



Agriculture and
Agri-Food Canada

Agriculture et
Agroalimentaire Canada

Specialized Business Planning Services (SBPS)

How to Apply for Funding Guide

Canada

Strengthening Canada's agricultural sector

As the Canadian agriculture and agri-food sector moves into the 21st century, it faces many challenges and opportunities for continued prosperity. In response, the Government of Canada, provincial and territorial governments, and the agriculture and agri-food industry are working together to implement a plan to strengthen Canada's agricultural sector.

Called the Agricultural Policy Framework (APF), this plan will help the sector become even stronger, more competitive, and more profitable, in markets at home and abroad.

Our goal? To ensure that Canada is a world leader in producing safe, high-quality food for Canadian and international markets in an environmentally responsible way using innovative methods.

To meet this goal, the Government of Canada has committed \$5.2 billion over five years for programs under the APF. Taking into account cost-sharing arrangements with the provinces and territories, new investment in the Canadian agricultural sector is expected to exceed \$7 billion.

Contents

Section 1 - Introduction

- 1.1 Renewal is a priority 4
- 1.2 Specialized Business Planning Services 4

Section 2 - Eligibility

- 2.1 Who can participate in SBPS? 4
- 2.2 Group applications 5

Section 3 - Financial Benefits

- 3.1 What financial benefits are available? 5
- 3.2 What costs are eligible? 6

Section 4 - Program Details

- 4.1 How does the program work? 6
- 4.2 Selecting a consultant 7
- 4.3 The proposal 7
 - 4.3.1 The proposal for business plans 8
 - 4.3.2 The proposal for succession plans 8
 - 4.3.3 The proposal for follow up plans 9
- 4.4 Submitting your proposal for review 10
- 4.5 After you receive approval 10
- 4.6 Payment requirements 11
- 4.7 How to receive your payments 11
- 4.8 Interim payments 11
 - 4.8.1 Succession plans 11
 - 4.8.2 Follow up included in initial plan 12
- 4.9 Final payment 12

For more information 12

Appendix A: SBPS application form

Appendix B: Guidelines on selecting a consultant

Appendix C: Elements of SBPS Plans

Appendix D: Regional offices

SECTION 1 - INTRODUCTION

1.1 Renewal is a priority

The agriculture and agri-food sector is evolving rapidly to keep pace with technology and the global marketplace. Farm operations are becoming larger and more complex, and producers are continually adapting. They are acquiring knowledge, developing new skills, and incorporating strategic planning and management activities on an ongoing basis.

To support producers who want to invest in these types of activities, governments are undertaking a variety of initiatives to help all producers—both new and established—assess their situations and options, and acquire the skills and resources they need to succeed.

The Renewal element of the APF offers a range of tools and services to help producers establish and evaluate goals for their businesses, and to help them achieve these goals.

1.2 Specialized Business Planning Services

The Specialized Business Planning Services (SBPS), which is delivered through the Canadian Farm Business Advisory Services as part of the APF's Renewal element, is a five-year Federal-Provincial-Territorial Government initiative ending March 31, 2008.

SBPS can provide you, as a producer, with financial support to help you with targeted business or succession planning. Through SBPS, you can access funds to help pay for the services of a consultant to develop detailed business plans for your farm operations. These plans can cover areas such as diversification, marketing, human resources, risk management, or succession.

SECTION 2 - ELIGIBILITY

2.1 Who can participate in SBPS?

You are eligible to participate in SBPS if:

- as an established producer you can demonstrate that you have a minimum of \$10,000 in annual gross farm sales by submitting any one of the following with your application:
 - ▶ income tax return (T1) for the previous year showing farm income
 - ▶ audited financial statements
 - ▶ Canadian Agricultural Income Stabilization (CAIS) statements
 - ▶ copies of cash receipts (milk cheques, sales receipts, etc)
 - ▶ any other documentation deemed reasonable by AAFC

OR

- as a beginning farmer having owned and operated a farm for less than 6 years or as someone who intends to start a farm business in the near future, you must demonstrate that your farm business will have, or has, annual gross farm sales of \$10,000 or more.

Note: If you intend to establish a farm business you must provide to the CFBAS office, proof of ownership, or control of, productive agricultural assets to generate farm income. You must also provide a farm budgetary forecast including projected income and expenses for the current or next year.

2.2 Group applications

Groups are also eligible to apply for SBPS funding. A “group application” refers to one application made under SBPS by two or more persons or entities that carry on two or more independent and separate farm operations.

When groups apply for SBPS funding, each person or entity in the group must represent an independent and separate farming business or operation. In addition, all members of the group eligible to receive funding must meet the SBPS eligibility requirements.

For more information on group eligibility and group applications, please contact an AAFC program officer at **1-866-452-5558**.

SECTION 3 - FINANCIAL BENEFITS

3.1 What financial benefits are available?

If you are eligible for funding, you may receive up to 50 percent of the consultant’s eligible costs for preparing the business plan or succession plan. You may be eligible for the following over the life of the program (April 1, 2003 to March 31, 2008):

- up to \$8,000 in funding for an individual applicant;
- up to \$16,000 in funding for two participants;
- up to \$24,000 in funding for three participants; and
- up to \$25,000 in funding for four or more participants.

Please note that total government assistance from federal, provincial, and municipal sources cannot exceed 75 percent of any eligible expenditures. Funding from more than one Agriculture and Agri-Food Canada source is not permitted. The Social Insurance Number (SIN), Business Number (BN) or GST Number is collected under the authority of the Income Tax Act for the purpose of reporting income.

