nice to have. It's kind of a pain when you're creating it, but it's also helpful to create goals and vision for yourself.

- Melinda Williamson, Owner, Morning Light Kombucha



Many business owners see a business plan as a requirement for lenders or grant programs, a “necessary evil.” But as business owner Melinda Williamson points out, it can be an extremely valuable tool in helping business owners think through the viability of your concept and serve as a roadmap moving forward. Beyond being a requirement for lenders, a business plan can help clarify ideas, scope, and what resources you’ll need.

In focusing on the business plan, we’ll start with three foundational statements that will help you get clarity on your business idea: **vision**, **mission**, and **values statements**.



The purpose of a **vision statement** is to share the **impact you want to make, how you want to see your world, and where you hope to go in the future**. Typically, a vision statement is so big that it will take years to accomplish. Here are some examples:

- ❖ *Envisioning a sustainable community with healthy choices.* (Tashina’s Trading Post)
- ❖ *Providing fresh, locally grown meat products to communities.* (Pete’s Processing)
- ❖ *Using local products expansively to create value added products.* (Don’s Delights)

As you can see in these examples, a vision statement is short and tells your intended outcomes in a simple and straightforward way.

Now try your hand at drafting your vision statement:

(1) First, note your business idea here in about 3 words:

(2) Next, identify a few verbs to that will make your business idea a reality:

(3) Now, jot down a few adjectives that describe what you’ll be doing:

(4) Now that you have all of the words, you can put them together to draft your vision statement:

DEVELOPING YOUR BUSINESS PLAN

Now that you’ve started brainstorming your vision statement, we can build on your vision to create a **mission statement**. Keep in mind that your vision is big and tells what you want to see in the future. A mission statement tells people who you are, what you do, and how you will make your vision become a reality. You want to keep your mission statement broad enough for potential growth and narrow enough to keep you focused.

In the box below, you’ll find examples of mission statements that build on the sample vision statements shared above, demonstrating the difference between vision and mission statements:

BUSINESS	VISION STATEMENT	MISSION STATEMENT
Tashina’s Trading Post	Envisioning a sustainable community with healthy choices.	Growing the local economy by partnering with Native and surrounding producers to provide healthy options for community members.
Pete’s Processing	Providing fresh, locally grown meat products to communities.	Providing needed butchering services for ranchers to increase supply of healthy food and support the local economy.
Don’s Delight	Using local products expansively to create value added products	Maximizing usage of produce to create additional food options for consumers.



Here are some key questions to help you think through your mission statement:

Who do you serve?

What do you do?

How do you do it?

Why do you do it?

With these questions in mind, you can draft your mission statement

MISSION STATEMENT

Building on your vision and mission statements, creating your **values statement** can help you stay grounded in how you want to represent your culture. Identifying core values also shows others what's important to you.

Here are some examples of values statements:

- > **Responsibility:** *To honor and care for our lands, foods and community as Indigenous relatives.*
- > **Generosity:** *To share our experiences, resources, and knowledge.*
- > **Relationships:** *Honor and respect relationships among the land, foods and our community members.*

Values: what's important to you?

Look at the list of values below and circle five values that are important to you. Feel free to add values as well!

- | | | | |
|-----------------|------------------------|------------------|-------------------|
| • Authenticity | • Humor | • Openness | • Spirituality |
| • Achievement | • Indigenous practices | • Optimism | • Stability |
| • Balance | • Justice | • Peace | • Trustworthiness |
| • Boldness | • Knowledge | • Pleasure | • Wisdom |
| • Compassion | • Leadership | • Recognition | • Other: _____ |
| • Community | • Learning | • Respect | • Other: _____ |
| • Creativity | • Love | • Responsibility | • Other: _____ |
| • Determination | • Loyalty | • Security | • Other: _____ |
| • Fairness | • Meaningful work | • Self-respect | • Other: _____ |
| • Honesty | | • Service | • Other: _____ |

BUILDING ON YOUR VISION: DEVELOPING YOUR BUSINESS PLAN

Building on your foundational statements, we'll now focus on developing your business plan. Your business plan will describe your business or project idea, and include your financial projections, how you plan to do the work (operations), and how you plan to tell your story (marketing).

Much of developing a successful project or business means planning. How much will supplies cost? How much can you sell your products for? Who will buy what you're producing? Who is your competition?

The business plan can help answer these questions. A business plan doesn't need to be complicated. Instead, it should help you think through all of the aspects of your project or business. Your plan will be a helpful tool at the outset of your business, and it will also be helpful in sharing your ideas with others.

Here are the components of a business plan:

- (1) Executive summary
- (2) Description of business
- (3) Industry and market analysis
- (4) Organization and management
- (5) Operations
- (6) Financial plan
- (7) Supporting documents (tribal licenses, state licenses, succession plans, certificates etc.)

These components are discussed in more detail below:

(1) Executive summary

This is a brief summary of the key elements of your plan.

(2) Description of business

This part tells your story, what you'll do, who you will serve and what makes your product different and unique.

- What service or product are you offering?
- Where are you located?
- When did you implement this business idea? Or do you plan to implement it?
- Why did you decide to do this business?
- What's your business concept – the main idea behind your business?

(3) Industry and market analysis

This part looks at your market – who else is doing what you plan to do? You'll also identify who your target market is and come up with a roadmap for your marketing efforts. Some key questions are:

- Who are the competitors? And how will they affect you?
- Who will buy your product (who is your market)?
- What's the cost of your product?
- How will you market or advertise your product?

(5) Operations

In this part, you will describe your business operation. You'll share your business goals, objectives, procedures and activities. This part includes a **SWOT** analysis of your project or business. SWOT stands for Strengths, Weaknesses, Opportunities, and Threats:

- ✓ **Strengths:** things your project or business will do well, qualities that make you different from competitors
- ✓ **Weaknesses:** things your project or business lacks, or limitations
- ✓ **Opportunities:** how there's room in the market for your product, market needs
- ✓ **Threats:** anything threatening your product or business, like a lack of resources, or strong competition

As part of describing your business, you'll also share important documents and information. This can include an organizational chart (who does what), position descriptions with roles and responsibilities, leadership information, consultants and contractors, legal structure of the organization, etc. – basically, any information that will help someone understand the way your operation will run.

(6) Financial plan

This part focuses on the financial aspects of your business. You will share your projections of sales, profits, and cash flow; and also give lenders a sense of how much capital you need to start your business. The financial plan typically includes:

- ✓ Three year cash flow projections (with explanations)
- ✓ Balance sheet (with explanations)
- ✓ Tax returns (if established)
- ✓ Quotes, receipts, and records that explain expenses
- ✓ Loan(s)

We recognize that many new entrepreneurs may not have all – or any – of these documents at the outset of their business venture. You will start creating these pieces as you develop your business or project.

(7) Supporting documents

This part will include any supporting documents that you may need to apply for tribal, state, or federal programs, such as contracts for who you are selling your product to, licenses, certifications, and insurances.

SAMPLE BUSINESS PLAN

Now that we've looked at the different pieces of a business plan let's take a look at a sample plan:



54329 Green Lane
Chandler, KS 740058
www.donsdelights.com

09/29/23

Index

- **Business Plan Executive Summary**
- **Company Description**
- **Organization and Management**
- **Operational Documents**
- **Financial Plan**
- **SWOT Analysis**
- **Supporting Documents**

Summary

Don's Delights provides fresh and local produce, fruits and value added products to the local community and surrounding communities at a fair price. Our target market is the community of Chandler, KS which had a population of 8,000 people. Our marketing plan is supported through our sales income and includes local word of mouth, newspapers advertising once a quarter, social media channels, and printed marketing. We also market online on our website. Current competitors are two local grocery stores that don't sell fresh produce. All income is received through sales. We currently have two full time employees and seasonal help for harvesting. Key Performance Indicators are product amount, sales amounts and climate change.

Company Description

Don's Delights is a for profit corporation. Don's Delights is a Native owned tribal farm that supplies fresh produce and value added products to the local community. The farm operates under an indigenous lens and adopts native practices to grow their foods.

