



**Tribal Economic Development Symposium**

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**Audit • Tax • Consulting • Financial Advisory •**

## Presentation Objectives

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- **Economic development strategy and business planning**
- **Defining economic development critical success factors for evaluating market opportunities**
- **Developing a business plan to capture the appropriate market opportunity**

## The intersect between economic growth and business development

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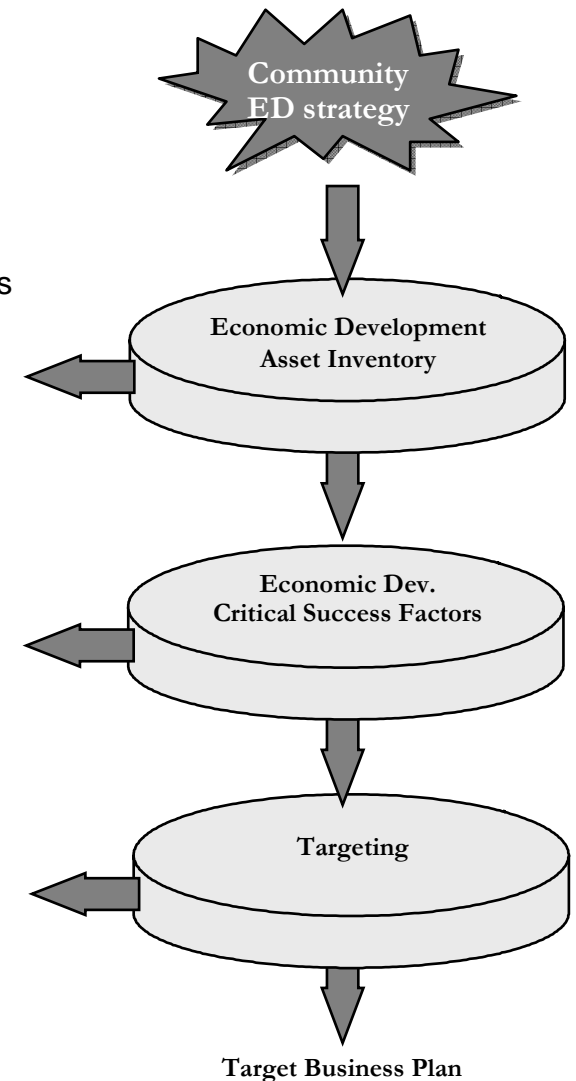
1. Primary goal is a successful business investments that **results in positive financial performance and economic growth** within the community
2. The approach lends itself to a “**double**” **bottom line** when evaluating investment opportunities
  - **ROI** based on financial factors of the business investment
  - **Economic impact** for the community based on wealth creation, jobs, investment, and productivity
3. If acquisitions, joint ventures, business attraction or startups are a consideration, the business plan should be within the context of overall economic development strategy, with a clear value proposition for the targets:
  - **Does the community provide the value to the firms bottom line?**
  - It is important to understand the assets of the community, as well as, the vision of where the community would like to be
4. **Leverage the community’s strength to address weakness**

## Overall planning approach

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**Ultimately the business plan should be focused on targets that provide the best overall double bottom line results**

- What is the targeted geography of impact (neighborhood, region, etc.)
- Evaluation of the regions assets including capital, workforce and physical attributes
- Formulation of the initial critical success factors
  - Vision for the community
  - Goal ROI and economic impact
  - Linkages with the community
- Evaluation of the target markets through review of opportunities and market research.
- Development of target business plan