3.2 What costs are eligible?

The following expenses related to the development of a specialized plan will be considered Eligible Costs:

- Consultant Fees
 - ▶ materials and supplies directly related to the development of the plan;
 - ▶ domestic travel costs within the Treasury Board guidelines; and
 - ▶ administrative and other costs directly related to the conduct of this initiative, such as telephone, fax, photocopies.
- Any other reasonable costs which AAFC deems to be eligible.

Note: More than one consultant may be involved in developing business or succession plans, however a lead consultant must be identified to coordinate the overall plan. Each consultant will be legally responsible for their respective portions of the work and each consultant must meet the criteria listed in this guide.

The following expenses will not be considered Eligible Costs and therefore will not be reimbursed by AAFC to the Applicant:

- capital costs such as computers, office equipment and furnishings;
- costs of establishing a commercial operation;
- provincial taxes, Goods and Services Tax, or Harmonized taxes;
- any activities associated with the implementation of a plan, including, but not limited to, legal costs, site development plans, building plans, process development, development of prototypes, product testing, product commercialization, patent applications and prenuptial agreements in succession plans;
- travel costs outside of Canada or in excess of Treasury Board guidelines;
- costs being reimbursed under an existing government program; and
- any other expense, which at the discretion of AAFC is deemed to be ineligible.

SECTION 4 - PROGRAM DETAILS

4.1 How does the program work?

To apply for SBPS funding, you will need to complete the application form, called *Specialized Business Planning Services (SBPS) Request for Funding*. A copy of the form is included in Appendix A of this guide.

Before you can submit your application, however, **you must first choose a consultant**, who will help you develop a proposal.

4.2 Selecting a consultant

AAFC expects you to be diligent when selecting a consultant, and reserves the right to verify the consultant's qualifications. For detailed guidelines on selecting a consultant, please see Appendix B of this guide.

When choosing a consultant, keep in mind that he or she must meet the following three criteria. The consultant must:

1. be a member in good standing of a recognized professional organization **or** have related post-secondary education and have completed a course on ethics and professionalism (*An interactive, online Professional and Ethics Course is now available through the Agricultural Institute of Canada (AIC) and can be accessed at <http://www.aic.ca/learning/index.cfm>*);
2. have experience in preparing business plans or succession plans; and
3. provide a minimum of two references from previous clients (names and telephone numbers) who can endorse past work of a similar nature.

The consultant's résumé, which you must attach to your application form, should include details and documentation on all of the above criteria.

A Conflict of Interest Declaration must be signed by you and your consultant and submitted with your application (please see Appendix B of this guide). AAFC reserves the right to verify any information about the relationship of the consultant and the applicant and has the right to reject an application based on any conflict of interest.

For more information on conflict of interest, please see Appendix B - Guidelines on Selecting a Consultant.

4.3 The proposal

The SBPS requires that you submit, with your application, a proposal from your selected consultant that meets certain requirements. The elements of a business plan, succession plan and follow up plan are outlined in detail in Appendix C of this guide. Please be sure to share this information with your consultant before he or she prepares the proposal.

At a minimum, your proposal must:

- include a statement of work for the consultant that clearly demonstrates how he or she will address the elements of the business plan, succession plan, or follow up plan and must include the tasks to be undertaken (Appendix C); should your consultant require the services of any other consultant, a breakdown of the costs and activities, and per diem rate should be clearly indicated for each task performed by that consultant;
- give start and end dates for the project (please contact a program officer should your business plan exceed 180 days or if your succession plan exceeds one year);
- provide a cost-breakdown for each task; and
- indicate the deliverables and their costs, including a payment schedule, for interim payments and for the final payment.

4.3.1 The proposal for a business plan:

The SBPS requires that you submit with your application, a proposal from the selected consultant that addresses the elements of a business plan which includes the following chapters and analysis:

- business overview
- strategic plan
- industry and market analysis
- marketing
- operations
- human resources
- financial
- environmental
- action plan
- follow-up plan (*may be submitted as separate proposal - see Section 4.3.3 below*)
- supporting documents

Not all elements will be applicable in every business plan at any given time. In cases where a chapter is not applicable, please be sure to include the chapter heading and an explanation as to why it is not applicable. (See Appendix C for more detail).

4.3.2 The proposal for a succession plan:

Where a succession plan is proposed, the following elements must be considered and included in the proposal and attached to your application:

- business overview
- description of business, personal goals and expectations
- retirement plan
- training and development for successor
- farm business plan
- operating plan
- management control and labour transfer plan
- ownership transfer plan
- implementation timetable
- communications plan
- contingency plan

Not all elements will be applicable in every business plan at any given time. In cases where a chapter is not applicable, please be sure to include the chapter heading and an explanation as to why it is not applicable. (See Appendix C for more detail).

4.3.3 Follow up to a plan:

Follow up to a SBPS business plan or succession plan can assist you in keeping on track with your plan by reviewing goals and assumptions and by developing new strategies where necessary.

Activities associated with the implementation of a plan, including, but not limited to, legal costs, site development plans, building plans, process development, development of prototypes, product testing, product commercialization, patent applications are not eligible for reimbursement under SBPS follow up.

