

JOURNEY TO SUCCESS

Aboriginal Women's Business Planning Guide

The following governments and organizations
contributed to the development of the Guide

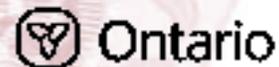
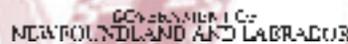
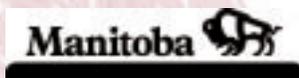
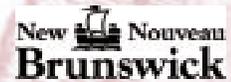


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Preface

This guide is the result of the attention paid to the needs of Aboriginal women entrepreneurs by federal, provincial, territorial and Aboriginal leaders working to strengthen Aboriginal participation in the economy.

Mary Jamieson, Native Management Services, has extensive experience as both a consultant and an entrepreneur. To prepare this guide, she spoke to Aboriginal women across the country, individual entrepreneurs and representatives of Aboriginal women's organizations. She has included their ideas and advice into this practical and easy-to-use tool for Aboriginal women who are thinking of going into business.

Sincere thanks to all of the women who shared their own stories of success for this guide. Their contribution to the future of successful Aboriginal women entrepreneurs is an important one.



Introduction

Welcome to *Journey to Success, an Aboriginal Women's Business Planning Guide*. Why create a guide specifically for Aboriginal women? Aboriginal women face many unique challenges. These may be the result of isolation, a legacy of hardship and abuse and a lack of access to opportunities. Whatever these challenges may be, more and more Aboriginal women are overcoming them and finding success in the world of business. Many of these entrepreneurs are providing goods and services in their own communities, throughout Canada and around the world. As a result of their success, they have made positive contributions to their families and have improved the quality of life in their communities.

Today, Aboriginal women are using their resourceful, multi-tasking skills in the business world. The journey to success has been a difficult one, but the rewards have a multiplying effect. These women become role models for their children, their sisters and their communities. They are making money while improving the quality of life for those around them. Aboriginal women are coming forward as business leaders with integrity.

This guide has been developed with the input of many of these business leaders. They gave advice and guidance based on their own experiences. They all admit that the journey is not easy, but that the rewards are well worth the effort.



Mary Jamieson
Native Management Services

1 What do I need to know before starting a business?

Aboriginal women in business say that drive, determination and persistence are essential for anyone in business. Business requires more than a nine-to-five job. You are the boss, but you may also be the janitor, the bookkeeper, the babysitter and the marketing manager.

For many women, it is nothing new to balance a number of responsibilities while working with very little money and sometimes very little support from family and others. The ability to balance responsibilities may be useful for the Aboriginal woman who is thinking about starting a business.

“If you have a passion about your business idea, have the tenacity to pursue it,” says Marie Delorme, a Métis woman from Alberta who owns Image Nation Cards Inc.

If you are thinking about starting a business, it may be helpful to ask yourself the following questions:

- Am I ready to take on the responsibility?
- Am I a self-starter, a leader and a good manager?
- Do I stick to the jobs I start?
- Am I a good organizer and can I keep records?

“If you have a passion about your business idea, have the tenacity to pursue it,”
 —
**Marie Delorme,
 Image Nation Cards
 Inc., Alberta**

- Do I like people?
- Can I live with uncertainty?

For information on how to start a business, visit the Aboriginal Business Service Network website at www.cbsc.org/absn. It offers an Online Small Business Workshop.

Aboriginal women who started their own business saw an opportunity and a market.

When they were asked where they got their business idea, some said they could see a need in the community for their service. For example, an Inuk woman started a translation service in Labrador to serve both Inuktituk and English speakers.

Other Aboriginal women said they worked for others in a business and could see the potential to go

on their own, as did Brenda Higgins of Higgins International. She owns a human resources firm in Winnipeg. Marsha Smoke of Pash Travel saw the need for people in isolated communities to travel and so she started a travel business.

What are the benefits of being in business for myself?

Building and maintaining a successful business can be a very rewarding experience. For some Aboriginal women, a home-based

business allows them to earn a living while raising a family. As one woman from Six Nations in Southern Ontario described:

I used to commute to Toronto everyday and I'd be away for 13 to 14 hours each day. When I got home, I still had family responsibilities and I was exhausted on weekends. I knew I could contract out my services as a policy analyst and writer so that's what I did. As my family grew older, I was able to take on more work. I've been in business for over 15 years now. I gained independence by being in business for myself, but I still had to work at it.

Other Aboriginal women said that being in business gave them the opportunity to contribute something unique to the marketplace. Carvers, doll makers and tour operators are among the Aboriginal women who said that the demand for their products gave them a great source of pride in their cultures and their own talents.

Aboriginal women said that they were able to give jobs to other women in their community, and eventually some became role models and mentors for women just starting out in business.

What are the risks of owning my own business?

There are always risks in venturing out on your own, but one of the main ones identified by Aboriginal women is risking the little bit of money they have been able to save. Another concern for women who are employed and are used to receiving a pay cheque is loss of security.

Some of the other challenges to think about include:

- isolation and constantly having to market yourself;
- long hours with no regular income;
- getting the support you need from family, friends and community;
- meeting government requirements for help;
- being accepted as an equal in a “man’s world”;
- surviving the “politics” in a small community;
- fear of failure—not being sure of yourself; and
- not having access to support services such as computer repair or bookkeeping services.

The bottom line is that you have to take risks if you’re going to succeed. As one woman said, “It is scary, there is a fear factor, but it is a healthy thing. It keeps you on your toes and it is a part of the risk you’re taking.”

You should know that there are ways to reduce risks. One way is planning.



How do I know if I am ready?

Before entering the business world, it is important that you know your strengths and weaknesses. This helps reduce risk and the fear of failure.

One successful Aboriginal woman said she knew she had the people skills to market her product, but she was not good at numbers and keeping records. With this in mind, she contracted a local bookkeeping service so that her records would be kept in order. This gave her more time to meet people and market her product. The additional cost of the bookkeeping service was quickly covered by the new customers she was able to secure and the money the extra sales produced.

Aside from recognizing and planning for strengths and weaknesses, it is important to be organized. For some Aboriginal women, the stress and challenge of having a family is too much to balance with the demands of a business. They may be single mothers with little or no support from family and friends, especially if they live in a city. It is important to face these challenges and work out a plan to deal with all of the demands before starting a business.

For some Aboriginal women, the best time to start a business is when children are grown and a job no longer feels rewarding. Many women are able to turn a hobby into a lucrative business when they are well into their 40s.

It is important to weigh all the benefits and challenges before starting a business. Once a decision is reached, go for it!

How much cash do I need to contribute?

When starting a business, it is best to contribute as much of your own money as possible. At least 15 to 20 percent of the total value of the business is required from the owner by most financial institutions and government programs before additional assistance is considered.

