



First

Forestry Business Planning Guide

Nations

Forestry



Program

Sponsored by:

**First Nations Forestry Program
Canadian Forest Service
Natural Resources Canada**

506 West Burnside Road
Victoria, B.C. V8Z 1M5
Phone: (250) 363-0600
FAX: (250) 363-0775
WEB: www.pfc.forestry.ca



Natural Resources
Canada

Ressources naturelles
Canada



Indian Affairs and Northern
Development Canada

Affaires Indiennes
Et du Nord Canada

Canadian Forest
Service

Service canadien
des forêts

In partnership with First Nations

First Nations Forestry Program
FORESTRY BUSINESS PLANNING GUIDE

Contents

Welcome	3
Introduction	4
What Kind of Business?.....	6
The Start-up Phase.....	11
The Business Plan.....	16
Financing Your Business	25
Appendix	29
Resources.....	29
Business Consultants	39
Internet Sites.....	40
Sample Business Plan.....	43

First Nations Forestry Program

FORESTRY BUSINESS PLANNING GUIDE

Welcome.

The First Nations Forestry Program (FNFP), announced by the Minister of the Department of Indian Affairs and Northern Development (DIAND) and the Minister of Natural Resources Canada (NRCan) in April 1996, is designed to promote an increased involvement of First Nations in the forest sector for the purpose of improving economic conditions in status First Nations communities. Since that time hundreds of Aboriginal Canadians have taken advantage of the Program's forest resource advisory services, business and resource publications, and support with business start-up, joint venture development, and training.

The objectives of the First Nations Forestry Program are:

- To enhance First Nations capacity to develop and participate in forest based businesses
- To increase First Nations partnerships and joint ventures
- To investigate the feasibility of national trust funds, capital pools, and other similar funding mechanisms
- To enhance First Nations capacity to sustainably manage reserve forests.

The management and delivery of the Program is the responsibility of provincial and territorial committees that include representatives of DIAND, the Canadian Forest Service (part of NRCan), First Nations communities, and other agencies and organizations that can contribute to the objectives of the program.

This publication, and its companion booklet, the Forestry Business Resources Directory, were produced to assist First Nations entrepreneurs in the planning and implementation phase of new or expanding forestry-related businesses. While no guide can guarantee success, we hope that these publications will serve as valuable reference resources as you develop and implement your forestry-related business.

Nello Cataldo, Manager
First Nations Forestry Program
Canadian Forest Service
Pacific Forestry Centre
Victoria, BC
March 1998

INTRODUCTION

This guide is specifically designed to assist First Nations entrepreneurs in the development of small business start ups. If your goal is to launch or buy an existing business in the forest sector, then you have picked up the right publication! The next four chapters will offer you information on:

- Identifying a product or service for your company to market
- Establishing your own company
- Writing a business plan
- Seeking financing for your business

Owning and operating a small business is the ultimate career goal of many people, and First Nations are no exception. During the past decade, there has been a significant number of business start-ups among First Nations. There are an estimated 20,000 Aboriginal-owned businesses in Canada, in such diverse areas as retail, manufacturing, tourism, arts and crafts, communications, professional services, agriculture and forestry.

Many First Nations ventures are operated by bands and tribal councils, and are essentially community-owned organizations. But there is an ever-increasing number of sole ownership, partnerships and corporations that are being developed and managed by First Nations entrepreneurs in every part of Canada.

For the most part, building and operating a successful small business is based on principles that transcend culture and heritage. Market research, financial planning, accounting and promotion are universal concepts in the business world. In some ways, however, First Nations-owned businesses are very different from non-First Nations owned businesses. For example, many First Nations-owned companies target their services and products directly to Aboriginal people.

There is also a strong sense of camaraderie amongst Aboriginal business owners in Canada. The place where this is most apparent is at an Aboriginal trade show or conference. The emergence of an Aboriginal business community in Canada means that there is an expanding system of business resources, networks, customers and suppliers for new and established companies to interact with. This Aboriginal business network has helped many new ventures through the challenging start-up phase.

You will discover as you read this Forestry Business Planning Guide, that there are a wide range of business services available to First Nations entrepreneurs, many of them developed and delivered by Aboriginal people. Whether your goal is to work exclusively within the Aboriginal community, or to offer your services or product to a regional, national or even international customer-base, you will find information on choosing the right

DEFINITION

“First Nations” in this guide refers to status individuals, bands or tribal councils.

“Aboriginal” refers to all indigenous people, regardless of whether they are status or non-status, Metis or Inuit.

business venture, developing a business plan, starting-up your company and financing your venture. At the end of this booklet, in the appendix, you will find a comprehensive list of business information available from organizations, corporations, government agencies and the Internet on the World Wide Web.

Chapter 1

WHAT KIND OF BUSINESS?

Owning and operating your own company is the goal of thousands of Canadians. In fact, there are approximately 300,000 small businesses in the four western provinces, and on a national level, close to 35% of Canadians are employed by small businesses. Although there are many ways to define a small business, it is generally classified as a company with less than fifty employees and annual gross revenues of less than one million dollars. Many new businesses fall into the category of micro-business, which can be defined as companies with two to ten employees. In addition, many people are self-employed, and basically operate as sole proprietorships.

There are many reasons why people decide to go into business for themselves:

- To achieve financial independence
- To better utilize skills and talents
- To control their own work schedule
- To create an employment opportunity
- To turn a good idea into a profitable business
- To work without supervisors
- To contribute to the betterment of their community
- To fill a business or service need in their community

The forestry industry, which traditionally has been driven by corporate and government activity, is increasingly becoming a sector where small business owners can create jobs and produce profits. Small businesses provide a broad range of services and products within the forestry industry, including:

Botanical forest products: edible mushrooms, florist-related products, wild berries and fruit, medicinal and pharmaceutical products, craft-related products, herbs and vegetables, landscaping

Harvesting and Transportation: cruising, falling, heli-logging, trucking, barging, log sorting, scaling, grading, yarding (skidding), road construction, road deactivation, slide, gully and stream rehabilitation, waste surveys, planning, engineering and layout

Primary manufacturing: lumber, logs for houses, pulp and paper, chip production, plywood, shakes and shingles, kiln drying, posts, poles and piling, fibreboard

Secondary manufacturing (value added): furniture, cabinets, trusses, wooden boxes, fencing, pallets, siding, windows and doors, spindles, specialty paper, wood paneling

Silviculture: planting, nurseries, surveying, brushing and weeding, spacing, pruning, commercial thinning, site preparation, fertilization, cone collection

Special forest products: Christmas trees, firewood

Selecting a Product or Service

The first step towards business ownership is deciding what type of product or service you want to offer your customers or clients. Deciding on a product or service for your company is a decision that only you can make, but by evaluating the skills, experience and talents that you and your business partners possess, you can determine the most appropriate type of company to launch. If you have been involved in silviculture for the past five years, starting a company that manufactures wood gates and fences might not be the most logical choice for a business.

To help you evaluate the type of business that your experience and background is best suited to, list the interests, experience, or expertise that you are bringing to your business.

Now, make a list of the types of services or products that you feel are in demand and could be profitable in your region. This may include products or services that are already being offered by companies, or else those that would fill a void in your market area.

If you have been active in the forestry sector in the past, you have probably observed different types of independently-owned forestry companies in your region. Make a list of existing companies that are successfully marketing forestry-related services or products in your area.

Now compare the three lists. Ideally, the type of company that you have the skills and expertise to operate should match up with a product or service that is being sought after by customers or clients in your region. If there are already companies in your area that provide that service or product, you will have to determine whether there is room for another similar type of company.

The greatest business idea cannot succeed unless there's a market for it. While you are trying to decide what type of business to launch, answer these questions:

1. Is there a demand for the product or service in the region that I plan to operate in?
2. Will I have to seek customers or clients outside the region I plan to operate from?
3. Is there a growing or shrinking need for this service or product?
4. If there isn't an existing need at the moment, can I convince enough customers that they need to buy this service or product from my company?
5. Is the success of this product or service dependent on a primary customer?
6. Will this customer still be in operation in my area in five years?
7. Does the product or service have the potential to be profitable, or will it be an on-going struggle to find enough customers or clients to make a living?

Finding the perfect balance involves identifying a product or service that combines your interests and skills with the demands of the marketplace. When starting a new business, it is advisable to keep things simple by offering one product or service before expanding.

Buying vs Start-Up

Businesses are bought and sold on a regular basis. Often, successful businesses are put up for sale because the owner is retiring, moving or going through a change in personal circumstances. Sometimes a business owner is not making a profit from his company, and decides to sell its assets, inventory and customer base rather than go out of business.

You may decide that you want to buy an existing company rather than start one from scratch. In some cases, you may be able to buy a company's assets, inventory and existing contracts with government agencies or corporations.

If you hear about, or are approached to buy an existing company, you need to assess its future value, in the same way that you would if you were starting a company from scratch. You can look at the company's past sales performance to give you some idea of what your potential revenues will be (although this is not a completely reliable test). Some of the disadvantages of buying a company can be that the equipment will probably not be new, and you will be inheriting the company's reputation, good or bad, which will become part of your company's reputation in the future.

If you are planning on buying an existing company, you should consult an accountant to review the books, and a lawyer to assist in a contract of sale. You should also meet with potential financiers, including Aboriginal capital corporations or commercial banks, to discuss financing before you make a commitment to buy the business.

You need a Business Plan when you seek financing, whether you are buying an existing business, or starting one from scratch. Chapter three of this publication will focus on writing a Business Plan.

Information on starting a company from the ground up, will be discussed in the next chapter, “The Start-Up Phase.”

