

Lacrosse, Canada's official summer sport, is a game that has been a part of our "nationhood" since it was introduced by the Iroquois Confederacy to the French settlers in the early 1600's. After many years as an "alternative" sport, the game is increasing in popularity at an incredible rate. In fact few other sports, with the exception of golf 10 - 15 years ago, have seen the level of growth in all areas surrounding the sport. Participation, spectator attendance, new product development, league development and overall market size are all showing significant growth. The industry that is being developed is being driven by five main sources:

- a) Sport and Industry Associations
- b) Multinational Suppliers
- c) Key Lacrosse Players
- d) The Retailers
- e) The Consumers

These five groups currently control all aspects of the lacrosse industry from the popularity of the game to the most popular products. The associations control the game itself and are responsible for the increase in its popularity and access. The multinational suppliers invest a large amount of money into the promotion of events and equipment to raise awareness. The key players in the game bring heroes and celebrity status to the game. The retailers and wholesalers keep the pulse of consumer interest. The consumers make the ultimate purchasing decision.

The current relationship has been developed as supply has exceeded demand within the industry. This relationship is currently in a state of change. As the size of the consumer base grows, they increase their power base to drive the actions of the entire industry. For instance, if fans wish to see more pace in a game, they now have the numbers to influence the associations to make rule changes. If the equipment is too bulky, or the sticks break too often, the consumers are gaining enough power, and beginning to get enough choices, to alter product development. This shift in power within the industry is creating a number of opportunities for a company that is consumer driven to enter the market and succeed.

ABC Nations Lacrosse has been operating for the past three years and is a sole proprietorship owned by Kevin Murphy. The company, currently located in Jamestown, has been spending the last two years compiling market data and speaking to the five key players in the market in an effort to identify the key needs of the end consumer. They have been successful in their efforts and are now wishing to position ABC Nations Lacrosse as a business that is driven by the needs of the consumer and has been able to continue to be responsive to consumer demands.

The key associations governing the sport are as follows:

Canadian

- i) Canadian Lacrosse Association
- ii) British Columbia Lacrosse Association
- iii) Saskatchewan Lacrosse Association
- iv) Ontario Lacrosse Association

United States

- i) US Lacrosse (National + 48 Regional Chapters)
- ii) National Junior Lacrosse Association
- iii) Lacrosse Foundation (National chapter + 58 Regional Chapters Included)
- iv) National Intercollegiate Lacrosse Officials Association
- v) United States Lacrosse Coaches Association
- vi) United States Lacrosse Officials Association
- vii) United States Club Lacrosse Association
- viii) Central Atlantic Lacrosse League
- ix) National Collegiate Athletic Association

International

- i) International Lacrosse Federation
- ii) International Federation of Women's Lacrosse
- iii) Federation Internationale d'Inter-Crosse

These associations are responsible for the governance of the game, however, in a business setting, also offer a company an excellent place to enter the marketplace. Well scheduled visits, or well placed promotional materials will immediately access players, coaches, officials and spectators from around the world. The associations provide a well devised and predictable market entry point for any new business.

The associations also provide key market data for the industry professionals. The data will be discussed further in this plan, however, it should be noted that these organizations are very committed to maintaining up to date records on everything from participation to growth.

B) Multinational Suppliers

There are 4 key multinational suppliers that are highly recognized within the marketplace. True Grit Lacrosse has recently become a dominant factor within the industry. Investments in players, new product development and most importantly promotional activities have made it the industry leader. Briny is a well recognized company within the lacrosse equipment and apparel industry. SPX has long been the key player in the Canadian national lacrosse program and is well respected within the industry. DaBeer is a relatively new player in the industry but have made great gains with their ability to offer new and more advanced products than their competitors.