We strive to carry the teachings of offering small scale produce and value added products to the community and having the company continue to grow through strategic succession planning. Our products include fresh vegetables and fruits, along with jams, jellies, dried fruits and herbs. We sell our products locally on site, at our local farmers market and to local restaurants.

Organization and Management

1. Internal staff structure
 - a. Manager - Don Delano
 - b. Assistant - Tina Chuleta
 - c. Farm Hand
 - d. Farm Hand (part time/seasonal)
2. Marketing process
 - a. Marketing is completed at the local farmers market at 54329 Green Lane once a week on Wednesdays, and our online sales are filled daily. Social media content is shared daily on twitter, once or twice a week on facebook, and daily on instagram. Price lists are updated monthly or quarterly based on local markets and price comparisons. The assistant manager and manager work closely together to update and manage the social media channels and price lists. Our Quality control sheet, inventory sheet and vendor/supplier sheets are attached.

Operational Documents

1. Permits and Licenses
 - a. State Sales Tax License attached
 - b. Tribal Business License attached
 - c. Food Safety License attached
2. Articles of Incorporation
3. By-Laws
4. State, tribal or city permits
5. EIN #956456789
6. Leases - land, building or other leases
 - a. 10 acre land lease with local tribal attached
7. List of assets
 - a. Small kitchen building - \$40,000.00
 - b. 2020 John Deer Utility Tractor \$50,000.00
 - c. Two garden hoop houses $13,000.0 \times 2 = \$26,000.00$
 - d. Personal pick up \$45,000.00
8. Contracts - vendors
 - a. Johnny seed supplier - seed
 - b. John Deer tractor - maintenance
 - c. Tulsa Vehicles - truck maintenance
9. Property documents (blue prints)
 - a. Small kitchen building blueprints
 - b. Hoop house blueprints
 - c. Land lease lay out
10. Labor trade agreement - none
11. Proof of Insurances (crop insurance, building and vehicle insurance attached)
 - a. USDA Crop Insurance documents
 - b. Tribal First insurance on all assets (tractor, small kitchen, pick up, hoop houses)
12. Tribal Citizenship documents)
 - a. CIB attached

Financial Plan

- A. 3 year Cash flow Projections
- B. Balance Sheet
- C. Profit and Loss projections
- D. Tax Returns
- E. Quotes, receipts, and records
- F. Loan (s)

A. 3 year Cash flow Projections

Income	Year _____	Year _____	Year _____
Agribusiness income	\$48,000.00	\$58,500.00	\$64,000.00
Non-agribusiness income	\$25,000.00	\$20,500.00	\$15,000.00
Total Income	\$73,000.00	\$78,500.00	\$79,000.00
Operating Expense			
Advertising/Marketing	\$23,500.00	\$24,500.00	\$25,500.00
Bookkeeping/Accounting	\$0.00	\$0.00	\$0.00
Conservation Expenses	\$0.00	\$0.00	\$0.00
Contract/Custom Hire	\$0.00	\$0.00	\$0.00
Equipment Rent	\$3,000.00	\$3,000.00	\$3,000.00
Staff/Labor	\$300.00	\$300.00	\$300.00
Raw Materials	\$150.00	\$150.00	\$150.00
Freight, Trucking & Shipping	\$0.00	\$0.00	\$0.00
Gas/Fuel	\$0.00	\$0.00	\$0.00
Infrastructure/Land Rent	\$0.00	\$0.00	\$0.00
Legal Fees	\$0.00	\$0.00	\$0.00
Licenses and Insurances	\$0.00	\$0.00	\$0.00
Office Supplies/Expenses	\$0.00	\$0.00	\$0.00
Repairs and Maintenance	\$0.00	\$0.00	\$0.00
Seeds and Planting	\$0.00	\$0.00	\$0.00
Supplies	\$0.00	\$0.00	\$0.00
Taxes	\$0.00	\$0.00	\$0.00
Utilities	\$0.00	\$0.00	\$0.00
Packing	\$0.00	\$0.00	\$0.00
Other	\$0.00	\$0.00	\$0.00
Loan Payment #1	\$0.00	\$0.00	\$0.00
Loan Payment #2	\$0.00	\$0.00	\$0.00
Loan Payment #3	\$0.00	\$0.00	\$0.00
Operating Interest	\$0.00	\$0.00	\$0.00
Total Loan Payments	\$3,000.00	\$6,465.10	\$6,465.10
Total Expenses	\$26,500.00	\$30,965.10	\$31,965.10
Cash on hand after production (subtract expenses from income)	\$46,500.00	\$47,534.90	\$47,034.90
Non-agribusiness related expenses (living expenses)	\$40,000.00	\$40,000.00	\$40,000.00
Ending cash on hand (subtract cash on hand from non-agribusiness expenses)	\$65,000.00	\$7,534.90	\$7,034.90

B. Balance Sheet

Ranch/Farm Business			
Current Assets		Current Liabilities	
Inventory	\$1,250.00	Bank LOC	\$0.00
Cash and Equivalents	\$10,350.00	Accounts Payable	\$8,000.00
Supplies	\$2,100.00		\$0.00
Total	\$4,550.00	Total	\$8,000.00
Intermediate Assets		Intermediate Liabilities	
Work truck	\$3,925.00	Business loan	\$0.00
Misc equipment	\$25,500.00		\$5,750.00
Total	\$29,425.0	Total	\$5,750.00
Long Term Assets		Long Term Liabilities	
Real Estate	\$10,000.00	Real Estate	\$0.00
Buildings/Infrastructure	\$45,000.00		
Other	\$0.00		
Total	\$55,000.00	Total	\$0.00
Total Farm Assets	\$88,975.00	Total Farm Liabilities	\$13,750.00
Personal			
Current Assets		Current Liabilities	
Cash & Equivalents	\$3,000.00	Personal Current Liabilities	\$4,500.00
Total	\$3,000.00	Total	\$4,500.00
Intermediate Assets		Intermediate Liabilities	
Car, Recreational Vehicles	\$23,000.00	Intermediate Personal Liabilities	\$14,750.00
Other	\$25,000.00	Long Term Personal Liabilities	\$0.00
Total	\$48,000.00	Total	\$14,750.00
Long Term Assets		Long Term Liabilities	
Nonfarm Real Estate	\$92,500.00		
Retirement	\$0.00		
Life Insurance	\$0.00		
Total	\$92,500.00		
Total Off Farm Assets	\$143,500.00	Total Off Farm Liabilities	\$19,250.00
Total Assets	\$232,475.00	Total Liabilities	\$33,000.00
		Total Equity	\$199,475.00

SWOT Analysis

A SWOT analysis helps a business owner to identify and analyze the company's strengths and weaknesses to help them grow.

STRENGTHS <ol style="list-style-type: none">1. Gardening best practice knowledge2. Value added knowledge3. Entrepreneurship training4. Income from business	WEAKNESSES <ol style="list-style-type: none">1. Staff2. Limited online presence3. Limited accounting knowledge4. Limited food processing space
OPPORTUNITIES <ol style="list-style-type: none">1. Underserved markets2. Few competitors3. Needs of fresh produce4. Resources at local nonprofits and Native CDFI's	THREATS <ol style="list-style-type: none">1. Big scale produce companies2. Limited capital for machinery upgrades3. Limited Staff4. Limited office space

Supporting Documents

1. Certificates
 - a. Business Class at Native CDFI
 - b. Tribal monitor training certificate
 - c. Food Safety Training
2. Mentors
 - a. Joe Lane - Gardening Mentor
 - b. Tina Renville - Indigenous practices
 - c. Lou Gronli - Legal Advisor
 - d. Dana Kross - State University Conservationist
 - e. Trina Lenn - Cultural Preservation Office

DEVELOPING YOUR BUSINESS PLAN

Begin developing your own business plan using the form below. **Remember that you can add to this and change it over time, and there are no wrong answers!**

(1) Executive Summary (brief summary of the key elements of your plan)

(2) Description of business (telling your story)

- Why did you decide to do this business?
- What's your business concept – the main idea behind your business?
- What service are you offering? Or do you want to offer?
- When did you implement this business idea? Or when do you want to start?
- Where are you located?