Assessing the Market

Corporations carry out market research before launching a product to avoid the cost of developing and introducing something that will not sell because there is no market for it.

You can do your own market evaluation by researching the types of forestry-related businesses that operate in your region. First, make a list of companies that will be your “competition” once you get established. Are these companies working to full capacity, or is there a glut in the market for their service or product? Is there a limited number of contracts or customers available for the type of company you want to launch?

You have probably seen what happens in the retail sector when too many shoe stores open up in one mall. It is unavoidable that some of the shoe stores will go out of business, because there are only so many pairs of shoes that local residents will buy in a year. The stores that survive usually have their own special niche. For example, a mall might be able to support one discount, one high end and one working shoes store, but if four discount shoe stores open up, there is a good chance that they will not all survive the first year.

Once you have determined the type of business that you want to operate, take the time to research that part of the forestry industry. Call up potential customers and ask them if they plan to continue contracting or purchasing the type of service or product that you will be supplying. It is better to tailor your company’s products or services to meet the needs of your customers, rather than trying to convince a customer to buy something that isn’t exactly what they want. For example, if you are launching an on-reserve company that will provide silviculture services, you should contact the forestry companies that operate in your traditional territory, as well as the closest Ministry of Forests district office, to find out the volume of silviculture sub-contracting that they plan to offer in your area in the future.

If you are leaving a job to start your own company, it may be possible to offer your previous employer your services as a contractor rather than as an employee. Many companies are beginning to subcontract certain areas of production. While this often has

SERVICE OR PRODUCT?

A service is a technical, trade or professional skill that you sell to your clients. For example, tree spacing, tree planting, and lumber transportation are services.

Services are usually billed by the hour or day, by the basis of production, or by an estimate on the entire project. A product is an item, either in its raw or finished state. For example, logs, railway ties, fire wood, and drum sticks are products. Products are usually sold by the unit or by the lot, at either wholesale or retail prices.

the negative side effect of encouraging companies to lay-off full-time employees, the quick thinking entrepreneur can turn a pink slip into an order for services from their previous employer.

It is during the early planning phase of your company that you will want to talk to potential customers or clients to find out if your proposed service or product has a market. This is also the time in your business planning to not only be honest about your own abilities, but to be realistic about the long-term sales potential or your product or service in your region. Researching the market at this point in your business planning will help you determine whether there are enough clients in your area to keep your company paying the bills.

Opportunities in the Forestry Sector

- Many First Nations companies and bands are subcontracting or entering into joint ventures with non-First Nations corporations in a wide variety of forestry-related areas.
- Changes in the Forest Practices Code and initiatives under the Watershed Restoration Program of Forest Renewal B.C., have created new opportunities for First Nations companies to provide road deactivation and slide, gully and stream restoration and rehabilitation, and silviculture activity.
- The number of contracts between First Nations companies and the Ministry of Forests has increased substantially in the past five years through direct awards, competitive and non-competitive bids.
- Silviculture-based companies create more jobs than any other forestry-related business opportunity area.
- Secondary manufacturing of specialty items represents an excellent opportunity for First Nations. These companies often operate on small volumes of raw material.
- Special forest products represent business opportunities that are labour intensive but generally require minimal initial capital investment.
- There are over 200 recognized botanical forest products being harvested in B.C., many of them native plants that are still harvested traditionally by First Nations.

Source: Aboriginal Businesses: Your Future in Forestry, course resource material, Day 1.

Suggested Resources

Canadian Council for Aboriginal Business
Forestry Industry Network
Human Resources Development Canada - Self Employment Program

Note: You will find the phone, mail and Internet contact information and a brief description for each of the suggested resources in the appendix of this guide. Resources are listed in alphabetical order.

Chapter 2

THE START-UP PHASE

You have made the decision to go into business for yourself, identified your service or product, completed your market research, and are eager to begin looking for financing for your business idea. But there are still a number of steps that you will need to take before you finally sit down with your banker or prospective investor to show them your Business Plan.

Naming Your Company

The first step is to establish your company as a legal entity. Before you can open a business account at a bank, apply for financing, get a business phone line, or use business expenses as a tax write-off, your company needs to actually exist as a real entity.

One of the most tangible and exciting parts about starting a business, is naming it. It may be as simple as calling your company by your last name, the street you live on, an Aboriginal name that is special to you, or even the name of the mountain you live on. You may want to call it something that easily identifies the service or product that you sell. For example, Thompson's Silviculture Services, or Yale Custom Furniture.

The Province of B.C. requires all companies to submit their proposed company names to the Ministry of Finance and Corporate Relations' Registrar of Companies for a name search to ensure that there isn't another company already operating in British Columbia with the same name. You can submit your proposed business name applications to any of the Province's "One-Stop Business Centres." Call 1-800-667-2272 for the centre closest to you, or to request that the forms be mailed to you.

Registering Your Company

Once your business name has been cleared for your use, you will need to register your business name with the Registrar of Companies. It is at this point that you will need to make a decision on how you will conduct business in the province. Your options are:

Sole proprietorship: The sole proprietorship is the simplest and most common type of company, and gives the individual business owner all decision making powers. This type of business does not give the owner's personal assets any protection from creditors in the event of a loan or credit-line default.

Partnership: Two or more individuals operating a business together is called a partnership. As with a sole proprietorship, the owners' personal assets are not protected from creditors, in the event of financial problems. This type of business can consist of active "working" partners, or include a silent partner who provides a financial investment, but not day-to-day involvement.

Corporation: A corporation provides the most protection for the individual businessperson, as personal liability is limited to the value of the investor's stock. Control in this type of company is based on the amount of stock held. Day-to-day operations of a corporation are generally the responsibility of managers, with the board of directors, who represent the corporation's shareholders, making decisions involving expansion and long-term survival of the company. Setting up a corporation is more expensive than a sole proprietorship or a partnership, as a lawyer is usually retained to draw up the corporate papers.

If you choose to operate as a sole proprietorship or a partnership, you will need to submit a Declaration of Proprietorship or Partnership Registration with the Registrar of Companies. This officially registers you as a business operating in British Columbia. If you are incorporating, your lawyer will prepare Articles of Incorporation, bylaws and other relevant documents to establish your company, and register them with the appropriate provincial departments. Most municipalities also require that you buy a business license to operate your company within their city limits. If you are operating on reserve, then you generally do not require a business license. If your reserve is located within a municipality, then you should contact that city's business license department for information on license requirements.

The total cost of a name search and business registration for a Sole Proprietorship or Partnership with the Province will cost under \$100. Municipal Business Licenses vary in cost, but they generally range from \$25 to \$100. Incorporating your company, including lawyer's costs and registration fees, will cost upwards of \$1,000.

Other Important Company Registrations

Once you have registered your business name and company with the Province, you will need to register for some or all of the following services:

Registration as a Vendor (necessary to collect and submit Provincial Sales Tax if you sell products on a wholesale or retail basis)

Worker's Compensation Registration (if you have employees, including yourself and your partners, if you decide you want business owner's coverage)

Business Number Accounts for GST, Corporate Income Tax, Payroll Deductions, Employment Insurance Premiums, and Income Tax Deductions (through Revenue Canada)

Import/Export Registration (through Revenue Canada)

You should also check with an insurance agent who specializes in business coverage, for liability, fire, theft and employee fidelity insurance.

Considerations When Hiring Employees

If you plan to hire employees, you will need to get a Business Number from Revenue Canada that you will use when submitting payroll deductions. For information on Revenue Canada's employer requirements, call 1-800-959-5525.

For information on worker's safety requirements, contact the Worker's Compensation Board at 1-888-922-2768.

As an employer, you will have the responsibility of complying with various labour requirements and regulations. For more information, contact the Provincial Ministry of Skills, Training and Labour for details on employer/employee rights. The number is 1-800-663-3316.

Setting up an Office

Your business will start accumulating paperwork from day one. At first, a box to hold papers might be adequate, but sooner or later, you will need a filing cabinet to hold your client and business records. And of course, you'll need a place to put your filing cabinet. If you do not yet have office space outside your home, designate a room or corner of a low-traffic part of your house to serve as your office. You will need a desk or table, a chair, access to a phone (either your home phone or a separate business line), and basic office supplies (file folders, phone message book, pens, pads of paper, record books, envelopes, etc.).

For certain types of companies you may need to produce typed documents such as business proposals, bids and reports. In the beginning, you may be able to rely on a friend or family member to type your company documents. Eventually, you might want to purchase or lease a computer to manage your company's records. There are many software programs available to help you operate your small business, including word processing, bookkeeping and database management (to keep track of your clients or projects). If you know who your customers will be, you may find advantages in purchasing software that is compatible with theirs. This would be relevant if you want to provide your customers or clients with computer discs that hold information on your product or services. Another advantage of having a computer is that you will then be able to access the Internet and have an email address.

Alternatives to buying a computer include renting computer time at a photocopy or computer shop, using a friend or family member's computer when needed, or hiring

Business Start-up Contacts

Ministry of Skills, Training and Labour

1-800-663-3316

Re: Labour requirements and employee rights

"One-Stop-Business Centres"

1-800-667-2272

Re: Business registration, company name search

Revenue Canada

1-800-959-5525

Re: Tax numbers, payroll deductions

Worker's Compensation Board

1-888-922-2768

Re: Employee work-time accident coverage

someone to do your computer work on an as-needed basis. If you decide to buy a personal computer (known as a PC) and software (Microsoft Word for word processing, Excel for bookkeeping, etc.), it will cost anywhere from \$1,000 (used) to \$5,000 (new), plus the cost of a printer.