4.3.3.1 Follow up included in initial plan

Where follow up is included in your initial plan, the following elements must be considered and included in the proposal and attached to your application:

- Provide a schedule or timetable for follow up of the plan (triggering events, milestones, or time)
- Explain how the success of the plan and the implementation of the plan will be evaluated during the follow up
- Identify who will be involved in the follow up evaluation and plan adjustment process - both from within the farm business and consultants
- Describe the anticipated steps in making any adjustments which may be required
- Provide any other relevant comments

4.3.3.2 Follow up in subsequent years

Where follow up to your initial plan will take place in subsequent years (i.e. year two, year three, etc.), and you have adequate funds remaining under SBPS, **you must submit a new SBPS Request for Funding application (Appendix A) and proposal** addressing the following:

- Provide a schedule or timetable for follow-up of the plan (triggering events, milestones, or time)
- Explain any weaknesses or problems that occurred which hampered the full implementation of the plan and identify whether new tools are needed to stay on track
- Outline any training or skills development which are required for you to more effectively use the plan as a management tool or to obtain financing
- Explain what is working, what challenges are remaining, and why
- Provide next steps, new strategies, and describe how they will be implemented
- Provide any other relevant comments

4.4 Submitting your proposal for review

Once your consultant has completed the project proposal to your satisfaction, and you have filled out the *SBPS Request for Funding* application form (Appendix A), you should forward your application package to the AAFC regional office in your area (see Appendix D for addresses). Please make sure to include the Conflict of Interest Declaration (in Appendix B) signed by your consultant.

An AAFC program officer will review your application. The officer may verify the information you have provided on the application form, and may also contact the consultant. AAFC will advise you within **30 days** of receiving your proposal whether or not it has approved your project for funding.

We strongly suggest that you do **not** sign the proposal until it has been approved by AAFC. If you sign the proposal before AAFC has reviewed it, you may be liable to the consultant for the full amount without receiving any financial assistance from AAFC. Please note that AAFC will not pay for any work performed before the date it approves the proposal.

4.5 After you receive approval of the proposal

Once AAFC approves your proposal, AAFC will send you a copy of your terms and conditions. Read these terms carefully, then sign and return them to the AAFC regional office in your area (see Appendix D for addresses). **The terms and conditions must be signed and returned before work can begin.**

You can then feel free to sign the contract with your consultant. Once it is signed, it becomes a contract that legally obliges you to pay for the consultant's services. Once you have done so, you can proceed with your project.

AAFC's approval is not intended and is not in any way an assurance or a guarantee of the competence or abilities of the selected consultant. The Minister of Agriculture and Agri-Food Canada, the Provincial/Territorial Ministers, their officers, servants and agents accept no responsibility nor will they be held liable for any claims, demands, losses, or actions which may be made or taken against them arising out of the advice, operation or any other action related to the Specialized Business Planning Services (SBPS).

4.6 Payment requirements

AAFC needs to review and approve the business plan, succession plan or follow up plan before it will make any payments under SBPS. Once the plan has been completed, be sure to send it to AAFC **prior to paying the consultant.**

When AAFC receives the completed plan, a program officer will review it to ensure that it has met the requirements as set out in your proposal. If it does, it will be approved for payment.

4.7 How to receive your payments

After AAFC has notified you that the completed work has been approved, you are then responsible for paying your consultant. AAFC will reimburse you for **paid** invoices only. Please note that AAFC will not pay for any work performed before the date it approves the proposal.

4.8 Interim payments

4.8.1 Succession plans

AAFC can make interim payments for succession plans, as long as you clearly explained the need for these payments in your proposal when submitted to and which was subsequently approved by AAFC. Send your paid interim invoices, status report and any completed deliverables as per the payment schedule to AAFC for approval. The interim payment cannot be more than 50 percent of the maximum amount of funding you are receiving under SBPS (i.e. \$4,000 for one applicant, \$8,000 for two, \$12,000 for three, and \$12,500 for four or more).

An AAFC program officer will review these documents within 30 days of receiving them and, if they are approved, will send you an acknowledgment of payment. AAFC will then process your interim payment, and you should receive a cheque within six weeks.

4.8.2 Follow up included in initial plan

Interim payments can be made to those who have included follow up in their initial plan. Once your business plan has been completed and approved by AAFC, you may request an interim payment by submitting your paid invoices to AAFC. Your interim payment request will then be processed, and you should receive a cheque within six weeks.

4.9 Final payments

After AAFC has notified you that the completed work has been approved, you are then responsible for paying your consultant. AAFC will reimburse you for **paid** invoices only.

Send the final paid invoices to the AAFC regional office in your area (see Appendix D for addresses).

An AAFC program officer will review these documents within 30 days of receiving them and, if they are approved, will send you an acknowledgment of payment. AAFC will then process your final payment, and you should receive a cheque within six weeks.

For more information

For more information on SBPS or other Renewal initiatives, please visit the AAFC Web site at www.agr.gc.ca/renewal, or call **1-866-452-5558**.

For more details on the Agricultural Policy Framework (APF), please call:

Toll-free telephone: **1 800 O-Canada** (1-800-622-6232)

Teletypewriter (TTY) for hearing and speech-impaired clients: **1-800-465-7735**

You can also visit the APF Web site at www.agr.gc.ca/puttingcanadafirst.

Appendix B - Guidelines on selecting a consultant

Choosing a Consultant

When choosing a consultant, keep in mind that he or she must meet the following three criteria. The consultant must:

1. be a member in good standing of a recognized professional organization **or** have related post-secondary education and have completed a course on ethics and professionalism (*An interactive, online Professional and Ethics Course is now available through the Agricultural Institute of Canada (AIC) and can be accessed at <http://www.aic.ca/learning/index.cfm>*);
2. have experience in preparing business plans or succession plans; and
3. provide a minimum of two references from previous clients (names and telephone numbers) who can endorse past work of a similar nature.

The consultant's résumé, which you must attach to your application form, should include details and documentation on all of the above criteria.