ABC Nations Lacrosse would, someday, like to be listed among these international companies. This is a

The market for Internet sales is very unique and must be evaluated closely to achieve success. Today's Aboriginal and non-aboriginal youth share a special relationship with the Internet and have shaped their own culture which has a great affect on this industry. Below are some key facts about the use of the Internet within the youth of today that cannot be overlooked when developing business strategies:

- ▶ Teens are currently spending approximately \$122M on-line and this figure is expected to rise substantially by 2002;
- ▶ The most popular sites among youth are music related, sports related and fashion related respectively;
- ▶ The need for a credit card to purchase on-line is diminishing and the use of "cyber-wallets" (electronic pre-paid line of credit) is becoming a viable option;
- ▶ The decision for youth to purchase on-line is influenced by the permission of parents, the price of a product and the ease of ordering;
- ▶ To be responsible in selling to youth, companies must delineate commerce with buffer screens, teach kids the value of money, entertain and ensure privacy;
- ▶ Internet usage is driven at both home and school;
- ▶ 40% of 11 - 16yrs. Are spending at least one hour on-line per week;
- ▶ The bedroom has become a media fortress with teens typically multi-tasking with other media.

Internet and web-site design, when properly executed, can be an excellent and cost efficient method to reach the customers. The Internet is also projected to be the medium choice for the purchasers of sportswear in North America.

Polled information from the Sporting Goods Manufacturers Association (SGMA) in May of 1998 listed the top 5 influences of sports wear purchases. They are ranked as follows:

- b) Product Quality;
- c) Look of the logo on the item;
- d) Design/fashion;
- e) Price;
- f) Brand Name.

As identified by sporting goods consumers of all ages, quality of product and design rank above price and brand name. This table illustrates the key market data relevant to the sportswear industry in North America and is divided into three categories.

TABLE #3	
Key Characteristics of the Sportswear Market in North America	
Market Factor	Characteristics

<p style="text-align: center;">Overall</p>	<ul style="list-style-type: none"> ▶ market size for fashion is estimated at \$1 billion in North America ▶ sales success is directly linked to marketing initiatives ▶ multinational firms have a high control over market ▶ market size is expected to grow in dollar value over next ten years ▶ product styles change frequently (as often as 4 times a year) ▶ market segments change frequently (approx. every 3 years) ▶ e-commerce sales are projected to rise
<p style="text-align: center;">Demographics</p>	<ul style="list-style-type: none"> ▶ 90% of purchases made by those between 15-25yrs; ▶ currently, there are 47 Million people in the US aged 12-24, highest in history; ▶ a market driven solely by those aged 13-30 yrs with spending power in the US alone of "\$5 billion per week" (Edina Sultanik, Selling Cool, New York); ▶ Canada has over 6 Million people aged 12-30; ▶ current teen spending is estimated at \$300 per month; ▶ teen spending in US is estimated at \$ 19 billion in the US for 1998; ▶ disposable income is on the increase in both Canada and the US; ▶ purchasing is highly influenced by ethnic background; ▶ greater metropolitan areas are the focal points for this market; ▶ current ethnic leader in terms of setting trends and market size are African Americans; ▶ high Latin influences are expected to drive market as this ethnic group is expected to reach a population of 4.3 million in the US and rise to 7 million by 2050.
<p style="text-align: center;">Economic Conditions</p>	<ul style="list-style-type: none"> ▶ overall economic conditions surrounding the market are stable; ▶ youth employment and employment initiatives are expected to continue to increase as governments focus on training the youth for the future; ▶ youth employment rates are currently at their highest levels in last ten years across North America; ▶ a much higher percentage of youth wages is disposable and available for the purchase of apparel.
<p style="text-align: center;">Lifestyles</p>	<ul style="list-style-type: none"> ▶ youth influence the "youth oriented baby boom parents" to join the marketplace; ▶ interactive technology will become a stronger influence in the market and the direction of trends; ▶ the market is media savvy and demands brand integrity; ▶ crossover is a key term in the market as sports, music, fashion, and street culture converge to form a new youth segment; ▶ there are an infinite number of cultures and subcultures that can be targeted for the sale of product; ▶ this market spends 41 hours per week listening to music and consider musical preferences as part of their personal style; ▶ young American females used to drive the market, however, males are beginning to become the trend setters.
<p style="text-align: center;">Information Sources</p>	<p>*Canadian Apparel Federation *Statistics Canada *ihigh.com *American Demographics Magazine *Teenage Research Unlimited *Sputnik Youth Research Consultancy *www.wgsn.com; www.urbantrends.com; www.strategis.ic.gc.ca; *Selling Cool, Edina Sultanik *Newsweek Magazine *Conference Notes, M.R. and Sporting Goods Business Magazine</p>