Effectively managing your company records is an important part of any business. This includes preparing invoices, loan applications, bids, business proposals, etc. all which require time and typing skills to produce. This does not necessarily mean that you have to type all of your own paperwork, but you may want someone to provide this service for you if you do not type.

The World Wide Web

Many small business owners have discovered that the Internet (also known as the World Wide Web) provides valuable research, marketing, communications and networking opportunities. To use the Internet, you will need an internal or external modem on your computer (a piece of equipment that enables you to connect to the Internet through your telephone line), Internet software (usually provided when you set up an Internet account, or sold at computer stores) and an account with an Internet provider. If your community or town is serviced by an Internet provider, you can usually sign up for 30 or more hours of access for as little as \$20 a month. There are, however, some communities that are not yet in an Internet service area, and users must make a long-distance phone call to access the Internet. If you are in a region that has Internet service, then using this communications tool will only cost you the monthly service fee. There are many sites on the Internet that charge fees to access their information or sell products and services directly to the consumer. Basically, the Internet is a relatively low-cost way to conduct research and promote your company to the world.

Some companies use the Internet on a regular basis to do everything from checking industry prices for lumber, conducting business research, and maintaining a home page that promotes your services or products to potential customers. You can also use the Internet to communicate with your customers via email (electronic mail). There is a list of several excellent forestry-related or business development sites listed in the appendix of this guide.

Business Consultants

Business consultants may be a valuable source of assistance if you are a first-time business owner. You may discover that there are certain aspects of running a business that you are not experienced in. Developing a Business Plan, filing payroll forms with the government, or preparing bid forms are things that you may need assistance with. There are many professional consulting companies that can provide you with services such as bookkeeping, business planning, payroll management, and marketing. A list of business consulting companies is included in the appendix of this guide.

Business Education and Training

Your ability to effectively run your company will increase when you have some training in business management. This might mean reading books on managing a small business, enrolling in a business management program at a nearby community college, or signing up for a workshop or training session offered by your tribal council or a business organization like the Chamber of Commerce.

Many community colleges offer evening and weekend business management courses for small business owners. These programs are generally short-term and inexpensive to take. Several of the Aboriginal Capital Corporations offer half to full day business workshops on business orientation and Business Plan development, usually in conjunction with a sponsoring Tribal Council or Band.

There is one business training program in British Columbia that has been designed specifically for First Nations individuals and bands who are starting up forestry sector businesses. The six-day course is called “Aboriginal Businesses: Your Future in Forestry” and it is offered on a regular basis at the Nicola Valley Institute of Technology (NVIT) in Merritt. This program is designed specifically for Aboriginal people who want to start or expand their company. Co-sponsored by NVIT, Business Development Bank of Canada, and the Westcoast Forestry Training Centre, the course is often delivered at locations other than Merritt, in conjunction with Tribal Councils and Bands.

The program includes a wide variety of business planning sessions including:

- Looking at Opportunities
- Creating a Business Plan
- Planning for Success
- Managing Your Business
- Setting up Your Business
- Business Issues

For information on this program, contact the Nicola Valley Institute of Technology at 250-378-3300. To find out if the program is being offered in your area, contact the Westcoast Forestry Training Centre at 250-338-9717.

Suggested Resources

Canada/British Columbia Business Service Centre
Forest Renewal B.C.
Industry Canada
Western Economic Diversification

Listed in the appendix of this guide.

Chapter 3

THE BUSINESS PLAN

Producing a Business Plan is an important step in making your business idea a reality and attracting outside financing and investments. Without a Business Plan, you will not be able to apply for loans, grants or other financial start-up funding. A potential funder will want to review your Business Plan to evaluate whether your business idea is likely to survive the difficult first few years of operations.

A Business Plan is a valuable road map for your company, because it describes your business concept, summarizes the objectives of the business, identifies the resources (both people and finances) that your company will need to operate, describes how you will acquire your working capital (such as grants, loans, investments, and sales) and how you will spend it (salaries, operating expenses, leasehold improvements, equipment, etc.). A Business Plan is also an excellent working document that you can refer to in the future to measure the performance of your company.

For start-up businesses, the Business Plan will seem difficult to produce because you cannot refer to a business history in order to forecast future financial performance and operating plans. If you are buying an existing company, or expanding your current business, you will have some operating and financial history to base your future plans on.

The Business Plan is an exercise in realistic goal setting. In order to produce a plan, you need to gather a wide range of information so that you can effectively describe your product or service, propose a plan to operate and market your company, and show how your company will generate adequate revenue to meet its financial obligations.

There are many sources of information for your Business Plan, including your own knowledge and experience from working in the forestry sector, talking to other small business owners for advice, contacting potential customers or clients for information on their future needs, and doing research into the product or service that you will be offering. For example, if you are starting a company that manufactures cedar shingles, you will want to research the current wholesale and retail prices for your product, so that you can estimate your potential revenue based on the volume that you expect to sell each year. If you are starting a tree spacing business, you can project your first year revenue based on contracts that you already have, or expect to win through a bidding process. To project operating costs, you need to research such expenses such as office rent, utilities, phone service, promotional costs, bank fees, automobile expenses, etc. If you plan to manufacture a product, you will need to research the cost of new or used equipment, the annual cost to maintain or operate that equipment, and the cost of raw material to produce it.

If you are feeling overwhelmed by the prospect of writing your own Business Plan, there are many non-profit organizations, government agencies and professional consultants who can assist you in writing your plan. There is also an excellent interactive business planner on the Internet, at a business site called the Canada/British Columbia Business Service Centre (<http://www.sb.gov.bc.ca>). The site, operated jointly by the Province and the Federal Governments, provides you with a step-by-step model to write

your Business Plan. There are several sample plans that you can download to your computer, as well as many valuable tips on writing an effective Business Plan.

Business Plans can range from as few as five pages to more than 100 pages, depending on how complex your company is and how much detail you want to provide. There are certain points, however, that all Business Plans must cover, including:

- The name of the company, principals in the company, and the business address and phone number
- An Executive Summary (located at the beginning of the Plan) which summarizes key aspects of your business
- A description of the company's products or services
- An overview of the industry in which the business will compete
- A marketing strategy which summarizes the product, promotion, pricing, and distribution
- A description of the management and staff
- A business implementation plan
- A financial plan which includes pro-forma balance sheets, income statements and cash flow statements

What you need to keep in mind, is that potential lenders need a great deal of information on your proposed business before they can make a decision to finance your company. Be as thorough as possible with your Business Plan, even if it seems like an excessive amount of information. It's also important to be realistic about your projected income and expenses. Your goal should be to see a steady increase in your projected earnings from year one to year three, but do not make unrealistic or overly optimistic sales projections for your company that will be difficult to reach.

Begin the process of developing your Business Plan by reviewing the following outline and collecting as much information as possible. Once you have accumulated this information (it may take several days or more to accomplish) sit down alone, with your partner or with a consultant, and begin by making a list of key points that you want to make in each section of the Plan. Review your draft Plan frequently, and if possible, ask colleagues to take a look and offer some feedback on it.

Business consultants, financial institutions and business organizations all use different styles for their Business Plans. Whatever style you choose, the basic information that you will need to include in your Plan is generally similar. The Business Plan Outline and Checklist in this guide is based on the Canada/British Columbia Business Service Centre's interactive business planner on the Internet.

To assist you in developing a Business Plan, a "Sample Business Plan" for a small (fictional) forestry-related small business has been included in the appendix of this guide.

Business Plan Outline & Checklist

PART 1: EXECUTIVE SUMMARY

Cover Page

- List the company name, address, phone number.
- List name or names of owners.

Business Description

- State status of company (sole proprietorship, partnership or corporation).
- Describe the product or service that the company is selling.

Ownership and Management

- List the names and responsibilities of owners and key management staff (often the manager of the company is the owner).
- Describe the experience and qualifications of the owners and managers (provide a brief summary of experience in areas such as the forestry or business sector).

Key Initiatives and Objectives

- Describe the basic focus of the company (the product or service that you will offer).
- List your primary goals for the next three years.

Marketing Opportunities

- Provide a general description of potential clients or customers for your company, and where they are located.

Competitive Advantages

- Offer some explanation of why your company will be unique or have an advantage in the market area you will be operating in (for example, an accessible location, competitive pricing, quality services or products, highly trained staff, ability to fill a market need, etc.).

Marketing Strategy

- Summarize the strategy that you will use to market your company's product or service to potential clients or customers (for example, selling value-added wood products directly to a broker in Vancouver, subcontracting services to government and corporations).

Summary of Financial Projections

- Describe your revenue projections for the next three years (using indicators such as gross sales and net profits).

PART 2: BUSINESS OVERVIEW

Business History

- List the year the company was established.
- Describe the company's major milestones (if it has been in operation in the past), such as new products or services, expanded office or manufacturing space, new employees.

Vision and Mission Statement

- Describe the primary reasons for starting your company (to offer quality services or products, to fill a void in the marketplace, to create employment on your reserve, etc.).
- Briefly explain how your background provides you with the skills and experience to make your vision a reality.

Objectives

- Describe the main goals that you would like to achieve in your first year of operations (purchase equipment, train employees, join a co-op to market your product, etc.).

Ownership of Company

- List the type of company, and names of all owners.

Location and Facilities

- Provide information on proposed purchase or rental of business office or manufacturing facility.
- Describe the place of business (office, equipment storage, manufacturing facility, etc.).
- List reasons that the location was chosen.
- Describe special equipment that the company owns or leases that is used in the final product or service that you are offering.

