



TFA

Monthly Newsletter

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IN THE NEWS

Show Me the Money: Business Plan Tips

by Kristi Jackson

While participating on a panel at the recent NAFOA conference, the discussion of how to finance an idea centered on where to find the money and how to find the money. In most cases this begins with a business plan.

Many Tribes we work with are trying to finance a new project or business concept - and the question typically defaults to where is the money or who is lending or investing? TFA has found that the more successful approach is to first prepare a thoughtful plan for the business. This analysis will often serve as the best sales pitch for your business concept - and can also springboard the plan into action more quickly.

Much has been written about writing an effective business plan, with thousands of articles offering insights and

strategies. Here we summarize some best practices based on our experience in reviewing many proposals and plans. In a future newsletter, we will offer a few pitfalls to avoid.

Starting at the beginning, there are five key components that every good business plan should include:

Executive Summary

This is the most important section. Based on research of behavior of those people who screen proposals received by investment firms and banks, the amount of time spent reading this critical section is typically less than 2 minutes. A good executive summary should include the highlights of each of the sections to follow and should leave the reader with a complete understanding of what your business is all about, who is running it and why it a

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Above: TFA celebrated our 6 year anniversary while at the Indian Gaming Tradeshow in April.

Minneapolis Fed Plans Center for Indian Reservation Development

4/7/15 - StarTribune.com

Tribal Cannabis Association Formed

4/9/15 - WGRZ.com

Martinez Signs New Indian Gaming Compact Agreement

4/14/15 - BizJournals.com

Tohono O'odham Vow to Defend Glendale Casino Rights

4/22/15 - Tucson.com

Tulalip Tribes Lose Bid for More Video Gambling Terminals

4/27/15 - HeraldNet.com

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good investment. While this comes first in the document, we recommend you write this section last.

Problem/Solution

What issue exists in the marketplace that currently is not being well addressed? How does the customer handle this problem today? Here is where the concept for your business takes shape - how does your business make it better for the customer? This is where you are selling your service or product - explain how it will work, who is going to buy it, and why it is a "game-changer".

Competition

The business plan should identify the competitive set for your company. Be realistic here. Rarely does a product or service have no existing competitors. Explain the strengths and weaknesses of the current landscape of players. A fair and balanced description will lend credibility to your plan.

Management

For many investors, this is the most important section in the whole plan. Who will be executing this plan? No matter how good the widget or service is, it will take people to design the op-

eration, bring the product to market and take care of customers. Emphasize where the principals worked previously, highlighting relevant similar businesses and responsibilities. It will make it extremely difficult to attract attention to your concept if either the key personnel are not identified in the plan or their experience is not relevant in the area your widget or service aims to address.

Financials

Every business plan should provide a highlight of the financial forecast. What start-up costs are required, what are the basic economics of the business (price and quantity forecasts), and what are the high-level financial state-

ments (income statement, balance sheet and cash flow forecast). While you likely have reams of detail available, this section should just be a summary (often times confined to one page), with detailed models saved for an appendix. The forecast should focus on the first three to five years only. Finally, while the first year can be presented quarterly, it is almost always acceptable to offer the remaining years annually.

TFA can be helpful in working with you on a business plan, as well as offering screening for plans you've received for investment - give us a call anytime to hear our thoughts.



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