(3) Industry and Market Analysis

- *Who will buy your product (who is your market)?*
- *Who are your competitors?*
- *How will your competitors affect you?*
- *Are there still people who will buy your product?*
- *What's the cost of your product?*
- *How will you market or advertise your product?*

(4) Organization and Management

- *Who is the business owner?*
- *Will anyone else work for you?*
- *Is anyone helping you?*
- *Will you have a legal structure for your operation?*
- *Are there any cultural considerations? If so, what are they?*

(5) Operations

- *What do your operations look like?*
- *What are your business goals, objectives, procedures and activities?*

(6) Financial Plan

- Three year cash flow projections (with explanations)*
- Balance sheet (with explanations)*
- Tax returns (if established)*
- Quotes, receipts, and records that explain expenses*
- Loan(s)*

This is where the financial documents that you prepared will go (cash flow and balance sheet you prepared in Module 4) – are there any tweaks you'd like to make?

Please remember that if you're just starting up, you may not have some of these documents yet. For example, a start up business won't have tax returns or a balance sheet. As long as you have projections with a clear sense of the costs involved, you will be okay.

If there's anything you'd like to explain about your numbers, you can feel free to include that here.

A. 3 year Cash flow Projections

Income	Year__	Year__	Year__
Agribusiness income			
Non-agribusiness income			
Total Income			
Operating Expense			
Advertising/Marketing			
Bookkeeping/Accounting			
Conservation Expenses			
Contract/Custom Hire			
Equipment Rent			
Staff/Labor			
Raw Materials			
Freight, Trucking & Shipping			
Gas/Fuel			
Infrastructure/Land Rent			
Legal Fees			
Licenses and Insurances			
Office Supplies/Expenses			
Repairs and Maintenance			
Seeds and Planting			
Supplies			
Taxes			
Utilities			
Packing			
Other			
Loan Payment #1			
Loan Payment #2			
Loan Payment #3			
Operating Interest			
Total Loan Payments			
Total Expenses			
Cash on hand after production (subtract expenses from income)			
Non-agribusiness related expenses (living expenses)			
Ending cash on hand (subtract cash on hand from non-agribusiness expenses)			

B. Balance Sheet

Ranch/Farm Business			
Current Assets		Current Liabilities	
Total			Total
Intermediate Assets		Intermediate Liabilities	
Total			Total
Long Term Assets		Long Term Liabilities	
Total Farm Assets		Total Farm Liabilities	
Personal			
Current Assets		Current Liabilities	
Total			Total
Intermediate Assets		Intermediate Liabilities	
Total			Total
Long Term Assets		Long Term Liabilities	
Total Off Farm Assets		Total Off Farm Liabilities	
TOTAL ASSETS		TOTAL LIABILITIES	

<p>Strengths:</p> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>	<p>Weakness:</p> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
<p>Opportunities:</p> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>	<p>Threats:</p> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>

(7) Supporting Documents

What documents do you have that you should include?

This part will include any supporting documents that you may need to apply for tribal, state, or federal programs, such as contracts for who you are selling your product to, licenses, certifications, and insurances.

Additional documents:

As part of describing your business, you'll also share important documents and information. This can include an organizational chart (who does what), position descriptions with roles and responsibilities, leadership information, consultants and contractors, legal structure of the organization, etc. – basically, any information that will help someone understand the way your operation will run.

MODULE 7

ACCESSING AND MANAGING CREDIT

I knew that I had decided at that point that I wanted to expand our line to a canned kombucha line...Initially, all we offered were refillable bottles...I worked with Skya [Akiptan's Executive Director] to get a loan to launch our canned kombucha line...It was just incredible. It skyrocketed our sales. Covid hit right before I got approved, but we were able to pivot the business to start delivering and doing some other things we hadn't really had the opportunity to really dive into. We had our best year during covid that we'd ever had. We increased our sales by 25% and the next year by 25%, and then we launched the canned line which was just amazing.

- Melinda Williamson, Owner, Morning Light Kombucha



Credit is an integral part of life for many agribusiness owners and entrepreneurs. Capital may be needed for start up costs, to expand an existing business, or to develop a new line of business. As Melinda Williamson points out, capital can truly take your business to the next level. In order to access credit from a lending institution to provide the capital you need, you'll need to build your own credit – since lenders often look at your credit in making their decisions. Credit and borrowing decisions can also greatly impact the financial health of your business.

Working with a lending institution

There are different types of lending institutions that you can approach to access the capital that you need: USDA, community development financial institutions (CDFIs), and private lenders. There are benefits and challenges with each. USDA often has lower interest rates, but may require a lengthy application, paperwork and a longer timeline for approval. CDFIs are community-based lenders, which typically provide technical assistance (TA) and support for borrowers and can provide more flexibility since they are not regulated like banks. Rather than denying a loan application, many CDFIs have a “not yet” approach. Native CDFIs understand and are willing to work on trust land, and may also be able to partner with another lender. On the other hand, Native CDFIs may not have enough capital to meet the needs of larger borrowers, and may have higher interest rates to cover the cost of their funds. Private lenders tend to have more capital available but interest rates vary. These lenders often follow strict underwriting guidelines and are generally less willing to take risks.

Akiptan is a Native CDFI created to support Native ag producers. Our loan products are tailored to the needs of Native producers, and are described in further detail on the last page of this guide.

Quick Harvest:

Where have you accessed a loan in the past?

Thinking about the different lending options, would it make sense to consider another option moving forward?

What do lenders look at?

In determining whether to approve or deny a loan application, many lenders work with the “5C’s”:

- **Character**
 - ◇ What’s on your credit report?
 - ◇ Sweat equity: time in the industry (work experience)
- **Capital**
 - ◇ Savings, reserves, retirement
 - ◇ Inflow and potential to start a savings account
- **Collateral**
 - ◇ physical assets (herd, equipment)
 - ◇ Most lenders require 100% collateral match
 - ◇ Most lenders discount the value of the collateral
- **Capacity**
 - ◇ Do you have the cash flow and debt service capacity to successfully repay the loan you’re requesting?
 - ◇ Lenders will often look at the financial ratios described above to help determine
 - ◇ whether you have the capacity to repay your loan
- **Conditions** (any unforeseen possibilities, part-time, economy)
 - ◇ Weather and market prices
 - ◇ Is this a part time or full time commitment?

Beyond the numbers and 5C’s, some other red flags that may jeopardize loan approval include:

- Incomplete applications
- No tax returns (for established operations)
- No financial records (for established operations)
- Not knowing how much capital you really need (for established operations)
- Spotty repayment history on previous loans

Questions to ask lenders:

[All financial institutions are different and may respond differently to the questions below]:

- ✓ What do I need in order to take out a loan? What's required for an application?
- ✓ What types of loans do you offer?
- ✓ What debt to income ratio are you looking for?
- ✓ How much will my credit score impact your loan decision?
- ✓ What is the interest rate on the loan?
- ✓ How long will it take to get money once the loan is approved?
- ✓ How long is the loan approval process?
- ✓ Are there any fees?
- ✓ Will the loan require a co-signer?
- ✓ How does loan repayment work?
- ✓ What else do I need to know about this loan?

Be the banker: would you approve these loan requests?

Scenario #1

Gardener George is Don's son, from Don's Delights. He has assisted his father for many years in keeping the garden pesticide-free, completely organic, and full of traditional seeds. Gardener George has continued his dad's hard work and dedication to keeping the ground clean and natural for all consumers' produce. Gardener George would like to expand and add a geothermal greenhouse to support consumers who seek healthy produce year-round. He does not have any assets or managerial experience, and his cash flow looks very strained, with a 1:1 debt-to-asset ratio. The assets he has on hand are his work vehicle and a small lawn/garden tractor. He plans on utilizing his father's traditional seed stock, compost, and infrastructure.

What would you do? Would you approve this loan? Why or why not?

Looking at the facts of the scenario, this loan fits with Akiptan's mission and the cash flow is positive, so Akiptan would probably approve Gardener George's loan application. A traditional bank would most likely not approve the loan because of the tight cash flow. In order to help Gardner George, Akiptan would assist in completing a business plan and follow up with technical assistance.