<p>Overall</p>	<ul style="list-style-type: none"> ▶ the Aboriginal population is widely spread across the country; ▶ the Aboriginal population is becoming “highly connected” to the Internet; ▶ the number of high-end Native Fashions has quadrupled over 5 years; ▶ there is a desire within the Aboriginal community to use competitive Aboriginal companies; ▶ acceptance of aboriginal designs is low.
<p>Demographics</p>	<ul style="list-style-type: none"> ▶ Aboriginal population is very young compared to the rest of Canada; ▶ Canada’s Aboriginal population is over 1 million; ▶ on/off reserve split is approximately 50/50; ▶ Aboriginal population growth rate is twice that of the National rate; ▶ 230,000 Aboriginal peoples are between the ages of 13-27; ▶ 24% of the Aboriginal population live within the 25 census metropolitan areas in Canada; ▶ male/female split is approximately equal in both US and Canada;
<p>Economic Conditions</p>	<ul style="list-style-type: none"> ▶ there is increased efforts by the Federal Government to “connect” the Native population via the Internet; ▶ there are increased efforts to increase employment and youth employment within Native communities; ▶ market sizes within most Aboriginal communities are not big enough to carry retail establishments; ▶ income levels are significantly lower than that of the National average.
<p>Other Information</p>	<ul style="list-style-type: none"> ▶ rural Aboriginal youth may focus more on traditional beliefs and traditional activities such as hunting and fishing; ▶ total population is undergoing a “re-inventing of the spirit and culture”; ▶ there is an element of Native pride throughout Aboriginal communities in Canada; ▶ the only link for the Aboriginal communities in the US and Canada is the Internet; ▶ Aboriginal youth are very skilled at the Internet and the use of technologies; ▶ Aboriginal youth are very brand loyal; ▶ urban Aboriginal youth is not much different than the lifestyle that is illustrated in the above table.
<p>Information Sources</p>	<p>*Statistics Canada; The Daily; US Government Census Data; Market Research by CAPI; “Aboriginal Business Characteristics and Strategies for Growth”, Industry Canada; “AB’ART’95– A National Conference Report”, NITA and BC Provincial Government; Aboriginal Tourism Product Packaging and Marketing Manual and Guide”, DIAND</p>

The following table summarizes the market opportunities and threats for the company.

The market opportunities that exist for \$% 1DWLRQV/DFURV are very positive. In order to meet these opportunities the company must develop a strategy that emphasizes the positive and protects itself against the negative. Section #3 identifies the strategy that will position \$% 1DWLRQV/DFURV to be successful in the future.

SECTION #3 **ABC Nations Lacrosse POSITIONING STRATEGY**

ABC Nations Lacrosse has already established itself as a retailer of quality apparel and equipment in certain areas of Canada and the US. Participation as a retailer at the World Lacrosse Championships in Baltimore in 1998 created a significant market presence in the US. Participation at events across Canada have developed pockets of loyal customers for the company. This approach was too scattered and often an unreliable way to sell. ABC Nations Lacrosse will formalize their sales structure to begin to seize market opportunities.

The company will use the following strategy:

- ▶ Develop a retail sales outlet in Kahnawake, Quebec to be used as a “home base” for all retail operations;
- ▶ Develop a catalogue, price list and in-store promotional materials to meet the needs of retailers in untapped markets in North America and to raise awareness of ABC Nations Lacrosse;
- ▶ Develop a presentation and skills clinic that focuses on the Aboriginal history of the game of lacrosse;
- ▶ Invest human and financial resources into the production and development of equipment including a head (prototype produced by Mohawk International Lacrosse) and gloves (in association with Doug Thom of Willis Source for Sports);
- ▶ Invest in a base level of inventory to be maintained by the company.

These six areas are designed to position ABC Nations Lacrosse to meet the needs of the market and to ensure longevity and profitability.

Establishing a Retail Location

Kahnawake is an area rich in lacrosse history and is recognized across North America as a “lacrosse hotbed”. Within the past year, ABC Nations Lacrosse has visited the community with products on three different occasions. These three visits led to sales in excess of \$25,000 and sales averaged over \$1,000 per hour. This level of demand for the products of the company was unmatched in any other venue across North America.