Successful Aboriginal women said they started small so that their own cash investment would be manageable. When they began to show a profit from their business, they expanded and grew. The idea of starting small has paid off for many Aboriginal women because they were able to learn more about their business without taking a lot of risk. One young Aboriginal woman who runs a very successful health spa worked at two jobs to raise the cash she needed to secure a loan for her business. She now has financial institutions competing to lend her money for an expansion.

It is also important to consider the time and energy personally invested in start up. This is known as "sweat equity" and can be calculated as part of the overall personal investment.



2

How do I develop my product or idea?

Many kinds of services and products can be made into a business. Crafts, food, clothing, cleaning, childcare, construction, bookkeeping, personnel management, manufacturing and Internet graphic design are all areas of business.

If you are not exposed to a thriving business environment and do not have examples in your family or community of successful businesses, you may wonder how to recognize a business opportunity. It is often just a question of where to begin.

In one Northwestern Ontario community, a single mother gave snacks to her children's friends. She decided to sell the snacks in the community and expanded her product line to start a small community store.

Another Aboriginal woman enjoyed doing traditional crafts, but had trouble getting the leather, beads and cloth she needed in her community. She realized that other craftspeople had the same problem and started selling a few items out of her shed. She began to earn a comfortable living and when she retired, she was able to leave the business to her daughter.

A woman in Southern Ontario noticed that more and more women on her reserve were getting jobs. She wondered if they needed their houses

cleaned. By word of mouth, she determined that she could get about five or six houses a week. At age 55, she got her driver's license, bought a new vacuum cleaner and began a successful cleaning business.

Other Aboriginal women have started newspapers, drive-through coffee stands, catering businesses, home day care businesses, managed iron workers and contracted their services to companies.

There is no end to the possibilities if you use your imagination.

What do I like doing for myself and for others?

This question is the key to the success of any business. Successful Aboriginal women all say that they love what they do and they continue because of that.

If you are thinking about starting a business, you should first think about what you like to do. Maybe you like to sew and take pride in the reaction of others to your work. Maybe you like to buy and sell and could open a retail store in your community or in a nearby city.

Marsha Smoke, owner of Pash Travel in Ottawa, loves her work for personal and professional reasons. She says, "I travelled all the time and wanted our people to control our own tourism industry as a way to protect our land and traditions."

Whatever the reason for starting a business, it is important to look forward with eagerness to the next business day.

It is important to weigh all the benefits and challenges before starting a business. Once a decision is reached, go for it!



What education, skills, training and experience do I need?

"Don't underestimate the value of a good education," says Marie Delorme of Image Nation Cards Inc. in Alberta. Her education (a Bachelor's Degree in Science and a Master's in Business Administration) helped her get 28 years of experience in the business world. She built a huge network of contacts through which to market her high-end art cards. She was able to do her own business plan and finance her business on her own.

Other successful Aboriginal women said they had education or training in their field, plus experience working in other people's businesses before starting their own.

Some examples:

"I was in the human resources industry a long time and reassessed my career. I could see the potential to go on my own."
– *Brenda Higgins, Higgins International, Winnipeg, Manitoba*

"I was around the arts for a long time and I learned many skills from my uncle." – *Corrine Hunt, Hill-Hunt, Vancouver, British Columbia*

"I worked in the area before and I was determined to do a better job on my own." – *Cory Hill, Choosing to Live Healthy, Six Nations, Ontario*

Depending where you live, access to education and training opportunities

may be different. That should not be an obstacle. A thorough self-assessment will tell you what you need to make your business work.

Do I want to stay in my community or start a business somewhere else?

There are good and bad things about both of these possibilities. When looking at business potential within your community, consider what people spend their money on. Money is spent on food, clothing, shelter (for example, building materials, oil and gas) and entertainment. In small First Nations communities, suppliers of these necessities are rarely on-reserve and people go into a nearby town to shop. If you start a business on-reserve to supply one of these needs, you may find it difficult to compete in such a limited market. Your prices may have to be higher than those in the small town where there is more business.

In a remote northern community, there is the problem of fly-in or winter road access, which limits one's potential customers.

Métis women living in rural communities may experience similar problems as First Nations women do in trying to provide competitive prices to their customers. One option is to consider starting a business in a town.

Others may consider marketing goods and services using the Internet. No matter what option you choose, you must do the market research required before venturing into any business.

3

Do I really need a business plan?

What is a business plan?

A business plan is a written document that describes:

- the purpose of the business;
- the customers the business will attract;
- the personal abilities and skills the owner brings to the business;
- the necessary facilities and location; and
- the financial plan from business start-up and beyond.

A business plan is a requirement of any financial institution.

Aboriginal women in business agree that a business plan is the most important step to success. The business plan allows you to think about difficult challenges and how you might overcome them before actually starting the business. These challenges might include anything from hiring the right staff to dealing with bad weather. The business plan demonstrates to you and to others (financial sources) that the business has been thought out, risks have been identified and plans are in place if challenges occur.

Why is a business plan necessary?

The purpose of a business plan is to help you thoroughly plan your business. The business plan should set goals, guidelines and milestones. It describes how your business will operate.

By establishing milestones in your business plan, you can compare your actual results against what you predicted in your plan. This will help you identify problems before they become unmanageable and help you to keep your business on track.

A thorough business plan demonstrates that you have a complete, organized and factual plan. This may help convince investors, bankers, government agencies or other financial sources that you have a sound business concept, worthy of their investment.

“I was in the human resources industry a long time and reassessed my career. I could see the potential to go on my own.”

—
*Brenda Higgins,
Higgins International,
Winnipeg, Manitoba*

How do I develop a business plan?

Business language is often difficult to understand. However, it is a language that can and must be learned in order to succeed.

Some Aboriginal women are educated in business administration or management. You may feel comfortable with the language of business, but you may still need help developing your business plan. Business consultants can help with the business plan by doing market research.



For example, if a survey is required to define the market, a consultant may help outline the survey questions. However, you can save money by doing your own market research by telephone or in person.

Questions might include:

- Who will use the product or service?
- Is this a one-time purchase or is there potential for repeat business?
- Who are the competitors and what is the difference between that business and the one being proposed?

It is important that when you are thinking about starting a business, you can thoroughly describe what you have in mind, why you think there is a need and how much money it will cost to start up and maintain.

After you answer these basic questions, a business consultant and/or community-based resource may be accessed. The Business Start-Up Assistant at www.cbsc.org/bsa and the Interactive Business Planner at www.cbsc.org/ibp are also useful.

