

BUSINESS PLANNING AS A TOOL TO WEATHER ECONOMIC CONDITIONS

WESTERN FAIRS ASSOCIATION CONVENTION - JANUARY 3, 2018

WELCOME

BUSINESS PLANNING FOR FAIRS

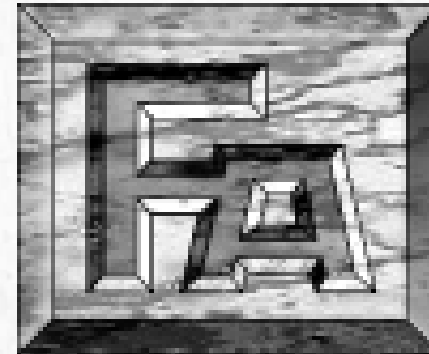
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BUSINESS PLANNING FOR SMALL BUSINESS

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INTRODUCTION AND THOUGHTS

- ✓ Why am I here?
 - ✓ Comparisons between Fairs/Vendors/Banks/
Small Business
 - ✓ What is planning and why is this important?
 - ✓ Why are you here?
-

OVERVIEW AND BACKGROUND

Things Have and Will
Continue To Change

TIMES HAVE CHANGE AND NEED TO BE ABLE TO ADAPT!

Change From 10 Years Ago

Change From 1 Year Ago

Change From 2 Months Ago

Change Has Accelerated! – What Do We Need?

INFINITY IN A JAR AND MORE

A closed vessel can never contain anything larger than its own size. But an open vessel has no limitations. It can contain everything.

As we look to the future – need to be an open vessel and open to new things and always looking for what we don't know.

Only by opening yourself up can you come to know that which you don't already know. And only by becoming an open vessel can you contain that which is greater than yourself. The truth is always greater than our knowing. Your mind and heart are finite jars. But the truth has no end.

Openness is the key!

KNOWLEDGE IS CRITICAL - STAYING HUNGRY!

Be Confident of What You Do Know!

Readily Admit What You Don't Know!

Don't Shy Away From What You Can't Know!

LIVING FROM THE FUTURE

As we set the direction – must focus on future and live and act from the future.

LIVE NOT FROM THE PAST

LIVE NOT FROM THE PRESENT

LIVE FROM THE FUTURE

Live as an exceptional business five years from now – today!

THE KEY IS -

- Openness
 - Search For Knowledge – Staying Hungry
 - Live From The Future – Do What It Takes Five Years From Now Today!

 - If You Don't Adapt -- Future Is Limited!
 - Try and Avoid Becoming Numb!
-

FOR THE FIRST TIME

EVER

STRATEGIC PLANNING FOR FAIRS

- What is strategic planning? How the heck can a governmental entity business plan?
- Benefits of strategic planning
- Elements of a good business plan
- The planning process
- Testimonials, Real Time Examples

STRATEGIC PLANNING FOR SERVICE MEMBERS

- What is strategic planning? I plan from the seat of my pants!
- Benefits of strategic planning.
- Elements of a good business plan
- The planning process.
- Testimonials, Real Time Examples
- Economic Forecasting

WHAT IS STRATEGIC PLANNING?

A.V. FAIR AND EVENT CENTER

OPPORTUNITY

HAPPENS HERE!

STRATEGIC PLAN 2017-2022

THE AV FAIR & EVENT CENTER EXISTS TO:

- Enrich the lives of all in our community, providing experiences, opportunities, and a chance to achieve.
- Create a lifetime of memories with every opportunity we are presented.
- Honor and celebrate the people of Antelope Valley



PLANNING FOR YOUR BUSINESS

1. Articulated and defined mission, vision and goals
2. Situational analysis, defining the business and the environment within which it must operate.
3. Forecasts and objectives defining desired results.
4. Action plans – how the results are to be achieved.
5. Financial summary of the profit and/or financial results.
6. Monitoring system.
7. Systematic and regular review and updating of the plan.

WE BELIEVE

We believe in providing a dynamic, state-of-the-art event center for the Antelope Valley that stimulates economic opportunity, learning, and growth while creating equal-opportunity access for the entire community.

We believe in operating as stewards of the public's investment in the Antelope Valley Fairgrounds, employing the highest standards of fiscal management, and governing practices.

We believe in creating all-inclusive programs and offerings that support learning and development, responsible life skills, and opportunities to incorporate agriculture into our daily lives.

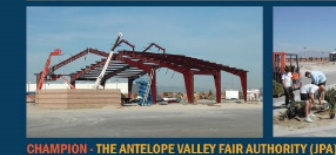
THE GUIDE BY WHICH WE OPERATE

1. We will serve our community, including our customers and stakeholders.
2. We will preserve the heritage and traditions of our community, with emphasis on our aerospace and agricultural heritage.
3. We will lead with respect, unity, and courageous collaboration while embracing diversification.
4. We will build trust through honesty, transparency, and open communication.
5. We will create an economic stimulus for our community.
6. We will provide benefit to our patrons at a reasonable and affordable cost.
7. We will strive for excellence in all we do.
8. We will consistently improve insuring the continuing success of the AV Fair.
9. We will earn and value the allegiance and loyalty of our customers.
10. We will govern with one purpose and one vision guided by mutually respected values, each with unique resources to share.