Kahnawake also provides excellent access to many lacrosse rich markets. Syracuse, Rochester, Maryland, Pennsylvania and other New York State cities are highly accessible from this location. Moreover, the site provides access to Eastern Canada, a market that has shown interest in lacrosse products, but to date has been ignored by the multinationals. Also, the consumers in Kahnawake are very knowledgeable about the sport and are well educated on the game, the products and the industry leaders. They offer an excellent representation of lacrosse consumers in North America. This will allow ABC Nations Lacrosse to test market new products in their local market and perfect them for all other markets. The market opportunities that Kahnawake provides are as follows:

- ▶ The First Nation has a population of approximately 6,800;
- ▶ The most popular sport within the community is lacrosse;
- ▶ Approximately 75% of the population is under the age of 34;
- ▶ The community members generate over \$31 Million in personal income per year;
- ▶ 88% of the total expenditures on leisure and recreation remain within the Kahnawake community;
- ▶ Residents consistently pay cash for their goods as opposed to credit;
- ▶ Residents prefer to deal with companies on the First Nation;
- ▶ Residents are supporters of ABC Nations Lacrosse.

* These figures are from the 1995 leakage study for Kahnawake

ABC Nations Lacrosse has determined the location of the store to be within the main strip mall in the community. ABC Nations Lacrosse has leased a 750 ft² retail space at a price of \$435 per month. ABC Nations Lacrosse is joined in this location by a video store, convenience store, home decor store and restaurant. This retail location will also provide the following benefits:

- ▶ enough space for inventory storage and monitoring;
- ▶ excellent access to northern US clients (Rochester, Syracuse, New York State);
- ▶ excellent access to Eastern Canada (Nova Scotia, Quebec, New Brunswick, Ontario);
- ▶ good access to other markets through excellent shipping and brokerage companies nearby;
- ▶ consistent and positive cashflow to assist with other marketing efforts;
- ▶ job creation on the First Nation (approximately 2 full-time and 2 part-time employees)
- ▶ a showroom for visiting clients.

The expected revenues and expenses of the operation are detailed in the financial plan later in this document .

Products And Pricing Strategy

ABC Nations Lacrosse must be competitive with the products and their prices in order to survive. Table #6 illustrates the products ABC Nations Lacrosse offers and identifies the pricing strategy to be followed.

TABLE #6			
All Nation Lacrosse Product and Pricing List			
Product Description	Cost	Wholesale	Retail
Shooter Jerseys Shooter Shorts Players Jerseys Tearaways	33.00 31.00	46.20 43.40	60.06 56.42
Ladies golf Shirts - Sleeveless Men's Golf Shirts A - unlined nylon shcuss jackets wind pants wind shirts y - unlined nylon jacket y - wind pants black wind breakers	17.50 15.00 16.19 12.25	24.50 21.00 22.67 17.15	31.85 27.30 29.46 22.29
Golf shirts - men's Golf shirts - woman's			
1/4 zip golf shirt 1/4 zip lacoste Garment dye crew Garment dye 1/4 zip Cord Fleece 1/4 zip	18.95 21.95 22.95 23.95 21.95	26.53 30.73 32.13 33.53 30.73	34.49 39.95 41.77 43.59 39.95
T-shirts - youth T-shirts - adult Tank tops - youth Tank tops - adult Sweatshirts			
Rugby Shirts	31.00	43.00	56.00
T-shirts - white T-shirts - ash T-shirts - black	2.60 3.50 3.89	3.64 4.90 5.45	4.73 6.37 7.08
Golf shirts - woman's & men's			
Nylon Jackets S - 2x 3x - 4x	20.00 24.00	28.00 33.60	36.40 43.68
Lanyards	0.62	0.87	1.13

TABLE #6			
All Nation Lacrosse Product and Pricing List			
Product Description	Cost	Wholesale	Retail
Coasters	1.20	1.68	2.18
Mugs	7.00	9.80	12.74
Mouse Pads	3.90	5.46	7.10
Clocks	16.00	22.40	29.12
Posters			
Water Bottles			
“MIL Thunder”			
Blank			
Mesh			
Traditional			

ABC Nations Lacrosse is competitive with this strategy and will make sufficient margins to be successful.