## Inventory of the economic assets of the community

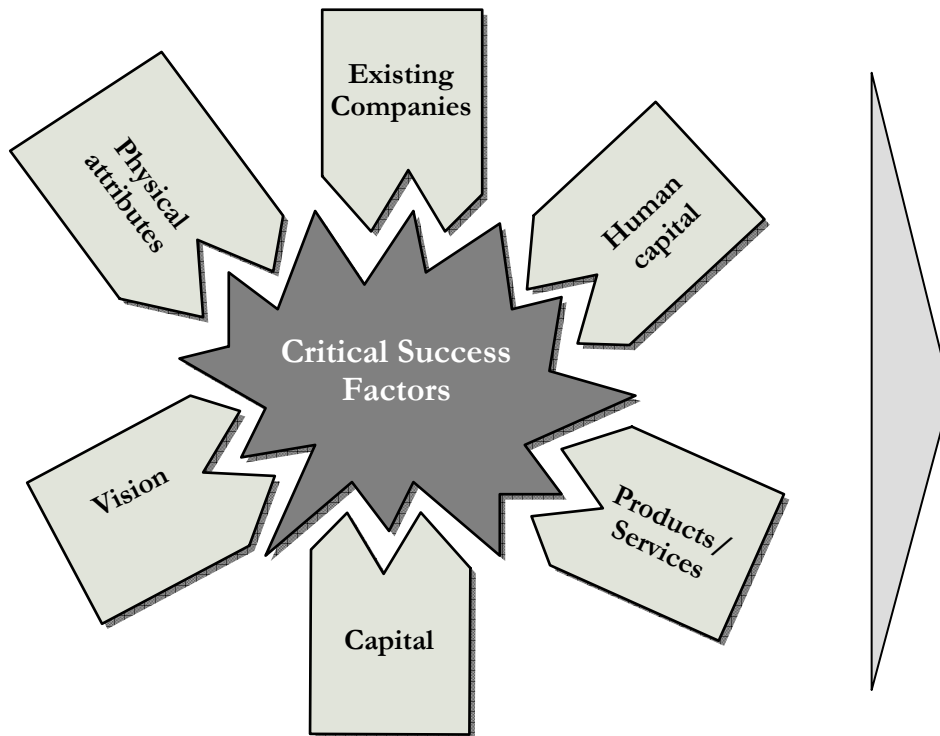
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At the base of any economic development strategy is an understanding or inventory of communities economic assets

	Description	Examples
<b>Investment Capital</b>	<ul style="list-style-type: none"><li>▪ Available equity, debt, grants, incentives and financing tools that could be leveraged to not only acquire companies but be used to assure the success of the firms and the communities participation</li></ul>	<ul style="list-style-type: none"><li>▪ Investment capital (Private equity and venture capital)</li><li>▪ Mezzanine and subordinate debt</li><li>▪ Local economic development loan funds</li><li>▪ Bank CRA, traditional commercial debt, Federal and state programs</li></ul>
<b>Human Capital</b>	<ul style="list-style-type: none"><li>▪ Currently available workforce, prevailing wages, expertise and supporting training institutions</li></ul>	<ul style="list-style-type: none"><li>▪ Local wage and occupation surveys</li><li>▪ Local HR surveys</li><li>▪ Training programs</li></ul>
<b>Physical Assets</b>	<ul style="list-style-type: none"><li>▪ The physical attributes that could contribute to a business</li></ul>	<ul style="list-style-type: none"><li>▪ Logistics and access to market</li><li>▪ Utilities &amp; infrastructure</li><li>▪ Real estate and land</li><li>▪ Natural resources</li><li>▪ Existing companies</li></ul>

## Defining economic development critical success factors

The business plan should have clear points of linkage to how potential new or acquired companies can contribute to the local economy