Scenario #2

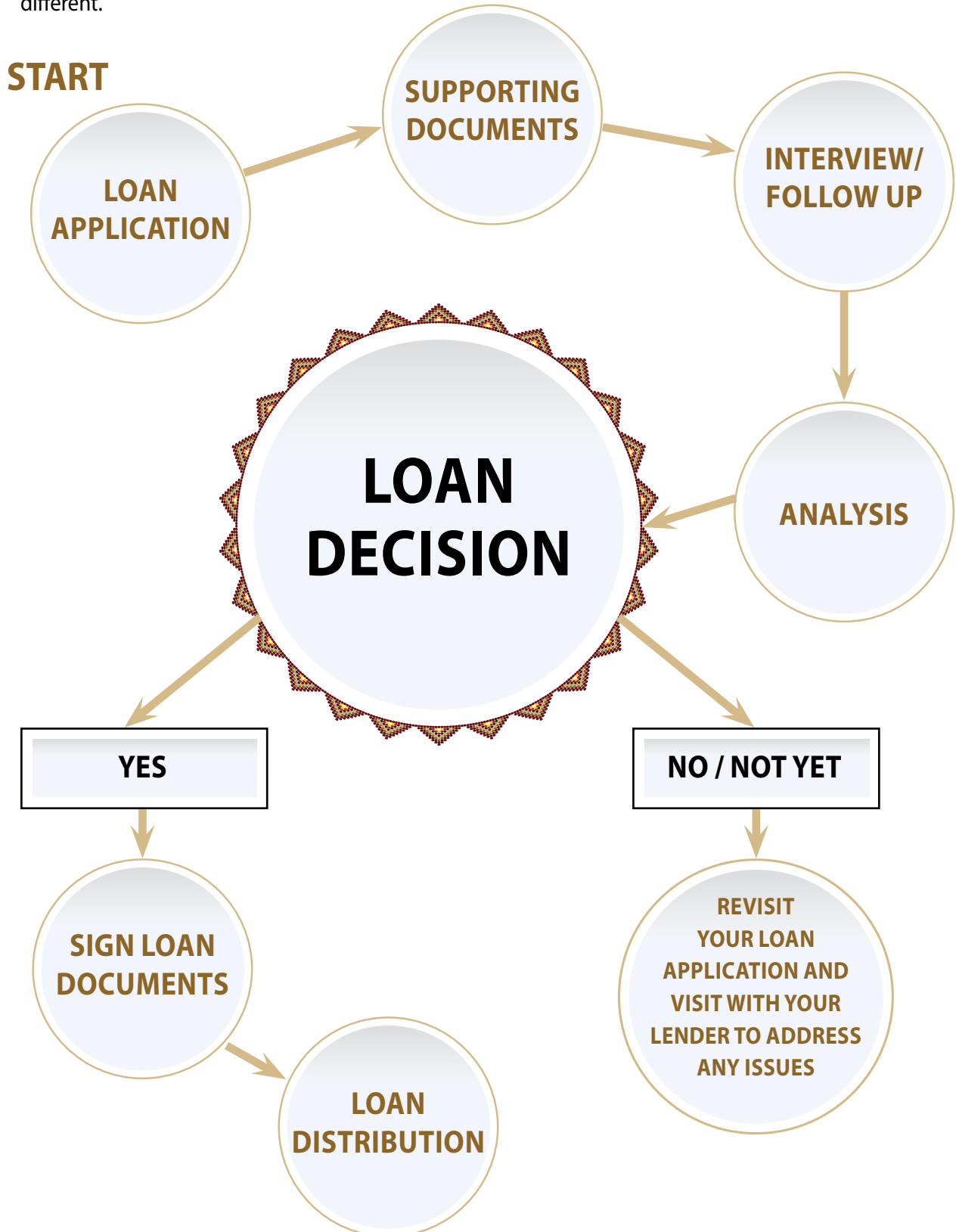
Before coming to Akiptan for an operating note, Tanisha had a loan with her local bank for start-up equipment. The local bank put a lien on all of her equipment, supplies, inventory and machinery. Tanisha needed to borrow some operating cash as she grew her operation, so she came to Akiptan. The cash flow is great, but the collateral to loan value is barely over 1:1, and Akiptan would have to be in a second lien position.

What would you do? Would you approve this loan? Why or why not?

Looking at the facts of the scenario, this loan fits with Akiptan's mission and vision and meets its minimum lending guidelines, so Akiptan would probably approve Tanisha's loan request. More traditional lenders would likely deny the request because they don't like being in the second or third lien position.

Flow chart of the loan approval process

[The diagram below illustrates Akiptan's loan approval process. Other lenders' processes may look different.]



Once your loan has been approved...

Once your loan has been approved, it's important to have a solid understanding of the language in your loan and security agreements, as well as the codes impacting your loan.

- **Key parts of your loan agreements**

It's very important to have a clear understanding of the loan terms that are reflected in your loan documents, and that you make sure that the terms are what you think they are, especially regarding the:

- length of the loan,
- when payments need to be made,
- payment amounts, and
- the interest rate

Using this QR code, you'll find an explanation of loan agreements:



SCAN ME

- **Security agreements and blanket liens**

Security agreements secure your loan for the lender and detail what you're signing over as collateral for your loan. It's critical that you pay attention to what you're signing over – just because you're purchasing cows doesn't mean that this is the only thing that the lender is taking. A blanket lien covers EVERYTHING you own in relation to your operation, and a "hereinafter acquired" clause covers property that you acquire AFTER you close your loan (such as new equipment purchased, new inventory, etc.). The security agreement also outlines what you need to do if your property gets damaged, and how you need to notify the lender if anything detrimentally affects your operations since the lender has a lien on this property.

Using this QR code, you'll find an explanation of the security agreement:



SCAN ME

- **Uniform Commercial Code (UCC)**

This shows that the lender has a legal stake in your assets, and ensures that you can't sell what you've pledged as security for your loan. This is filed online with your state.



Key elements of a loan agreement are highlighted in the sample below

Client's Name _____ Type of Loan: _____
 Business Name _____ Amount: _____
 Address _____ Payment Start Date: _____
 City, State Zip _____ Loan # _____

LOAN AGREEMENT & PROMISSORY NOTE

This Loan Agreement & Promissory Note made on XX/XX/XX between Akiptan, Inc., a non-profit located on the Cheyenne River Sioux Reservation at PO Box 858, Eagle Butte, SD 57625, and XXXXX, Address, City, State Zip.

Akiptan, Inc. will be referred to as the **"Lender"** for the purposes of this document.

XXXXX will be referred to as the **"Borrower"** for the purposes of this document.

Any chattel or property that the borrower authorizes for the collateral as described in the Security Agreement entered into between the parties will be referred to as **"Collateral"** for the purposes of this document.

"Acceleration" means the loan becomes due in full at the time the lender chooses to invoke any acceleration clause of the note.

The Borrower desires to borrow funds from the Lender and the Lender agrees to loan the funds according to the terms and conditions set forth below. Failure to comply can result in the acceleration of the loan:

A. PAYMENT OBLIGATIONS

1. The Lender agrees to loan \$XXXXXX ("Loan") to the Borrower for a term of XXX years/months at X% fixed annual rate.
2. For the value received, the Borrower agrees to pay to the order of Lender the principal sum equal to the Loan.
3. Borrower agrees to submit payments to the Lender, in person or mail. Payments will vary depending on time borrowed, an updated schedule will be sent out as needed. Payments can be made to the following:

Akiptan, Inc.
 412 S Main Street, Suite E
 PO Box 858
 Eagle Butte, SD 57625
4. The Borrower agrees to use these loan funds solely for the purposes described in the loan application/narrative and business plan, which documents are attached hereto as Exhibit A.
5. The Borrower has the right to prepay the principal of the Loan at any time without penalty.
6. If the Borrower makes a partial payment of the amount due, it will first be applied to the interest and the remaining amount will then go to the principal.
7. To secure the performance of all agreements contained herein and the payment of any and all of Borrowers' obligations to Lender for this Loan, the Borrower has pledged the assets

1

Akiptan, Inc.
 PO Box 858 Eagle Butte, SD 57625
 1-605-964-8081

Initial _____
 Date _____

**LOAN AMOUNT,
TERM, and
INTEREST RATE**

**WHERE PAYMENTS
ARE MADE**

PURPOSE OF LOAN

**PREPAYMENT
ALLOWED**

**LENDER OF
CHANGES
OF PROPERTY**

DELINQUENCY DATES

Client's Name _____ Type of Loan: _____
 Business Name _____ Amount: _____
 Address _____ Payment Start Date: _____
 City, State Zip _____ Loan # _____

described in the Security Agreement dated XX/XX/XX. The Borrower hereby agrees to inform the Lender of any removal, destruction, conversion, assignment, intentional diminishment or sale of the property set forth in the Security Agreement.