STRATEGIC GOALS

Goal A

To build an events center within five (5) years that is the first choice destination and creates opportunity for the community to engage and present events.



Goal B

To facilitate and provide support to local high school vocational agriculture programs.



CHAMPIONS - THE 50TH DISTRICT AGRICULTURAL ASSOC. / FRIENDS OF THE ANTELOPE VALLEY FAIR

Goal C

To operate the Antelope Valley Fair in a fiscally responsible manner, growing annual net proceeds to \$1 Million a year within next five (5) years.



CHAMPIONS - THE ANTELOPE VALLEY FAIR ASSOC. FRIENDS OF THE ANTELOPE VALLEY FAIR

Goal D

To acquire 100 acres of land adjacent to the Antelope Valley Fairgrounds for future expansion.



CHAMPION THE ANTELOPE VALLEY FAIR AUTHORITY (JPA)

1. Disciplined thinking, responsible decision-making.
2. An opportunity to have consensus in company direction and individual role.
3. Allows for the consideration of all problems and opportunities concurrently.
4. Identifying business activities that are key factors for success.
5. Reduces chronic firefighting, seasonal planning and planning from the seat of your pants.
6. Allows for measuring actual performance.
7. Making certain that immediate operating decisions are consistent with action required for long-range growth and sustainability.
8. Drives motivation and commitment.
9. Sets you apart from the competition.

WHY SHOULD YOU ENGAGE IN STRATEGIC PLANNING?

What are the benefits of strategic planning?

WHO ARE YOUR PARTNERS?

- Owners, State of California or County
 - Management and Board Leadership
 - Employees
 - Customers
 - Regulators
 - Lessors
 - Vendors
 - Community
 - Competition
 - Other Governmental Entities
-

1. The mission and vision of the business and the mission and vision of the organization are understood thoroughly by all.
2. Includes specific objective and action plans addressing all vital factors that drive success.
3. Based on a thorough and realistic assessment of the strengths and weaknesses of the business.
4. Incorporates the best thinking available.

WHAT DOES A GOOD STRATEGIC PLAN LOOK LIKE?

Criteria that distinguishes a good strategic business plan.

5. Considers the problems of the business from both a short and long-range standpoint.
6. A *written* plan versus a dream/vision/nightmare.
7. A plan that is easily understood.

WHAT DOES A GOOD STRATEGIC PLAN LOOK LIKE?

Criteria that distinguishes a good strategic business plan.

- How do we measure success?
- Are we successful now?
- How and why are we successful?
- Are our partners happy?
- Hogs versus Pigs
- What will success look like in the future?
- What is important to the organization?
- Are we positioned to change?

WHAT IS SUCCESS?

Questions to ask of
yourself/your board

THE STRATEGIC PLANNING PROCESS

1. Who's in the room?
 2. Where we have been – an assessment of past performance
 - a) What has worked well?
 - b) What could have been better?
 - c) Critical life-or-death issues
-

THE STRATEGIC PLANNING PROCESS

3. Where are we now – an assessment of current conditions - SWOT
 4. Where do we want to go?
 - a) Mission
 - b) Vision
 - c) Core Values
 - d) Strategic goals
 - e) Objectives and action plans
-

IMPORTANT TO CONSIDER BEFORE YOU ASSESS CURRENT CONDITIONS

- Be Realistic – What are your future goals and know your limitations
- Partner Needs – What are they? – Changing?
- Set Smart Goals
- Engage and Communicate
- Measure progress
- Create a Living Document – Regular review and share the plan

ANALYZING YOUR CURRENT CONDITIONS

1. Understanding your assets

- a) What are your most valuable assets and why?
 - b) What must you do to preserve and grow your assets?
 - c) Understanding how your organization generates net proceeds/profit.
 - d) Understanding the value of all activities of your business.
 - e) Analyzing trends in your organization's business activities.
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WHAT ARE YOUR MOST VALUABLE ASSETS AND WHY?

FAIR

- Status, longevity and contribution to the local community. Economic and Social Well-Being Impact.
- Physical assets – facilities, grounds, equipment.
- Staff & volunteers
- Tradition
- Business Activities

SMALL BUSINESS

- Product/Services
- People
- Customer
- FFE (Fixed Assets)
- Current Assets

WHAT MUST YOU DO TO PRESERVE AND GROW YOUR ASSETS?

FAIR

- Awareness of your reputation and status in the community.
- Physical condition and assessment of facilities and grounds.
- Economic reality.
- Leadership.
- Strategic partnerships.
- Marketing & Communication Plans
- Technology & Controls

SMALL BUSINESS

- Awareness of your reputation and status in the community/market.
- Image
- Economic reality.
- Leadership
- Strategic partnerships
- Marketing
- Technology & Controls

UNDERSTANDING HOW YOUR ORGANIZATION GENERATES NET PROCEEDS/PROFIT

FAIR

1. What are the business units of your organization?

- Fair
- Year-round events
- Long-term leases
- RV Park
- Horse Racing
- Other

SMALL BUSINESS

1. What is your widget?
Product?

- What do you do?