Guidelines on selecting a consultant

Properly selecting a consultant is not an easy task. However, the payoff of taking the time required to make a good choice can be worthwhile. On the other hand, the costs of poorly selected consultants can be high. For these reasons, the time and effort you spend choosing a consultant is a good investment.

Please note that this information was compiled from the publications listed as sources at the end of this appendix.

Disclaimer

These guidelines are provided to you as a source of information only. The Minister of Agriculture and Agri-Food Canada, the Provincial and Territorial Ministers, their officers, servants, and agents accept no responsibility nor will they be held liable for any claims, demands, losses, or actions which may be made or taken against them arising out of the selection of a consultant in accordance with these guidelines or arising out of any advice given by such a consultant.

The role of the consultant

Understanding the consultant's role is critical in creating a good working relationship that achieves desired results. Remember that the role of a consultant is to supplement your knowledge so you can make sound, informed decisions. Although the consultant will guide you in decision-making, you are responsible for making the final decision.

Defining the work

It is easier to select a consultant if you know what results and “deliverables” you want. Deliverables are the components of the finished product (the plan) that you expect the consultant to complete.

Clearly state what needs to be done. Specify what you expect to be produced (e.g. a business plan), keeping in mind the elements of SBPS plans (see Appendix C for a list of elements). This initial effort will save time.

Finding a consultant

Ask around. Word of mouth is often the best way to find out which consultants have done good work in the past.

Use lists of qualified consultants. Although we cannot recommend a particular consultant to you, you can obtain lists of qualified consultants from various professional organizations, colleges, universities, and government agencies.

Surf the Web. You can find some excellent directories of consultants on the Internet.

Checking the consultant's résumé and references

References are a valuable tool when selecting a consultant.

Ask for a résumé and references. Ask for a résumé of the consultant's qualifications and experience. Check with at least two references or clients. Specifically ask the reference what the consultant did. Ask yourself if the consultant's work is similar to the work you want the consultant to do for you.

Ask the reference if they were satisfied with the consultant's work. If not, ask why.

Ask the reference in-depth questions about the consultant's work. This may trigger memories of problems or concerns they may have had with the consultant.

Interviewing the candidates

Once you have narrowed down your list of consultants, a discussion with each candidate is critical to making your final selection. Do not just rely on the proposal or quote from the consultant. During each discussion, look for individuals who recognize your needs and demonstrate sound knowledge of the industry and your situation.

Personally meet with the candidates

In some situations, a telephone call may be appropriate. However, a face-to-face meeting is preferred. To give structure to the meeting, we have a prepared set of questions you may want to ask the consultant to help you determine his/her expertise:

Many consultants specialize in a particular area. Choosing a consultant with the exact area of expertise you want can increase the quality of the work and may reduce the cost.

- What is the consultant's area of expertise?
- Has the consultant ever completed a business plan or a succession plan?
- Does the consultant's area of expertise match what you want them to do for you?
- Has the consultant done similar work with business plans for other clients?

Many consultants involved with business planning will have education in accounting, business management, agriculture, commerce, finance or economics. Consultants specializing in succession planning may also have post-secondary education in family counseling, mediation, estate planning, financial planning, or law. In many cases, experience is the teacher.

- What is the consultant's experience and education?
- How many years of experience does the consultant have?
- Is the consultant a member of a consulting or professional organization?
 - If yes, which one and how long?
 - If no, does he have a level of education and experience that is necessary to get the job done?

Choosing a consultant who is knowledgeable about the industry will improve the quality of the result and decrease the amount of time needed to achieve the result.

- What is the consultant's knowledge of the industry?
- Has the consultant worked in the industry?
- Does the consultant personally know the industry players?

Pick a consultant with whom you feel comfortable. Since you will be spending a lot of time with this person, a trusting and credible relationship is critical.

Choose a consultant with whom you can communicate. Both parties must be open and straightforward with each other to gain the maximum benefit.

Writing the contract

Normally, the service provider (the consultant) prepares the proposal or “letter of engagement” of services, not the client. It is important that you are familiar with what is in the proposal. A properly written contract clearly states who is responsible for what and helps prevent unpleasant surprises. When you and the consultant sign a contract or letter of engagement, you are both part of a legal agreement.

Ask specifically for everything you want from the consultant. If you don’t ask for it, you may not get it. Specify everything you expect the consultant to deliver or produce. For a list of requirements to be included in your proposal, refer to Appendix C of the “How to Apply for Funding” guide.

Develop a specific action plan and time line. Outline what you want the consultant to do, when it will start and end, and how much will it cost. These are the requirements for a proposal.

Define who will do the work. Have the consultant identify who will work with the consultant and who will do the work, including associates, other companies, or other experts.

Specify who owns the work. Identify who owns what the consultant produces, what level of confidentiality is expected, and how information is to be released, if at all.

Specify reporting requirements. Specify when, how, and where reports will be delivered to you. You may want to receive interim reports as well as a final report.

Specify the payment arrangement. The consultant may be paid either a flat fee or an hourly rate for services. The consultant may ask for a deposit up-front and progress payments. Ensure that the consultant’s duties are completed and invoices are paid in a manner as specified in the contract. While it is important that the consultant is paid in a timely fashion, be sure not to pay in full until the consultant’s duties are completed.

Include provisions for non-performance or unforeseen circumstances. Identify in the contract what you would consider to be non-performance and the consequences of non-performance. It is important to reserve the right to terminate the contract in the event of non-performance or other unforeseen circumstances.