Corrine Hunt of Hill Hunt in Vancouver got support and guidance for her business plan from Aboriginal Business Canada (www.abceac.ic.gc.ca). The ideas and the knowledge of the market were hers, but she needed help with the financial plan.

A business plan should be prepared by the owner(s) and manager(s) of the company in a way that you should be able to present it and answer any questions about it. You can include advice from outside professionals such as lawyers and accountants, but you must fully understand the contents of the plan.

What does a business plan look like?

Appendix 1 presents a fictitious business plan developed to show you what a business plan includes.



4

How do I get money to start up?

The business plan should clearly show the amount of money needed to start a business. However, there may be other costs to consider such as childcare, transportation, etc. The amount of money you plan to take from the business as a salary should also be considered.

Many Aboriginal women in business started small and were able to provide all of the business financing on their own. Others were able to come up with 15 percent of the total of start-up costs to secure loans and/or an Aboriginal Business Canada contribution. Some women got loans from their local Aboriginal Capital Corporation or from a local bank.

There are also government programs that offer money for Aboriginal entrepreneurs. For more information, visit the Aboriginal Business Service Network at www.cbsc.org/absn.

In the case of Inuit women living in Nunavut, start-up grants are available from the Government of Nunavut to qualified applicants.

What is the difference between loans and equity?

Loans have to be repaid to the source (for example, Aboriginal Capital Corporation, a bank, a credit union, etc.).

Equity is the value of all contributions you make to the business from personal resources (for example, cash, equipment, a building, time and energy invested, etc.).

How do I approach a bank?

When a bank looks at lending money, the key factors are character, capacity, cash-flow and collateral.

Character – A bank tries to evaluate your ability to manage the business. You must show that you have the expertise, skills, determination and self-confidence necessary to be a successful businesswoman.

Capacity – Your business plan must be clear, structured and include all the right parts.

Cash-flow – A bank wants to know your personal worth to judge your ability to repay your loan and meet your financial obligations.

Collateral – Banks will ask for some investment from you as proof of your commitment.

Because women living on-reserve may not be able to provide the necessary collateral, the other three key factors become very important to the bank. It is important that if you are thinking about starting a business, you establish a good working relationship with your bank or credit union and maintain an excellent credit rating.

“I worked in the area before and I was determined to do a better job on my own.”

—
*Cory Hill,
Choosing to Live
Healthy, Six Nations,
Ontario.*



What do I do if a bank says "no?"

Do not get discouraged. Meet with the account manager to gather information that can help you change your business plan or financing structure, and then approach the bank again. This information can also help you approach another bank.

If your bank says "no," ask the following questions:

- What areas of my business proposal didn't you like?
- How can I strengthen my proposal for further consideration?
- Did you say no because of the type of business I am involved in or the type of loan that I am applying for?

A good bank will tell you how to improve your business plan and what needs to be added to get the bank to say yes. It is important to get as much information as possible, change the plan and **try again**.

Do I need a line of credit?

You may need a line of credit to cover certain costs of doing business. For example, if you have to send monthly bills to customers for goods and services, you may need to use a line of credit to cover costs between billing periods. It is important that you pay the line of credit back after your customers have paid their bills.

Another example may be if you have to travel for a customer, a line of credit could cover the cost while you are waiting to be reimbursed by the customer.

A line of credit may also be used in an emergency situation such as having to repair or replace a major piece of equipment. Aboriginal women in business say that a line of credit should only be used when there is a clear understanding of how it will be paid back in the shortest time possible.

Most businesses go through periods when times are tough or business is slow. The business plan should try to predict when this may happen.

What happens if I run out of money?

Most businesses go through periods when times are tough or business is slow. The business plan should try to predict when this may happen. Slow periods may result from seasonal

changes. There are times when circumstances are not within your control.

Aboriginal women in business have said that this is why it is important to establish a good working relationship with your bank, credit union or Aboriginal Capital Corporation. You may have to reorganize the business plan and the financing to support your business. Additional loans or "bridge financing" may be needed to help you get over major obstacles.

What are the risks of mortgaging property?

The risk of mortgaging property (off-reserve) is that if the business fails, the property may be lost.

Will anyone lend me money if I live on-reserve?

In the past, women living on-reserve have had difficulties getting loans for a number of reasons. The *Indian Act* makes it difficult to give the kind of collateral that many banks require. At the same time, more banks are locating on-reserve and are eager to find ways of doing business with people.



5 What role do governments play?

Are there laws and policies that I need to be aware of before opening my business on-reserve?

The First Nations community may have a community development plan. There may be restrictions on how land can be used depending on whether you have a “certificate of possession” or other form of interest in land.

The Council may also have plans to open a similar business as a community venture and you would have difficulty competing.

It is also important to know if the community plans on providing certain services “free of charge” to residents.

One First Nations woman opened a small bus service on a fee-for-service basis only to learn that the Council planned to open a free service the next year. Needless to say, her business failed.

Other examples may be in providing certain health-related services such as home care or physiotherapy. The community may have plans to provide these services.

Other things to consider:

- A permit or license may be needed before opening the business.
- A building inspection and ongoing inspections of the business may be required.
- Garbage pick-up may be needed, especially if a large amount of waste or different kinds of waste result from the business.
- The business may not be able to operate noisy equipment at certain times of the day or you might have to make arrangements for upgrading electrical, water or sewer connections to service the business.
- There may be environmental, cultural, health and safety standards that the Council will insist you meet in order to protect customers and the community.

“I was around the arts for a long time and I learned many skills from my uncle.”

—
**Corrine Hunt,
Hill-Hunt, Vancouver,
British Columbia**

It is important to get a copy of the bylaws for a more complete understanding and to protect your business.

What resources might help me set up a business on-reserve?

Aboriginal Business Service Network – for information on selected government business regulations (www.cbsc.org/absn).



Band Council Office – for land administration, business and economic development, building inspections, permits, fees, etc.

Band organizations – there may be separate Economic Development Commissions, Water Boards, etc. that need to be consulted.

Chief or Councillor – ensure that the community leaders are aware of the business, especially if you are experiencing a problem.

First Nations Gazette – this is a semi-annual publication of the Indian Taxation Advisory Board, in association with the Native Law Centre, which publishes First Nations bylaws from across Canada.

You can get the publication from:
First Nations Gazette
Native Law Centre
University of Saskatchewan
101 Diefenbaker Place
Saskatoon, SK S7N 5B8
Website: www.usask.ca/nativelaw/fng.html

Indian and Northern Affairs Canada – may also have information about the community (www.ainc-inac.gc.ca).

How might municipal or hamlet policies and laws impact my business?

You will have to comply with business bylaws and rules about zoning, infrastructure (water

and sewer connections), road access, building, fire code and health and safety inspections, etc.