Part 3: PRODUCTS AND SERVICES

Description of Product or Service

- Offer a detailed written and/or visual description of the product, and include photographs if possible.
- Describe the service the company provides.
- Explain the production method and capacity.
- Explain how you will price your product or service.

Key Features of the Products and Services

- Provide information on your current market position (if this is an existing business).
- Provide information on the regional, provincial, national or international market for your product or service.
- Explain your strategy for maintaining or increasing market share.

- Describe the type of individuals, companies or government agencies that will buy your product or service.

Production of Products and Services

- Describe how you will produce your product (manufacturing process to produce a value-added wood item, hiring and training crews to deliver silviculture services, harvesting Christmas trees from land leased from a band, etc.).

Future Products and/or Services

- Offer information on plans for additional products or services that you are planning for the future.

Part 4: INDUSTRY OVERVIEW

Market Research

- Describe your efforts to research the market that you will be selling to (calls to key purchasing agents at mills, researched industry growth at Stats Canada and B.C. Stats, meetings with representative of forestry companies to discuss future contract opportunities, attendance at import/export conferences to explore international markets and demands, etc.).
- Offer your evaluation of the stability of the market that you will be selling to.

Size of Industry

- Provide information on the size of the local, provincial, national and/or international industry that you will be operating within (recent sales statistics for special botanical products, number of trees planted in the British Columbia forestry industry the previous year, changing demographics, etc.).

Key Product Segments

- Provide information on the various configurations that your product can be sold (raw or processed botanical forest products, assembled or unassembled wood furniture, etc.)

Key Market Segments

- Provide information on the types of companies that regularly buy your type of service or product, and where they are located.

Description of Industry Participants

- Provide information on other companies that provide the same service or produce the same product as your company.
- Describe where these companies are located.

Key Industry Trends

- Provide information on trends or industry shifts that might affect the business (a major increase in demand for the botanical forestry products to Asia, a growing need for pallets due to increased manufacturing in the region, etc.).
- Offer information on trends or cyclical patterns in the business area that will affect your ability to sell your product or service (seasonal, industry shifts, etc.).

Industry Outlook

- Describe the health of the industry and projections for growth in the future.
- Provide information on the increasing or decreasing value of your product or service within the larger marketplace.

Part 5: MARKETING STRATEGY

Target Markets

- Provide information on your potential clients or customers.

Description of Key Competitors

- Provide information on the companies that you will be competing with in your service area.

Analysis of Competitive Position

- Offer reasons why your company will have the competitive edge in your market area (highly trained employees, higher production levels, use of quality material in production, ability to respond quickly to orders, etc.).

Pricing Strategy

- Explain how you will be pricing your product or services (industry standard, wholesale price determined by consumer demand, etc.).

Promotion Strategy

- Describe your plans for promoting your company to potential customers and clients (brochure, attendance at trade shows, home page on the Internet, monthly open house at your facility, etc.).

Distribution Strategy

- Describe how you will distribute your product (sell direct to local wholesalers, export value-added products through a broker, sell raw material to a processing company, etc.).

Part 6: MANAGEMENT AND STAFFING

Organizational Structure

- Provide a list or chart that indicates the staffing at your company (manager, crew foreman, crew, office staff, etc.).

Management Team

- Provide information on the experience and knowledge of your key managers (attach resumes).

Staffing

- Describe your staff (numbers, skilled or unskilled, field or office workers, etc.).
- Provide information on your staff's hours of work (full-time, part-time, on call, etc.).
- Provide information on the number of hours your staff will work daily or weekly, and the number of weeks a year that they will be employed (for seasonal services).

Labor Market Issues

- Provide any information related to the pool of skilled workers in your area.
- Offer any information on specific labour related issues that might affect your company.

Part 7: RISKS

Market Risks

- Provide information on potential negative events that might affect your company's ability to sell its services or products to its intended market (export restrictions due to political problems in another country, major strike at saw mills in B.C., a drop in demand for raw lumber due to recession or other factors, etc.).
- Describe some of your strategies to handle threats or weaknesses in the marketplace or industry.
- Explain how market changes and downturns might offer your company new opportunities (for example, as a small business with low overhead, you could provide services for larger companies that are downsizing or laying off employees).

Other Risks

- Offer information on other potential risks to the company (climate related problems, diseases that might affect your Christmas tree crop, etc.).

Part 7: IMPLEMENTATION PLAN

- Describe the steps that you will take, and the projected dates of implementation, of how you plan to bring your product or services to market (training and hiring employees, purchasing equipment, setting up a manufacturing facility, etc.).

Part 8: FINANCIAL PLAN

Financing Proposal

- Explain the proposed use of the current financing request from the lender or investor.
- List the proposed collateral for the loan.
- Offer a plan for the repayment of the loan.
- Provide information on other financing that you've applied for.

Security

- Provide a list of company-owned equipment.
- Provide appraisal information on company-held real estate.
- Provide a list of company assets.

Discussion of Projected Net Income

- Provide information on projected revenues, expenses and net income for the next three years (dollar value and percentage increase from year to year).

Discussion of Monthly Cash Flow

- Provide information on monthly cash flow requirements in order to achieve a positive cash balance.

Discussion of Projected Annual Cash Flow

- Provide information on the projected in-flow of cash revenue and out-flow of cash expenses during the first year of operations.

Discussion of Pro-Forma Balance Sheet

- Describe the company's debt levels for the next three years and plans to service this debt.

Discussion of Business Ratios

- Provide information on your company's profit potential for the next three years, by using a return on equity and profit margins as indicators.

Part 8: FINANCIAL CHARTS

- Pro Forma Income Statement – an income statement that compares your revenues to your expenses.
- Projected Cash Flow Statement (for current business year) – a cash flow statement that compares how much money will be coming in to how much you will be spending.
- Projected Annual Cash Flow Statement – 3 year forecast.
- Pro Forma Balance Sheet (Profit and Loss Statement) – a balance sheet that compares what your business earns to what it owes.

As you prepare your Business Plan, ask yourself the following questions, and try to answer them in your Plan:

1. Why should a bank invest in your company?
2. What makes your company unique in the marketplace?
3. What will make it successful?
4. What are the contingency plans if sales are not what you project or your costs are higher than expected?

Suggested Resources

Aboriginal Business Canada

BC Stats

Business Development Bank of Canada

Canada/British Columbia Business Service Centre

Canadian Executive Services Organization

Small Business Tourism and Culture, Ministry of

Statistics Canada

Listed in the appendix of this guide.

Chapter 4

FINANCING YOUR BUSINESS

The cost of launching a small business varies depending on the type of service or product offered by the company. A one-person operation that offers forestry-planning consulting services to First Nations bands, or a company that sells salvaged fire wood, would require a much smaller capital investment than a company that manufactures a value-added item like unfinished pine furniture.

Some companies are up and running with an investment of less than \$1,000, while others require hundreds of thousands of dollars in equipment, leasehold improvements, salaries, consulting, office expenses and marketing before they can start selling their product. The initial profit potential for the larger company should logically be far greater than for the low-cost company, but this is not always the case. Often, companies that require large financial investments can take many years to realize a profit. The goal for many business owners and investors is to realize profits on their investment within two or three years.

Regardless of the product or service that you are offering or whether you have one or ten employees, your company will probably need an investment or loan to cover some of the costs of operations, capital purchases and payroll during your first year or two of operations. There are many possible investment sources for your forestry business:

- Equity Funds
- Venture Capital
- Bank Loans (long term and short term debt)
- Vendor Financing and Equipment Leasing
- Aboriginal Capital Corporations
- Government Aboriginal Grants and Funding Programs

Equity Funds: One of the first things that a lender will look for is the business owner's personal investment in the company. Equity funds can be from savings, an inheritance, personal loans or lines of credit, loans or investments from friends, relatives and business associates, and stockholders shares in a corporation. These sources of equity are primarily unsecured, meaning that they are not tied to any of your company's equipment or real estate as collateral. When a business owner contributes equity to the business, it can be used to leverage or attract loans and investments from other sources. It also demonstrates to lenders and funding programs that the business owner has a stake in the success of the company.

Lenders often look for 25 - 50% investment in the start-up of a company coming directly from the business owner. As the company grows, many owners reinvest some of their earnings back into the business to encourage its growth, fiscal stability, and ability to leverage further loans when necessary.

Many start-up small businesses seek investments from family, friends or associates in exchange for a percentage of future profits. These are called shareholder's loans, but most

commercial lenders will insist on a priority claim against assets, ahead of these “investors.” If you incorporate your business, you may want to sell shares in your company to stockholders as a method of raising start-up capital. Stockholders do not usually have a claim on the assets of the company. They are accepting the risks and rewards that go along with investing in an exciting new venture with the future potential of a financial return.

Other forms of equity financing is through a general or limited partner in your company. General partners are usually involved in some aspect of the day-to-day operations of the company, while limited partnerships have restrictions on the direct involvement of the partner in decision making and liability of the company debts.

Venture Capital: This form of funding is considered a form of equity investment as the company or group that contributes funding is not entitled to repayment of the investment through loan payments, as with a commercial lender. Venture capital companies often seek opportunities within a specific industry and with companies that have solid business plans and management. Their return on their investment is realized when the business begins making a profit.

Venture capital companies often have more than profits on their agenda. These companies often invest pools of money from individuals who are looking for tax shelters for their income, or they represent a group of investors who are interested in a specific business sector, such as natural resources, mining or retail.