UNDERSTANDING HOW YOUR ORGANIZATION GENERATES NET PROCEEDS/PROFIT

FAIR

2. Quantify the revenue and expense for each business unit.
3. Identify overhead costs (administration & maintenance costs)
4. Allocate overhead costs to business units

SMALL BUSINESS

2. Quantify the revenue and expense for each business unit.
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4. Allocate overhead costs to business units

UNDERSTANDING HOW YOUR ORGANIZATION GENERATES NET PROCEEDS/PROFIT

FAIR

5. Understand the contribution to net proceeds that each business unit makes.

SMALL BUSINESS

5. Understand the profit model and variations.
6. Understand Tangibles versus Intangibles.
7. Understand variation due to a business cycle.

OTHER CRITICAL POINTS

1. What is at risk and are we too concentrated?
 2. De-risk ideas
 3. What are the trends and how fast can you change?
-

UNDERSTANDING HOW YOUR ORGANIZATION GENERATES NET PROCEEDS/PROFIT

A Two-Year Financial Overview

	2013	2014/15
Operating Revenue	9,153,561	9,314,259
Operating Expense	8,905,719	9,158,587
Net Operations	247,843	155,673

A Review by Business Units

Revenue

	2013	2014/15
Fair	7,106,981	6,907,315
Interim Events	1,292,123	1,597,244
Long Term Rentals	99,161	106,964
Trailer/RV Park	225,873	295,764
Jockey Club	429,424	406,972

Revenue by Business Units



— **Longterm Rentals**

A Review by Business Units

Expenses

	2013	2014/15
Fair	4,125,173	4,213,931
Interim Events	1,218,836	1,272,168
Long Term Rentals		
Trailer/RV	62,670	77,225
Jockey Club	342,598	319,228
Administration Overhead	1,250,721	1,210,607
Maintenance Overhead	1,933,258	2,105,461

Expense by Business Units



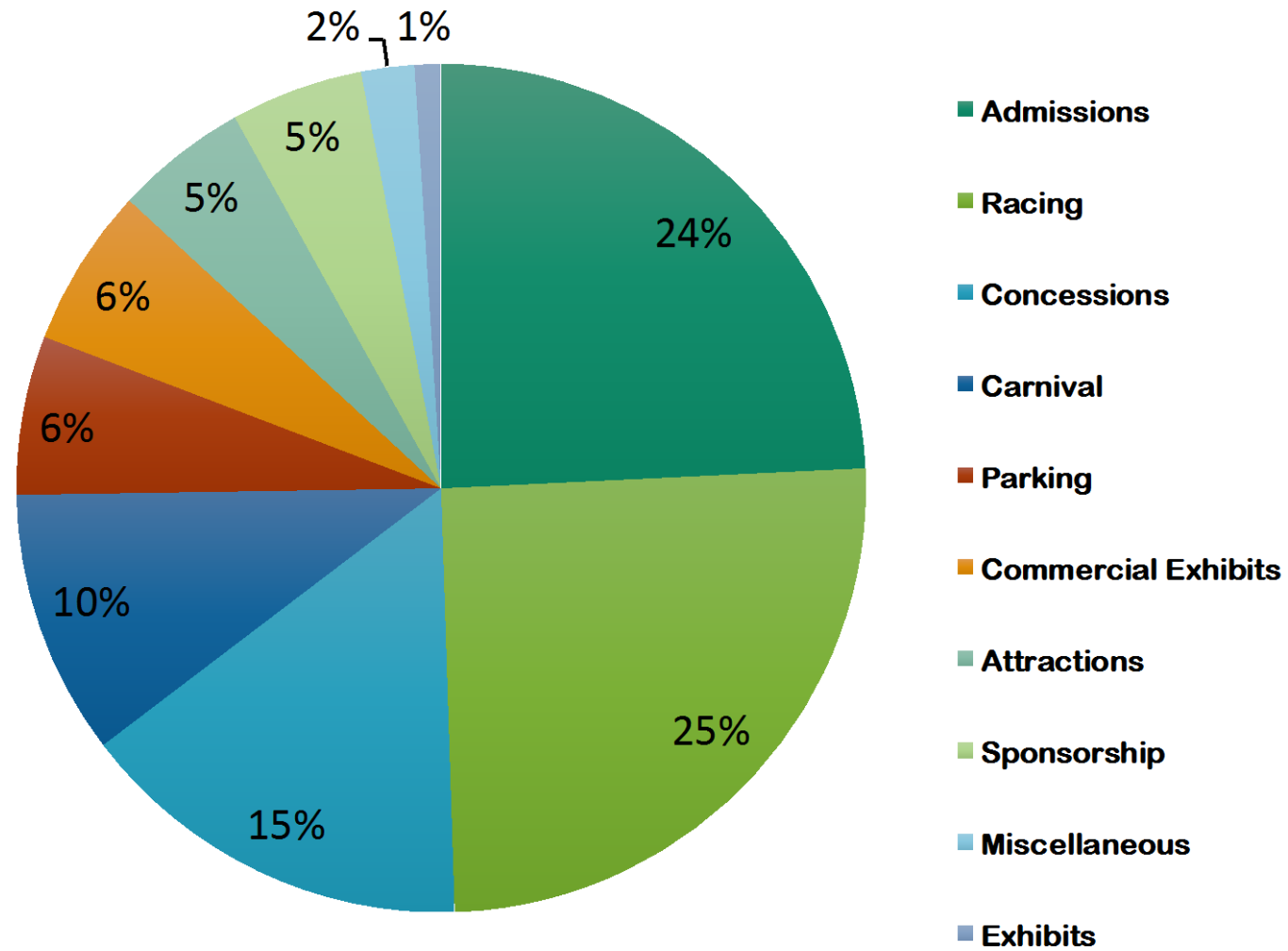
— Trailer/RV

Business Unit Detail



2014/15 Fair Revenue	6,907,315
Admissions	1,643,804
Parking	426,263
Commercial Space (Retail)	423,510
Carnival	685,848
Concessions	1,103,466
Exhibits	99,117
Racing	1,718,943
Attractions	342,561
Sponsorships/VIP Tent	360,050
Miscellaneous	103,754