8. The Loan becomes delinquent ten (10) days after the due date. After the ten (10) days the Delinquency Policy will begin to take effect.
9. This Agreement and any related loan documents, including the Security Agreement, and attachments constitute the entire agreement between the Lender and the Borrower, and supersedes all prior agreements, oral or written, related to this loan. Any modification to this Agreement will be effective only by written amendment signed by the Lender and Borrower.

B. DEFAULT EVENTS/REMEDIES

10. Each of the following constitutes a default by Borrower under this document:
 - a. the failure of Borrowers to perform any warranty or agreement contained in this Agreement or in any instrument securing payment of this Loan or related to this Loan;
 - b. a default by Borrowers under any other promissory note executed by the Borrowers, or any one or more of them, and payable to the Lender;
 - c. if any statement or report furnished by the Borrowers to the Lender is false in any material respect;
 - d. if any Collateral is lost, stolen, substantially damaged, destroyed, or, without the Lender's prior written consent, sold or encumbered;



MODULE 8

PROFESSIONAL SUPPORT TO MITIGATE RISK

In working with agribusinesses, relationships are essential. It takes time to find the right support system for your business and cultivate the relationships you need. As you begin to seek the right attorney, bookkeeper, accountant, and lender, you want to be clear about what you need, and set some defined expectations for your working relationship. Working with these professionals, it's important to pay for your services on time, and it's nice to add a special touch like a thank you card or small gifts throughout the year.

As we've discussed in the previous modules, working with experienced professionals who understand ag can make a tremendous impact on your operations. Thinking back to the goals and vision that you laid out, these professionals can help analyze your operations and provide advice to help you get to where you want to go. They can also help you keep accurate records, advise you on write-offs to decrease your taxes, and prepare estate planning documents to ensure that your designated heirs inherit your operations with minimal struggle. We recognize that it takes time (and resources) to work with these folks, but in the long run, we strongly believe that it's worth the investment to work with the right professionals.

Here are the professionals that we'd recommend you consider working with:

1) Attorney for succession planning

One key question for agribusiness owners is who you would like to inherit your operations. Succession can come into play at different times. For example, you can think about who you'd like to inherit your business when you retire or when you pass on. In the words of business owner Justine Kougl, "We didn't want to leave agriculture. This is what we know, this is what we love. This is what we want our kids to grow up in. Because the whole plan, obviously, was for the kids - the next generation of agriculturalists." It's also important to think about who you'd like to take over if there is a sudden emergency. For all of these scenarios, it's important to work with an attorney to develop an actual, legal plan to govern how your business is transferred. In the case of death, an attorney can help you transfer your assets without going through probate (which can be a lengthy process and won't guarantee the results you hope to see). The attorney can develop a will or estate plan with you to make sure that your business passes on to your intended inheritor. If you're living on a reservation and don't have a will or estate plan, the distribution of your assets will be governed by the American Indian Probate Reform Act (AIPRA), which governs how trust land is handled upon the death of a tribal member. If you're off-reservation and don't have a will or estate plan, your property distribution will be determined by state law.

Estate Planning Case Studies: Pete's Planning and Don's Delights

Let's take a look at how Pete from Pete's Processing and Don from Don's Delights both handled their estate planning:

Pete from Pete's Processing wanted to pass his family business on to his daughter Lisa, who had been actively helping him with day-to-day operations. Pete also had a son, Dave. Dave wasn't interested in the business and lived a few states away with his family where he had an established career in seed sales. Pete met with his attorney, Ed Estate Planner, and explained that he wanted to leave the processing business and his property to Lisa. In order for things to be fair amongst his heirs, Ed suggested that Pete also get a life insurance policy where Dave would be the beneficiary. This way each kid would inherit something and there wouldn't be a long drawn-out debate in probate. Ed got the documents drawn up and Pete's personal and business futures were all ready to go! A few years later when Pete suddenly passed, his estate and business were swiftly handled and the family was all in agreement and comfortable with the plans he had made.

Don's Delights operated on ten acres of trust land and included a greenhouse, a packaging and packing building, a food preserving building, and various materials, and. Don had five children: Luke, Lanny, Linda, Lance, and Lacey. Linda and Lacey worked for the business full-time, and Lance owned a consulting business in town. Lanny taught at a school district two states away, and Luke worked with his wife at her family's ranch in Arizona. Don thought about making a plan for when he passed, but he did not understand how to do succession planning and did not want his children to fight over anything. While he planned to meet with an attorney each year, he heard negative things about attorneys in town, and did not feel comfortable working with them. When he passed away in April 2019, his daughters assumed that he'd left the business to Linda and Lacey, and left investments to Luke, Lance, and Lanny. They were surprised to learn that Don hadn't prepared a will, and that the estate would have to go through probate. Finally, in August 2021, Don's estate went to probate and was divided evenly between the five children. While Lanny was willing to sell his share back to Linda and Lacey for a reasonable price, Luke and Lance insisted on selling to the highest bidder, making it impossible for Linda and Lacey to buy their shares. Since Don didn't have a will, 40% of the operation was sold off, harming Linda and Lacey as the businesswomen continuing to operate Don's Delights and making it virtually impossible to run a sustainable operation.

2) Attorney to set up your business's legal structure

As we discussed in Module 2, determining and setting up the best legal structure for your business is a critical decision that has far-reaching implications for your business and its future. We recommend working with an attorney to talk through the different structure options, and guide you through the steps to set up this structure. In the words of one business owner:

There are tons of different options, so I'm not a lawyer, I'm not an accountant, so I'd highly suggest at least talking to one, if a producer is leaning towards that [setting up a business structure outside of a sole proprietorship]. There are tax reasons to do it, there are liability protection reasons, and I wish .

- Justine Kougl, Co-Owner, JWK Enterprises



Questions to ask when you're searching for an attorney:

- ✓ Do you have capacity to take on another client?
- ✓ What is your communication response time?
- ✓ What is your method of communication(email, phone calls, text)?
- ✓ Any conflict of interest with my business and other standing clients?
- ✓ How long have you been practicing?
- ✓ What type of law do you focus on?
- ✓ How familiar are you with my industry?
- ✓ How familiar are you with Indian Country? Trust land?
- ✓ Who's your typical client?
- ✓ What are your fees and costs?
- ✓ What's your billing process?
- ✓ How will you let me know what's going on with my needs and situation?
- ✓ Can you provide references or names of past clients that I can contact?

Quick Harvest:

Have you prepared estate or succession planning documents? Yes No

If not, have you identified an attorney you can work with? Yes No

Do you know who you'd like to pass your business on to?

What does your land ownership look like? Do you lease or own?

Is the land owned by multiple owners? Is the interest undivided or divided?

Are you clear on the legal structure of your business?

Do you need assistance in choosing the best legal structure?

Do you plan to work with an attorney to provide assistance in creating your legal structure?

(3) Bookkeeper or Accountant for Record Keeping and Tax Preparation

Successful business owners stress the importance of working with an experienced bookkeeper or accountant to manage the finances of your business and develop financial statements. A bookkeeper focuses on accurate record-keeping, typically recording and classifying an operation's transactions (like sales and bills). An accountant focuses more on financial analysis, reviewing financial statements, analyzing the cost of operations, and completing tax returns. An accountant specializing in agricultural business can help you navigate the ever changing tax codes that impact your business.

There are different options for working with these professionals:

- You can work with two separate professionals, a bookkeeper and an accountant.
- You can work with one accountant who does both bookkeeping and tax preparation.
- You can work with a bookkeeper to set up your financial systems, and then manage these systems yourself.
- You can do your bookkeeping yourself at home, and then take your records to an accountant at tax time.