Bank Loans: Lenders look for answers to five questions when considering a loan application:

- The amount of the loan
- What the loan will be used for
- When will it be paid back
- How it will be paid back
- What is offered as security

Business loans, whether through a commercial bank, a credit union or an Aboriginal trust company, are classified as either working capital (to finance day-to-day operations of a company) or long term capital (for the purchase of equipment and other assets). Working capital frequently takes the form of a short-term debt (usually with a term of about one or two years), and is used to finance initial wages of employees, inventory, supplies and other start-up costs.

Long term debt is usually scheduled to be repaid over the estimated life of the assets being purchased, such as land, buildings, computers, tools, vehicles, and equipment. Long term loans are typically secured by the assets being purchased with the financing (up to 65%) and then by other company assets or personal guarantees of the owners or shareholders. The lender will usually demand that there is adequate insurance to protect the assets that you have purchased.

If you are applying for a Small Business Improvement Loan through your bank, you may be eligible for the Government of Canada loan guarantee program through the Small Business Loans Act. Ask your banker for more information on this program.

Often, a small business owner feels intimidated when approaching a bank for a loan. With a solid business plan, some equity, and confidence in your product or service, you should feel in a position of power when approaching a lender. Lending money is a profit making venture for a bank, and you, as a borrower, are the bank's client. Many banks have set up Aboriginal banking departments, with First Nations staff to assist you in your loan application. A list of banks that offer this service is listed in the appendix of this guide.

Vendor Financing and Equipment Leasing: Many retail vendors or manufacturers offer finance programs through their corporation for new equipment purchases. The interest rates on this financing is usually higher than at commercial banks, but they are worth looking into. Leasing your equipment is also an option, with some vendors offering this service. There are also finance companies that specialize in commercial equipment lease-back options.

Aboriginal Capital Corporations: Aboriginal Capital Corporations were established by the Province of B.C. as a method to offer commercial financing to viable Aboriginal businesses for start-up, acquisition and expansion expenses.

There are seven Aboriginal Capital Corporations in British Columbia, which were originally launched with an lending pool of \$25 million. In addition, each corporation has its own client base, and some work specifically with First Nations who are members of bands in their geographic region. A list of corporations is listed in the appendix of this guide.

Successful applicants are monitored throughout the repayment phase of the loan, and if the company maintains its payment schedule and demonstrates business stability, the final payments on approximately 40% of the loan are forgiven.

Government Aboriginal Grants and Funding Programs: During the past decade, the Governments of British Columbia and Canada have developed economic development initiatives in a variety of business sectors, that are designed to assist in the creation of job creation and economic growth in Aboriginal communities. Programs are designed for both band-managed and private small business initiatives. A number of federal and provincial agencies offer grants, contribution agreements, loan programs and other incentives to support Aboriginal business start-ups, employment training and expansions, including:

- Aboriginal Business Canada (Industry Canada): Business Development Funding
- Canadian Forest Service: First Nations Forestry Program
- Forest Renewal B.C.: Forest Community Business Program; Forest Community Economic Development Program
- Ministry of Aboriginal Affairs: First Citizen's Fund Business Loan Program

- Ministry of Forests: Small Business Forest Enterprise Program; Direct Award Contracts
- Ministry of Small Business, Tourism & Culture: Aboriginal Economic Development
- Western Economic Diversification: Community Futures Development Corporations

Descriptions of these government programs are included in the appendix of this guide. For additional information, contact the government department directly.

Suggested Resources

Aboriginal Affairs, Ministry of
 Aboriginal Business Canada
 Aboriginal Capital Corporations
 Business Development Bank of Canada
 Canadian Forest Service
 Commercial Banks - Aboriginal Divisions
 Community Futures Development
 Forest Renewal B.C.
 Forests, Ministry of
 Indian Affairs and Northern Development Canada

Listed in the appendix of this guide.

Appendix

I. RESOURCES (Alphabetical)

Aboriginal Affairs, Ministry of

Social and Economic Initiatives Branch

908 Pandora Avenue, 3rd Floor

Victoria, B.C. V8V 1X4

Phone: (250) 356-8286

Fax: (250) 356-6662

Enquiry BC 1-800-663-7867

Internet: aaf.gov.bc.ca/aaf/pubs/fcfund.htm

First Citizens' Fund – The First Citizens' Fund is a \$25 million endowment fund established by the Government of British Columbia in 1969. The interest earned by the fund provides money to enhance economic development, cultural, social and educational opportunities for Aboriginal people (status, non-status, Metis and Inuit) living in British Columbia.

Loans are available to create, acquire, expand or upgrade aboriginal businesses. All types of businesses are eligible, but loans are not available for revolving lines of credit or for refinancing existing businesses. Approved borrowers may be provided with advisory and support services to ensure the success of the business. First Citizen's Fund loans are administered and distributed through Aboriginal Capital Corporations.

Aboriginal Business Canada (Industry Canada)

Aboriginal Economic Programs

300 West Georgia St., 21st Floor

Vancouver, B.C. V6B 6E2

Phone: (604) 666-3871

Fax: (604) 666-0238

Internet: <http://www.vli.ca/abc> (Aboriginal Business Canada)

Internet: <http://www.strategis.ic.gc.ca> (business information and resources)

The program targets small business and offers both financial and non-financial assistance. Contributions can be made towards the costs of developing business plans and undertaking feasibility studies, establishing new businesses or joint ventures, and increasing technology use in a business through acquisition of equipment as a way to improve competitiveness. Aboriginal Business Canada also offers support in areas such as management and technical training.

Aboriginal Capital Corporations

There are seven Aboriginal capital corporations in B.C. that administer financing for one or more government entity specifically to Aboriginal businesses. Financing is intended to enable, start, acquire or expand viable Aboriginal businesses. First Nations, Inuit and Metis entrepreneurs living in B.C. are eligible for the program, which provide loans up to \$50,000 to create, acquire, expand or upgrade Aboriginal businesses. Some of the ACC's serve Aboriginal businesses affiliated with specific bands and geographic regions

All Nations Trust Company

Suite 208, 345 Yellowhead Highway
Kamloops, B.C. V2H 1H1
Phone: (250) 828-9770
Fax: (250) 372-2585
Toll Free: 1-800-663-2959

Tale'awtxw Aboriginal Capital Corporation

Box 1, Building 17
7201 Vedder Road
Chilliwack, B.C. V2R 4G5
Phone: (604) 824-2088
Fax: (604) 824-2022
Toll Free: 1-800-779-7199

Tale'awtxw Economic Development Association

c/o Alliance Tribal Council
130 North Tsawwassen Drive
Delta, B.C. V4K 3N2
Phone: (604) 943-6712
Fax: (604) 943-5367

Tribal Resources Investment Corporation

217 - West 3rd Avenue
Prince Rupert, B.C. V8J 1L2
Phone: (250) 624-3535
Fax: (250) 624-3883
Toll Free: 1-800-665-3201

First Nations Agriculture Lending Association

345 Yellowhead Highway,
Kamloops, B.C. V2H 1H1
Phone: (250) 828-9751
Fax: (250) 372-1595

Bella Bella Community Development Society

Box 880

Waglisla, B.C. V0T 1Z0

Phone: (250) 957-2381

Fax: (250) 957-2544

Limited to members of the Heiltsuk First Nation

Nuu-chah-nulth Economic Development Corporation

5000 Mission Rd

Box 1384

Port Alberni, B.C. V9Y 7M2

Phone: (250) 724-3131

Fax: (250) 724-9967

Limited to any Aboriginal person living in traditional Nuu-chah-nulth Nation territory, or any Nuu-chah-nulth band member living anywhere in B.C.

B.C. Stats

Ministry of Finance and Corporate Relations

553 Superior St.

Victoria, B.C. V8V 1X4

Phone: (250) 387-0359

Internet: <http://www.bcstats.gov.bc.ca>

B.C. Stats is the central statistical agency for the province and it maintains a large inventory of statistical products and services, and expertise. Statistics and information are acquired from various sources, and then packaged for distribution. Market trends and demographics relating to your product or service may be available through B.C. Stats.

Business Development Bank of Canada

5 Place Ville Marie,

Montreal, Quebec H3B 5E7

Phone: (514) 283-5904

Fax: (514) 283-2872

Internet: <http://www.bdc.ca>

Contact the main office for information on the branch nearest you.

The Business Development Bank of Canada (BDC) is a Crown Corporation with a mission to help create and develop Canadian small and medium sized business. They offer a variety of financial products to fit each stage of a business's growth from the smallest micro-business to expanding medium-sized businesses.

They provide specialized financial assistance such as counseling assistance to small enterprises; and providing a "Small Business Start-up Kit." Each branch has their own Aboriginal services account manager.

Canadian Council for Aboriginal Business

British Columbia Chapter
208-190 Alexander
Vancouver, BC V6A 1B6
Phone: (604) 684-2999
Fax: (604) 684-2988

The Canadian Council for Aboriginal Business is a national organization which brings Aboriginal and non-Aboriginal business people together for mutually beneficial partnerships through its business internships. Participating Aboriginal interns gain business experience, training, and networking.

CCAB provides opportunities for Aboriginal interns to develop managerial and entrepreneurial skills. Interns return to their community with experience in business management and development. The duration of the program is a minimum of 6 months and a maximum of one year.

Canadian Executive Services Organization

2645 - 1975 Marine Drive
North Vancouver, B.C. V7P 3G2
Phone: (604)986-4566
Fax: (604)981-3584
Internet: <http://www.ceso-saco.com>

The Canadian Executive Services Organization (CESO) offers the skills of over 4,300 retired professional volunteers to business owners throughout Canada. The non-profit organization provides volunteer services to over 1,000 communities, organizations and individuals a year in areas where skills are lacking. Business advisory services are usually limited to a week or less, often on a part-time basis. If you need assistance in developing a Business Plan, or setting up a record keeping system, for example, CESO may be a good source of expertise.