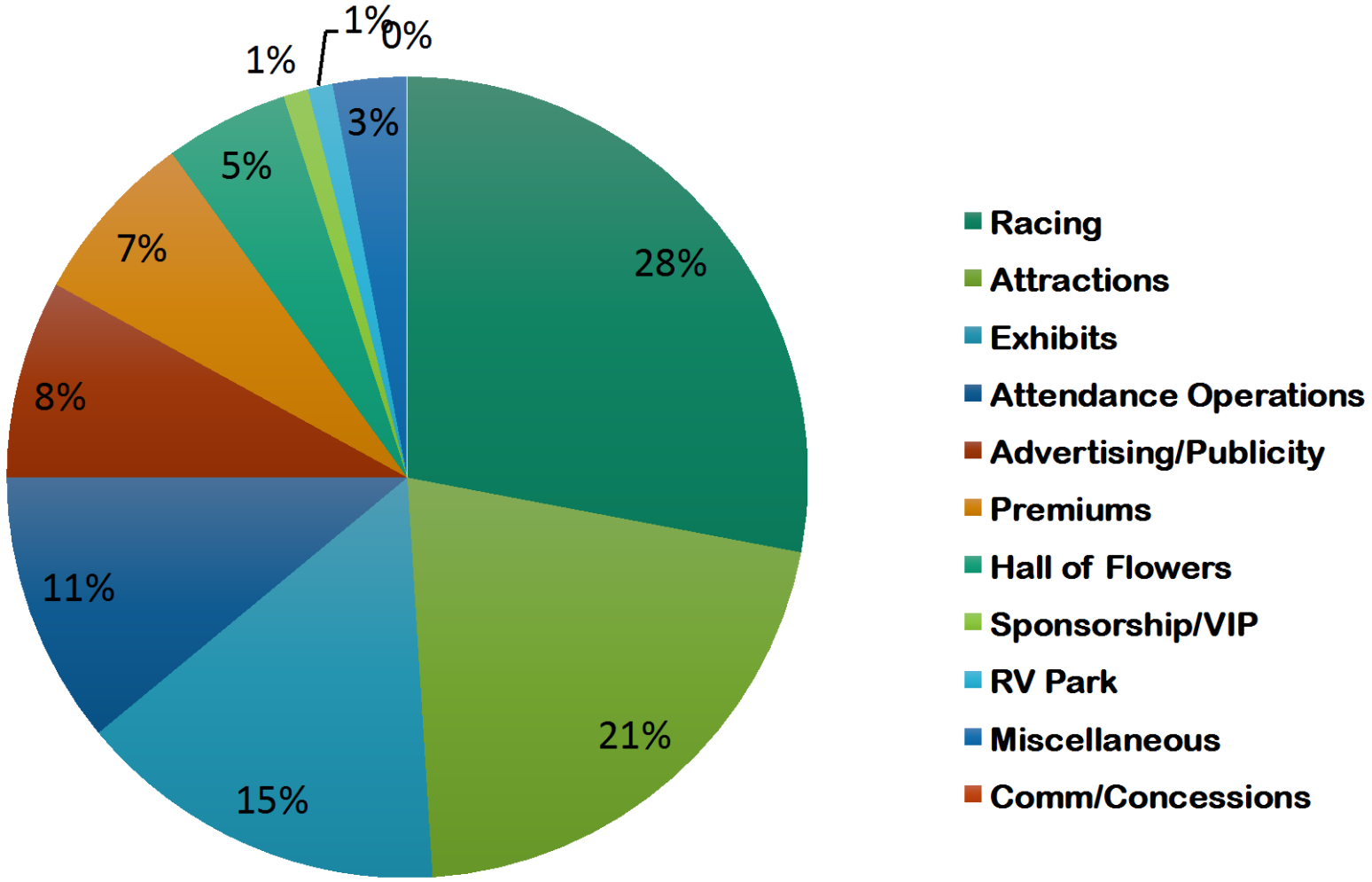
2014/15 Revenue



Business Unit Detail

Fair Expense	4,213,931
Advertising & Publicity	350,034
Attendance Operations	470,633
Premiums*	297,589
Exhibits*	635,222
Hall of Flowers*	208,438
Attractions	882,485
Racing	1,166,687
Sponsorship/VIP Tent	34,668
RV Park Contract Ser.	27,711
Comm/Concessions	3,489
Miscellaneous	136,976