Developing Marketing Materials For Retailers

As Kevin Murphy has completed his research, it was apparent from the first day that ABC Nations Lacrosse will have to supply promotional support to retailers in order to succeed as a wholesaler. ABC Nations Lacrosse has identified a need for the following promotional materials:

- a) A ten page colour catalogue (plus digital images for retailer use);
- b) A US and Canadian price list;
- c) An Internet Website that is e-commerce compatible with colour catalogue;
- d) In-Store marketing materials including company banners, display racks and giveaways (novelties such as stickers and pens);
- e) A uniform print advertising campaign that covers key markets in North America.

These materials are required to accomplish the following goals:

- ▶ create name recognition across North America;
- ▶ increase awareness among industry associations and their members;
- ▶ inform the retailers / consumers about ABC Nations Lacrosse and the products they offer;
- ▶ double current sales volumes.

The investment in this area must generate new sales and open new markets. If new incremental sales are not realized, it will be difficult for ABC Nations Lacrosse to invest at this level again.

Historical and Skills Clinic

Kevin Murphy has established a clinic that educates players about the game of lacrosse, its traditions, and the skills required to play the game. This clinic has been offered to communities in Southern Ontario and has been very successful. It is the intention of ABC Nations Lacrosse to continue to offer this service across North America. The clinic may be used to generate revenues, contacts or to promote ABC Nations Lacrosse. The market requires this service and ABC Nations Lacrosse is the only company to currently offer this service.

Equipment Production

ABC Nations Lacrosse has been in negotiations with two companies to create an Aboriginal driven product line of lacrosse equipment. ABC Nations Lacrosse has partnered with Mohawk International Lacrosse to develop a head for lacrosse sticks. A prototype has been developed and the final alterations are being made to meet field lacrosse regulations. Once this product has been perfected it will be sold to retailers in North America as a premium alternative to the products of the multinationals. There is still some development work required and completion is slated for January 2000.

Kevin Murphy has also been in negotiations with Willis Source for Sports to design box lacrosse gloves. Willis has the manufacturer ready to produce the prototype, once ABC Nations Lacrosse has designed the look of the equipment. The first prototype of the gloves is scheduled to be ready for March 2000. These two products will be property of ABC Nations Lacrosse and new selling relationships will have to be formed to get them to market. Production capacities and price points will be developed to meet the needs of the market when the products are ready.

ABC Nations Lacrosse will continue to develop new products until a full line of equipment has been developed.

Base Inventory Development

To date, ABC Nations Lacrosse has been using a replacement strategy for their inventories. In other words, the company would reorder at a time of low overall inventories to gain economies of scale. A strategy designed to order a significant amount of inventories at the beginning of a year ensures the product is available for the whole year and suppliers grant better prices with the larger orders.

In order to meet customer demands, ABC Nations Lacrosse will invest in a base level of inventory and a POS inventory management system. The base level of inventory will be maintained over the course of the year and the POS system will dictate reordering schedules. This maintenance technique will assist ABC Nations Lacrosse in achieving their cashflow management and customer satisfaction goals.

Costs Associated with Positioning Strategy

Table #7 Costs Associated With Positioning Strategy
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Cost Category	Amount
Establishing a Retail Operation	
Leasehold Improvements	\$3,000
Signage	3,000
Display Equipment and Racks	5,000
Cash Register	500
Miscellaneous (Shipping Equip., Shelves, etc.)	<u>2,500</u>
	Total \$14,000
Marketing Materials	
Catalogue Development and Printing	\$11,000
Price List Development and Printing	2,000
Distribution	2,000
Internet Site Development and Maintenance	8,000
In-Store Marketing Requirements	10,000
Print Advertising Campaign	<u>12,000</u>
	Total \$45,000
Skills Clinic	
Promotional Materials	<u>\$2000</u>
	Total \$2,000
New Product Development	
Stick	\$4,000
Gloves	<u>\$10,000</u>
	Total \$14,000
Base Inventory Development	
Apparel Inventory	\$20,000
Equipment Inventory	\$10,000
Miscellaneous Products	\$7,500
POS System	<u>\$5,000</u>
	Total \$42,500
Total Cost of Positioning Strategy	\$117,500

These costs are based on estimates and actual quotes by suppliers.