When to enter into a contract. Avoid entering into a binding contract until your proposal has been approved. The arrangements you make with the consultant should be subject to approval of your application.

Determining the cost of the consultant's services

Cost is important when selecting a consultant.

Negotiate the price. The price the consultant quotes may be negotiable. If possible, consider quotes from more than one consultant. You should expect all invoices and quotes to be itemized for easy identification and tracking. Note that consultants should **not** charge you for their costs before you enter into a contract with them (e.g., their time to prepare their proposal or to attend meetings to discuss their ideas with you).

Interim Payments. AAFC can make interim payments for succession plans, as long as you clearly explained the need for these payments in your proposal. Interim payments can also be made if you have included follow up in your initial plan. The consultant should provide you with a schedule for payment. Any payments during the course of the work are interim payments. If interim payments are requested in the proposal, you should make arrangements to allow for these payments. There may be breaks in the flow of work, (i.e. where a decision has to be made prior to continuing; or payment for hiring outside experts). Remember, reimbursement may take some time, cash flow may be a concern, and interim or “progress” payment is normal; however, progress payments must be specified in the original contract.

Final Payment. Ensure that the work is finalized as specified in the contract and has been approved by AAFC before a final payment is made. Trying to get someone to complete work on a contract after they are paid in full is more difficult.

Other considerations

Below are some additional items you should consider when selecting and hiring a consultant.

Does the consultant carry Errors & Omission Insurance? Insurance protects you and the consultant. If he values his clients, and his business, E & O Insurance is highly recommended. The consultant should specify where this insurance is held and provide verification.

Does the consultant carry Commercial Liability Insurance? This is to protect you and the consultant in the case where physical damage has been done to your business by the consultant. The consultant should specify where this insurance is held and provide verification.

Stay involved in the project. Although you have hired a consultant, you are still responsible for the project.

Conflict of Interest

Consultants may be in a conflict of interest situation if it can be reasonably concluded that their position in a business or their personal interests could improperly influence their judgment in the exercise of their duties. Typical situations where a conflict of interest may arise are those where a consultant provides consulting services and advice to the producer and who:

- Works for an organization that may derive financial advantages or benefits from the sale of farm inputs, products, goods or services;
- Has an existing or potential financial interest in your affairs;
- Has a family relationship with you (e.g. father, daughter, brother or sister-in-law);
- Is a direct competitor of yours;
- Has any past, existing or potential interest regarding the utilization of the results of the analysis of your business or intellectual property; or
- Is currently an employee of AAFC or the Provincial Agriculture Department.

Some Illustrative Examples:

- In completion of the work described, the consultant should not have other professional interests that might result in a real or apparent conflict of interest. For example, as part of the consultant's professional work or employment in another organization, such as a supplier of feed products or financial institution, he or she provides consulting services for a SBPS client which would increase the sales or loans of the employer's products.
- There should be an arms-length relationship between the consultant and applicant. For example, it would be inappropriate for the financial consultant to have a financial interest (as a shareholder) or a position of authority or influence (as a director or officer, or having a family relationship) in the business of the applicant.
- The consultant should not be in direct competition with the producer. For example, a competitor may take advantage of any confidential information or insider information provided by the applicant for the special advantage of his or her own competitive business.
- The consultant should not be a member or employee of an organization that approves the application or provides funding for the program.

Please see following page for the Conflict of Interest Declaration.

The Conflict of Interest Declaration must be signed by you and your consultant and submitted with your application.

AAFC reserves the right to verify any information about the relationship of the consultant and the applicant and has the right to reject an application based on any conflict of interest.

If you become aware of a conflict of interest with your consultant while the consultant is providing services to you, you should:

- Advise the AAFC Regional Manager (see Appendix D for the Regional Manager in your province).

Sources

- Hofstrand, Don. *Considerations When Selecting A Consultant*, Agricultural Marketing Resource Center, Iowa State University, File C5-400, February 2003.
- Sewell, Marilyn. Ontario Ministry of Agriculture and Food. *How to Choose a Consultant Resource for Your Community or Organization*, Order #: 98-053, July 1998.
- Dyck, Dean. Alberta Agriculture, Food and Rural Development. *Choosing a Consultant ... An Investment in Your Agricultural Business*

CONFLICT OF INTEREST DECLARATION

To be signed by you and the consultant and submitted with your application for Specialized Business Planning Services (SBPS). These guidelines apply to consultants and their sub-contractors.

I have read the Conflict of Interest Guidelines for Consultants including the list of typical conflict of interest situations from Appendix B of the 'How to Apply for Funding Guide'. I have carefully reviewed my own situation in light of these illustrations (check appropriate box):

- To the best of my knowledge and belief, I am involved in no situation or action that might be regarded as a potential conflict of interest with my duties as a consultant

- It appears that I am involved in some situations or actions that might be regarded as a potential conflict of interest with my expected duties as a consultant. Details of each of these situations and/or actions are as follows:
 - 1.

 - 2.

 - 3.

I agree to notify the Regional Manager of the CFBAS office, immediately if any new situations or actions develop that might be regarded as a potential conflict of interest with my duties as a consultant.

Information obtained by consultants in connection with the CFBAS shall under no circumstances be used or disclosed for another activity. The personal information provided by the producer will be collected, used, disclosed, protected and retained following the federal and provincial privacy and access to information legislation.

I further agree to be bound by the provisions of the Conflict of Interest guidelines which form part of this Declaration.

Consultant:

Name (please print) _____

Signature _____ Date _____

Producer(s):

I [name (please print)] _____ acknowledge receiving a copy of this

Conflict of Interest Declaration signed by the above named Consultant.