You will need to consider whether the community has a long-term economic development plan and how the business fits into it, whether you can access (and at what price) municipal services such as water, sewer and snow clearing, and what competition or co-operation the business might expect from other local businesses.

It is important to get a copy of the bylaws for a more complete understanding and to protect your business.

One woman cited a problem that might be experienced in Nunavut. “If an Inuk woman wanted to start up a taxi company but the permits needed to get the insurance to bring the car up from the south on the annual sealift were delayed, the business owner would have to wait another year to start up the taxi business.”

What resources are available from municipal or hamlet governments?

There may be special incentive programs to locate the business in certain parts of the municipality or for certain kinds of business (for example, film production, new technology businesses, craft industries). Ask the local city hall or Business and Economic Development Commission for information about businesses—permits, approvals, help, etc.



Information about local municipalities may be checked by using the Canadian Business Map at www.commercecan.ic.gc.ca. Click on “community profiles” (most cities and towns have some Internet presence).

How might provincial or territorial policies and laws impact my business?

If your business is located off-reserve, it will be subject to provincial or territorial laws and regulations. Provincial or territorial laws or regulations could affect the business in terms of health and safety, environmental or labour standards. You may have to register the business and pay taxes earned on business income. You should check all appropriate rules that could affect the business, such as fire code requirements and rules about washroom facilities, ventilation, parking, noise, signs, etc.

Even if the business is located on-reserve, you have to consider provincial rules such as off-reserve environmental impacts, selling in the provincial market, licensing requirements, etc.

In the territories, you need to consider the effect of the land claims and self-government agreements. Authority and resources may have transferred to local community or regional organizations.

In each province, there are Canada Business Service Centres (www.cbsc.org) that promote “one stop shopping” for the businesswoman who needs information and help.

What resources are available from provincial or territorial governments?

Some provinces and territories have business and economic assistance programs available for Aboriginal entrepreneurs in addition to general business services. Some areas have incentives for locating businesses in under-served areas or for certain business sectors. Consult the appropriate provincial, territorial or local business development office for more information.

In each province, there are Canada Business Service Centres (www.cbsc.org) that promote “one stop shopping” for the businesswoman who needs information and help. You can get regional contact information by calling

1-888-576-4444 toll-free or by visiting www.cbsc.org.

The Canadian Business Map (www.commercecan.ic.gc.ca) gives access to international, national, provincial, territorial and municipal business information.

The Business Gateway (www.businessgateway.ca) includes federal, provincial and territorial information, along with sectoral analysis, legislation and interactive business tools.

How might federal policies and laws impact my business?

Your business could be affected by federal laws or regulations concerning product safety, selling products out-of-province or exporting from Canada, environmental or labour standards, etc. Your business may have to pay the goods and services tax and federal taxes on earned income. Check with the local federal government business office about any specific regulations that should be considered.

The Aboriginal Business Service Network website (www.cbsc.org/absn) also has information on selected government regulations.

What resources are available from the federal government?

Indian and Northern Affairs Canada (www.ainc-inac.gc.ca) has a number of programs and services that support economic development planning and capacity, access to capital and strategic investments through partnerships. Most of them are directed at community-owned or operated businesses.

The federal government's Procurement Strategy for Aboriginal Business (<http://saea-psab.ainc-inac.gc.ca>) helps Aboriginal suppliers access federal government contracting opportunities.

For eligible applicants, Industry Canada's Aboriginal Business Canada (www.abc-eac.ic.gc.ca) gives financial assistance, information, resource materials and referrals to other possible sources of financing or business support. Aboriginal Business Canada supports innovation, trade and market expansion, tourism, youth entrepreneurship and strengthening Aboriginal financial and business development organizations.

Strategis (www.strategis.ic.gc.ca) is Industry Canada's business information site.

The Aboriginal Business Services Network (www.cbsc.org/absn) has an Interactive Business Planner, Online Small Business Workshop and information on government programs, services and regulations.

Canada Business Services Centres (www.cbsc.org) also gives online and drop-in support for entrepreneurs.

Canada Business Services Centres (www.cbsc.org) also gives online and drop-in support for entrepreneurs.



The following regional agencies offer specific regional support:

Atlantic Canada Opportunities Agency – www.acoa.gc.ca

Canada Economic Development for Quebec Regions – www.dec.gc.ca

Federal Economic Development Initiative for Northern Ontario – www.fednor.ic.gc.ca

Western Economic Diversification – www.wed.gc.ca

The Business Development Bank of Canada (www.bdc.ca) has business tools and advice.

Human Resources Development Canada (www.hrdc.gc.ca) funds the national Aboriginal Labour Market Strategy, which provides funding through Aboriginal Human Resource Development Agreements for First Nations, Inuit and Métis people across Canada. You may be able to access on-the-job training programs for your employees. In these programs, a part of the employee's salary is paid during the training period.

The Department of Foreign Affairs and International Trade (www.dfait.gc.ca) published the Directory of Aboriginal Exporters 2002, which lists Aboriginal businesses that are already exporting or are export-ready. The department has support programs to help get businesses trading outside Canada.

Ask the local city hall or Business and Economic Development Commission for information about businesses—permits, approvals, help, etc.

6

How can I market my business?

What are the benefits of advertising?

Advertising lets people know that the business exists, what goods and services are provided, how unique the product is, the value of the product to the customer, etc.

Advertising can take many forms, such as newspaper, radio and television ads, flyers and posters and the Internet. Advertising can help you get more customers.

It is important to start small and to be realistic. If your business claims it can deliver a certain product, it is important that this is true. Otherwise, advertising can backfire and do more harm than good.

For example, a First Nations woman was making unique, one-of-a-kind dolls for sale. She advertised her product and promptly received an order for 100 dolls. She was used to making two dolls a week and charged \$75 per doll. The order would have made her \$7,500, but the quality of the dolls would suffer if she tried to fill the order quickly. She called the customer back and explained her problem. She lost the customer and her reputation suffered.

In another instance, an Aboriginal woman opened a coffee shop. She advertised that the coffee shop would be open from 7 a.m. to 7 p.m. After some months in business, she noticed that very few, if any customers came to her shop after 5 p.m. She began closing early, but her ad still said she was open until 7 p.m.

When newcomers to the community tried to visit the shop at 6 p.m., it was closed. Locals told them, “She closes when she feels like it.” Her reputation suffered.

Advertising is a valuable tool when it is used wisely and you deliver what is promised. It is also important to weigh the cost of advertising against the actual benefits received. Are new customers being attracted as a direct result of paid advertising?

How do I develop and maintain a good customer base?

It is important to create a profile of your customers, who they are and what they expect to receive for their money. It is important to realize that the business was created to serve the customer, not the other way around.