Business owner Melinda Williamson shares her recommendation, "I have a bookkeeper and I have an accountant. I think those are extremely important. If I could find an accountant that was also my bookkeeper, that would be even better." She explains:

From the beginning...I kind of went through all of my strengths and my weaknesses...I ran through the things that I knew that I would need to probably hire out for...a lot of that financial stuff...I don't know how to create all of the things that need to go into Quickbooks...So from the very beginning, I hired a bookkeeper. And that helped me set up my Chart of Accounts and helped me set up my Quickbooks, and kind of educated me on different things.

- Melinda Williamson, Morning Light Kombucha



As you're hiring a bookkeeper or accountant, keep in mind that ag experience is vital, especially for an accountant. Often, word of mouth is the best way to find the right professional:

Find you a really good CPA and keep good books. I've got a really good one. A really good CPA – he can make you a lot or cost you a lot. Find a CPA with experience in farming or ranching. A lot that have done other business don't understand the farming and ranching business and the write offs. Make sure you get a good bookkeeper that has farm and ranch experience. Others can cost you. I trust him. If he tells me what to do, I trust him – I don't question him.

- Porter Holder, Native Rancher, Choctaw Nation, Oklahoma



Questions to ask when you're searching for a bookkeeper /accountant

- ✓ What time of year other than tax season are busiest for you that may impact my business?
- ✓ Maybe a question on certification for accountant.
- ✓ This maybe repetitive: What is your level of expertise in my industry? What kind of services do you offer?
- ✓ How familiar are you with my industry?
- ✓ How familiar are you with Indian Country? Trust land?
- ✓ What is your level of expertise in my industry?
- ✓ What credentials do you have?
- ✓ Where is the work performed?
- ✓ What do you need me to provide?
- ✓ How often would you recommend that we meet?
- ✓ What security practices do you follow?
- ✓ What are your fees?
- ✓ Can you provide references or names of past clients that I can contact?

Quick Harvest:

Are you currently working with a bookkeeper, an accountant, or both?

If not, would your operations benefit from hiring professional support? Or hiring additional professional support?

Based on your needs, who would it make sense to hire?

Who can you reach out to for advice and recommendations on hiring?

4) Loan Officer or Lender

While business owners may see your relationship with a lender as “us vs. them,” we encourage you to have a strong working relationship with your lender. According to Elsie Meeks, a cattle rancher from the Pine Ridge Reservation, “Your lender is your best friend and your biggest coach, not someone you need to hide things from.” Part of developing this relationship means being transparent and really sharing with your lender what’s going on with your business and finances.

Quick Harvest:

What time of year other than tax season are busiest for you that may impact my business?

What is your level of expertise in my industry

Describe how you be more transparent with your lender, especially about challenges?

What ways and opportunities can you strengthen your relationship with your lender.

5) Other sources of professional support

As you develop your business, you may want to consider other types of professional support. You may want to hire a grant writer, for example, to help access potential sources of grant funding (which are discussed in more detail in the following module). You could also access marketing assistance, or professional assistance to design a website. While there's a cost to this professional assistance, you want to weigh the potential cost with the benefit – could these resources help you bring in additional funds or customers? Would you be more efficient if you could focus your time on areas where you're more comfortable and have more expertise, leaving these other pieces to the professionals who specialize in them?

Quick Harvest:

Are you considering hiring professional support for your business, such as grant writing, marketing, or website design? What kind of support(s) would have the most impact?

What are your next steps in accessing support?

6) Mentor(s)

Depending on where you are with your agribusiness, we encourage you to work with a mentor. Think about the people you look up to that also operate in your field. These are people who have 'been there, done that.' For start-up operations, a mentor's advice can be invaluable. Some questions to ask a mentor include:

- ✓ What do you wish you had known when you started your business?
- ✓ What practices should I avoid?
- ✓ What marketing approaches have served your business?
- ✓ What time management strategies have worked for you?
- ✓ What other practices have helped you and your business?

Quick Harvest:

Are you currently working with a mentor? Yes No

If you're not working with a mentor, can you identify someone that could serve as a mentor?

Who could you follow up with for ideas about potential mentors?

MODULE 9

PROGRAMMING AND RESOURCES TO SUPPORT YOUR BUSINESS

I started looking into grants for small producers, BIPOC producers. They are far and few between but I found some. The first one was VRNA (Vocational Rehabilitation for Native Americans). That one got us a truck because our car was just a car, it wasn't a truck. We were struggling hauling feed and everything.

- Daisy Perez-Defoe, Co-Owner, Birds and Things Farm



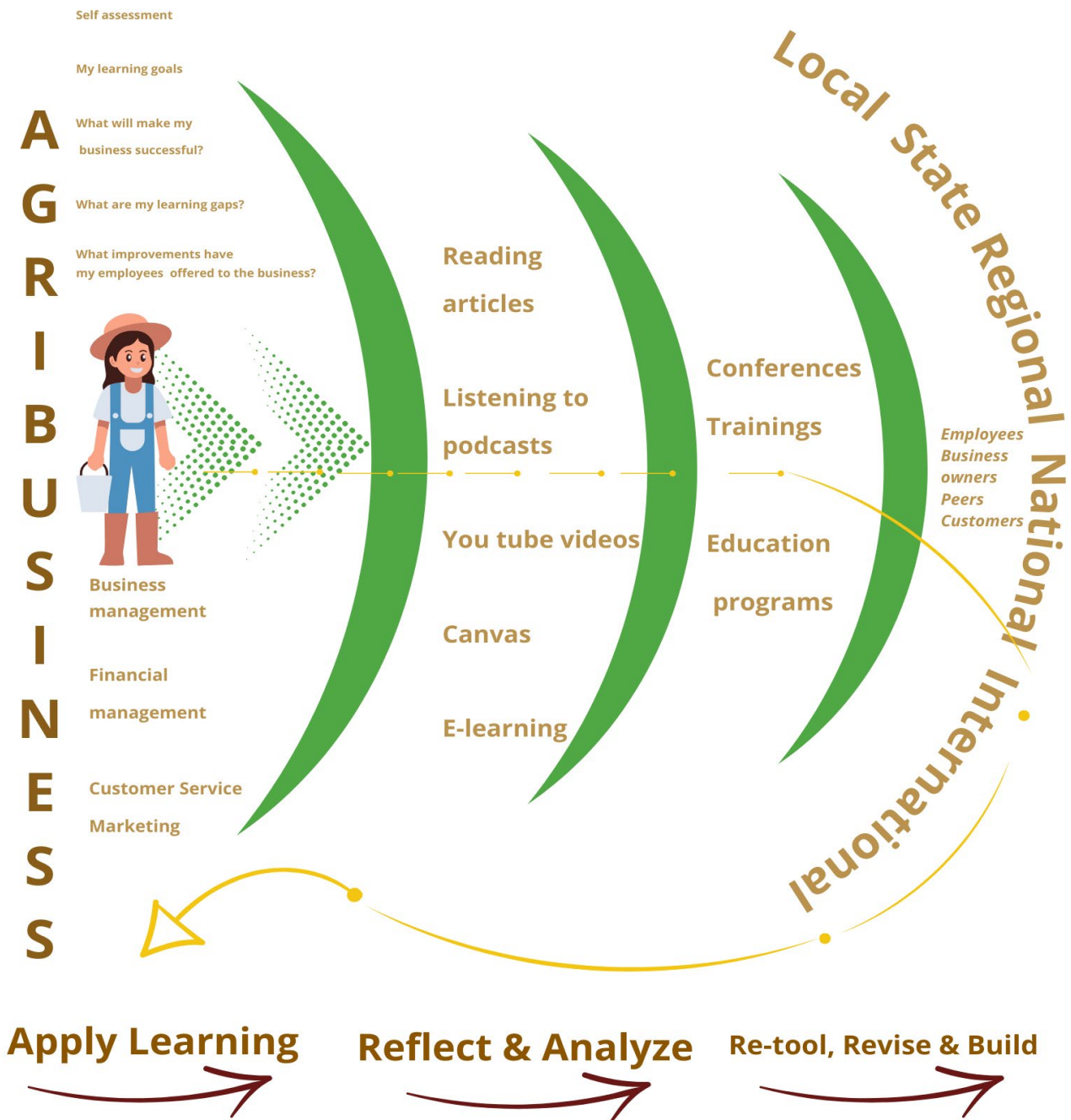
We received a VAPG (Value Added Producer Grant) grant in 2021, and we'll finish that grant this year. With that, we basically did all the marketing, the website build. It allowed us to grow in a much quicker sense than we would have been otherwise. That's where we formed the business part of the "Mr. Beef" chunk of our operation.