General

ABC Nations Lacrosse is owned and managed by Kevin Murphy. Kevin has extensive managerial and small business development experience. Kevin's experiences in lacrosse as a player, coach and general manager provide the background knowledge required to be successful within the lacrosse industry. His managerial experience with the OFIFC and Ojistoh Management Services have given him the skills and knowledge to successfully operate a business enterprise. The management capabilities of ABC Nations Lacrosse are considered excellent. Over the past two years Kevin has developed ABC Nations Lacrosse into the company that it is today. The company presently employs two full time employees and two part-time/seasonal employees. The company grossed over \$103,000 (Cdn) in sales in 1998.

This revenue figure is expected to significantly increase which will require modifications to the operations of ABC Nations Lacrosse. Kevin will no longer have the time to take on every aspect of company operations and management. For this reason, ABC Nations Lacrosse must modify their current operations and have chosen to departmentalize the company. The following departments will be created:

- ▶ Office Administration
- ▶ New Product Development
- ▶ Retail Sales and Marketing (Canada)
- ▶ Wholesale Sales and Marketing (North America)
- ▶ Lacrosse Clinic Sales and Implementation

These five departments will be required to ensure that all aspects of the company operate smoothly. The functions and responsible manager for each department are identified in Table #8.

Table #8 Departments, Functions and Management		
Department	Functions	Responsible Manager
Office Administration	<ul style="list-style-type: none"> ▶ ensuring all administrative requirements of the company are met including finance, payroll, accounts payable, and human resources. 	Kevin Murphy, Lisa Green, Fin Adm
New Product Development	<ul style="list-style-type: none"> ▶ identifying new products to bring to market ▶ developing new products for ABC Nations Lacrosse ▶ test marketing new products ▶ positioning new products into the current product mix 	Kevin Murphy
Retail Sales and Marketing (Canada)	<ul style="list-style-type: none"> ▶ located in the new retail location ▶ will be responsible for the successful operation of the retail outlet ▶ identify and attend retail sales events within Canada ▶ maintain overall company inventory requirements promote ABC Nations Lacrosse in Canada ▶ monitor pricing and industry changes within the Canadian marketplace ▶ ensure retail activities are acting as a profit centre 	New store manager to be hired
Wholesale Sales and Marketing (North America)	<ul style="list-style-type: none"> ▶ located in Six Nations ▶ promote the company to the US targeting associations, retail outlets and consumers ▶ identify, co-ordinate and attend wholesale shows in North America ▶ identify and attend retail selling events in the US ▶ provide inventory data to Retail Sales and Marketing Department ▶ monitor pricing and industry changes in the US ▶ develop and foster Key player image and promotions ▶ ensure that the wholesale activities are acting as a profit centre 	Karen Bomberry
Lacrosse Clinic Sales and Implementation	<ul style="list-style-type: none"> ▶ develop a strategy to generate profits through the lacrosse clinics ▶ responsible for promoting and implementing the clinics in North America 	Derek General

These five departments will ensure that all duties and responsibilities are covered within the organization. Karen Bomberry is currently performing the duties pertaining to the North American markets and will maintain this role. Derek General is an accomplished lacrosse player with an excellent understanding of the game. He has been an assistant to Kevin for the first few clinics that have been done. Derek will manage this portion of the business upon implementation of this plan. Derek previously assisted in the retail portion of sales and will be responsible to provide the training required by the new manager in Kahnawake.

There will be new human resource requirements that arise during this transition. It is anticipated that Kevin and Karen will require personal assistants. The retail store will require two full time and two part-time staff to operate. This means that there will be an increase in employment by four full time employees and two part time employees. There will also be three full-time and two seasonal positions maintained.

Human Resource Requirements

As Mr. Sandy adds to his lists of full and part time employees, ABC Nations Lacrosse will be required to cover their employees through the Workman’s Compensation Board. Also, it is recommended that all of the Employment Insurance and Canada Pension Benefits be paid as well. With the location of the retail site on Aboriginal land there is no legal requirement for this, but it would be in the best interest of Mr. Sandy and his employees if these costs are incurred.

Insurance Requirements

ABC Nations Lacrosse must incur insurance costs. It will be the duty of either Mr. Sandy or the new retail store manager to arrange this. ABC Nations Lacrosse will require insurance that covers the building, business liability and inventories. Also, with any significant purchase and loan, life insurance for the owner is a mandatory requirement.

