



Can I Get There From Here?

The Need for Planning and Goal Setting

BY DERRIL JORDAN AND DR. DON ZILLIOUX

he road to economic self-determination is fraught with danger. Finding the right partners and the right ventures is not easy because the world is filled with folks not quite up to the challenge, either through simple incompetence or outright charlatans.

"Buyers beware" is, unfortunately, the operative concept. The first article in this series set forth four steps that tribes can utilize to help ensure a successful economic development campaign, including the use of an effective strategy, planning and goal-setting process.

Creating the necessary legal infrastructure, identifying the factors that make the tribe a good investment, and the conduct of disciplined due diligence with regard to potential partners and ventures is critical.

This article focuses on the first of those steps: the use of an effective planning and goal-setting process.

Traditional planning activities such as defining the organization's mission, carrying out SWOT (strengths, weaknesses, opportunities and threats) analysis, and developing competitive strategies at the business unit level remain central to the strategic planning process.

However, strategic planning has evolved and now also emphasizes the need to maximize the involvement of or-

ganizational members and stakeholders and to keep the process "flexible and dynamic, and incorporate qualitative as well as quantitative measures of results."

As early as 1973, Peter Drucker defined strategic planning as "the continuous processes of making present entrepreneurial (risk-taking) decisions systematically and with the greatest knowledge of their future; organizing systematically the efforts needed to carry out these decisions; and measuring the results of these decisions against the expectations through organized, systematic feedback." This definition continues to capture the essence of strategic planning today.

The strategic management process consists of two major phases:

- 1) Strategy formulation, which entails defining the organization's philosophy and mission, establishing long-term and short-term objectives, and identifying alternatives and selecting means to achieve the objectives.

- 2) Strategy implementation, which in-

ORGANIZATIONAL DEVELOPMENT

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volves providing leadership and structures to support the strategy, developing budgets and systems, and monitoring the effectiveness of the strategy.

Given the above definitions, a tribe will benefit from the use of seasoned planning professionals who can help to create an environment in which all stakeholders within the tribe can participate openly and freely. An open and inclusive process creates the best chance for the most complete assessment of the tribe's situation and enables the key stakeholders to reach agreement about what needs to be done and how to do it. The needs and goals identified through the process will not be a surprise, however.

Most tribal members, especially elected tribal council members, will know that tribal citizens need jobs and training to be able to successfully fill those jobs. The lack of access to capital and the need for tribal governmental revenues will not be news to anyone, and most people will intuitively understand that the tribe and its citizens need to gain experience in managing businesses.

The identified needs and corresponding goals will be many, and the resources to meet them often few. Because it is impossible to meet all the needs and achieve all the goals at once, it will be necessary to establish priorities and build consensus about how to go about achieving them.

That is the ultimate value of the planning process: the identification of the tribe's needs and goals in a written document and the building of consensus about how the tribe will attain those goals. The document will serve as a road map for the tribe's economic and community development efforts that can be continually referred to and help to ensure that the tribe is staying on the right path. It will also serve as a benchmark against which the tribe can measure the success of its efforts, changing or adapting the plan accordingly.

Many choices will have to be made as the tribe pursues economic stability, including selecting the right investors or business partners, picking the right ventures, hiring the right managers and em-

ployees, and many others. There are many factors that will come into play when choosing the right venture. How much money must the tribe invest and from what source will it acquire the necessary capital? What is the profit margin and how long will it take before the venture breaks even and begins to show a profit? How many jobs will the venture create? What skills or training will be required of the workforce, and how and by whom will that training be provided? What are the wage or salary levels of the jobs to be created?

Getting answers to these questions is part of the due diligence process, but you can't get answers to questions you don't think to ask. A comprehensive strategic economic development plan will help the tribe to ask the right questions and focus the tribe's analysis on the right factors in making these choices.

In order to be of any value, a good planning process should also assess the tribe's needs and strengths and weaknesses, because, without that, the process is reduced to a pie-in-the sky wish list. Suppose the planning process documents that the tribe has a limited ability to borrow capital, an immediate need for tribal governmental revenues, and a large but chronically unemployed and untrained work force.

A business partner that expects a large capital investment from the tribe in a venture that will not break even for five years and will only show a modest profit beginning in year six can be easily ruled out. Similarly, if a venture will create only a few jobs, or requires a highly skilled workforce, the tribe can decide to pass on it.

Likewise, investment in an off-reservation business that is beyond a reasonable commuting distance for tribal members can be eliminated from further consideration. Similarly, if the tribe has identified the building of management and entrepreneurial experience in the tribal community as an important goal, ventures that will not afford an opportunity for tribal involvement in the management and operation of the business should be considered to be incompatible

with the tribe's master plan and rejected.

It may seem hard to imagine that a potential investor will come to a tribe and propose that it borrow a large amount of money to invest in an off-reservation venture in which the tribe will have no role or a limited role in managing and that will produce only a few jobs that require more training and experience than most tribal citizens can offer at present. Unfortunately, there are more of such potential business partners circling Indian Country than one would care to acknowledge. The evaluation of potential ventures against a comprehensive planning document is the first level of due diligence that helps to eliminate such proposals quickly and inexpensively, allowing the tribe to spend its limited resources of time and money on more credible proposals. More time-intensive and costly due diligence can be reserved for the serious proposals that meet the tribe's minimum requirements.

The preparation of a comprehensive planning document is an investment itself, but if done properly, it is well worth the expense. It can help to save time and money and, more importantly, costly missteps, because it provides the threshold criteria that a potential venture must meet in order to justify further consideration and due diligence.

The tribe can use its limited resources to more closely evaluate those ventures that, at least on the surface, appear to meet the tribe's investment criteria. ♦

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