The marketing portion of the business plan should describe the product or service being provided and the special features involved. It should also identify the area or region where the product or service would be sold (that is the community, the province or territory, the country or beyond). In addition, competition and trends in the market should be considered.

Once the market is clearly identified and the business is up and running, keeping customers is critical. Most successful Aboriginal women in business say that knowing their customers and satisfying their needs has been the backbone of their business. Good customer relations are critical to the success of any business. You may enjoy working with customers and making them happy, but employees or staff working for your



business may not have the same good will. Staff training in customer relations may make the difference between the success or failure of the business.

Successful Aboriginal women in business say that establishing a good network of customers, clients and potential customers is important to the growth of many businesses. When Marie Delorme of Image Nation Cards Inc. began thinking about starting her business, she made a list of all of her contacts, friends, people she had met or worked with and others. To her amazement she listed almost 400 people. This network of people was the ideal first place to start marketing her cards. She maintains the network and is expanding to attract customers internationally. Marie says it is important to listen to your customers and include their suggestions whenever you can.

Veronica Dewar of Pauktuutit says that Inuit women would benefit from attending more trade shows to establish a market, but it is expensive for these women to travel from the North. The benefits of getting more customers have to be weighed against the expense.

The Internet can be a valuable tool for you to market your products or services to more people. You may create your own website to display your product and to give purchasing information. Some Aboriginal women with

small home-based craft businesses got together to market their products. They used a broker who sells on the Internet to overseas and U.S. markets.

When you are looking at how to maintain a solid customer base, you should ask yourself:

- 1) What is unique, different and exciting about the product or service you offer?
How will this benefit or better serve the customer?
- 2) Why should the customer buy from this business instead of the competition? Is it the skill of the owner and workers, the quality of the product or service, the timeliness of getting the product or service, the excellent customer relations, the price?

Think about the answers to these questions and be prepared before advertising or marketing broadly.

It is important to create a profile of your customers, who they are and what they expect to receive for their money.

7

Should I use consultants?

Why do I need to use a lawyer, accountant, bookkeeper or business consultant? What services do they provide?

Because you are not the expert in everything, you will need to rely on the business skills of professionals to give you the necessary legal, accounting and business support services to make sure your business succeeds.

You should go to a lawyer to find out about your rights and obligations. Many people get themselves into a tricky business situation because they did not find out what rules applied to their business. When they talk to a lawyer after the fact, they realize that they should not have signed that contract or lease, trusted that partner or investor, or hired that person.

You are entitled to certain “rights.” As a Status Indian with a business on-reserve, you may be exempt from paying tax on your income. You will want to structure business agreements and contracts to protect yourself from being sued, from losing property, etc.

You also have “obligations” that are things that you may have to do for others—for a business partner, supplier, an employee, governments, etc.

You should go to a bookkeeper or accountant to keep track of all your business expenses, income, taxes and refunds to which you are entitled. You may think it is easy to just write down the money coming in and going out, but as the business grows, you may find it harder to keep up. These experts have computer

programs that help keep financial records on track. They can give advice on how to structure the record-keeping to make it easier for you to do your job. Remember to keep receipts for everything or else it may be difficult proving what the actual expenses or revenue were.

You would only go to an auditor if there is some reason to produce “audited statements,” which a business partner, investor or government agency may require. The auditor reviews what the owner, bookkeeper or accountant says happened over the year to see if the financial records actually support those claims.

You should go to a business consultant to help prepare a business or marketing plan (**see Section 3 – Do I really need a business plan?**). You may need a professional plan to satisfy a bank or other lender, investor or government agency before they will provide financial assistance.

One of the reasons you would hire an expert rather than relying on a family member or friend for legal, accounting or business advice is that most professionals have to be accredited and they have to carry insurance. Accreditation means that the person has gone to school and passed their exams—so there is confidence that the person knows what they’re talking about. Insurance is important, because anyone can make a mistake and you want the professionals to be responsible for their own mistakes.



How can I find a trustworthy consultant?

Start by talking with family and friends about which consultants they have used and trust. Ask around in the community and local businesses to see who does good work and check references.

Check local business directory listings and the Internet. There are referral numbers for lawyers, accountants, etc. through their professional associations, chambers of commerce and the Better Business Bureau.

Shop around. Don't just hire the first person! As a business owner it is important to make a clear business decision about the person—not just that you knew the person at school, or somebody says they're good.

Make a list of questions and needs before talking with someone. When meeting with a professional, don't be afraid to stop and ask them to explain something again if you don't understand. Some experts may try to impress you with their jargon. It is important that you understand what they are saying.

Make sure you ask very specifically how much the professional charges for various services. Ask about any "extra" charges. Get the person to itemize their services and get a copy of any quotes in writing just in case the charges are for more than was negotiated. Do not be afraid to ask the expert

whether they can reduce their fees because you are just starting out in business.

A lawyer will often ask for a "retainer." This means you pay the lawyer some money in advance (sometimes several thousand dollars), which gives the lawyer some protection that you will pay for the legal services. However, be very careful before handing over any money to anyone. You

need to know that there is going to be value for the services—paying when you receive the goods or services to your satisfaction is the best way to go! But some professionals will want money in advance.

Many small businesswomen have been shocked to get a legal, accounting or consulting bill for a huge amount of money because they didn't realize

how the professional charges for her or his services. For example, lawyers docket or charge for their time, so every time there is a telephone call to ask them a question there will be a charge. On the other hand, some professionals will charge a flat fee or will ask for a percentage of a deal.

The simple rule is to make sure you understand what it is going to cost before agreeing.

Make a list of questions and needs before talking with someone. When meeting with a professional, don't be afraid to stop and ask them to explain something again if you don't understand.



Can I learn what I need to know from courses and training programs?

Training is important, especially because things keep changing! Taking bookkeeping, accounting, management planning and business practices, marketing, legal and computer courses is a great idea if you can make the time. But just taking a course doesn't make you an expert. Training can provide the business savvy and confidence to know when others' help is needed and to make sure you are getting value for money.

Today there are great opportunities for self-directed learning through things such as CD- ROMs, the Internet and extension courses, which can give you a chance to work through a course at your own speed.

There may be financial assistance available to take business and upgrading courses through the local Aboriginal Human Resource Development delivery agent, funded through Human Resources Development Canada. There may also be online business courses offered through other federal and provincial or territorial government departments.





8

Should I get a mentor?

What does a mentor do? How do I know if I need one?

A mentor is someone with experience that gives advice and support.

Aboriginal women in business say that a mentor is a valuable “sounding board” for when they face problems in their business or when they may be unsure of a potential opportunity. Mentors are people who have faced the challenges of business, family life, maybe even political interference and have still become successful women in business.