Suppliers

Although its been the responsibility of Mr. Sandy to obtain and maintain supplier relations, this responsibility will be shifted to other staff. It will also be the responsibility of the new manager to maintain viable inventories by using the POS inventory system addressed earlier in the report.

Currently, ABC Nations Lacrosse is being supplied by fourteen different sources. The following table will provides supplier name, location and payment terms.

Table #9 ABC Nations Lacrosse Current Supplier		
Supplier	List Location	Payment Terms
Athletic Knit	Toronto, ON 2 Scarlet Road	C.O.D.
Canada Sportswear	31 Lido Road Weston, ON	C.O.D.
Ash City	Scarborough, ON	C.O.D.
Guru Sportswear	Toronto, ON 1692 Midland Avenue	C.O.D.
H.D. Brown/Russel Athletic	St. George, ON	C.O.D.

Table #9 ABC Nations Lacrosse Current Supplier		
Supplier	List Location	Payment Terms
Barbarian Rugby Wear	Cambridge, ON	cash/certified
ICONN	Brantford, ON	cash/cheque
Basic Blanks	Burlington, ON	cash/cheque
Dorchester Sportswear		C.O.D.
William Jette/Sons Inc.	Providence, Rhode Island	C.O.D.
Terra Image	Mississauga, ON	cash/C.O.D. > net 21 days
Gary Gatti	Stone Eagle Studios	cheque
Spirit Products		C.O.D.
Mohawk International Lacrosse (MIL)	Akwesasne, ON	30 days

Government Requirements

As ABC Nations Lacrosse will be located within the boundaries of Kahnawake First Nation there are few tax issues that need to be addressed. By law, ABC Nations Lacrosse is required to collect GST and PST when necessary on products sold. This will be determined by customer proof of First Nation Status. When there is a First Nation to First Nation transaction no tax needs to be collected. Other types of transactions will require a GST and PST collection.

Mr. Sandy will be required to implement a system for tax collection. As ABC Nations Lacrosse employee incomes are non-taxable when generated on a First Nation, there is no legal requirement to report income to Revenue Canada. However, the business has registered for a provincial and federal business number to ensure that no future problems occur pertaining to tax collection. Also, Mr. Sandy will be able to recover GST incurred through this registration.

SECTION #5

FINANCIAL ANALYSIS

The financial analysis to follow will illustrate how all of the above data is translated into financial terms. This section will be broken into three main sections: the costs and financing required to undertake this project, the financial projections for the next three years and the notes and assumptions to the financial statements.

Costs and Financing

In order to finance this project, Kevin Murphy will approach two external organizations and inject new cash equity into his company. Kevin Murphy is prepared to invest \$46,000 of personal cash into this venture. This investment is available and will be injected at the time of approval from the other sources.

There are currently a number of Aboriginal institutions that finance ventures such as this. In order to maintain a positive cashflow, ABC Nations Lacrosse will seek a contribution from the federal government. The Economic Opportunity Fund will be asked to match Mr. Sandy's personal investment of \$46,000 (Letter of First Nation support is provided in Attachments). Although Mr. Sandy does qualify for assistance under Aboriginal Business Canada's market expansion initiative, his prior application for marketing dollars prohibits another application. This government contribution was used to market ABC Nations Lacrosse at the World Championships in Baltimore. The final piece of financing will be a loan requested from the Aboriginal Capital Corporation on Six Nations, Two Rivers Community Development Corporation. This term loan will be used for, and secured by, the capital assets purchased during this expansion. Table # 6 illustrates the financing package.

Table #10 Costs and Financing			
Costs		Financing	
Retail Operation Establishment	\$14,000	Kevin Murphy (39.1%)	\$46,000
Marketing Materials	45,000	Economic Renewal Secretariat (39.1%)	46,000
Skills Clinic	2,000	Financial Institution (21.8%)	25,500
New Product Development	14,000		
Inventory Development	42,500		
Total Costs	\$117,500	Total Financing	\$117,500

FINANCIAL PROJECTIONS

14 - MONTH CASHFLOW STATEMENT

**3 YEAR PROJECTED INCOME STATEMENT
3 YEAR PROJECTED BALANCE SHEET
3 YEAR SOURCES AND USES OF FUNDS
DEPRECIATION AND AMORTIZATION SCHEDULE**

NOTES AND ASSUMPTIONS TO FINANCIAL STATEMENTS

Income Assumptions

There are three sources of income for ABC Nations Lacrosse:

Retail sales are based on the establishment of a retail outlet in Kahnawake and attendance in approximately 12 - 14 sales events throughout the year. The retail sales figures have been attained by ABC Nations Lacrosse in previous years when inventories were available.