### Critical success factor considerations:

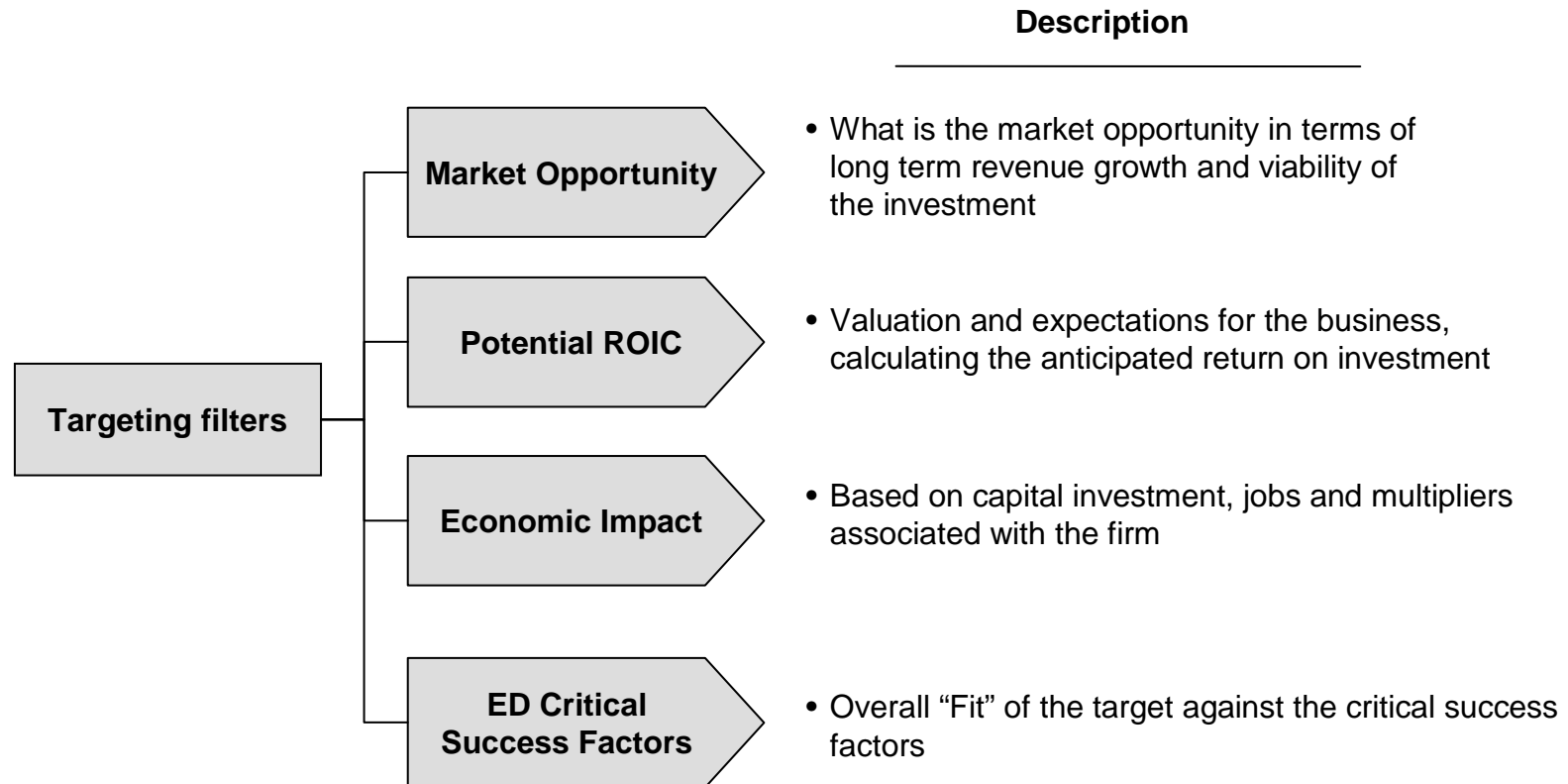
- **Existing companies** – How would a new firm impact existing companies within the region?
- **Human Capital** - Does a new firm build wealth and skills for the community that could spur additional growth?
- **Local products and services** – what additional services would the region need to offer to help make the company successful?
- **Capital** – Does sufficient capital and debt financing resources exist, or do new programs, products and funds need to be created?
- **Physical attributes** – Does the region offer the firm a business competitive advantage?
- **Vision** – What is the desired vision of the community – how does the community want to utilize it's assets

Addressing these questions should provide a better understanding of the critical success factors (CSF) required to qualify an investment opportunity