2014/15 Expenses



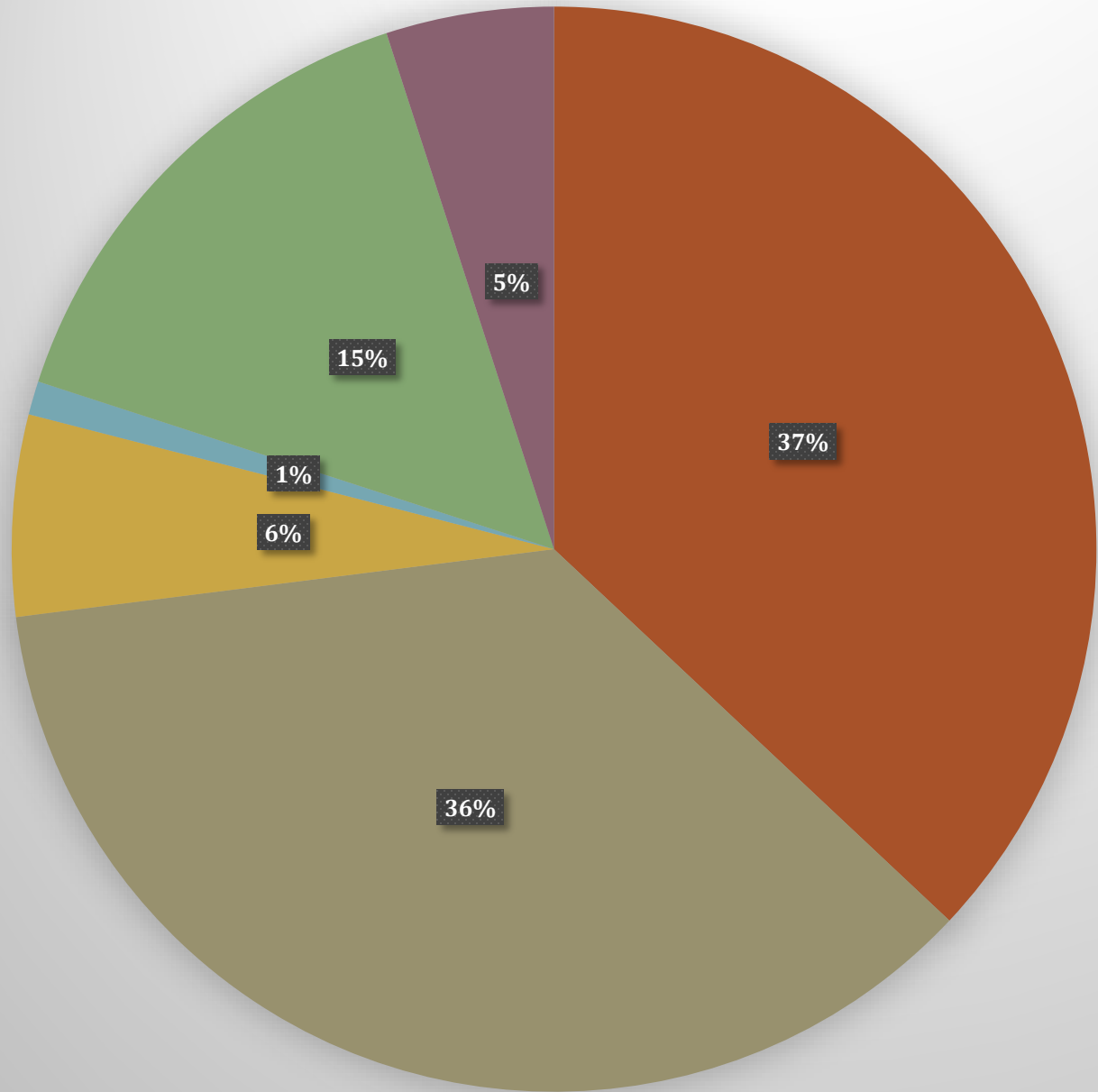
2014/15

	Revenue	Expense	Contribution to Net
Fair	6,907,315	4,214,931	2,693,384
Interim Events	1,597,244	1,272,168	325,076
Long Term Rentals	106,964	?	106,964
Trailer/RV	295,764	77,225	218,539
Jockey Club	406,972	319,228	87,744
Administration Overhead			1,210,607
Maintenance Overhead			2,105,461
Allocated Harvest Fair			40,033
Net Operating Proceeds			155,672

Fair Revenue

Revenue Sources	2016	2015	2014	2013	2012
Admissions	109,448	76,564	83,450	79,323	79,602
Carnival & Concessions	106,083	95,445	98,317	92,630	92,643
Commercial Exhibits	18,791	16,572	17,347	16,061	14,615
Competitive Exhibits	4,081	1,583	4,018	1,432	2,101
Fair Attractions/ Sponsorship	43,111	39,151	28,552	25,695	24,207
Horse Show	210	1,185	2,290	4,959	0
Misc. (Parking & Fees)	13,260	20,155	29,930	22,265	16,793
Total	294,984	250,655	263,904	242,365	229,961
Total Fair Attendance	16,821	17,079	18,795	17,485	18,211