The **wholesale sales figures** are based on selling approximately \$1,000 per month to 18 retailers across North America. ABC Nations Lacrosse have identified 18 retailers without proper marketing materials. Once marketing materials have been produced and distributed, it is anticipated that there will be many more stores selling ABC Nations Lacrosse goods. To remain conservative only 18 were used in the projections. Wholesale sales jump in October and November as retailers prepare for Christmas.

The clinics will generate net cash in the amount of \$1000 per event. It is anticipated that one of these sessions per month will be completed. This number will jump to 18 in 2001 and 24 in 2002.

Sales increases in the following years are based on a 10% increase in 2001 and 2002. These increase are considered moderate and very attainable.

Cost of Goods Sold are based on the industry average for apparel retailers. Cost of Goods sold is projected at 27.4% of sales. This is a Canadian average taken from the Small Business Profiles distributed by Industry Canada.

Shipping Costs are based on the industry average of 2% of sales taken from Small Business Profiles.

ABC Nations Lacrosse shows a very healthy gross margin in all three years projected. However, all retailers in this industry run into larger operating expenses than most other industries.

Expense Items

Wages and Benefits are based on the following breakdown:

- ▶ Average wage + Benefit per employee is \$8.00 per hour
- ▶ Full time employees working 40 hour per week for 52 weeks
- ▶ Part-time employees working 20 hours per week for 52 weeks
- ▶ Wage Subsidies are based on 30% coverage of all employees
- ▶ Year 2000 and 2001 show a 10% increase in wages

Promotion is based on an initial investment of \$23,000 with a maintenance budget estimated at \$1,000 per month. This is scheduled to be maintained with an annual catalogue and a 10% increase in monthly budgets for the years 2001 and 2002.

Website Design is a one time, year long contract for \$8,000. 2001 and 2002 costs are required for the

continued upkeep of the website.

Postage is estimated for a one time mail out of catalogues with a maintenance budget of \$100 per month. This is scheduled to increase 10% in the following 2 years.

Bookkeeping expenses are based on historical figures and are not anticipated to increase in 2001 and 2002.

Rent and occupancy expenses are based on the current costs for the locations identified in the plan.

Travel is the expenses pertaining to all other travel except direct selling. Travel requirements for new product development and other reasons are included in this figure.

Event Participation is based on a cost of \$1,000 for each selling event. This is based on historical figures for 14 events in the first year. The number of events are scheduled to increase in the following two years.

Event and player sponsorships are the dollars required to get payers to support ABC Nations Lacrosse. 2001 and 2002 show increases in the number of players to be sponsored.

New Product Development is the costs required to continue to update and introduce new products to the market. It is anticipated that ABC Nations Lacrosse will invest \$2,000 towards new products. In the two following years, ABC Nations Lacrosse has budgeted \$30,000 per year into new products.

Bank Charges are based on historical figures.

Interest is based on the attached loan amortization.

is calculated on the depreciation schedule.

Balance Sheet Notes

All figures on the balance sheet are based on this project. Prior years activities are not included as the records are based on managerial calculations as opposed to generally accepted accounting principles. ABC Nations Lacrosse shows an owner's equity balance of \$33,681 as at April 30, 1999 based on managerial principles. The company realized profits of \$33,881 for the year ending April 30, 1999 based on the same accounting techniques. These statements are in Attachment #2.

Net cash is strong and shows no need for an operating line of credit. The sources and uses of funds shows no additional investments being made over the next 2 years. This is unlikely and ABC Nations Lacrosse will reinvest this cash into new strategies as they present themselves.

Year 2 shows a decline in equity as wage subsidies are no longer factored into the calculations. Equity begins to increase again in 2002.

ATTACHMENT #2

HISTORICAL FINANCIAL STATEMENTS