They are aware that a woman seeking advice does not need a lecture, but rather help and kind encouragement. Sometimes it is just good to share problems with others, especially if they are knowledgeable.

Mentors often share their experience and contacts with others to make the journey to success a little easier.

Mentors often share their experience and contacts with others to make the journey to success a little easier.

How do I find a mentor?

There may be successful women in the community who would be willing to share their experiences. There may be former employers, leaders or teachers who could also be mentors.

Some Aboriginal women in business gather informally on a monthly basis, over coffee,

to discuss problems, challenges and solutions. One group is based in Toronto where many Aboriginal women live in a city environment with few links to their families or communities.

For women in remote communities, where there are fewer role models or mentors available, the challenge of finding a mentor is more difficult.

Establishing a good working relationship with the Aboriginal Capital Corporation, Economic Development Officer or others may be part of the solution.

The Canadian Executive Service Organization (CESO) also provides mentoring and ongoing support to businesses. You may want to consult the CESO Aboriginal Services website at www.ceso-saco.com.

9

Can I keep my business going and still have time to look after my family?

How do I get childcare support?

Successful Aboriginal women in business address this question as a part of the discussion of “Am I ready to be in business?” Before planning the business, the issue of balancing family responsibilities with the time needed to devote to a business should be addressed.

The lack of day care in Aboriginal communities and across Canada presents enormous challenges. One successful Aboriginal woman currently in business said she devoted five years while her child was young to working with the band council to establish a licensed day care in her community. Not everyone is this committed, but it often takes a collective and determined effort to get things done.

Some Aboriginal women have started private home day care businesses for themselves and as a way to provide a much needed service to others. Other Aboriginal women have established co-operative day-care programs where they each pay a small fee per child, hire a day-care provider and each spend a little volunteer time in the co-op on a revolving basis. This may be difficult to do once the business is up and running, but could be helpful during the planning stages. Other Aboriginal women use babysitters and those who are very fortunate rely on family and friends to help raise their children.

One innovative idea to consider, especially if the business employs more than 10 people

with children, is to establish a day care beside the place of business. The cost of providing quality day care to you and your employees can be included as a cost of doing business.

For some Aboriginal women, trying to balance family responsibilities with business is too much so they decide to consider a business after their children are grown.

How much time is it going to take to run my own business?

Business is not a nine-to-five job. Even after the business is closed for the day, there may be books and records to keep, work to finish, preparations for the next business day, staff worries, cash-flow problems, etc. In addition, depending on the business, you may need to attend gatherings and functions to network and promote the business.

Successful Aboriginal women in business say that much of their time is devoted to finding new markets and to strengthening their existing customer base by trying to meet new demands and trends. In addition, most successful Aboriginal women in business are in demand to help others get into the world of business.

It is also important for you to take time for yourself. Brenda Higgins of Higgins International in Winnipeg knows how difficult it can be to manage business demands and personal needs. Her business was becoming so successful, she found some difficulty “trying to find balance in my life. I only took three days off in one full year.” Looking after yourself will help both you and your business stay healthy.



10 Conclusion

Going into business is a major decision in anyone's life. We hope that this guide has helped you determine whether it is the right choice for you and has provided some helpful advice on how to get started.

It is hard to cover everything in one guide and *Journey to Success* may not be able to answer every question you have. We concentrated on the topics that most directly affect Aboriginal women and have supplied a number of other information sources that might also have helpful information.

This guide is the first step along the path.

Good luck as you continue your journey to success!



Appendix 1

The following is a fictitious business plan developed to give you a sample of what a business plan includes.

Business plan for First Nation Bookkeeping Services

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1

Executive summary

The executive summary gives a brief overview of what the business is, what it will cost and how it will grow. This part of the business plan, while appearing first in the document, might be completed last.

The following business plan shows the viability of “First Nation Bookkeeping Services” (FNBS), to be owned and managed by Dolly Mckenzie. The business will be run as a sole proprietorship and will be run out of her home at Six Nations.

Ms. Mckenzie has worked as a bookkeeper for several years for various companies including ABC Construction. Professional qualifications include a BA from McMaster University, and this has been supported by special training and classes in computers, etc. For complete details, please refer to Appendix A – Résumé. A particular strength is helping construction companies manage projects through timely and accurate recording of financial transactions.

During the last five years, Ms. Mckenzie has built a solid reputation in providing bookkeeping services. She has secured a large contract with First Nation Construction located at Six Nations. The contract is valued at just over \$28,000 per year. Bookkeeping services will be offered mainly to large businesses where a contracted bookkeeping service is in demand. However, all potential business clients in a 50 kilometre radius are part of the target market. The FNBS competitive advantage stems from an understanding of the special tax status of Aboriginal-owned businesses and tax treatment.

Ms. Mckenzie has already produced a brochure and business card outlining her services to enable continuous networking, relationship building and client referrals. These will be distributed to all businesses in the community. This will be particularly important over the first year, because there may be some client turnover. It is expected that new clients will sign up over the first year and gradual sales growth is reflected in the projected monthly cash-flow forecast. About 20 local businesses will receive introductory letters as part of the business start-up.

Bookkeeping services to be offered include:

- Monthly inputting of transactions using computer programs
- Maintenance of Accounts Payable and Accounts Receivable
- Bank reconciliations
- Union remittances
- Budgeting
- Cash flows
- Collections
- Monthly reports and summary graphs
- Financial statement preparation
- Payroll and salary administration (employee leave, ROE, T4, etc.)

These services will be offered from a home-based office located at Six Nations. The business will be managed and operated by Ms. Mckenzie and as the need arises, a part-time secretary will be hired on contract to handle administrative matters.

The cost to establish the office will be as follows:

Project costs

Computer equipment . . .	\$ 4,000
Software/office, etc.	3,150
Total Capital costs	7,150
Business plan	3,000
Marketing	600
Insurance, car, phone	450
Wages	1,000
Total current year expense	5,050

Sources of funds

Cash equity	\$ 5,000
Aboriginal Business Canada	2,250
Bank loan	3,640
Overdraft	1,310

Total cost to establish

the office \$12,200

Total sources of funds \$12,200

Lastly, the business is projected to break even on a cash basis in the first year. It is expected to make a profit basis in year two.



2

Ownership and management

It is important to describe how the business is owned and how it will be managed.

Ms. Mckenzie will be the sole owner and general manager. She brings five years of experience of providing bookkeeping services to the local market.

The secretary/receptionist position will be staffed from the Six Nations area. It will be advertised this fall through local media and the Aboriginal Human Resource Development Agreement career service. Ms. Mckenzie will be looking to hire someone with experience and some basic bookkeeping knowledge. She is prepared to train the person in financial terminology and file and document management.