2016 Fair Revenue

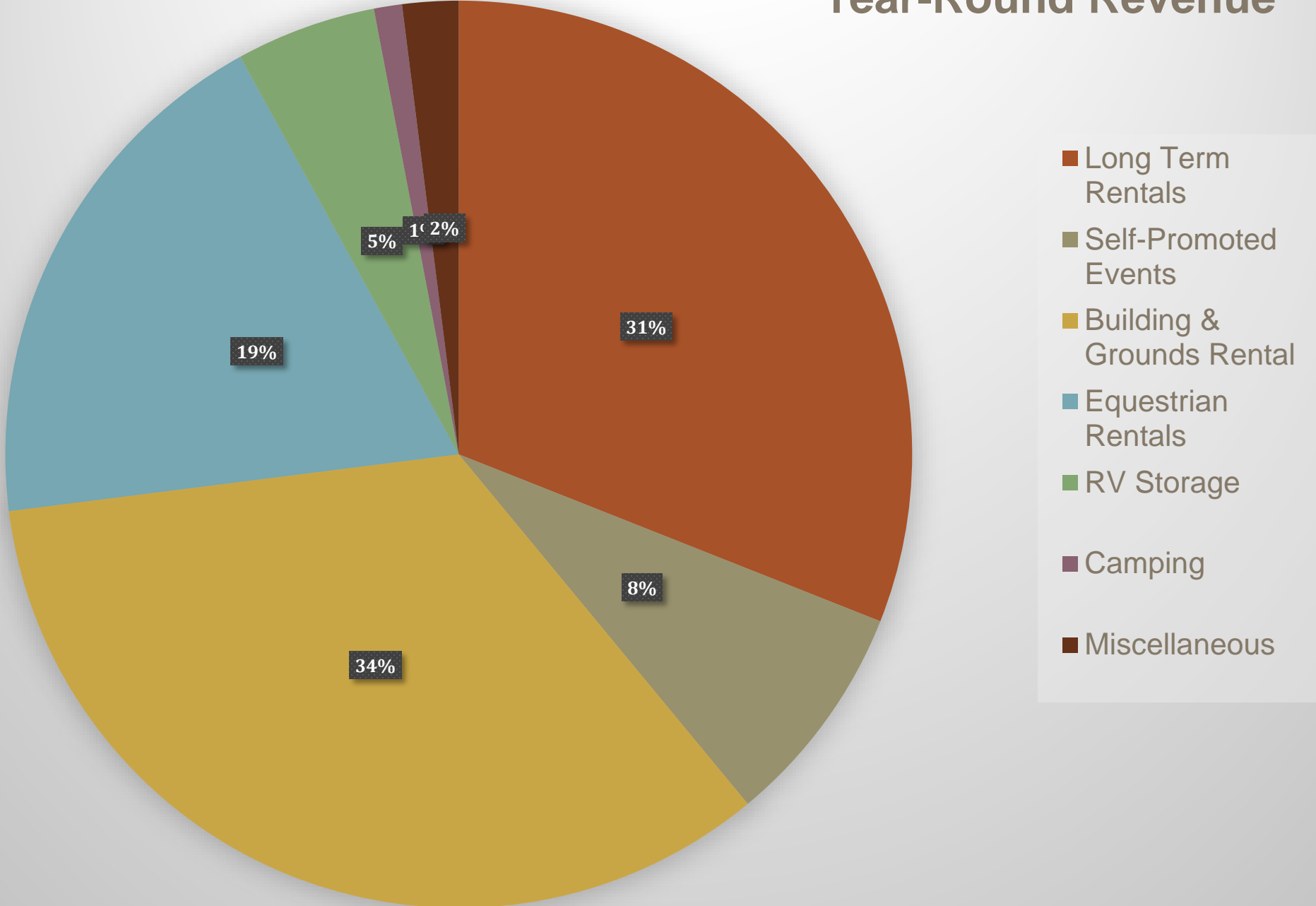


- Admissions
- Carnival & Concessions
- Commercial Exhibits
- Competitive Exhibits
- Attractions & Sponsorship
- Misc.

Year-Round Revenue

Revenue Sources	2016	2015	2014	2013	2012
Long Term Rentals	62,313	58,869	55,255	56,681	58,250
Red Rover Ranch	4,294	5,377	3,625	4,800	4,880
Cell Tower	22,211	24,976	21,923	19,185	21,570
County: Redwood Coast Transit	23,500	22,500	22,476	24,356	23,856
Java Hut	12,308	6,016	7,231	8,340	7,944
Self-Promoted Shows	15,235	37,039	6,186	3,775	3,878
Home Show (Spring Fair)	11,825	33,207	2,939	?	?
Craft Fair	3,410	3,832	3,247	3,755	3,878
Building & Grounds Rental	68,313	81,914	69,351	72,242	59,535
Building & Grounds Rental	55,785	66,112	53,314	53,823	42,912
Equipment Rental	7,833	9,519	8,571	8,783	8,311
Electronic Sign – Advertising Sales	4,695	6,283	7,466	9,636	8,312