The client is expected to cover direct volunteer expenses, such as transportation, meals and accommodations.

Canadian Forest Service – Natural Resources Canada

Pacific Forestry Centre
506 West Burnside Road
Victoria, B.C. V8Z 1M5
Phone: (250)363-0600
Fax: (250)363-0775
Internet: <http://www.pfc.forestry.ca>

The mission of the Canadian Forest Service (CFS), a sector of Natural Resources Canada, is to promote sustainable development of Canada's forests and competitiveness

of the Canadian forest sector, for the well-being of present and future generations of Canadians.

The CFS publishes guides and papers relating to forest business planning, including:

1. *Secondary Manufacturing in Wood Products: A Guide to Writing a Business Plan* by Bill Wilson and Bryan Bogdanski
2. *Forestry Business Resources* Directory of available funding, training and business support programs for First Nations businesses and communities
3. Numerous research publications related to forestry and forestry products.

Canadian Forest Service – First Nations Forestry Program

Pacific Forestry Centre
506 West Burnside Road
Victoria, B.C. V8Z 1M5
Phone: (250) 363-6014
Fax: (250) 363-0775
Internet: <http://www.pfc.cfs.nrcan.gc.ca>

This program provides funding and forestry advice to B.C.'s status First Nations with the goal of providing access to a greater role in participating in forestry in the future. Funding assistance is available to foster business partnerships both on and off reserves, with various government and non-government organizations, and the forest industry. Eligible applicants include Bands, Tribal Councils and First Nations-owned businesses. The program has a five year term ending on March 31, 2001.

Commercial Banks — Aboriginal Services

Most major banks have an Aboriginal division. First Nations business owners should contact their bank branch to get the contact for Aboriginal banking in their area.

Canadian Imperial Bank of Commerce

Aboriginal Banking
400 Burrard Street - 5th Floor
Vancouver, B.C. V6C 3A6
(604) 665-1254

Bank of Montreal

Aboriginal Banking
595 Burrard Street
Vancouver, B.C. V7X 1L7
(604) 668-1360

Toronto Dominion Bank

Aboriginal Financial Services
Pacific Division - Toronto Dominion Centre
Vancouver, B.C. V7Y 1A2
(604) 654-3385

Royal Bank of Canada

Aboriginal Banking
108 North Tsawwassen Drive
Delta, B.C. V4M 4C2
(604) 943-6735

Bank of Nova Scotia

Aboriginal Banking
602 West Hastings, 3rd Floor
Vancouver, B.C. V6B 1P3
(604) 668-2721

Crown Publications Inc.

521 Fort Street
Victoria, B.C. V8W 1E7
Phone: (250) 386-4636
Internet: <http://www.crownpub.com/>

Crown Publications produces and sells publications related to B.C. human and natural history, politics and government documents. Of particular interest to forestry-related businesses are the Forest Practices Code, as well as the Blue Book and the Green Book, which list operating rates for various types of equipment such as excavators, loaders and saws.

Forests, Ministry of

Aboriginal Affairs
610 Johnson Street, 3rd Floor
Victoria, B.C. V8W 3E7
Phone: (250) 356-7856
Fax: (250) 356-6076
Internet: <http://www.for.gov.bc.ca>

The mandate of the provincial Ministry of Forests is to manage the provincial forests in the interest of the public. Within this mandate, their activities range from developing and implementing policy for many aspects of the overall integrated management of these forests. In doing so they are continually researching and forecasting uses and access to

B.C. forests. Programs of interest to First Nations-owned businesses are the Small Business Forest Enterprise Program and the Woodlot License Program.

Forest Renewal British Columbia

9th Floor, 727 Fisgard Street

Victoria, B.C. V8V 1X4

Phone: (250) 387-2500

Fax: (250) 387-3334

Internet: <http://www.forestrenewal.bc.ca>

Forest Community Economic Development Program – This program supports the capacity of forest-dependent communities to develop more diversified forest-sector opportunities, through economic development and transition planning. It provides planning support to local governments and First Nations through three funds: a forest-sector planning fund, a project feasibility fund, and an immediate response fund.

Forest Community Business Program – This program is designed to diversify, stabilize and expand the economic and employment opportunities of forestry-based communities by providing increased access to financing, business planning support, and training for small businesses in the forest sector. The financing segment of the program has been operational since June, 1996, through community-based lenders such as Community Futures and Aboriginal Development Corporations, for loans up to \$75,000, and through credit unions for loans of up to \$250,000. In February 1997, the corporation added the Business Development Bank of Canada as a lender in this program, for loans from \$75,000 to \$250,000. A loan-client business management skills component is available to business owners receiving financial assistance.

Human Resources Development Canada (HRDC)

Toll-free: 1-800-206-7218

Internet: <http://www.hrdc-drhc.gc.ca>

<http://cpnet.net/cp/programs/can.SEA.html> (Self-employment Program)

This program provides you with income support, coaching and technical assistance to help start a business. Applicants must be receiving or have received employment insurance benefits within the past 36 months

To qualify, applicants must agree to provide a business plan showing potential for long term self-employment, be starting a new business or taking over an existing one, and agree to work full-time on the business while receiving financial assistance.

Indian Affairs and Northern Development, Department of

1550 Alberni Street

Vancouver B.C. V6G 3C5

Phone: (604) 666-0596

Fax: (604) 666-2670

Internet: <http://www.inac.gc.ca>

The Department of Indian Affairs and Northern Development offers forest management resource information through their website, as well as various advisory and community assistance programs.

Community Economic Development Organization – Projects in this community-based economic development program vary depending on local priorities and may include: employing Economic Development Officers at the community or Tribal Council level to support employment and training programs, economic development planning, business planning and start-up funding. Funding is provided under Federal Government First Nations agreements.

Resource Access Negotiation Program – This program provides financial assistance to First Nations organizations involved in negotiations that will enable access to business and employment opportunities in the natural resource sectors. Funding is available for co-management initiatives with the government or private sector.

Federal Aboriginal Procurement Strategy – This program was announced in April 1996 by DIAND to support Aboriginal economic development by providing Aboriginal businesses with increased opportunities to supply goods and services to the federal government. To be eligible, a business must be 51% owned and operated. If your company offers a service or product that the federal government is interested in buying, you should consider registering for this program. For further information, contact DIAND at (604) 666-7762.

Native Investment & Trade Association

#410- 890 West Pender Street

Vancouver, B.C. V6C 1J9

Phone: (604) 684-0880

Fax: (604) 684-0881

Toll Free: 1-800-337-7743

Internet: <http://www.native-invest-trade.com>

NITA coordinates and publishes a directory of British Columbia First Nations, governments, organizations, programs and Aboriginal-owned and operated businesses and services. It also delivers a number of conferences and workshops each year in British Columbia and other provinces relating to Aboriginal business development.

Small Business, Tourism and Culture, Ministry of

The Canada/B.C. Small Business Service Centre

601 West Cordova St.

Vancouver, B.C. V6B 1G1

Phone: (604) 775-5525

Fax: (604) 775-5520

Toll-free: 1-800-667-2272

Facts Line: (604) 775-5515

Internet Site: <http://www.sb.gov.bc.ca>

Small Business Development Branch

1405 Douglas Street

Victoria, B.C. V8W 3C1

Phone: (250) 387-0313

Fax: (250) 356-8948

The Canada/B.C. Small Business Service Centre – The Federal and Provincial governments have joined together to provide new and existing business owners with convenient registration and other business information services. The Canada/B.C. Small Business Service Centre, located in Vancouver, has trained staff to provide business owners with information on taxation and business regulations, starting a new business, entering new markets, accessing government programs. There are three ways to access this business information: in person, by phone, and through their Internet site. The Centre also provides a unique toll-free 24-hour automated fax service. Business owners can call up and have any of 500 business-related information documents faxed to them automatically. This service is available by calling 1-800-667-2272.

One-Stop Business Registration – The provincial and federal governments are also working cooperatively to provide new business owners with a “One-Stop Business Registration” service. Located at a number of government offices throughout the province, the business owner can get copies of all relevant business registration forms that are required by the B.C. Registrar of Companies, B.C. Consumer Tax Branch, Revenue Canada and Worker’s Compensation. Registration is available at computer work stations at these sites.

The two government’s joint Internet site includes an on-line interactive business planner that takes business owners through the process of building a Business Plan. This site also provides useful links to a wide variety of business information.

Statistics Canada

600 - 300 West Georgia St.
Vancouver, B.C. V6B 6C7
Toll Free: 1-800-263-1136
Local: (604) 666-3691
Fax: (604) 666-4863
Internet Site: <http://www.statcan.ca>

Statistics Canada is a national statistical agency which has programs organized into three broad subject matter areas: demographic and social, socio-economic, and economic. The agency collects, compiles, and analyzes abstract and published statistical information on virtually every aspect of Canada's society and economy. Stats Canada offers demographic information that is useful in developing a Business Plan, and also offers a forestry sector statistics publication.

Western Economic Diversification

Box 49276, Bentall Centre 4
Vancouver, B.C. V7X 1L3
Phone: (604) 666-7095
Fax: (604) 666-2353
Toll Free: 1-800-663-2008
Internet Site: <http://www.wd.gc.ca>

Community Futures Development Corporations

1707-1166 Alberni Street
Vancouver, B.C. V6E 3Z3
Phone: (604) 681-7130
Fax: (604) 681-9369

Western Economic Diversification offers a network of business professionals to help with business planning and development, accessing capital, export and trade development, and selling to government markets.