- Justine Kougl, Co-Owner, JWK Enterprises



This image demonstrates how your business can build capacity through learning. Gaining new learnings, skills, tools, systems, processes to build, support and enhance your business is essential towards sustaining and growth. There are many ways to boost your business capacity through self-assessment, asynchronous learnings (e-learning, YouTube, readings, etc.), educational programming, conferences and through networks that support your agribusiness, like your employees, other business owners, and customers.

Looking at the ripples in this image, where do you need to spend more time? What areas do you feel like you are doing quite well in how you learn? How can you continue to learn, adapt to help achieve your goals?



Educational Opportunities

Many business owners describe seminars they have taken to learn more about a certain subject, or classes they have completed to increase their capacity in certain areas. We encourage you to explore classes and educational offerings that interest you and have the potential to strengthen your business or business concept.

Grant Funding

In addition to educational offerings, there are different programs and resources available that can support your operations. The quotes at the outset of this module describe grant support, which can make a real difference to your business. A business grant is funds that are awarded to assist in startup costs, expansion, or development. Typically, a business owner must apply for grant funds, which do not have to be paid back. Grant funds may be distinguished from loan funds, which typically have to be repaid to the lender with interest (the charge to borrow the money). There are multiple sources of grant funds out there – it just takes time to research them, to develop solid plans to use the funds, and to apply for the awards.

It's important to research what may be available to you on the local/tribal level, the state/regional level, and the national/federal level. It's helpful to consider your affiliations or what groups you may belong to, such as Native American entrepreneurs, BIPOC entrepreneurs, veterans, or women-owned businesses when you research educational opportunities and grant funds.

We encourage you to explore resources on the following levels:

1. Tribal/local level

There are a number of potential resources that may be available on the tribal or local level. These include:

✓ **TERO programs**

TERO (Tribal Employee Rights Organization) programs may have resources to support tribal entrepreneurs.

✓ **CDFIs and other nonprofit organizations**

CDFIs (Community Development Financial Institutions) are community lenders, which traditionally support entrepreneurship and homeownership. CDFIs may provide training, technical assistance and coaching, and loan capital for borrowers and potential borrowers. Other nonprofit organizations in the community may also provide similar training and coaching support.

✓ **Tribal Colleges**

Tribal Colleges may provide entrepreneurship training for tribal members.

✓ **Chambers of Commerce**

Many communities, including some tribal communities, have Chambers of Commerce that were founded to support area businesses. They may provide training opportunities, transportation support, and other forms of support for their member organizations.

2. State/regional level

There may be programs and resources at the state or regional level designed to support entrepreneurs. Your state or county may have a specific office or department dedicated to small business development and support.

3. National/federal level

There are also federal resources targeted to different populations including Native American producers, BIPOC business owners, and veterans. We encourage you to explore working with the following:

✓ **Intertribal Agriculture Council (IAC)**

Founded in 1987, IAC is a national nonprofit organization with staff in each BIA region that works through a network of experienced technical assistance providers around the country to support Native producers. Technical assistance providers have a wealth of knowledge about available programs and resources for Native ag producers, and can review financial statements, support loan applications, and make referrals for programming and additional support. (www.indianag.org)

✓ **Small Business Administration (SBA)**

The SBA is a Federal Agency created under the Department of the Treasury. It provides support for small businesses through training, mentoring, and loans. The SBA provides assistance nationwide through its Small Business Development Centers (SBDCs). To locate your nearest SBDC, you can use this link: [Small Business Development Centers \(SBDC\) | U.S. Small Business Administration \(sba.gov\)](#)

✓ **U.S. Department of Veterans Affairs**

The Veteran Entrepreneur Portal is a good place to start researching programs and resources for veterans.

✓ **U.S. Department of Agriculture (USDA)**

USDA has a number of programs that support producers. In order to access these programs, you can reach out to the contact person in your county. Some USDA programs to check out include.

✓ **Value Added Producer Grant (VAPG)**

The VAPG program provides grant funding to projects that add value to agriculturally-based operations, funding economic planning and eligible working capital expenses. ([Value-Added Producer Grant: Taking Your Operation to the Next Level - AG Funding Assistance](#))

✓ **Farm Services agency (FSA)**

The FSA can provide loan capital to support or expand operations, and has disaster relief programming available to address losses and damage caused by natural disasters. To find your contact person, you can go to the [FSA's website](#) and click on your state. From there, you can click on your county to find contact information.

• **Natural Resource Conservation Service (NRCS)**

NRCS provides resources to support conservation planning and better practices to increase production. For more information, you can reach out to your state's contact person at the [NRCS website](#)

✓ **Bureau of Indian Affairs (BIA)**

The BIA offers programs to support estate and succession planning for tribal members.

MODULE 10

PULLING IT ALL TOGETHER

Now that we've covered different aspects of the finances of your operations – including key budget decisions, financial statements and record-keeping, business planning, and different professionals and programming – it's important to pull these all together and look at your next steps. Based on what we've covered, are there things about your operations that you'd like to tackle? Are there some pieces you'd like to address sooner rather than later? Taking a look at the next steps listed below, check the ones that you'd like to address, and note when you'd like to start tackling these items:

CHECK TO TACKLE	POTENTIAL NEXT STEP	TIMEFRAME (CIRCLE ONE)
	Start keeping records or beef up your record keeping system	3 months, 6 months, 1 year, 1 year +
	Start reviewing your cash flow and balance sheet on a monthly basis	3 months, 6 months, 1 year, 1 year +
	Develop or revise your business plan	3 months, 6 months, 1 year, 1 year +
	Identify a bookkeeper	3 months, 6 months, 1 year, 1 year +
	Find an accountant	3 months, 6 months, 1 year, 1 year +
	Work with an attorney on estate planning	3 months, 6 months, 1 year, 1 year +
	Work with an attorney on your legal structure	3 months, 6 months, 1 year, 1 year +
	Access support for marketing	3 months, 6 months, 1 year, 1 year +
	Set up a website	3 months, 6 months, 1 year, 1 year +
	Start an Instagram or Facebook page	3 months, 6 months, 1 year, 1 year +
	Identify a mentor	3 months, 6 months, 1 year, 1 year +
	Research potential grant programming to support your business	3 months, 6 months, 1 year, 1 year +
	Connect with IAC TA provider	3 months, 6 months, 1 year, 1 year +
	Connect with your regional USDA contact person	3 months, 6 months, 1 year, 1 year +

	Connect with your regional BIA contact person	3 months, 6 months, 1 year, 1 year +
	Other:	3 months, 6 months, 1 year, 1 year +
	Other:	3 months, 6 months, 1 year, 1 year +
	Other:	3 months, 6 months, 1 year, 1 year +

As a business owner, we recognize how busy you are – either managing a full time business or balancing your enterprise with another job. We believe that it’s important to be realistic in making changes and implementing new practices. It’s probably unlikely that you can start estate planning, implementing a new record-keeping system, researching grant sources, and drafting a business plan in the next month, and that’s okay! We hope that some of the issues we’ve covered are now on your radar, and you’ll come back to this guide periodically to review the information that’s covered and make a game plan for yourself and your business.

We also recognize that younger business owners or those just starting out may have more items on their checklist than business owners with years of experience. We hope that no matter how long you’ve been doing this, you’ve identified some ways to potentially strengthen the financial health of your business and boost your bottom line.

Being realistic, we’d like to ask you to jot down your three priorities to focus on over the next six months. Based on your checklist, what are your top items to tackle immediately? This is your starting point:

<p>1. _____</p> <p>2. _____</p> <p>3. _____</p>

GLOSSARY

Amortization Schedule - An amortization schedule, often called an amortization table, spells out exactly what you'll be paying each month for your mortgage.