3

Marketing

This section of the business plan gives details of the market or the customers to be attracted and served by the business. It outlines a strategy to compete in the marketplace and makes some assumptions about how much business will be secured over time.

This not only outlines a well-thought-out plan, but also demonstrates that the necessary market research has been done. It spells out to the business owner the money needed to be earned to break even and then show a profit.

i) Existing client base

The business case presented here is based on a current employed position valued at \$28,000 per year, now under contractual arrangement.

In addition, from a short list of 20 firms, FNBS expects to gain a 40% to 50% market within the first year of operation. The following summarizes client sectors and percentage breakdown by number, not by volume of business:

First Nation businesses	30%
Non-profit organizations	30%
For-profit, private businesses	40%

Although most clients will be from Six Nations, services will be marketed throughout Southern Ontario from London-Sarnia to Toronto, Hamilton and Kitchener.

ii) Proposed services and strategy

Ms. McKenzie will continue to specialize in corporate and commercial bookkeeping services with a target client base of First Nations administrations, First Nations-owned businesses and non-profit organizations. Although Ms. McKenzie will have some competitors, her practice will be unique, because she will have the only First Nations bookkeeping service in the area. She will be able to offer First Nations clients the confidence and technical skill in a way and in an environment that is culturally appropriate.





Ms. McKenzie has consistently invested a significant number of non-billable (free services) hours in business development initiatives. The success of the FNBS will largely depend on a consistent presence in the First Nations community for both business and social functions. Planned client promotions and community activities will use about 500 hours over the first year. Some of Ms. McKenzie's business promotion activities over the past year are listed below.

Speaking engagements

- “Doing Business with First Nations: Corporate Structures and Taxation Implications” at the Two Rivers Development Corporation in Six Nations
- “Doing Business with First Nations: Corporate Structures and Taxation Implications” at Insight, an Aboriginal Economic Development Conference in Toronto

Other business development activities

Ms. McKenzie attended the following:

- the Royal Bank-Obonsawin Irwin Leasing celebration of the urban Aboriginal community
- the Canadian Council on Aboriginal Business 2015 Circle gala dinner
- Southern Ontario First Nations Secretariat Christmas party
- Earl Hill Memorial, Ted Nolan/SFNS golf tournaments
- lunches and dinners with over 20 existing and prospective clients

Similar activities are planned for the upcoming year. Many of these events are annual and attract existing as well as new prospective clients. A great deal of Ms. McKenzie's referral business has come from these activities. A marketing budget has been identified at \$1,500 for the first year to cover costs of letterhead, profiles, website, etc.

iii) Pricing and competitive assessment

There is competition (including other First Nations bookkeepers) in Southern Ontario.

Based on a review of the First Nation Ontario Business Directory, there are 12 bookkeeping services in Southern Ontario, but none are located on-reserve.

iv) Estimated market share and break-even volume

There are 30 First Nations in the Southern Ontario market. The amount of bookkeeping service fees that a First Nation or a First Nations-owned business or non-profit corporation incurs in a year varies significantly depending on the scope of the operation. Based on a telephone survey done over the last year, on average, a First Nation spends between \$10,000 and \$20,000 per year on bookkeeping fees. An active First Nations business spends approximately \$3,000 to \$10,000 per year. A typical non-profit corporation spends approximately \$10,000 per year.

Therefore, if we estimate the Southern Ontario First Nation market potential conservatively, we find the following:

First Nation administrations	\$450,000 (30 x \$15,000)
First Nation businesses	\$300,000 (60 x \$5,000)*
Non-profit corporations/organizations	\$300,000 (30 x \$10,000)
Total\$1,050,000

***This estimate is based on identification of two large First Nation businesses per community—with annual sales in excess of \$150,000/year.**

Note: There are approximately 2,700 First Nations businesses and organizations in the Ontario Aboriginal Business & Communities Directory, 2002. After taking out the First Nation administrations, there are still more than 2,500 businesses and organizations.

Therefore, working with a Southern Ontario market size of \$1.05 million and assuming 12 direct First Nation competitors (including the FNBS), an equal market share would be \$87,500 per year. Ms. Mckenzie's strategy and the business case presented in this plan is based on retention of her local market share. Her first year revenue projection at less than \$45,000 represents a modest 4.3% market share. Therefore, the market risk is considered minimal.

4

Operational plan

The operational plan discusses where the business will be located and the facilities available to house the business. The operational plan also outlines how much work (hours) the business owner is expected to do and what limitations there may be. For example, the owner can invest 40 hours a week on her own, but if more hours are required, an assistant would have to be hired. This part of the business plan tries to keep expectations realistic.

i) Facilities and location

The business will operate from a home-based office space of 300 square feet. This will include one private office and a reception area. The office is conveniently located less than two kilometres from downtown Ohsweken and has ample parking.

ii) Operational capacity and limitations

The projected amount of work represents 845 billable hours in year one. Full capacity would be 40 hours/week at 50 weeks, or 2,000 hours. This is a comfortable and attainable goal, but also allows Ms. Mckenzie to put significant effort into networking and other marketing activities.

Revenue is projected to increase to 1,000 billable hours in year two and increase to about 1,100 hours in year three. Marketing and community service efforts are projected to be maintained at a high level in years one and two. The additional hours billed in year three will displace time spent in marketing. Ms. Mckenzie's business goals are based on stabilizing revenues at about 1,200 billable hours per year. Any level higher than this would require hiring an assistant.

The business will maintain professional business hours from 8:30 a.m. to 5:00 p.m. each weekday. Meetings will be scheduled during evenings and weekends at the client's request.



5

Financial plan

The financial plan includes:

- *The projected monthly cash flow for year one that outlines how much money is available at start up and how much money is expected to be made every month of the first year. It also details the cost of doing business on a monthly basis including marketing, telephone, insurance, owner's wages, etc. The sample provided here is based on a fairly steady business, but with seasonal businesses, such as those that are based on tourism or outfitting for hunting and fishing, the amount of money made in certain months will vary dramatically. This helps the business owner plan for the "down times" as well as the times the business is in peak demand.*
- *The projected income statement shows the growth of the business over a three-to-four year period from start up to where a profit is expected.*
- *The balance sheet shows the value of business assets after three years and how much debt is being carried. If the debt is subtracted from the assets figure, the result indicates the owner's equity after three years.*



Projected monthly cash flow for year one, projected income statements and balance sheets for the first three years have been prepared and are attached.