The Community Futures Development Corporations (CFDC) are committed to helping small and medium-sized businesses in Western Canada to develop and create jobs by providing technical support and assistance, training and counseling. High risk loans up to \$75,000.00 at competitive commercial lending rates are available through the CFDC's. Contact the Vancouver office for the CFDC branch nearest you.

II. BUSINESS CONSULTANTS

Aboriginal Development Consultants of Canada

316 - 620 View Street
Victoria, B.C. V8N 1J6
Phone: (250) 380-0721

Aboriginal Development Consultants of Canada is a consortium of Aboriginal employment and economic development consultants who are experienced in micro and macro business planning, business plans, employment programs, advertising and marketing. The company offers clients assistance in identifying venture capital and business funding.

All Nations Business Services Society

345 Yellowhead Highway, Suite 208 West
Kamloops, BC V2H 1H1
Phone: (250) 828-9846
Fax: (250) 372-2585
Email: bgillesp@mail.netshop.net
Branch offices also in Lower Mainland, Okanagan, and the Kootenays

All Nations Business Services Society is an Aboriginal owned, non-political, professional services firm based on the Kamloops Indian Reserve. They provide business consulting and skills development services to Aboriginal and Non-Aboriginal clients throughout British Columbia. The company's consulting and professional services cost approximately \$400 per day, and include business planning, consulting assistance and other professional services to clients.

Nesika Management Ltd.

217 3rd Avenue West
Prince Rupert, B.C. V8J 1L2
Phone: (250) 624-3535
Fax: (250) 624-3883
Toll Free: 1-800-665-3201

Nesika Management is a community-based consulting company. It's services are targeted at First Nations businesses, both on and off reserve, in the North Coast and Haida Gwaii areas. It offers services such as financial planning, business plan development, feasibility studies, and workshops in business skills and strategic planning.

Note: This is not a comprehensive list of Aboriginal business consultants in B.C. Contact the nearest Aboriginal Capital Corporation or Aboriginal Friendship Centre for the names of additional consultants in your area.

III. FORESTRY AND BUSINESS-RELATED INTERNET SITES

Aboriginal Affairs, Ministry of

<http://www.aaf.gov.bc.ca/aaf/>

- First Citizens Fund Information
- Description of First Nations in B.C.
- Treaty related information

Aboriginal Business Canada (Industry Canada)

<http://www.vli.ca/abc>

- Funding programs and criteria
- Aboriginal trade and market expansion initiative

Canada/British Columbia Business Service Centre

<http://www.sb.gov.bc.ca>

- **Interactive business planner**
- On-line small business workshop
- Links and information on trade shows, associations, books, magazines, videos, government regulations, government programs, company directories, market and statistical information.
- Search for information and complete description of available programs
- Services available through the Ministry of Small Business, Tourism and Culture for small businesses

Canadian Forest Service

www.pfc.forestry.ca

This site is produced and maintained by the Pacific Forestry Centre in Victoria.

- First Nations Forestry Program
- Science and Technology Network at the Pacific Forestry Centre
- Canada's Forest Inventory
- Research Networks

Forest Renewal B.C.

<http://www.forestrenewal.bc.ca>

- Searchable database for wood industry related information
- Forestry-related events

Forestry Industry Network

<http://www.forestind.com/>

- Equipment dealers
- Publications
- Trade Shows
- Log prices

Forests, Ministry of

<http://www.for.gov.bc.ca>

Small Business Enterprise Program

- Community Forest Pilot Project
- Forest Practices Code
- Forest Regions and Districts

Forintek Canada Corp.

<http://www.forintek.ca/>

Forintek is dedicated to research for Canada's solid wood products industry, which manufactures lumber, plywood, particle board and value-added products.

- Market Support Research
- Manufacturing Technology
- Forest Resource Characterization
- Technology Transfer and Technical Services

Indian Affairs and Northern Development Canada, Department of

<http://www.inac.gc.ca>

- The Management of Forests On-Reserve (offers forest management resource information)
- Information on Community Economic Development Organization
- The Procurement Strategy for Aboriginal Businesses (doing business with the federal government)
- Aboriginal Supplier Inventory Registration

Industry Canada

<http://strategis.ic.gc.ca>

- Funding programs for businesses
- Small business loan guidelines
- Small business handbook
- Provincial and municipal information for businesses
- Links to Canadian and international information databases, business support and services
- Markets, Trade and Investment
- Industrial Perspectives
- Managing your business
- Marketplace services

National Aboriginal Forestry Association

<http://sae.ca/nafa/nafa.htm>

- Database of Aboriginal forestry companies and contacts
- Education, training and employment
- Aboriginal forestry issues

National Forestry Database Program

http://www.nrcan.gc.ca/cfs/proj/iepb/nfdp/cp95/text_e/overe.htm

- Forest Inventory
- Allowable Annual Cut
- Forest Fires
- Forest Insects and Diseases
- Forest Products
- Silviculture
- Forest Management Expenditures
- Revenues and Economic Profile
- Pest Control Product Use

Western Economic Diversification

<http://www.wd.gc.ca/eng/content/main.html>

- Starting a Business
- Financing resources
- Exporting and marketing
- Selling to government

Wood Fiber Network

(maintained by Forest Renewal BC)

<http://www.woodfibernet.com/>

- Assists value-added re-manufacturers to find companies and contacts who can supply the lumber and logs they need
- Buyers add “wanted” notices of what they need, and sellers post “for sale” notices of what they have

IV. SAMPLE BUSINESS PLAN

BUSINESS PLAN

**Cedar Hill Tree Services
(Fictional Company)**

January 1999

Sam Johnny & Karen Peters, Partners
1234 North Shore
Cedar Hill, British Columbia
Tel: (250) 555-5555
Fax: (250) 555-5555
E-mail: kpeters@westcoast.com

Part 1: Executive Summary

Business Description

Cedar Hill Tree Services is a start-up, privately owned company that will operate from the Cedar Hill Reserve on Vancouver Island. The company will offer a variety of silviculture services including planting, surveys, brushing and weeding, spacing, pruning, commercial thinning, and site preparation. Cedar Hill Tree Services will also sell premium firewood to consumers through retail business outlets located on the Cedar Hill Reserve.

Ownership and Management

Cedar Hill Tree Services is a partnership owned and operated by Sam Johnny and Karen Peters. Sam Johnny has worked in the forestry industry for 15 years as a silviculture specialist for the Ministry of Forests and Island Forest Products. Karen Peters has owned and operated retail businesses in the Nanaimo area for more than ten years. She has a diploma in Business Administration from Fraser Valley Institute of Business. She has been a board member of the Cedar Hill First Nations economic development committee for five years.

Key Initiatives and Objectives

Cedar Hill Tree Services primary goal is to operate an environmentally sustainable forestry operation that will assist in the restoration and rejuvenation of forests in the central Vancouver Island area. The first year goals of the company include:

1. To provide quality silviculture services (including planting, surveys, brushing and weeding, spacing, pruning, commercial thinning, and site preparation) on contract to the Regional Forest District, First Nations bands, and forest-sector corporations within the traditional territory of the Cedar Hill First Nation.
2. To train and hire six First Nations men and women within the first year of operations and to employ them on two work crews.
3. To invest in necessary equipment and vehicles to sustain two work crews.
4. To develop a feasibility plan to recycle waste wood left by logging operations into marketable products such as firewood, railway ties, and material for secondary wood manufacturing products (such as First Nations art).

Marketing Opportunities

There are over 20 logging operations in the Central Vancouver Island Region that sub-contract silviculture services. Cedar Hill Tree Services will focus its client base amongst these operations.

Competitive Advantages

Cedar Hill Tree Services will have two fully trained year-round First Nations crews using state-of-the art equipment and techniques available for silviculture contracts in the region.

While there are a number of companies in the region offering the same services, they employ primarily seasonal, low-skilled employees. Cedar Hill's advantage will be its skilled, experienced crews, and commitment to quality workmanship.

Marketing Strategy

The company's ongoing success in carrying out silviculture contracts on time and on budget, as well as Sam Johnny's excellent reputation in the regional forestry industry, will be the main marketing strategies for Cedar Hill.

Summary of Financial Projections

Based on the high volume of contracts being offered in the region, and the high turnover of employees at other companies, Cedar Hill expects to be successful in securing contracts to keep its two crews working 90% of the year. First year gross revenues are projected at \$200,000, second year at \$250,000 and third year at \$300,000. Expenses will be the highest during year one, due to major capital purchases. The profit margin for the company is expected to be 5% in year one (\$10,000), 10% in year two (\$25,000), and 15% in year three (\$45,000).

Part 2: Business Overview

Business History

Cedar Hill Tree Services was formed in January 1998. The company's owners, Sam Johnny and Karen Peters, spent one year researching the business and developing contacts before launching the company. The company secured a \$50,000 business training contribution from Forest Renewal B.C. and the Canadian Forest Service's First Nations Forestry Program in November 1997, and a three month training program for five First Nations men and women ran from January through March 1998. The first contract, a \$25,000 tree thinning contract for Island Forest Services, was secured for April, 1998.

Vision and Mission Statement

Operating as an environmentally sustainable forestry operation that will assist in the restoration and rejuvenation of forests, Cedar Hill Tree Services will create eight full-time jobs (six crew members, one crew manager/owner, and one business manager/owner) for members of First Nations communities on Vancouver Island.

Objectives

Our primary objectives over the next year are:

1. Secure training funding for five First Nations men and women.
2. To offer a quality 3-month silviculture training program for five First Nations people, which was delivered from January through March, 1998.