## Leveraging the economic development strategy for target screening variables definition

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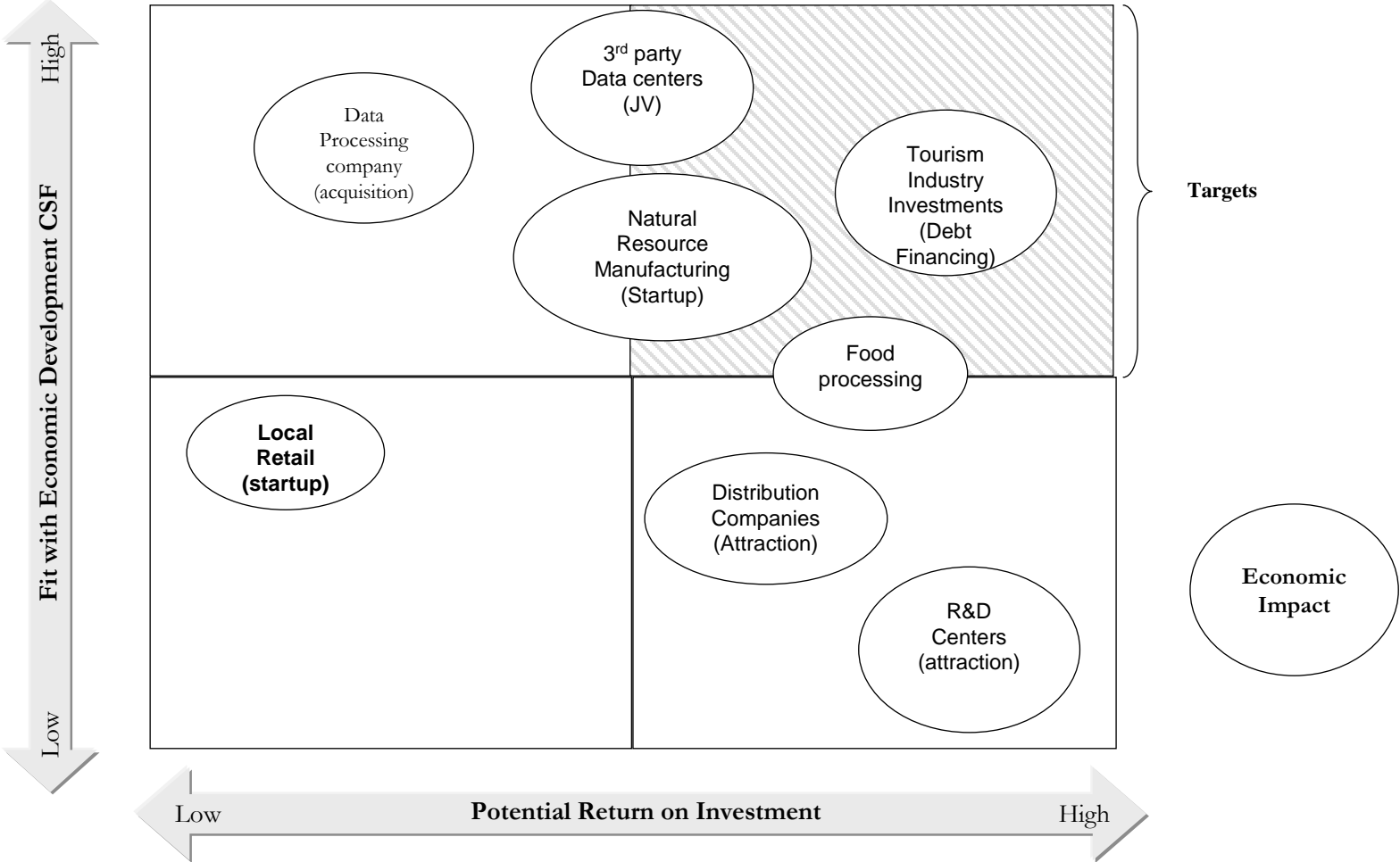
The target screening process would include research on each option or opportunity that addresses the following variables



# Target evaluation – Defining the targeted market opportunities for business development

Targeting potential areas of business development based on the overall economic development strategy critical success factors (or “fit”), ROI, and economic impact.