Signature _____ Date _____

All applicants are to sign this declaration. Please insert additional lines/pages for additional applicants.

Appendix C

Elements of SBPS Plans

The Specialized Business Planning Services (SBPS) requires that you submit, with your application, a proposal from your consultant that meets certain elements for a business plan, succession plan, or follow up plan as listed below.

Please be sure to share the following elements with the consultant before he or she prepares the proposal.

Requirements for proposals

The proposal is an offer of service from the consultant. When you sign it, it becomes a legally binding contract for service. For this reason, it is important to clearly state who is responsible for what in the proposal.

While there are a number of issues to consider when preparing and accepting a proposal, your proposal must provide the following information before AAFC will consider it for funding:

- the proposal must clearly demonstrate how the consultant will address the elements of a business plan, succession plan, or follow up plan;
- it must include your consultant's resumé and documentation of professional certification, proof of completion of ethics and professionalism course, and references from previous clients (*An interactive, online Professional and Ethics Course is now available through the Agricultural Institute of Canada (AIC) and can be accessed at <http://www.aic.ca/learning/index.cfm>*);
- it must include the Conflict of Interest Declaration signed by your consultant;
- it must give start and end dates for the project (please contact a program officer should your business plan exceed 180 days or if your succession plan exceeds one year); and
- it must provide a breakdown of costs including per diem rates involved in completing the work, and the payment schedule.

Elements of a business plan

A business plan is a written summary of what a producer hopes to accomplish with his or her farm or agribusiness. It is a road map for operating the business, and for measuring progress along the way. The plan documents where the business is today, where the business is expected to be three to five years from now, and how the business operator plans to get there.

The chapter headings listed below are the elements for all business plans developed under the SBPS. The adjacent column lists examples of what might be included in each chapter; however, the depth of analysis may vary, depending on the type of operation involved and the specific type of plan being developed. It is expected that the level of detail in each chapter of the plan will vary, depending on the focus of the plan.

Each chapter heading must be included in all written reports, however, in cases where the chapter headings are not applicable to the particular operation (i.e., marketing in a supply-managed dairy operation), the chapter heading would still be included, with a brief explanation of why this chapter does not apply .

You may wish to include additional chapters in your specialized plan; however, **the chapter headings listed below must, at least, be addressed and considered.**

| Chapter headings (each heading must be addressed in your plan) | Depth of analysis (sample content; you may minimize or maximize chapter content accordingly) |
|---------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Business overview | |
| Cover page | <ul style="list-style-type: none"> • Provide the business/client name, address, telephone, and fax numbers • Explain the time period for business plan, and provide the preparation date • Provide a list of key contacts, including the consultant who prepared the plan |
| Table of contents | <ul style="list-style-type: none"> • List chapter headings of the plan for reader reference and convenience |
| Executive summary | <ul style="list-style-type: none"> • Provide a one- to two-page summary that describes the overall plan and highlights the action points • Include information on the purpose of the business, the market, unique advantages, financial highlights, management strengths, and purpose of the plan |
| Purpose of plan | <ul style="list-style-type: none"> • Provide an outline of why the plan has been developed - (e.g., to obtain financing, attract equity capital, enter a new market, diversify the business, start a new business, expand an existing business, or assist in succession) |
| Business description | <ul style="list-style-type: none"> • List all aspects of the current and proposed state of the business, including business history and major events impacting business • Provide information on legal structure, type, and size of enterprise, as well as any physical resources available to the business |
| Management description | <ul style="list-style-type: none"> • Describe the management team, their skills, and how skill gaps will be filled • Provide information on professionals assisting the business |

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| <p>2. Strategic plan</p> | <ul style="list-style-type: none"> • Identify the long-term view of the business • Outline business strengths, weaknesses, opportunities, and threats • Outline the business and what it is doing (mission) • Outline where you want the business to be 5 to 10 years from now (vision) • Outline the steps to get there (strategies and goals) • Identify key performance indicators (objectives, their measurement, and follow-up) |
| <p>3. Industry and market analysis</p> | <ul style="list-style-type: none"> • Identify the characteristics of the industry and the markets • Describe the industry and its history, its size, and major players • Describe long- and short-term trends and seasonal factors affecting the industry • Outline the impact of economic, social, technological, and political change, and any other significant factors that could have an influence on the business within the industry • Describe food safety, quality, and traceability issues and related regulations • Identify customer needs not being met, and potential sales • Identify critical success factors for the industry |
| <p>4. Marketing</p> | <ul style="list-style-type: none"> • Explain how you expect to market your production, considering the five Ps: product, place, price, promotion, people • Provide information on the target market, including established and potential market opportunities or niche markets, customer characteristics and demographics, customer segmentation, market performance, growth trends, factors affecting purchaser decisions, and market geographic area • Describe the competition, including the number of competitors, their strengths and weaknesses, their costs and prices, potential competitor reaction to new market entry, the potential for substitutes, and barriers to entry • Describe the product/service being offered, its selling features, key product attributes, differentiating factors and quality, storage life, selling arrangements, contracts, potential alliances, service policies, and warranties • Describe how the product will be distributed (e.g., direct marketing, wholesaler, Web site, sales representative) • Provide information on packaging, labeling, storage, controls, inventories, delivery guarantees, and return policy • Outline the advertising and promotion strategy to support the sales and profit objectives, cost/benefit of the strategy including product/service testing, advertising, how advertising will be generated for the business, and promotion budget |