3. To secure \$100,000 in financing to provide funds for capital expenditure (two trucks and silviculture equipment).
4. To successfully bid on and secure \$150,000 worth of silviculture contracts from the B.C. Forestry District, First Nations Bands, and Forest sector corporations.

Ownership

Cedar Hill Tree Services is a registered partnership of Sam Johnny and Karen Peters. The company was established in January 1998.

Location and Facilities

The company operates from a double wide trailer located on the Cedar Hill First Nations. The trailer lot is provided at a nominal fee by the band, in exchange for landscape maintenance of the Cedar Hill Tribal School. The trailer is rented from Percy Martin, and serves as the company's dispatch and main business office. The company's two trucks are parked at the facility each night, and all equipment is stored in an adjacent secured shed.

Part 3: Products and Services

Description of Products and Services

The company provides professional silviculture services that include planting, surveys, brushing and weeding, spacing, pruning, commercial thinning, and site preparation.

Key Features of the Products and Services

Manager/Owner Sam Johnny is highly skilled in surveying and site preparation for commercial forestry operations. The six crew members each have focused on a specific skill, and are given the responsibility of serving as crew boss when those services are being carried out. This not only offers the client a crew with three levels of skill (Senior Manager, Crew Boss, Crew members), but it contributes to high morale on the job, as each crew member is given a leadership role on a regular basis. Crew Bosses are also provided with a daily bonus if the daily work goals are completed on schedule.

Cedar Hill Tree Services maintains two highly motivated, trained First Nations crews, who have modern, well-maintained equipment to carry out their jobs.

Future Products and Services

The company is conducting a feasibility study during the first year of operations to determine whether it would be profitable to salvage fallen and damaged trees and process the wood and bark for sale to a secondary market, including firewood, rail ties and material for First Nations artists. The study will be completed in March 1999, and if the project shows potential, a third crew will be trained for this service for the summer of 1999.

Part 4: Industry Overview

Market Research

There are at least 20 forest operations within 100 km of the Cedar Hill First Nation reserve, of which 14 operate on Crown Land within the band's traditional territory, 4 operate on privately owned lots, and 2 operate on reserve land. There has been a significant increase in the number of contracts offered through these operations in the past three years. The estimated total silviculture contracts among the 20 operations was valued at \$2,000,000 in 1997, with similar projections for 1998. Cedar Hill Tree Services hopes to capture \$150,000 (7.5%) of these contracts in 1998, and also create \$50,000 worth of projects with First Nations bands in the region.

Size of the Industry

According to Forest Renewal B.C., the value of silviculture contracts in British Columbia has increased significantly in the past five years. In addition, a major initiative to restore and rejuvenate creek beds and logging roads is expected to continue growing into the next century. Silviculture work is potentially more recession-proof than logging operations and sales, because it involves the long-term growth and maintenance of forest lands.

Key Product Segments

The diversity of services offered by the company, provides a contingency system. If there is a slow-down in tree planting activity in the area, the company can focus on tree spacing or survey work. The establishment of a tree-recycling operation, which will harvest scrap wood and sell it to various markets (fire wood, arts and crafts material, fence posts, etc.) in 1999 will provide additional diversity for the company.

Key Market Segments

Due to the proximity of a high number of forestry operations, and the desire of staff to remain living in their own communities, the company will focus on contracts within 100 km of the Cedar Hill First Nation. Future sales of recycled wood may require a wider distribution area, however.

Description of Industry Participants

There are 12 full-time silviculture service companies operating in central Vancouver Island. Four of these companies are owned and operated by First Nations. At least six companies from outside the region successfully won silviculture contracts in the region in 1997. This indicates that the 12 local companies are not able to fill the demand for services, as outside companies are successful in winning at least 15% of the contracts in the region.

Key Industry Trends

The lumber and pulp industries have historically experienced highs and lows producing eras, resulting in several years of healthy profits and high employment, followed by bust

years that cause economic hardship and unemployment in the region. The forest restoration industry, on the other hand, is primarily stable, due to the relatively small number of companies and employees providing the services, and the ongoing need to clear, plant and maintain new-growth forests.

The number of forest operations in central Vancouver Island region has remained stable for the past five years. First Nations involvement has increased, as band's secure access to Crown tenures, and in turn look to First Nations companies to provide services. A number of First Nations bands are entering into partnerships with forest sector corporations in a wide range of projects.

Industry Outlook

The B.C. Silviculture Association predicts that demand for services by its members will increase 5% per year for the next five years.

Part 5: Marketing Strategy

Target Markets

The target market for the company are the 20 forest operations within 100 km of the Cedar Hill First Nation reserve, of which 14 operate on Crown Land within the band's traditional territory, 4 operate on privately owned lots, and 2 operate on reserve land. Contracts will be pursued with forestry sector corporations, the province's district forestry department, and nearby First Nations bands.

Description of Key Competitors

There are three other First Nations owned silviculture companies in the region. Two have been in operation for five or more years, and the third was established in 1997. The two oldest companies are small scale operations with three or fewer employees. The newer company has three five-member crews. That company is focused exclusively on tree planting operations.

The non-Aboriginal companies in the region are either micro businesses, or fairly large operations with 20-30 seasonal employees providing tree planting services. There are only three companies in the region that offer the wide range of services as Cedar Hill Tree Services.

Analysis of Competitive Position

Cedar Hill Tree Services has the advantage in that it has trained, year-round crews able to work in a variety of service areas. The company also owns new, reliable office equipment, and uses high tech communications equipment to stay connected to its crews at all times.

Pricing Strategy

The company will bid on all contracts at the standard industry rates for the required services.

Promotion Strategy

A promotional brochure, which will include a description of the company's services, bios of the owners, photos of the crews, and a mission statement, will be produced and distributed to the target client base. The company will also participate in forestry sector conferences and trade shows whenever possible.

Part 6: Management and Staffing

Organizational Structure

Sam Johnny is the manager of the Silviculture Crews and Karen Peters is manager of Operations. The six silviculture employees report directly to Sam Johnny. An on-call office assistant (15 hours per week) reports to Karen Peters. Bookkeeping and payroll services are provided by an outside consulting company.

Management Team

Sam Johnny has worked in the forestry industry for 15 years as a silviculture specialist for the Ministry of Forests and Island Forest Products. Karen Peters has owned and operated retail businesses in the Nanaimo area for more than ten years. She has a diploma in Business Administration from Fraser Valley Institute of Business. She has been a board member of the Cedar Hill First Nations economic development committee for five years. Resumes are included in the appendix.

Staffing

Sam Johnny will work full time as Silviculture Manager, and Karen Peters will work full-time as Operations Manager. The six crew members will work 40 hour work weeks, with three weeks paid vacation (one week each summer and two weeks from December 15 - January 1 each year).

Labour Market Issues

During the first year of operations, staff will earn \$10 per hour, which is over the provincial minimum hourly wage. As the crew is co-ed, all staff will be required to take a one-day sexual harassment workshop as part of their training.

Part 7: Implementation Plan

Implementation Activities and Dates

Within the first year the company will undertake the following activities:

1. Purchase two new four-wheel drive 3/4 ton pick up trucks for field use.
2. Purchase equipment necessary to keep two crews operating at all times.
3. Purchase a new computer, software and a printer, fax machine and used office furniture.
4. Produce a brochure on the company's services.

5. Complete a feasibility study on salvaging and marketing forest tree waste.
6. Contract and meet all potential clients in the region, to make a presentation of the company's services.
7. Complete a one-month training program for five First Nations employees.

Market Risks

The largest market risk is the reduction or pull-out of logging activities in the central Vancouver Island forestry district due to an international market decline.

Other Risks

A major forest fire, flood or earthquake in the region would temporarily cause a reduction in business activity, which the company would respond to by converting its focus to post-natural disaster restoration services. A major strike in the logging and/or mill sector may create a situation in which it would be dangerous for Cedar Hill crews to cross the picket line. First Nations roadblocks or other political activity related to the treaty process may reduce logging activities in the region for a limited period of time.

Part 8: Financial Plan

Discussion of Projected Net Income

First year gross revenues are projected at \$200,000, second year at \$250,000 and third year at \$300,000. In the first year of operations, revenue sources include a \$10,000 owner investment, \$140,000 in silviculture contracts, and \$50,000 for employment and training through Forest Renewal B.C. and the Canadian Forest Service's First Nations Forestry Program. The profit margin for the company is expected to be 0% in year one, 10% in year two (\$25,000), and 15% in year three (\$45,000).

The estimated total silviculture contracts among the 20 forestry operations in the region was valued at \$2,000,000 in 1997. Cedar Hill Tree Services hopes to capture 7.5% of these contracts in 1998, 10% in 1999, and 15% in 2000. It also plans on developing joint-ventures with First Nations bands in the region which will result in a projected \$50,000 worth of contracts annually. The aggregate gross income for the next three years is \$750,000, with net profits of \$80,000.

Discussion of Monthly Cash Flow Statement

Revenues of \$16,666 per month will be required to cover operating costs in year one.

Discussion of Projected Annual Cash Flow

An initial business training program (funded at \$50,000 by Provincial and Federal training programs) will cover all costs of operations and staffing for the first three months of the company's operations. The fourth month of operations will require a \$16,666 level of revenue, which will need to be sustained through December 1998.

Discussion of Pro-Forma Balance Sheet

Silviculture contracts for \$150,000 in 1998, \$225,000 in 1999 and \$300,000 in 2000 will be required to meet all payroll and operating expenses, and to service a capital loan of \$100,000. While there will be no profits in 1998, this will increase to \$25,000 in 1999 and \$45,000 in 2000.

NOTES