Assets - cash, inventory, property, equipment, investments, pre-paid expenses and money owed to you

Balance Sheet - a statement of assets, liabilities and capital of a business or other organization at a particular point in time, detailing the income over specific periods

Budget - a plan that clearly outlines how much money a person or organization will earn, need and able to spend

Business Plan - a document that set out a businesses future objectives and strategies for achieving the goals.

Cash Flow - the total amount of money being transferred into and out of business. Cash received represents inflows and money spent represents outflows.

Capital - cash or other asset owned by a person or business that is available to start a company

Credit - the ability to borrow money or access goods or services with the understanding that you'll pay later

Credit card - a line of credit that can be used to borrow money with interest

Credit Score - a number that rates your credit worthiness, ranges from 300-850, lenders look at this number when you apply for credit

CDFI - Community development financial institution

Debt - money that is owed to someone or to a financial institution like a bank

Debt to Income Ratio - your monthly debt divided by your gross monthly income

Deposit - a payment of money made to a bank account, utility company or something you paid in return for services

Expenses - the money spent on something

Financial Statements - records that tell the business activities and the financial performance of a company

Financial Institution - a company that is engaged in the business of dealing with financial and monetary transactions such as; deposits, loans, investments, and currency exchange.

Grants -

Interest - a fee paid for borrowing money or other assets

Income - money received, through work or investments

Investment - the act of setting your resources aside to generate income or to gain profits

Liability - debts that need to be paid off over time

Lender - an organization that borrow money to an applicant

Loan - a sum of money that is expected to be paid back in a certain amount of time with interest

Line of credit - a type of loan that lets your borrow a pre set limit amount of money

Savings - money that you keep in a bank or other financial institution

Profit

tribal food sovereignty - indigenous nations right to define their own food systems that are in line with their cultural values

Taxes - an amount of money that the government requires people to pay according to their income, value of property, that is used to pay for things done by the government

Technical Solvency -; its liabilities are greater than its assets.

APPENDIX

LISTING OF QR CODE RESOURCES

Page 11 - SBA Licenses and permits.
Scan this code for more information from the
SBA (Small Business Administration)



SCAN ME

Page 25 - Balance Sheet
Click this link or scan the QR code to watch a
video showing a sample Balance Sheet.



SCAN ME

Page 11 - SBA Insurances
For information about insurances, please scan
the QR code.



SCAN ME

Page 78 - Loan Agreements
Using this QR code, you'll find an explanation of
loan agreements.



SCAN ME

Page 23 - Cash Flow
Click this link or scan this QR code to watch a
video showing a sample Cash Flow Statement.



SCAN ME

Page 78 - Security Agreement
Using this QR code, you'll find an explanation of
the security agreement.



SCAN ME

AKIPTAN'S LENDING OPTIONS

Akiptan, Inc. is a certified Native American CDFI located in Eagle Butte, South Dakota, serving producers nationwide. Unlike other Native CDFIs that serve a plethora of needs including land mortgages, small business lending, and credit builder loans. Akiptan is dedicated to financing Native American people working in agriculture. Agriculture is rooted in the history of all Native people and has the potential for significant economic growth if those working within the industry can access quality financing.

Akiptan was founded by Native agriculture professionals working with the Intertribal Agriculture Council (IAC) in 2017. IAC is a national nonprofit that connects Native producers with resources that benefit their operations, and advocates for Native agriculture through federal policy creation. The founders of IAC and Akiptan recognized that traditional ag financing prevented producer success, and by listening to producer frustrations, Akiptan came to fruition. On January 1, 2019, Akiptan began operating and lending as its own independent organization.

Akiptan's goal is to create fresh solutions and services that equally balance lender security and borrower prosperity. The philosophy behind Akiptan's values is patient capital over extractive capital, with fair and flexible financing, while building a solid relationship with the borrower, and innovation in lending. 'Akiptan' is the Lakota word for 'working together, in a cooperative effort,' which inspires the philosophy of working with the producer to find solutions that work for their operations and allows for them to grow their capacity and operate financially healthy. Akiptan offers two patient capital products, one that is termed the "Traditional Loan Option and another that is called the "Interest Only Repayment Option."

The **Traditional Loan Option** is something that one would find at a bank where the money is borrowed at a set rate over a set period of time and regular, blended payments are made on a predetermined schedule. However, even this option is different than what one would normally see. A bank typically tries to keep repayment periods short due to the perceived high risk of most agriculture operations. Akiptan believes that in reality, a longer loan period is a lower risk option, because the client has time to grow their operation, earn a profit, and therefore make payments more easily. Akiptan fully believes that labeling agriculture as a risky industry is wrong; it is only risky when terms are not aligned with agricultural production cycles and ecological realities. The world will always need to feed itself and agriculture will never become outdated or go away, so we must find a more reasonable way to finance this important work.

While traditional options work for some operations, Akiptan's **Interest Only Repayment Option** is what allows for the most innovation, capacity building, and flexibility. The Interest Only Repayment Option is something that truly reflects Akiptan's values, allowing us to "invest" money with agriculture businesses. This Interest Only Repayment Option can be more simply stated as a loan with an interest only period. This option practices the patient capital and innovative financing concept that Akiptan was founded on and makes a measurable impact for business owners. The Interest Only Repayment Option allows for

upfront capacity growth, operating cash, innovation, and many other opportunities that businesses would not have if they were tied to a traditional bank loan. Most agriculture financing is designed in a way that all products have to be sold in order to afford bank payments, but the Interest Only Repayment Option allows for operations to reinvest their profits into their business. *For example, a small garden could be scaled up because its profits were reinvested back into the business to buy greenhouses and equipment. By the time the five year interest only payments are complete, an operation has had the chance to increase in size, and the principal payments that felt daunting at the outset of the loan are now reasonable.* The business can get up and running while continuing to grow. During the first five critical growth years the business makes small, manageable, “interest only/return on investment” payments. After five years, or earlier if the client chooses, the client will start paying back the “investment (principle)” in order to “buy Akiptan out” of their share in the business. This type of financing has proven to be highly effective for start-up operations as well as established businesses that are looking to accomplish goals prohibited by traditional financing. The other benefit to an interest only period is that it helps break down many Native Americans’ innate distrust of financial institutions. Financial institutions have harmed Indian Country producers in the past, and there are traumas and obstacles that need to be reckoned with. When clients feel like their lending institution is a partner, versus a predator, they engage in sharing information, discussing business decisions, and planning together for the future.

We are humbled that you have chosen Akiptan as your lender as you embark on this entrepreneurship journey. What you are doing is important for economic development and critical to food sovereignty efforts. We know that with your hard work, dedication and financial skills, you will be successful!



Seven Sisters
COMMUNITY DEVELOPMENT GROUP

SEVEN SISTERS COMMUNITY DEVELOPMENT GROUP, LLC

Seven Sisters Community Development Group, LLC is a national, for-profit consulting firm that offers culturally relevant and innovative strategies, services, and products that support systemic change. Our firm is 100 percent women-owned and 50 percent Native-owned. Our team of community development specialists brings a broad range of experience to our work. We plan, develop, and implement client-driven strategies. We collaborate, partner, and consult with local nonprofit organizations, national intermediaries, coalitions, government agencies, housing authorities, lenders, private sector entities, community development financial institutions (CDFIs), and philanthropies.

Seven Sisters LLC has extensive knowledge of Indian Country. We understand the unique issues facing Native communities, especially the challenges of accessing credit and capital, Native agriculture systems and stakeholders, and the homeownership process on trust land and surrounding areas. Our team is dedicated to supporting and strengthening the work of organizations that support these communities.

Seven Sisters is committed to supporting the Native Agriculture industry, and has considerable experience in this field. We work closely with many active stakeholders in the Native Agriculture space, including Akiptan, the Native American Agriculture Fund, the Intertribal Agriculture Council, Lakota Funds, Four Bands Community Fund, the S.T.R.I.V.E. Initiative, and Thunder Valley CDC. Seven Sisters is honored to work with Akiptan to create this financial management series for Native agribusiness owners.



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