Year-Round Revenue



HIGHEST & BEST USE

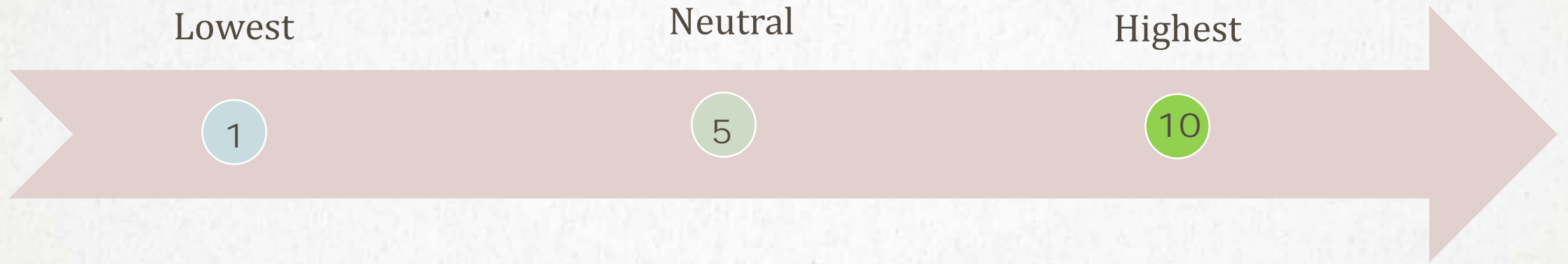
Evaluating current & future uses of facilities and grounds:

1. Benefit to the community?
 2. Provide a return on investment to fair organization?
 3. Operate in a break-even business plan? No fair organization subsidy?
 4. Result in a benefit to the fairgrounds and fair organization?
 5. Complement the Fair's Mission & Vision
 6. Number of people served?
 7. Meets the needs and/or interests of the local community?
-

MEASURING HIGHEST & BEST USE



HIGHEST & BEST USE



HIGHEST & BEST USE

	Annual Fair	Events	RV Park	Skating Rink
Mission/Vision Alignment				
Financial Contribution				
Serving a community need				
Indirect/Direct Benefit to fair organization				
Total Score				

HIGHEST & BEST USE

	Speedway	Shopping Center	Qtr. Midgets	Flea Market
Mission/Vision Alignment				
Financial Contribution				
Serving a community need				
Indirect/Direct Benefit to the fair org.				
Total Score				

MAKE DATA BASED DECISIONS

- Use the data to determine
 - ✓ Priorities human capital
 - ✓ Priorities in capital improvements, investments
 - ✓ Specific goals and action plans that grow economic and social well-being.
 - ✓ Use data as a baseline for measuring success.
 - ✓ Annual and long-term budgeting.
-

ANALYZING TRENDS IN YOUR ORGANIZATION'S BUSINESS ACTIVITIES.

FAIR

- Regular review of financial results.
- Measuring customer satisfaction.
- Benchmark against other fairs.
- Benchmark against the competition.

SMALL BUSINESS

- Regular review of financial results.
 - Measuring customer satisfaction.
 - Benchmark against other companies.
 - Benchmark against the competition
 - What worked in your different locations?
-

OTHER AREAS OF FOCUS

- > Succession planning
 - > Competition
 - > Market & Trends
 - > Regulations/Governmental Requirements
 - > Economy
-

WHERE DO YOU WANT TO GO?

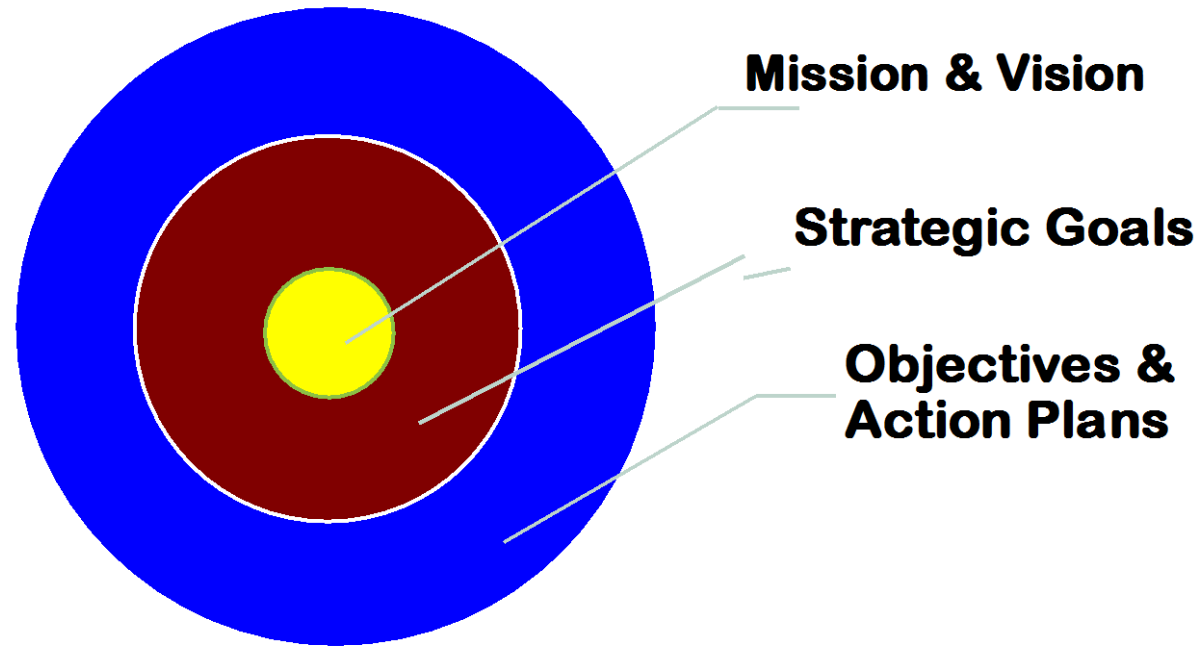
- **The Mission Statement:**

- ✓ Defines your purpose.
- ✓ Why does the organization exist?
- ✓ What does the organization stand for?