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| | <ul style="list-style-type: none"> Describe how product/service price is established; warranties/ guarantees, discounts/incentives, contribution margin, and break-even price Outline licensing and permit requirements Explain your state of export readiness (if appropriate) |
| 5. Operations | <ul style="list-style-type: none"> Outline the production capacity of the business: for farms, include buildings, machinery, livestock, and land; for value-added businesses, describe plant and its capacity Outline standardized quality-management systems, such as HACCP and ISO Outline how the everyday activities will be managed, including supplier and production contracts, inventories, quality-control measures, production targets, distribution, and the regulatory environment |
| 6. Human resources | <ul style="list-style-type: none"> Outline the people required to operate the business, their skills, their availability, and any training programs needed or in place Describe any human-resource issues facing the business, and how they will be addressed Summarize attraction, retention, and compensation strategies |
| 7. Financial | <ul style="list-style-type: none"> Identify the financial requirements and projections to implement the plan Outline business assumptions on which the financial plan is based, including quantities sold, price, cost of goods sold, operating expenses, salaries, interest rates, depreciation, income taxes, and regulatory costs Provide past, present, and future (three- to five-year horizon) balance sheets, income statements, source and application of funds, and ratio analysis Provide a cash-flow statement, a break-even analysis, and an expenditure plan, including start-up costs as appropriate Provide a financing schedule, including source of capital (family or external), amount, timing, type, and terms Provide an exit strategy for equity capital Provide a most likely scenario and a sensitivity analysis |
| 8. Environmental | <ul style="list-style-type: none"> Outline environmental concerns, how they will be addressed, and at what cost Outline the environmental approvals that are required for the business, and when they will be obtained Describe the strategies in place, such as insurance and disaster plans, to prevent environmental disaster Describe consultation and community support for business and business-site selection |

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| <p>9. Risk management</p> | <ul style="list-style-type: none"> • Identify the risks inherent in the business, and outline plans to manage these risks • Describe all risk factors (e.g., regulatory, legal, environmental, political), and how these risks will be mitigated • Identify any tax implications (e.g., reclassification from municipal farm tax to commercial tax) • Prepare a risk assessment, including insurance considerations • Address production, marketing, export, vendor, legal, environmental, human-resource (death/disability), and financial risks, as well as the possible impact of government policy • Describe management’s tolerance/aversion to risk • Outline contingency and disaster plans, where needed |
| <p>10. Action plan</p> | <ul style="list-style-type: none"> • Explain the targets and timetables for implementing the plan • Outline key dates, and explain who will be doing what to meet target dates • Identify key performance targets and ensure a process for follow-up (if construction is involved, outline critical dates and commissioning plans) • As required, identify accountability for action plans related to production, financing, human resources, marketing • Outline accountability for plan monitoring and the timing of reports |
| <p>11. Supporting documents</p> | <p>Include documents that support the business plan, such as:</p> <ul style="list-style-type: none"> • ownership arrangements • organizational chart • job descriptions and résumés of critical staff • individual net worth, credit reports and references • tables and charts • contracts, leases • environmental reports and permits • production contracts and product specifications • detailed list of assets • property appraisals, insurance documents • feasibility analysis and specific research • letters of intent |

Elements of a succession plan

A succession plan for a farm business is a business continuity plan. It is not an event, but rather a process in which individuals make necessary preparations to ensure the continuity of the business through to subsequent generations.

The transfer of a farm business contains three components, all of which are usually included in a farm business succession plan. The three components are:

- the transfer of management and control;
- the transfer of assets and ownership; and
- the transfer of labour.

The chapter headings listed below are the elements for all succession plans developed under the SBPS. The adjacent column lists examples of what might be included in each chapter; however, the depth of analysis may vary depending on the type of operation involved.

Each chapter heading must be included in all written reports, however, in cases where the chapter headings are not applicable to the particular operation, the chapter heading would still be included, with a brief explanation of why this chapter does not apply .

You may wish to include additional chapters in your plan; however, **the chapter headings listed below must, at least, be addressed and considered.**

| Chapter headings (each heading must be addressed in your plan) | Depth of analysis (sample content; you may minimize or maximize chapter content accordingly) |
|---------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Business overview | |
| Cover/summary page | <ul style="list-style-type: none"> • Provide the business/client names (retirees, successors and non-farming members), addresses, and telephone and fax numbers • Provide a list of key contacts, including the consultant who prepared the plan |
| Table of contents | <ul style="list-style-type: none"> • List the major chapters of the plan for reader reference and convenience |
| Executive summary | <ul style="list-style-type: none"> • Provide a summary that describes the overall plan and highlights the action points on which the family must act to implement the plan |

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| Description of the farm business | <ul style="list-style-type: none"> • Provide an outline and description of the current farm business, including what is produced, where it is located, who is involved, and the type of business arrangements (e.g., partnership, corporation, joint venture) |
| 2. Description of business, personal goals, and expectations | <ul style="list-style-type: none"> • Provide an outline and description of the goals and expectation of both the “founders/retirees” and the “successors,” with specific reference to the farm business and to their own personal aspirations |
| 3. Retirement plan | <ul style="list-style-type: none"> • Provide an outline of what is going to happen in retirement, and how it will be financed (i.e., goals, expectations, and desired activities for retirees, including how the “founders/retirees” will or will not be involved in the farm business in the future) • Provide the address where everyone is going to live • Include a financial plan outlining where money will come from and how it will be spent, both for annual living and relocation (if necessary) • Explain any retirement-income planning (e.g., RRSPs, RRIFs, CPP, OAS) |
| 4. Training and development plan for successor | <ul style="list-style-type: none"> • Outline what skills are needed to successfully manage the farm, and how they will be obtained • Provide a skills profile for a fully qualified farm manager • Provide a skills profile for the successor • Identify skill gaps and an action plan on how they will be met (e.g., hiring to fill gaps, additional training)—if both generations are staying involved, having them attend the same training courses could be beneficial • Provide an outline of a performance review process and mechanism to provide the “successor” with feedback on progress |
| 5. Farm business plan | <ul style="list-style-type: none"> • Provide an outline of how the farm business will meet the needs of both the successor(s) and retiree(s) • Analyze the current farm business (if necessary) • Outline the plan for the future direction of the farm business (e.g., maintenance, contraction, expansion, diversification, value-added), and provide a description of how this will affect the business, along with projected financial statements |