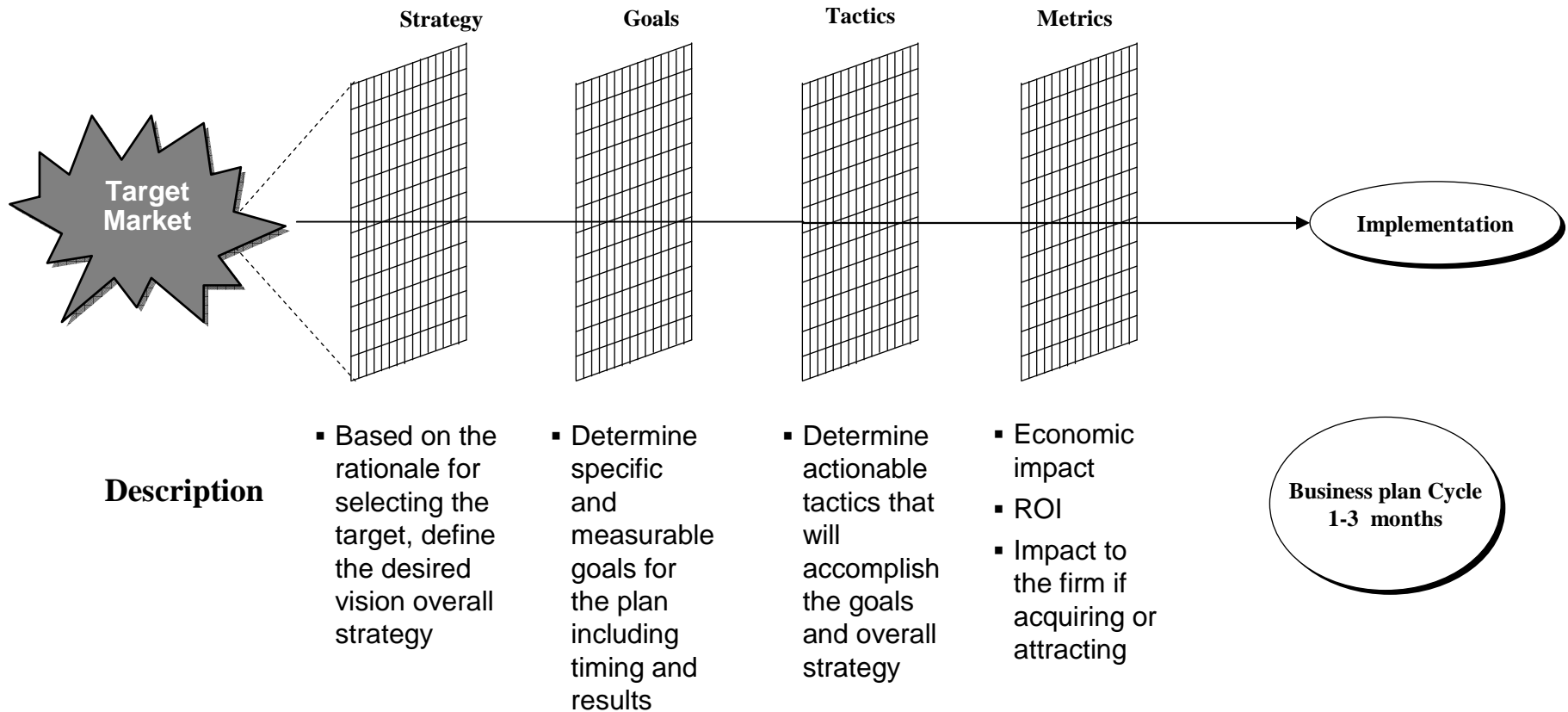
**EXAMPLE**





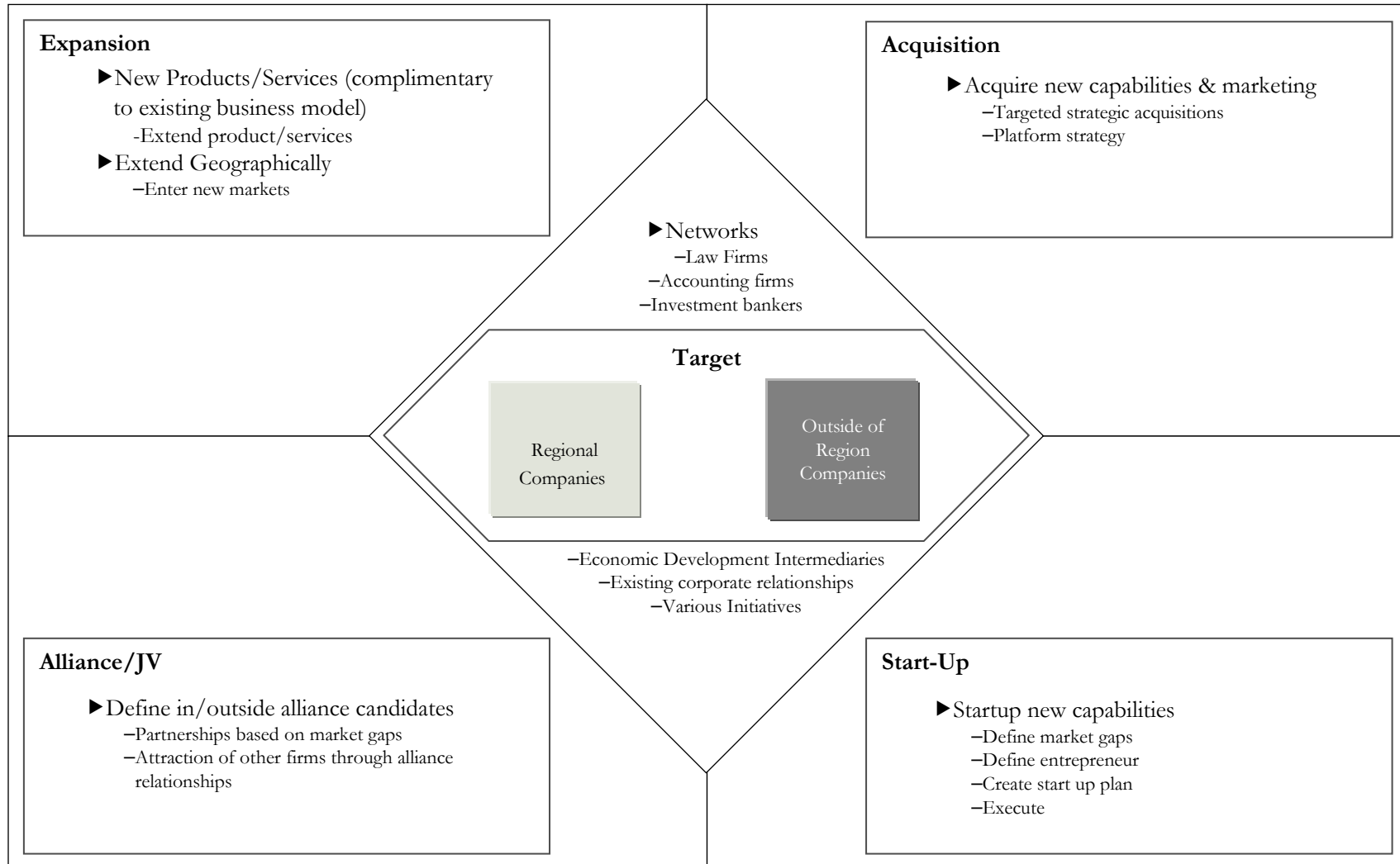
## Developing the business plan

Once the targeted opportunities are defined within the economic development strategy, the next step is to define the business plan – the basic elements of the business plan include:



## Business Planning - Tactics - Investment Framework

Once the opportunity has been appropriately filtered, the next stage would include evaluation and determination of what the most appropriate investment strategy



**Example Plan Summary**

The following is an example of how the target plans would align with the economic development strategy of the community

<p><b>Community Economic Development Plan</b></p> <ul style="list-style-type: none"> <li>• Community Inventory</li> <li>• Critical Success Factors</li> </ul>	
<p><b>Opportunity Screening</b></p> <ul style="list-style-type: none"> <li>• Economic Impact</li> <li>• Critical success factor “Fit”</li> <li>• Projected ROIC</li> </ul>	
<p style="text-align: center;"><b>Target Business Plan 1</b></p> <ul style="list-style-type: none"> <li>• <b>Strategy</b> – Acquire or startup food processing manufacturing firms</li> <li>• <b>Goals</b> – startup 2 new companies that can supply existing business-acquire 1 food distribution firm</li> <li>• <b>Tactics</b> – Develop a sub-debt tool to provide financing for the plan - target local business as customers for startups</li> <li>• <b>Metrics</b> – within three years 12-18% IRR &amp; \$5M of economic impact</li> </ul>	<p style="text-align: center;"><b>Target Business Plan 2</b></p> <ul style="list-style-type: none"> <li>• <b>Strategy</b> – Joint venture with a real estate development company for destination mixed use development</li> <li>• <b>Goals</b> – Create new resort based on residential and eco-tourism destination</li> <li>• <b>Tactics</b> – Develop a real estate mezzanine fund to support effort. Leverage federal USDA grants to build out infrastructure</li> <li>• <b>Metrics</b> – within five years 10-14% IRR &amp; \$150M of economic impact</li> </ul>