Sheet 1

First Nations Bookkeeping Services Projected monthly cash flow

	Start up	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals
Receipts revenue		2500	3000	3500	3500	3500	3500	3500	3750	3750	3750	4000	4000	42250
Cash equity	5000													5000
Bank Loan	3640													3640
ABC	2250	360			270			180					300	3360
Total receipts	10890	2860	3000	3500	3770	3500	3500	3680	3750	3750	3750	4000	4300	54250
Disbursements														
Equipment/ software	5400													5400
Office equip't/ Office supplies	1750													1750
		200											50	250
Marketing	600	250	100	100	100	100	100	100	100	100	100	100	0	1850
Telephone	200	250	250	250	250	300	300	300	300	300	300	300	300	3600
Vehicle	200	200	200	200	200	200	200	200	200	200	200	200	200	2600
Insurance	50	50	50	50	50	50	50	50	50	50	50	50	0	600
Business plan	3000													3000
Owner's wage	1000	2250	2500	2500	2750	3000	3000	3000	3000	3000	3000	3000	3500	35500
Bank Loan Interest		50	50	50	50	50	50	50	50	50	50	50		550
Capital													50	50
Total Disbursements	12200	3250	3150	3150	3400	3700	4100	55150						
Net change	(1310)	(390)	(150)	350	370	(200)	(200)	(20)	50	50	50	300	200	(-900)
Beg cash	2000	690	300	150	500	870	670	470	450	500	550	600	900	2000
End cash	690	300	150	500	870	670	470	450	500	550	600	900	1100	1100

Sheet 2

First Nations Bookkeeping Services *Projected income statements*

	Year 1	Year 2	Year 3
Revenue: services	42250	50000	55000
Operating expenses:			
Office supplies	250	350	405
Marketing	1850	1000	1030
Telephone	3600	3708	3819
Vehicle	2600	2678	2758
Insurance	600	618	637
Business plan, legal	3000	500	1000
Owner's wage	35500	36000	40000
Bank Loan Interest	550	365	225
Depreciation	1525	1525	1525
Total operating expenses	49475	46744	51400
Net profit	(7225)	3256	3600

Sheet 3

First Nations Bookkeeping Services Projected balance sheets

	Start up	Year 1	Year 2	Year 3
Assets:				
Current Assets:				
Cash	690	1100	1881	5416
Accounts receivable				
Pre-paid	5050			
Total current assets	5740	1100	1881	5416
Assets: fixed				
Computer/software	5400	5400	5400	5400
Office equipment	1750	1750	1750	1750
(Accumulated depreciation)		(1525)	(3050)	(4575)
Total fixed assets	7150	5625	4100	2575
Total assets	12890	6725	5981	7991
Liabilities:				
Overdraft	2000	2000		
Bank Term Loan	3640	3590	1590	
Total liabilities	5640	5590	1590	
Equity				
Beg Capital	5000	7250	1135	4391
Add: ABC Contribution	2250	1110		
Add: Net Income		(7225)	3256	3600
End Capital	7250	1135	4391	7991
Total liabilities and equity	12890	6725	5981	7991



Sheet 4

Statement of Changes in Financial Position

	Start Up	Year 1	Year 2	Year 3
Cash from Operations:				
Net Income		(7,225)	3,256	3,500
Add: Depreciation		1,525	1,525	1,525
Prepays (5,050)	5,050			
Reduce overdraft			(2,000)	
Capital Expenditures (7,150)				
Changes in Financing:				
Equity in 5,000				
ABC contribution 2,250	1,110			
Bank Term Loan 3,640	(50)	(2,000)	(1,590)	
NET CHANGE	(1,310)	410	781	3,535
BEG. CASH	2,000	690	1,100	1,881
END. CASH	690	1,100	1,881	5,416

Notes to financial statements

Revenue

First year – billable hours are projected at 845 hours for a total revenue of \$42,250, increasing from 35 hours in the first month of operation (October), to 80 hours by the sixth month.

It should also be noted that the billable rate used for projected revenue is at \$50/hour. Through a competitive survey, it was found that this rate is considered reasonable for large businesses.

In years two and three, revenues increase from \$50,000 to \$55,000 respectively. Once again, these estimates are considered conservative given the pricing strategy and evidence of the existing market.

Expenses

Owner's wages are based on personal budget requirements of Ms. Mckenzie's at \$3,000 per month. Ms. Mckenzie will also be paying a life/disability insurance plan that has been quoted and will be paid from her wages.

A secretary/receptionist will be hired part-time in year three and paid at \$15/hour for a total cost of \$4,000 for the year.

Telephone includes charges for a two-line system as well as cellular telephone charges for Ms. Mckenzie. Estimates are reasonable based on actual charges incurred in the past. Actual monthly phone charges have historically been about \$300/month.

Insurance includes content, premises and third-party liability. Insurance premiums will be paid at \$50 down and \$50/month for 11 months.

Marketing – \$1,850 is forecast for the first year based on analysis of client dinners, donations/sponsorships of events, attendance at conferences, etc. An increased presence in First Nations and community events will also be critical in year one. Marketing costs have been reduced to \$1,000 in year two.

Travel and vehicle expenses will be extensive with clients located throughout Southern Ontario. However, in most cases, expenses will be billed and recovered from clients. A nominal budget of \$200/month will cover all vehicle expenses.

Ms. Mckenzie has arranged a term loan of \$3,640 to assist with capital costs and an overdraft of \$2000 to cover working capital through the Bank of Montreal. A favourable rate of prime plus 3%, currently 8.25%, has been secured. Interest earnings on surplus balances have been forecast at 2% per year. Ms. Mckenzie will be maintaining sufficient bank balances to cover three months operating costs. Additional cash surplus will be transferred to a premium savings account.

Depreciation has been forecast based on computer and software amortized straight line over four years, and over ten years for the office equipment.

All operating expenses have been increased each year to account for inflation.



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Appendices

The following list contains examples of some of the appendices that should be included in a business plan in order to provide the most complete amount of information.

- (i) Résumé** – This details the education and work history of the business owner. It also includes other activities that relate directly to the business being planned. For example, volunteer activities in non-profit community organizations that are relevant.
- (ii) Evidence of cash equity** – This is a statement of the amount of money the business owner is putting into the business. It is usually a copy of a bank statement.
- (iii) Letters of support** – These letters can come from the business owner's former employees to indicate the skill of the business owner. They may also come from the community where the business is located to state a need for the business.
- (iv) Copies of contracts or intents** – If the business owner has already identified customers or clients, letters from these people indicating their future use of the business are helpful.
- (v) Letters confirming other financing** – If the business owner has secured a loan(s) from other sources, a letter from the financial institution is required.
- (vi) Project start-up costs and marketing plan (estimates and quotes)** – This provides quotes from suppliers for equipment, letterhead, business cards, etc.