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| <p>6. Operating plan</p> | <ul style="list-style-type: none"> • Provide an outline of how everyday activities will be managed • List roles, responsibilities, and authorities for managing the business on a daily basis • Explain if it will be a multi-generational farm with two or three generations co-operating, and/or how it will change over time • Provide a description and plan regarding family business meetings to discuss such issues as the progress of the transfer process, and necessary changes (e.g., how they will function, who is responsible for what and where it will take place, the involvement of non-farming family members, what they will and will not have a voice in, and how they will be involved)—the end product will be a "user's" manual |
| <p>7. Management, control, and labour transfer plan</p> | <ul style="list-style-type: none"> • Provide an outline of how the transfer of labour and management will take place, including a timetable for transition to the successor(s) |
| <p>8. Ownership transfer plan</p> | <ul style="list-style-type: none"> • Provide an outline of how the farm business is currently structured (referenced back to the description of the farm business) and how this will be changed during the transfer process • Explain how the transfer of ownership of the assets will be handled • Include an inventory and valuation of assets and liabilities • Identify what the business arrangement is going to be (e.g., sole proprietorship, corporation, partnership) • Identify the transfer mechanism (e.g., purchase, gift, rental) • Discuss value of prenuptial agreement; include with supporting documentation if one has previously been done • Explain the tax implications and how to address them • Explain the financing required, and its sources • Explain the treatment of non-farming children • Outline the insurance requirements (e.g., death, disability) • If required, provide a copy of the will to the consultant or an overall description of the intent to assist with ownership transfer plan • Provide a description of any other legal agreements (e.g., employment contracts, partnership agreements, shareholder agreements, buy-sell agreements) |
| <p>9. Implementation timetable</p> | <ul style="list-style-type: none"> • Provide a summary of the overall timetable for when key activities start and finish—include time frames that allow progress to be monitored, measured, and amended if necessary |

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| 10. Communications plan | <ul style="list-style-type: none"> • Define the process by which the family communicates and makes decisions (e.g., regularly scheduled family meetings) • Determine how disputes and conflict will be managed and resolved (e.g., family voting, third-party mediation assistance) |
| 11. Contingency plan | <ul style="list-style-type: none"> • Explain what will happen and who will ensure implementation in such situations as death, illness, divorce, disability, business downturn, or failure |

Elements of follow up plans

Follow up to a SBPS business plan or succession plan can assist you in keeping on track with your plan by reviewing goals and assumptions and by developing new strategies where necessary. Activities associated with the implementation of a plan, including, but not limited to, legal costs, site development plans, building plans, process development, development of prototypes, product testing, product commercialization, patent applications are not eligible for reimbursement under SBPS follow up.

Each heading must be included in all written reports however, the depth of analysis may vary, depending on modifications involved and the scope of implementation measures needed.

The headings listed below are the elements for all follow up reports developed under the SBPS.

| Headings (each heading must be addressed in your plan) | Depth of analysis (sample content; you may minimize or maximize chapter content accordingly) |
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| 1. Business overview | |
| Cover page | <ul style="list-style-type: none"> • Provide the business/client name, address, telephone, and fax numbers • Explain the time period for follow up plan, and provide the preparation date • Provide a list of key contacts, including the consultant who prepared the plan |
| Table of contents | <ul style="list-style-type: none"> • List headings for reader reference and convenience |
| Executive summary | <ul style="list-style-type: none"> • Provide a summary that describes the overall follow up and highlights the modifications and action points |

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| 2. Status of original plan | <ul style="list-style-type: none"> • Explain what is working, what challenges are remaining and why |
| 3. Counseling/coaching | <ul style="list-style-type: none"> • Describe any counseling or coaching involved to prepare the client to use the plan as a management tool |
| 4. Timetable | <ul style="list-style-type: none"> • Provide a schedule or timetable for follow-up (triggering events, milestones, etc.) |
| 5. Planning tools | <ul style="list-style-type: none"> • Identify any weaknesses or problems that occurred which hampered the full implementation of the plan • Identify whether new tools are needed to stay on track |
| 6. Next steps | <ul style="list-style-type: none"> • Provide next steps, new strategies • Describe how these will be implemented |

Appendix D: Regional Offices

British Columbia, Yukon, Alberta, and Northwest Territories

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Canadian Agri-Renewal Services
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Saskatchewan, Manitoba

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Canadian Agri-Renewal Services
Agriculture and Agri-Food Canada
1800 Hamilton Street, Room 401
Regina, Saskatchewan S4P 4K7

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Fax: (306) 780-7353

Ontario and Nunavut

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Agriculture and Agri-Food Canada
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Guelph, Ontario N1G 4T1

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Quebec

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Ministère de l'Agriculture, des Pêcheries et de l'Alimentation du Québec (MAPAQ)

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