- **The Vision Statement:**

- ✓ States where you want to go.
- ✓ What do you envision for your organization?
- ✓ What do you want to be?

Setting Direction: The Target



SETTING STRATEGIC GOALS, OBJECTIVES, ACTION PLANS

Goals at a 30,000' Level

- Think beyond the current performance and capabilities of the organizations.
 - Goals need to be clear, tangible – easy to understand.
 - Goals need to be compelling – a call to action.
-

SETTING STRATEGIC GOALS, OBJECTIVES, ACTION PLANS

Goals at a 30,000' Level

- A clear finish line .
 - Goals are to be engaging - board, staff, stakeholders and the community.
 - The best goals are energizing and motivating.
-

HOW DO WE GET THERE?

Creating Objectives & Action Plans

Creating Objectives for each of the goals assists the organizations as follows:

- They help focus time and energy on activities that are most likely to achieve the goals.
 - The organization knows how to allocate Fair resources.
 - Goals and objects set you apart from your competition. They give you a competitive edge.
-

HOW DO WE GET THERE?

Creating Objectives for each of the goals assists the organizations as follows:

- The goals and objectives communicate the direction and plan to the organization and holds the organization (board, staff, stakeholders) accountable for results.
 - Objectives allow you to track results and make mid-course adjustments if needed.
 - Goals and objectives help plan for the long term in order to address complex issues. It is important to avoid “seasonal” planning.
-

Action Plans



MOVING FORWARD

1. Fully develop the strategic plan by outlining objectives and action plans for each goal.
 2. Involve the board in reviewing the developing plan and build consensus.
 3. Create a timetable/schedule for the strategic plan.
 4. Make job assignments and hold each other accountable.
-

MOVING FORWARD

5. Communicate, communicate, communicate. The strategic plan can be an effective communication tool.
 6. Put the strategic plan into action.
 7. Review on a regular basis and measure results.
 8. Make mid-course adjustments as needed.
 9. Revise and update the strategic plan each year.
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A FIVE-YEAR PLAN

Year 1	The Budget
Year 2 – 3	A Plan
Years 4 – 5	A Dream

- ✓ Always changing.
 - ✓ Always update annually or sooner if there is a material change.
-

REPORTING, MONITORING & UPDATING THE PLAN

1. Quarterly or by event.
(Fairs – monthly board meetings or every other month)
 2. Always communicate/why?
 3. Lessons learned.
 4. Foundation upon which to build.
-

SHARING BEST PRACTICES

TESTIMONIALS, QUESTIONS & ANSWERS

WHAT DOES 2018 LOOK LIKE?

“CARNACK THE GREAT”

2018

- ▣ Performance Has Improved but Flattening
 - ▣ What is Fake and What Is Real?
 - ▣ Interest Rates Up 100 basis points in 2017 and 3 to 4 more rate hikes in 2018 expected
 - ▣ Loan interest more expensive but deposit interest not increasing at same speed
 - ▣ Tax Impact Important 21% federal – Ability to Invest in Business
 - ▣ GDP 2.5% - Dollar Stable – Ability To Buy Overseas
-

2018

- ▣ Those Without Strategic Direction Are Selling or Failing!
 - ▣ Inflation Up Slightly
 - ▣ Employment Stable
 - ▣ Some Potential Recessionary Pressures - Timing
 - ▣ Stock Market Hot – Maybe Too Hot!
 - ▣ Importance of Getting Business In Order – Changing Models
-

TAX CUTS IMPACT

- ❑ Do you know the impact of the tax cuts on your business?
 - ❑ Importance of Re-investment.
 - ❑ Greed is a short term problem.
 - ❑ Putting away for your future.
 - ❑ Reward those who matter.
-

WHILE GENERAL ECONOMY IS GOOD – NEED TO KNOW YOUR LOCAL MARKETS AND TRENDS

- ✓ How do areas differ?
 - ✓ What does buying patterns look like?
 - ✓ What are current price points?
 - ✓ What are you doing to understand?

 - ✓ Can't rely on others.
-

CONCLUSION

1. Final Questions & Comments
 2. Did we survive the experiment?
 3. WFA session evaluation form.
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FINAL THOUGHTS

It is not the critic who counts; not the man who points out how the strong man stumbles, or where the doer of deeds could have done them better. The credit belongs to the man who is actually in the arena, whose face is marred by dust and sweat and blood; who strives valiantly; who errs, who comes short again and again, because there is no effort without error and shortcoming; but who does actually strive to do the deeds; who knows great enthusiasms, the great devotions; who spends himself in a worthy cause; who at the best knows in the end the triumph of high achievement, and who at the worst, if he fails, at least fails while daring greatly, so that his place shall never be with those cold and timid souls who neither know victory nor defeat.

Theodore Roosevelt Speech – The Man In The Arena

FINAL THOUGHTS

When we commit to a vision or direction to do something that has never been done before, there is no way to know how to get there. We simply have to build the bridge as we walk on it.

Quin 2004

FINAL THOUGHTS

When we deal in generalities we shall
never succeed.

When we deal in specifics we shall
rarely have failure.

Santos



**EVERYONE
NEEDS TO
PLAN**